DMG MORI

DMG MORI CO., LTD.

Annual Report 2015

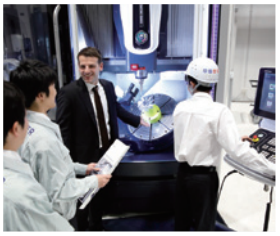
OPERATIONAL REVIEW

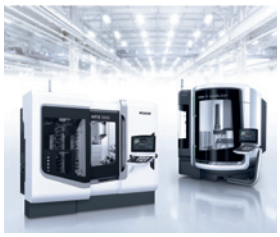
FISCAL YEAR ENDED MARCH 31, 2015

IDENTIFY THE CHANCES SHAPE THE FUTURE

CONTENTS



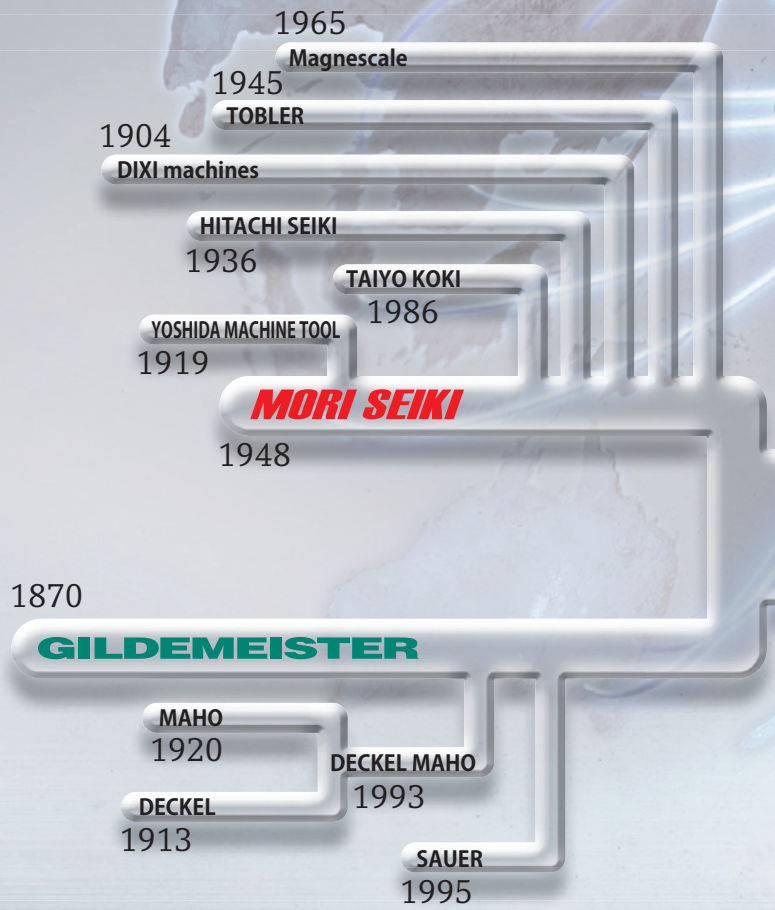




Disclaimer

This material contains earnings estimates, plans, policies, business strategies, targets, forecasts, and perceptions and judgments about matters of fact concerning the future of DMG MORI CO., LTD. and the DMG MORI Group. Its predictions, expectations, assumptions, plans, perceptions and judgments are based on information available to DMG MORI CO., LTD. at the time of writing. For this reason, it is possible that actual results may differ significantly from these forecasts. There are various risks or factors, such as facts that are not included here, or premises that may be objectively inaccurate, which may prevent these predictions from coming true. Among these, we identify the major assumptions as follows, while noting that the risks and factors are not limited to these: (1) economic conditions in key markets (Japan, the Americas, Europe, Asia, and so on); (2) sudden fluctuations in demand for investment in plant and equipment; (3) significant changes in the yen's exchange rate against the U.S. dollar, euro and other currencies; (4) significant changes in the cost of natural resources or raw materials; (5) future trends in Japan's relationships with the United States and China; (6) changes in the international situation resulting from the increased risk of terrorism and other factors; and (7) damage resulting from natural disasters such as hurricanes and earthquakes.

"Global One"
Change and Integration



DMG MORI

2009
Collaboration started

Sales integration, mutual supply of products, supply of in-house manufactured parts and joint procurement started

2011
The first jointly-developed product released

2013
Company names unified

The range of joint development products expanded

2015
Started integrated management as a consolidated entity

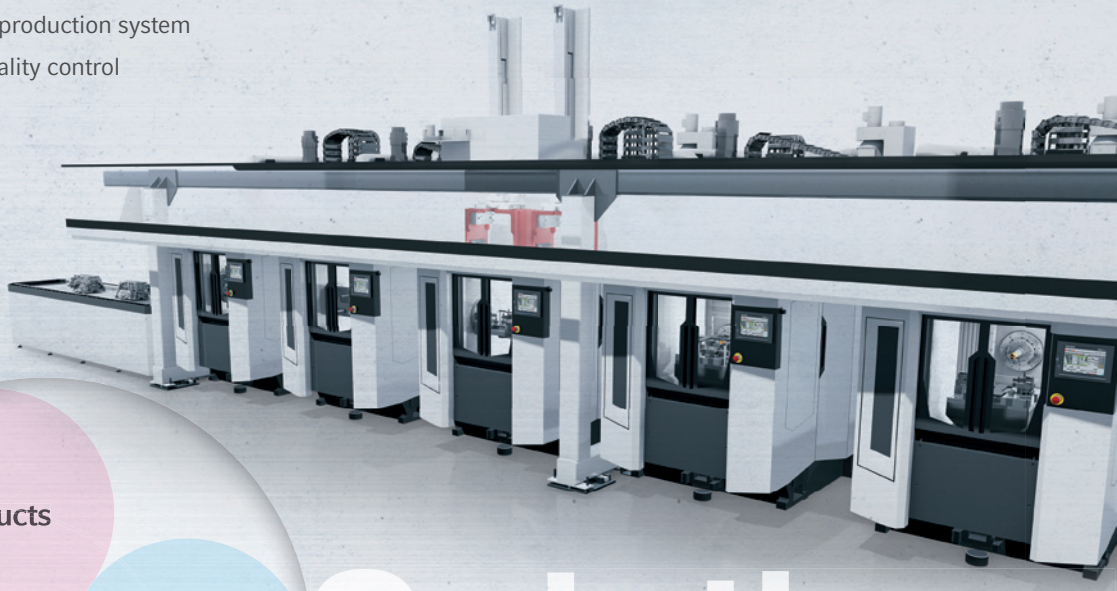
DMG MORI has been providing innovative products unrivalled in the machine tool industry since the start of the capital and business collaboration in 2009.
Both companies integrated their names on October 1, 2013 in the course of the standardization of sales & service systems and product development. In May 2015, the two parties were financially merged into one company, which will further accelerate the integrated management.
We will enhance the precision and technologies established through tradition to become a trusted partner of customers around the world.

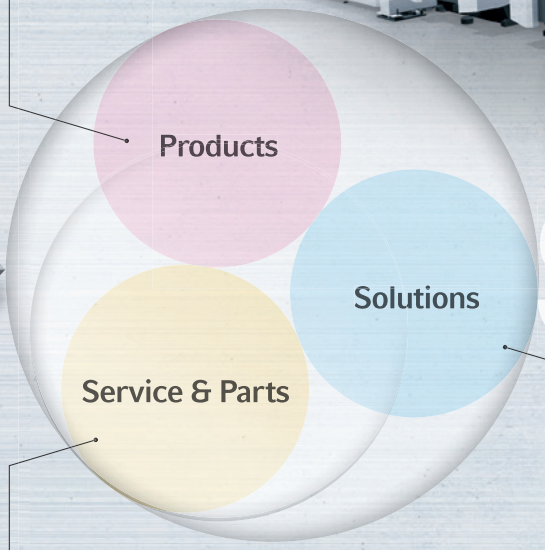
Products

» Robust development system to promote innovation

» The world's most comprehensive lineup

» Highly efficient production system for thorough quality control





Solutions

» Engineering divisions with professional technicians at major bases in the world

» Best solutions to any machining issues

» Comprehensive support from proposal of excellent peripheral equipment to delivery and maintenance

» Resident engineering service of machining professionals

» Technical centers located around the world for providing immediate and meticulous services

» Large-scale parts centers around the world

» Optimal solutions in a speedy manner at the "around-the-clock" service centers

» Support for machine and software operation through various lectures and hands-on training

Service & parts

Consolidated Financial Highlights

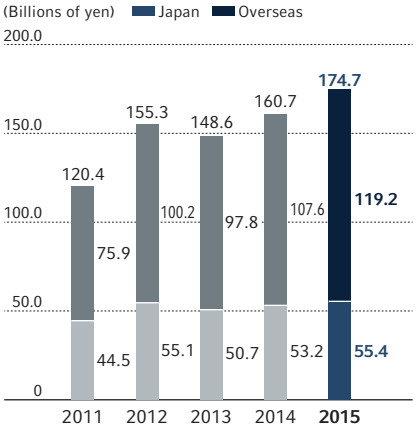
Fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015

(Billions of yen)

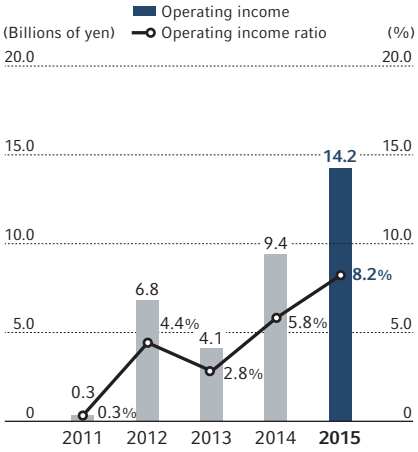
		2011/3	2012/3	2013/3	2014/3	2015/3
Financial Performance						
Net sales (Total)		120.4	155.3	148.6	160.7	**174.7**
Net sales—Japan		44.5	55.1	50.7	53.2	**55.4**
Net sales—Overseas		75.9	100.2	97.8	107.6	**119.2**
Cost of sales		80.9	106.0	104.4	107.5	**112.2**
Gross profit		39.6	49.4	44.2	53.3	**62.5**
Selling, general and administrative expenses		39.2	42.6	40.0	43.9	**48.2**
Operating income		0.3	6.8	4.1	9.4	**14.2**
Income before income taxes and minority interests		1.2	6.7	5.6	11.4	**21.0**
Net income		1.3	5.6	5.2	9.4	**15.2**
Comprehensive income		(0.2)	3.7	12.0	23.0	**21.2**
Profitability Ratio						
Gross profit ratio (%)		32.9	31.8	29.7	33.1	**35.8**
Operating income ratio (%)		0.3	4.4	2.8	5.8	**8.2**
Net income ratio (%)		1.1	3.6	3.5	5.9	**8.7**
Return on investment (ROI) (%)	*1	0.2	4.5	2.6	5.1	**5.9**
Return on equity (ROE) (%)	*2	1.4	6.0	5.3	7.4	**9.6**
Return on total assets (ROA) (%)	*3	0.8	3.1	2.8	4.4	**5.4**
Financial Position						
Total assets		172.0	185.4	186.7	241.7	**323.3**
Shareholders' equity	*4	93.9	93.2	102.7	151.3	**166.6**
Interest-bearing debt		52.0	65.6	58.3	54.4	**107.4**
Net interest-bearing debt	*5	44.6	61.0	52.1	35.5	**86.0**
Working capital	*6	19.9	32.9	30.5	57.9	**35.6**
Net working capital	*7	58.5	63.8	52.1	60.1	**70.7**
Shareholders' equity ratio (%)	*8	54.6	50.3	55.0	62.6	**51.5**
Net debt/equity ratio (Times)	*9	0.5	0.7	0.5	0.2	**0.5**
Cash Flows						
Net cash provided by (used in) operating activities		(10.2)	8.6	21.4	5.9	**11.5**
Net cash used in investing activities		(14.1)	(22.1)	(10.1)	(17.5)	**(58.4)**
Net cash provided by (used in) financing activities		24.1	10.9	(10.1)	23.9	**49.4**
Increase (decrease) in cash and cash equivalents		0.2	(2.9)	1.7	12.6	**2.5**
Cash and cash equivalents at end of year		7.4	4.5	6.3	18.9	**21.4**
Free cash flow	*10	(24.3)	(13.5)	11.3	(11.6)	**(46.9)**
Per Share of Common Stock (Yen)						
Net income						
—basic		11.8	51.1	47.3	85.7	**117.3**
—diluted		11.6	50.2	47.1	85.7	**117.3**
Cash dividends		20.0	20.0	20.0	22.0	**25.0**
Number of Employees		4,107	4,045	4,117	4,159	**4,324**

*1 Return on investment (ROI) (%) = Operating income / (Average equity + Average interest-bearing debt) × 100
*2 Return on equity (ROE) (%) = Net income / Average equity × 100
*3 Return on total assets (ROA) (%) = Net income / Average total assets × 100
*4 Shareholders' equity = Net assets – Stock acquisition rights – Minority interests
*5 Net interest-bearing debt = Interest-bearing debt - Cash and cash deposits
*6 Working capital = Current assets - Current liabilities
*7 Net working capital = Inventory + Advance payable - Advances received + Accounts receivable, trade - Notes and accounts payable, trade
*8 Shareholders' equity ratio (%) = Equity / Total assets × 100
*9 Net debt / equity ratio (Times) = Net interest-bearing debt / Equity
*10 Free cash flow = Net cash provided by (used in) operating activities + Net cash used in investing activities

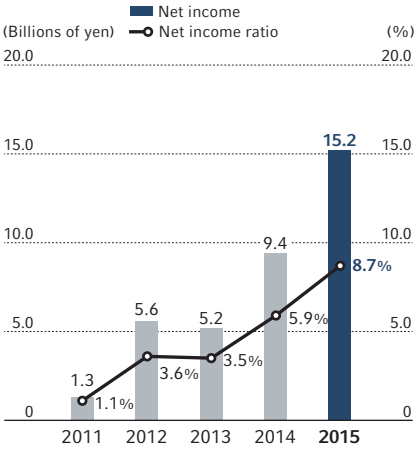
Net sales



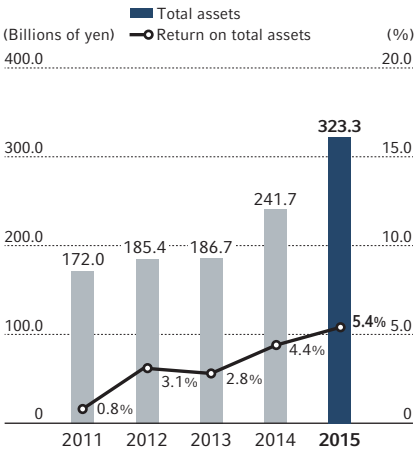
Operating income
Operating income ratio



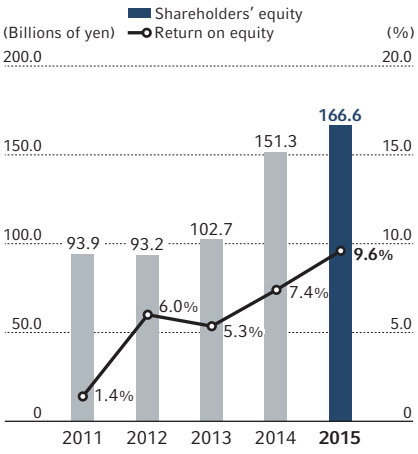
Net income
Net income ratio



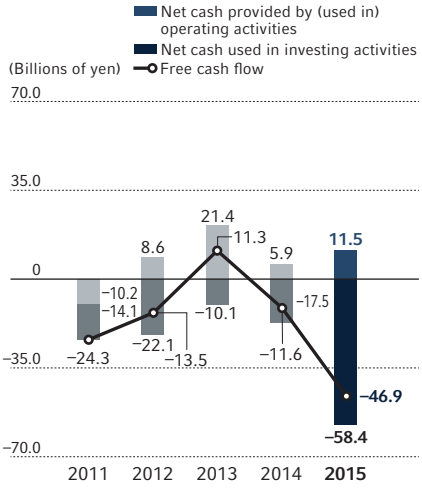
Total assets
Return on total assets



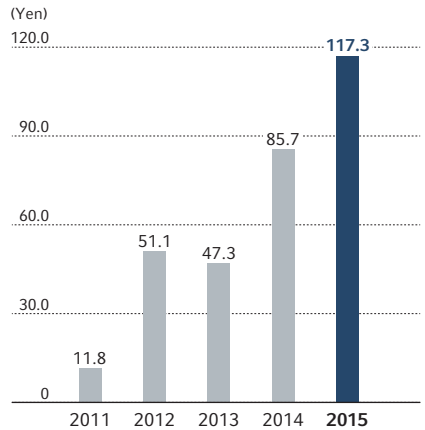
Shareholders' equity
Return on equity



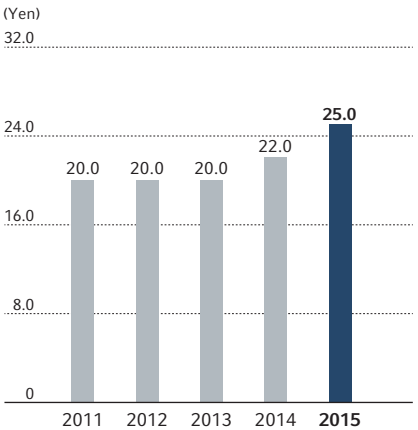
Free cash flow



Net income per share



Cash dividends per share



We are pleased to present the annual report of DMG MORI CO for the fiscal year ended March 31, 2015 (from April 1, 2014, to March 31, 2015).

DMG MORI CO., LTD. (hereinafter called DMG MORI CO) has continuously developed and provided creative machine tools for customers in the world since its foundation in 1948. We deeply appreciate our stakeholders' long-term patronage and support for us.

We have offered innovative products that are unrivaled in the machine tool field in order to keep growing in the global machine tool market.

DMG MORI CO began the capital and business collaboration with DMG MORI AKTIENGESELLSCHAFT (hereinafter called DMG MORI AG) in 2009, and since then we have promoted business integration in various areas including sales & service and product development. On October 1, 2013, both companies integrated their names to further strengthen the "DMG MORI" brand name. In May 2015 our share holding ratio in DMG MORI AG exceeded 50%, by which the company became our consolidated company. As the world's top selling manufacturer of machine tools, we are committed to growing to become a permanently reliable company for customers.

We believe the real value of machine tools lies in the following three elements: “Machines,” “Solutions & Applications,” and “Service, Parts and Training.” We strive to produce machine tools that exhibit all three and fulfill our responsibility as a trustworthy machine tool manufacturer.

We, DMG MORI, would like to pay its great respect to all the people in the manufacturing industry. We, as a group of reliable professionals, will exert a full effort for further business growth and is committed to becoming the best machine tool manufacturer for customers.

Masahiko Mori
President, Dr. Eng.

We will provide greater value to customers around the world on all fronts: product development, manufacturing, sales and services.

Q. How were operating performance and dividends in the fiscal year ended March 31, 2015?

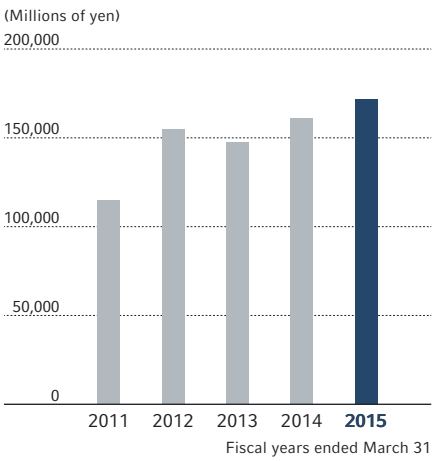
A. Sales, income and dividends all increased, driven by robust order intake in Japan and the U.S.A.

In the fiscal year ended March 31, 2015, the machine tool industry saw a healthy trend in inquiries and orders, which was supported by an underlying trend of stable yen depreciation and a high level of willingness to invest in plant and equipment, despite grounds for concern such as the stalling of energy-related demand due to the uncertainty over the European economy and declining crude oil prices. Evidencing this favorable trend, the machine tool order results reported by the Japan Machine Tool Builders' Association was up 31.0% over the previous year. We believe we can expect orders to increase beyond the level seen in this fiscal year, against a background of robust orders centering on Japan and the Americas.

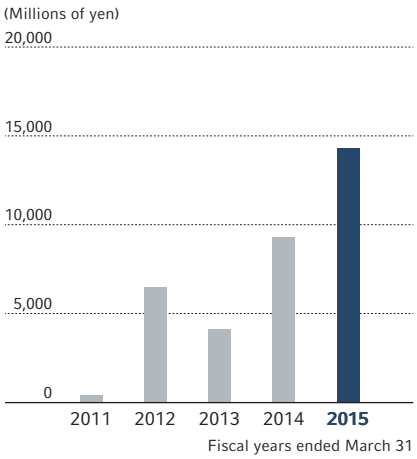
With this as the backdrop, consolidated net sales amounted to 174,660 million yen (up 8.7% year on year), consolidated operating income 14,236 million yen (up 52.1%), consolidated ordinary income 20,354 million yen (up 81.0%), and consolidated net income 15,216 million yen (up 61.1%).

Our basic policy on profit allocation is to maintain stable dividend payments while taking into overall consideration future business plans, operating performance, financial conditions, and investments in plant and equipment as well as product and technology development. In line with this policy and considering the current economic situation and the operating performance of the company, for the fiscal year ended March 31, 2015, we expect to award annual dividends of 25 yen per share, comprising interim and year-end dividends.

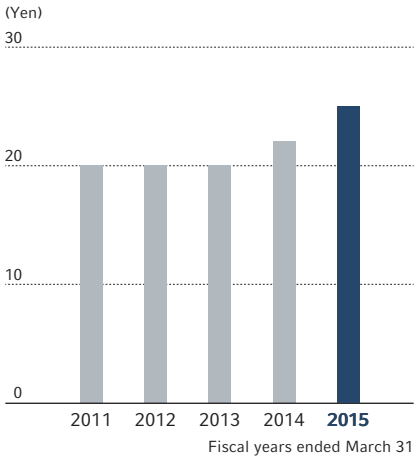
Net Sales



Operating income



Annual dividend per share



Q. What were some of your initiatives during the fiscal year ended March 31, 2015?

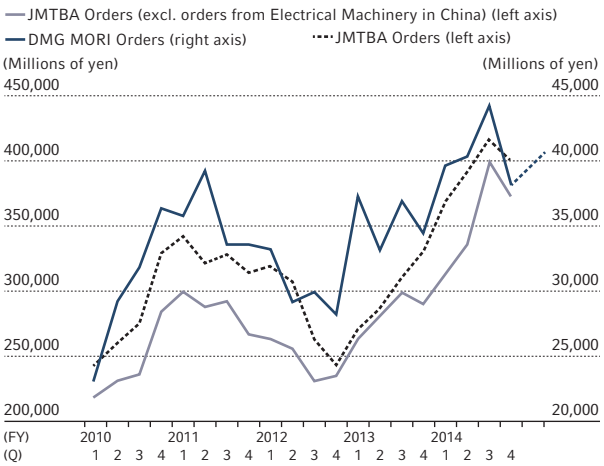
A. We have accelerated the process from collaboration to integration, and expanded the DMG MORI brand.

DMG MORI CO announced and implemented a tender offer for DMG MORI AG by its consolidated company, DMG MORI GmbH. In April 2015, an additional offer period following the initial offer period ended, bringing the entire time available for this tender offer to a close. As a result of this tender offer, our group's equity stake in DMG MORI AG has become 52.54%. The settlement of the DMG MORI AG shares took place in May with approval granted under antitrust and competition laws, enabling DMG MORI AG to become a consolidated company of DMG MORI CO. We will accelerate the integration of the companies in a spirit of equal standing.

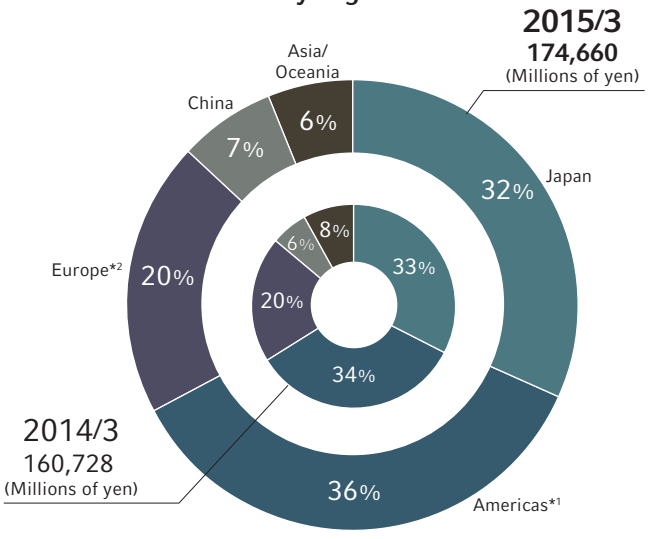
We have voluntarily adopted International Financial Reporting Standards (hereafter, IFRS) in place of our conventional Japanese accounting standards and changed the accounting period with the approval of shareholders at the 67th ordinary general shareholders meeting held in June 2015. By introducing IFRS, we seek to improve the international comparability of financial data and to standardize accounting methods within the group, making it more convenient for all the stakeholders.

In April 2015, we established DMG MORI WASINO, LTD. and began selling WASINO brand lathes with the aim of further improving customer satisfaction. DMG MORI has been providing an extensive product lineup to satisfy each and every customer's requirements. Taking over the compact lathe business from AMADA CO., LTD. enables us to make the lineup even more comprehensive. Up until now, WASINO products have focused mainly on the Japanese market. We are confident that the technology, quality and brand name of WASINO would be favorably accepted in the markets around the world. DMG MORI intends to increase the lineup of compact lathes in an effort to satisfy customers' diversifying needs.

Trends in DMG MORI CO Order Intake



Consolidated net sales by region



*1: Americas: United States, Canada, Mexico, Argentina, and Brazil
*2: Europe: incl. Russia, Africa and the Middle East

Q. What were some of your initiatives to expand the DMG MORI brand?

A. We aim to become the No. 1 machine tool manufacturer for customers and carry out sales and service activities in locations closer to them.

We held an open house at the Pfronten factory (DMG MORI AG) in Germany in February 2015, and the event was attended by over 8,000 visitors.

We revealed the second generation model of NHX 4000, a high-precision, high-speed horizontal machining center equipped with the new operating system CELOS that keeps pace with Industry 4.0 and IoT. A total of 72 cutting-edge machine tools were put on display, including LASERTEC 65 *3D*, a hybrid machine capable of both laser metal deposition and milling. The event ended in a success with a great volume of orders received.

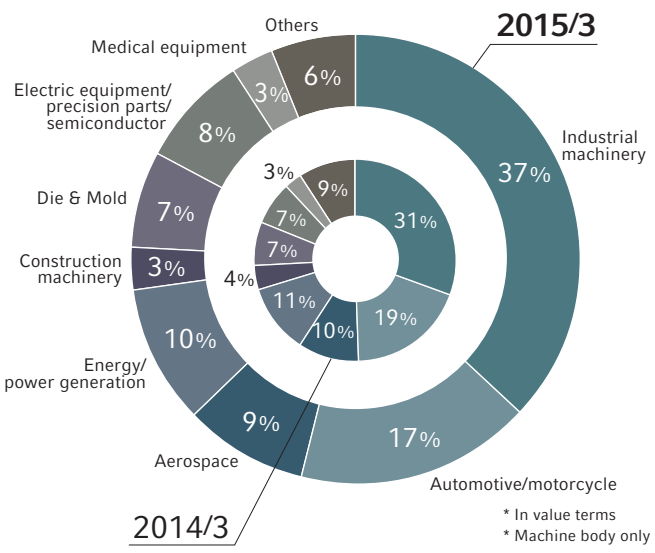
In April 2015 we joined the China International Machine Tool Show (CIMT) 2015 held in Beijing, China with the largest booth among the participating companies, showcasing 33 state-of-the-art machines. In the Chinese market where cheap and low-end machines had been mainstream, high-precision, high-quality machines are in increasing demand.

At the Tokyo Global Headquarters, we held 5-axis Machining Open House, in which a total of 32 machines including 13 5-axis models equipped with the latest technologies were showcased. In the event our dedicated staff with abundant experience presented practical and technological know-how with many case examples and machining demonstrations, offering customers solutions that can contribute to increasing their productivity.

In addition to the schools at Tokyo Global Headquarters and Iga Campus, we opened Nagoya 5-axis Machining School on the first floor of the Nagoya Head Office in response to the growing demand of high-precision, high-quality 5-axis machining. The school has easy access from JR Nagoya Station which is only five minutes away by foot. So customers who live around the Nagoya area can go to the school from home every day. For the customers who place significance in improving productivity and developing skillful operators in response to ever-advancing and increasingly complicated machining techniques, we will provide more attractive and helpful classes to help them increase productivity and efficiency.

We deeply appreciate our stakeholders' continued understanding and support for us.

Order intake by Industry



9-month Forecast for Fiscal Year Ending December 2015

(Millions of yen)	2015/3 Full-year results	2015/12 9-month forecast	<Reference> 2015/12 Full-year forecast
Net sales	174,660	300,000	410,000
Operating income	14,236	30,000	40,000
Operating income ratio	8.2%	10.0%	9.8%
Income attributable to owners of the parent	15,216	16,500	22,000
EPS	117.3	129.0	172.0
Exchange rate (1 USD= ** JPY)	109.9	120.0	119.8
Exchange rate (1 EUR= ** JPY)	138.8	130.0	131.0

Jan - Mar 2015 Average Exchange Rate USD=119.1 yen EUR=134.2 yen

* The fiscal year ending December 2015 is a 9-month transitional period due to the change in the accounting period. Thus, forecasts are for 9 months and year-on-year changes are not provided.

Further accelerating DMG MORI group integration

Enhancing Joint Committee Activities
Accelerating the Integration of Both Companies' Business Activities

In August 2013, we established a Joint Committee comprising top management. Our aim is to regularly meet, discuss and make decisions on important issues facing the DMG MORI Group, such as product development, manufacturing and sales strategies. Made up of 10 members, the committee is led by Dr. Rüdiger Kapitza, Chairman and Chief Executive Officer (CEO) of DMG MORI AG and by our President, Masahiko Mori, serving as CEO of the Joint Committee.

As chairman, Dr. Kapitza is the committee's external representative, coordinating committee members' interests and activities, and taking charge of key accounts. Meanwhile, Dr. Mori, as committee CEO, sets operating targets and takes charge of operational strategies central to production planning. Other members from DMG MORI AG are Dr. Thorsten Schmidt (in charge of Sales and Marketing), Christian Thönes (in charge of Production, Product Development and Software), Dr. Maurice Eschweiler (in charge of Service and Parts) and André Danks (in charge of Finance, Tax, Management Accounting, Capital Markets and IR). Participants from DMG MORI CO are Tatsuo Kondo (in charge of Finance, Tax, Management Accounting, Capital Markets and IR), Hiroaki Tamai (in charge of Human Resources, General Administration, Compliance and Export Control), Dr. Naoshi Takayama (in charge of Quality) and Kenji Oishi (in charge of Purchasing, Logistics and IT).

The committee operates on the bases of cooperation among the members and activities that are in accordance with the Rules of Procedure, which have been drawn up to set the legal framework for the members' activities. Decisions that this committee makes are discussed and ratified by each company's Board of Directors before being implemented. The Joint Committee will continue to meet regularly to accelerate the integration of business activities between the two companies.

Global Sales, Service and Marketing Bases
(Tokyo and Zurich) Start

In 2014 we established two global headquarters in Tokyo and Zurich, Switzerland respectively, to support customers all over the world. They serve as the global sales, service and marketing bases with the Solution Center in each of the buildings. Each headquarters has a good access from an airport, showcasing DMG MORI's cutting-edge machine tools to totally support customers around the world. With application engineers who can speak different languages available, the headquarters play a role of a showroom as well as conducting varieties of activities including machining demonstration of the latest machining technologies, joint research on workpieces and tools with customers, and various technical classes including 5-axis Machining School at the Global Headquarters.

At any Solution Centers in the world, we provide the same high-quality service and comprehensive support for customers in three menus: machining demonstration, test machining and advanced machining technologies. The DMG MORI Global Headquarters are the symbol of integration of the two companies. We are committed to further increasing the company presence by transmitting the DMG MORI brand value to the world.

Tokyo (Japan)

Zurich (Switzerland)

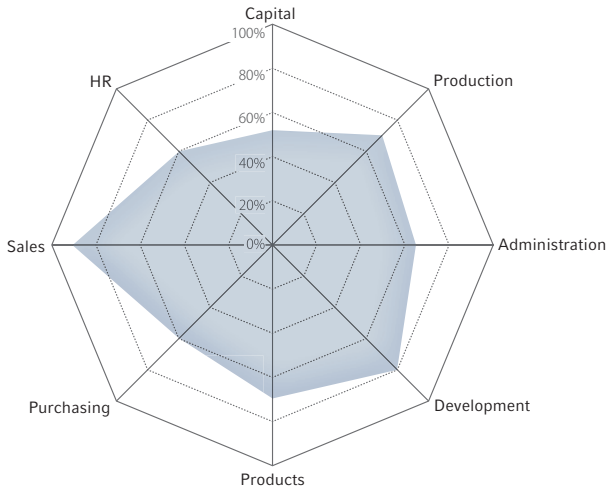
Seeking to Improve Service Quality and Work Efficiency as Consolidated Entity

In January 2015, we announced the implementation of a tender offer for DMG MORI AG. And in May our equity stake in DMG MORI AG exceeded 50%, enabling the two companies to become a consolidated entity with approval granted under the antitrust and competition laws in each country. As the next step, we will accelerate the integration of management to achieve our ultimate goal of complete integration. In the light of collaboration, the capital merger is part of our approach toward this end. We have expanded and strengthened collaboration with DMG MORI AG taking advantage of each other's strengths, and the collaboration effects are now manifested in various areas.

Initially, we offered approximately 300 models as DMG MORI, but we intend to consolidate the machine models into around 150 models by 2020 while shifting our focus to the expansion of applications and solution offerings including peripherals and automation systems. We have also embarked on the standardization of parts and units including spindles and feed system components. We successfully reduced the total number of parts approximately by 10,000 in 2014 from 270,000 in 2013, and are committed to achieve a further reduction approximately to 135,000 by 2020 through standardization. To ensure the steady implementation of these strategies, we took a new approach of holding the Global Development Summit. GDS is an annual development meeting where DMG MORI design engineers from around the world gather together to discuss issues to be addressed and share development strategies.

We are also working on the integration of various IT systems, which include the BOM system for the Development and Manufacturing departments and the system to manage customer information and events used by Sales and Marketing personnel. As for the areas of purchasing, production and after-sales service, we will comprehensively manage and allocate various resources. Through the system integration, we seek to achieve greater work efficiency and significant cost reduction.

Progress of Integration



Joint Committee Members
(Photos, from left)

+ André Danks (In charge of Finance, Tax, Management Accounting, Capital Markets and IR)
+ Christian Thönes (In charge of Manufacturing, Development and Software)
+ Dr. Naoshi Takayama (In charge of Quality)
+ Dr. Rüdiger Kapitza (Chairman)
+ Dr. Thorsten Schmidt (In charge of Sales and Marketing)
+ Dr. Masahiko Mori (CEO)
+ Hiroaki Tamai (In charge of Human Resources, General Administration, Compliance and Export Control)
+ Tatsuo Kondo (In charge of Finance, Tax, Management Accounting, Capital Markets and IR)
+ Dr. Maurice Eschweiler (In charge of Service and Parts)
+ Kenji Oishi (In charge of Purchasing, Logistics and IT)

Research & Development

1 Research and Development

Boosting R&D Efficiency to Leverage Both Companies' Strengths

DMG MORI AG has an extensive variation and technological competence in 5-axis machining centers, Lasertec machines and Ultrasonic machines, whereas DMG MORI CO shows its competitive advantage in multi-axis machines and horizontal machining centers. We share technologies of each other's strong areas and incorporate them in each other's products. We are not only jointly developing machine tools but also working on consolidation of machine models and standardization of parts and units. As a result, we released machines with premium design and the new operating system CELOS in 2013, and the LASERTEC 65 *3D*, a hybrid machine capable of laser metal deposition and milling in 2014. Making the most of its worldwide network and the latest technologies, DMG MORI will continue to work on solving material challenges facing our customers. At the same time, we utilize the results obtained through the problem-solving processes into our R&D activities in an effort to deliver even better products to the customers.

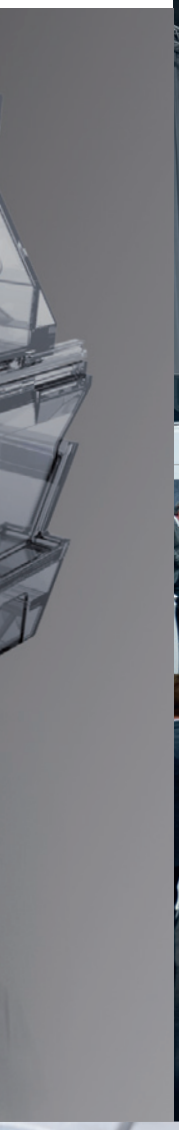
Production

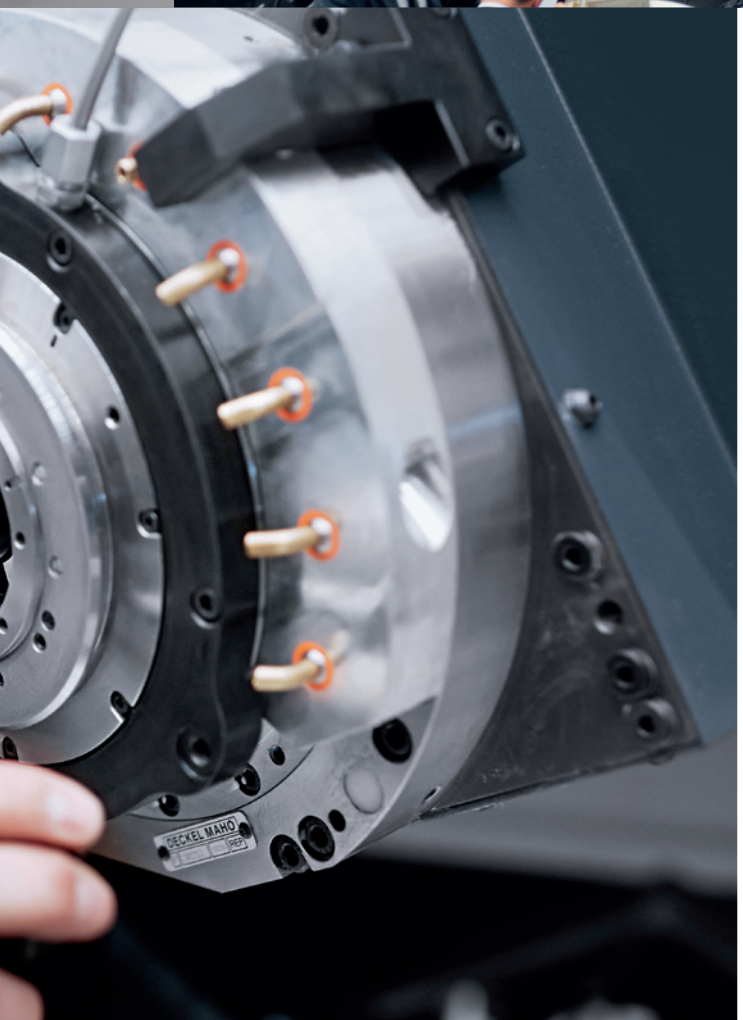
2 Production

Pursuing the Benefits of Integration through a Global Production System

We have promoted plant diversification to manufacture each machine at locations close to the source of demand. Production at strategic locations contributes to not only shorter delivery time but also reduction in logistics cost. Our manufacturing bases are now located in Japan, Germany, Italy, Switzerland, France, Poland, the U.S.A. and China, and the Ulyanovsk Plant in Russia is now under construction. In 2015 a new plant dedicated to turnkey solutions will be completed in Nara. The plant will help us serve customers' growing demand for manufacturing large, complex workpieces in an automated environment. Currently, the NHX 4000 horizontal machining centers are manufactured at the Pfronten Plant in Germany, the NLX 2500SY | 700 NC lathes at the Bergamo Plant in Italy, and manufacturing of the DMU 50 simultaneous 5-axis machining centers has started at the Chiba Campus and the North American Plant. While enhancing the manufacturing system, DMG MORI will standardize operation procedures at each production site to ensure uniform and consistent quality worldwide.

Sales & Service





3 Sales and Service

Integrating Sales and Service Networks and Reinforcing Support Structures

We have promoted the consolidation of our global sales and service bases since the start of business and capital collaboration in 2009. The consolidated network enables our sales engineers to propose the most suitable solutions to our customers from the world's largest product lineup, and service engineers to offer swifter single-source services and support everywhere in the world. With our business integration progressing, our focus is now on the centralization of information, which helps us address demanding customer requirements and offer more comprehensive support. We opened the Global Headquarters in Tokyo in July 2014 and Zurich, Switzerland in December. They function as a management base for sales, service and marketing activities in the world. Various events such as private shows, open houses and technical seminars are held on a regular basis at the bases around the world to offer customers opportunities to see our products and technologies firsthand. Additionally, we expand our services in Europe with our leasing company, DMG MORI Finance GmbH, at the core, and provide the optimal financial support to our customers.

TOPICS

July / December 2014

Global Headquarters Acting as Sales, Service and Marketing Bases

Two Global Headquarters have been established in Tokyo and Zurich, Switzerland to serve as DMG MORI's global sales, service and marketing bases. Both headquarters house Solution Center, in which 20 to 30 innovative machine tools are on display all the time, and our expert engineers are on hand to introduce new design concept machines featuring CELOS. Tokyo Global Headquarters covers mainly Asia whereas its Zurich counterpart covers mainly Europe. Taking full advantage of the easy access to/from airports, the two headquarters will also serve as a service base for customers in the world and play an active role in sales, service and marketing activities.

Tokyo (Japan)

Zurich (Switzerland)

October 2014

X-class Reaches 10,000 units Sales Milestone

The global cumulative sales of the X-class, a line of new-generation machine tools that achieve higher precision, quality and reliability, topped the 10,000 units mark. Since 2014 the X-class series has employed the all-new operating system SALONS which enables touch screen operation and the new DMG MORI design which overturns a conventional image of factory equipment. In order to meet increasingly diversified customer needs, DMG MORI launched the NZX 4000 multi-axis turning center capable of heavy-duty cutting of long, large-diameter workpieces and the NTX 1000 2nd Generation which was developed jointly with DMG MORI AG to achieve higher added value. Watch out for the future evolution and lineup of the X-class.

October 2014

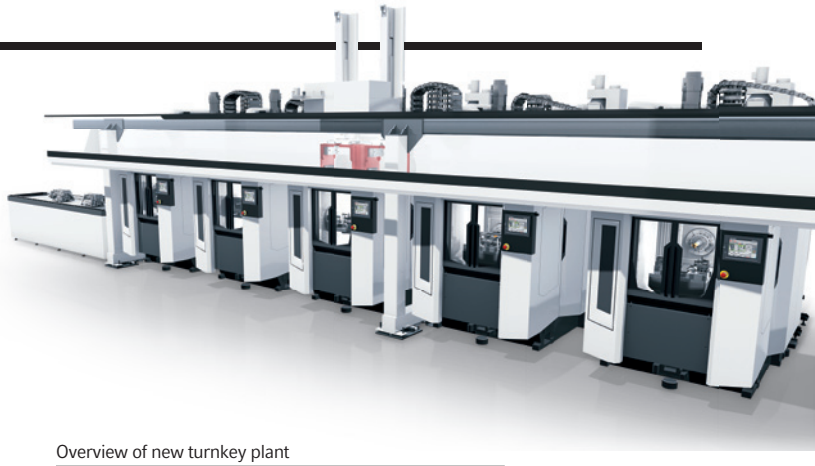
32 Latest Machines on Display at JIMTOF2014 — All Featuring New DMG MORI Design

At JIMTOF2014 DMG MORI showcased 32 state-of-the-art machine tools including 9 new models in its massive 2,340 m² (25,187.8 ft²) booth, which was the largest at the event. Display models were all premium design machines equipped with operational panels either the ERGO*line* Touch control featuring CELOS or the COMPACT*line* control that was newly developed for mass production machines. We believe that visitors to our booth could experience DMG MORI's next-generation machine tools and innovative technologies all at once during the six days of the show. We received many comments and requests from customers during the event. We will incorporate those voices into our future products, aspiring to showcase them at exhibitions.

December 2014

Announcement of Construction of Turnkey Plant in Nara

DMG MORI will construct a new plant dedicated to turnkey solutions at its Nara Campus. The preparations for the construction are underway, with the groundbreaking scheduled in May 2015 and the anticipated completion by the end of 2015. The Nara Campus currently consists of the No. 1 and No. 2 plants, and this new plant will be utilized as the third plant for the Campus. The plant will be a dedicated turnkey plant that can accommodate four 80-meter long production lines where machine tools designed for the production lines of completed vehicles and automotive parts will be assembled. The production and assembly of the i 50 high-speed horizontal machining centers, the MAX 3000 high-productivity vertical machining centers and multi-axis turning centers will take place in the new plant.



Overview of new turnkey plant

Location	: 345-1 Idono-cho, Yamato-Koriyama City, Nara, Japan
Site area	: Approx. 9,000 m² (96,876 ft²)
Completion	: In 2015

December 2013

Development of Hybrid Machine Combining Machining with Metal Deposition Technology

DMG MORI has developed a hybrid machine tool that combines conventional milling with an additive manufacturing technology which enables the creation of a metallic part from 3D data through metallic powder deposition. With the additive manufacturing market increasingly growing, SAUER, a member of DMG MORI AG, has pioneered the machine by integrating the additive manufacturing function into the latest LASERTEC 65 LASERTEC Machines. This innovative hybrid solution can be said to be our one-of-a-kind technology.

Laser cladding

March 2014

Providing High-precision Machines and Best Engineers

Porsche announced its return to the LMP1class of the FIA World Endurance Championship that includes the Le Mans 24 Hours. DMG MORI supports the Porsche Team as the exclusive premium partner. The DMG MORI logo is seen on the Porsche 919 Hybrid as well as on the uniform of the team. Porsche earned its first victory at the 2014 season's final race held in Sao Paulo in November. DMG MORI will continue to build a solid, reliable partnership with the Porsche Team.

Products

Creativity, State-of-the-art Functionality and Unrelenting Quality

Machine tools are a type of industrial equipment absolutely essential to the production activities of our customers, while performance is the No. 1 specification that our customers demand. Since it was founded, DMG MORI CO has provided its customers with creative, high-precision, durable and reliable machine tools together with industry-leading services. Our unwavering commitment is to deliver products that are easy and safe to use and help customers maximize their profitability. We will continue to provide high-quality and highly competitive products through continuous improvements.

The World's Largest Product Lineup

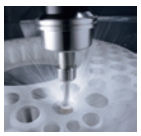
DMG MORI offers the world's most extensive lineup to meet customer needs. We propose optimal products to customers from a wide range of product lineup, including lathes, machining centers, 5-axis machining centers and multi-axis machines with various different sizes and specifications and provide them with a higher level of support. Launched in 2010 by DMG MORI, the X-class offers high precision, high quality and high reliability, and has grown into a flagship model accounting for more than 50% of our orders. Going forward, we will make continual improvements and refinements to ensure that we can provide even more attractive products to our customers. We established DMG MORI WASINO, LTD. to start the WASINO brand lathe business in April 2015. We will make an effort to increase the sales by making the most of the DMG MORI's brand strength and service system.


5-axis / Multi-axis machines


Lathes


Machining centers


Lasertec machines


Ultrasonic machines


Laser metal deposition and milling machine

Comprehensive Quality Control

During the new product development phase, we conduct precision, durability, operability and destructive tests to enhance design quality. Parts manufactured in-house undergo rigorous accuracy testing, while for delivered parts DMG MORI CO conducts acceptance inspections and gives thorough instructions on quality to its suppliers. In the manufacturing process, we perform quality audits to determine whether work is carried out in accordance with the Quality Plan Sheet (involving items such as QC process tables, operation standard documents and check sheets), and we conduct a 100-hour running test on all products prior to shipment. We obtained certification from TÜV Rheinland Japan for our Radiation Control Process to eliminate concerns over potential radioactive contamination in products exported from Japan, which were raised following the Fukushima nuclear power plant accident in March 2011. We provide products that cleared a series of rigorous tests and inspections so that customers can use them with additional peace of mind.

Immediately after delivery and acceptance, and one year after delivery, we contact each customer directly to determine their level of satisfaction. We have a system in place to send customer feedback to relevant departments through the Quality Improvement Committee so that measures can be taken immediately.

Product Environmental Performance

In our product development, we pursue environmental performance as part of our effort to use limited resources wisely and preserve the global environment. We have incorporated various energy-saving features into our machines, such as a system to control coolant discharge volume and a function that shuts off the machine power during standby. We also use LED lighting to deliver high luminous efficiency, and by combining drive technology with superior dynamic performance and highly efficient CNC controls, we design our products to minimize environmental impact while at the same time lowering running costs. Through these efforts, we have successfully reduced power consumption per day by approximately 20%*. The new operating system CELOS has an application to display the operating time, power consumption and CO_2 emissions of a machine by mode, allowing itself to function as an energy management tool.

* On the NTX 1000 2nd Generation

Energy consumption (compared with conventional models)

20% reduction

Machines with Premium Design and CELOS

Designed with a focus on operators' operability, the models with Premium design have improved safety and durability of the cover to keep the body clean for a long time as well as visibility of the window. Our new operating system CELOS, which keeps pace with Industry 4.0 and IoT, enables intuitive operation and consistent machine data management, and establishes a production infrastructure that connects shop floor and offices.

A Manufacturing System that Generates High-Quality Products

Highly Efficient Manufacturing

For parts machining, we have established a system fully capable of flexibly accommodating variable-item, variable-lot production. This includes the standardization of equipment specifications and the construction of a new Bed/Column Precise Processing Plant featuring cutting-edge facilities that can maintain a certain temperature throughout the year. This has enabled us to significantly cut lead times as well as the number of tools and fixtures that we use. DMG MORI CO undertakes exclusive, in-house manufacture of key components to ensure accuracy, such as spindles and ball screws. We have an integrated line for spindles and ball screws ranging from parts machining to assembly and inspection, and using our own Heat Treatment Plant and Casting Plant, we are working to further boost quality and provide faster deliveries. For assembly, DMG MORI CO has implemented a digital manufacturing system that closely monitors production progress in real time using a network. We were also the first in the industry to roll out cell production for our machine tool assembly. In this manner, we strive continually to improve our manufacturing methods to achieve higher quality and faster deliveries, including the use of a production line for our unit assembly work, following the example of automobile manufacturing. We, at every factory, will also work on standardization of operation procedures to manufacture the same high-quality products anywhere in the world. Our highly-efficient production system keeps pace with Industry 4.0 and IoT.

IoT : Internet of Things

Global Production

We clarify the roles of our plants in Japan to shorten delivery times through more efficient production and logistics systems and to diversify risks such as natural disasters. We have begun to work with DMG MORI AG to establish a global production system in which we both manufacture each side's products at each other's factory. Furthermore, we invest in the right equipment at our campuses and plants to make our production system as efficient as possible. For example, our newly constructed Bed/Column Precise Processing Plant and our No. 2 assembly plant at our Iga Campus, our North American Factory, our first stand-alone overseas production base and our Tianjin Factory (completed in 2013) each features the latest, most cutting-edge equipment. DMG MORI CO ensures that each of its business sites offers the most optimal production environment, which includes introducing innovations to our production system and plant equipment, and taking steps to significantly reduce power consumption. In 2015 our new factory dedicated to turn-key systems will be constructed in Nara. We will provide production line systems for completed cars and automotive parts.

Manufacturing Headquarters
Iga (Japan)

Solutions

Total Support to Increase Customers' Productivity

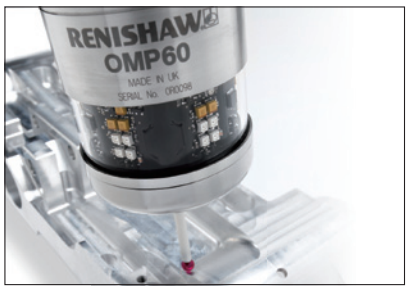
The value required of machine tools has until now focused predominantly on the performance of the main unit. However, customer needs for machine tools are growing ever more diverse and sophisticated. This includes the mass production of parts while maintaining accuracy, reduced running costs, and short delivery times for multiple-item, small-lot production of high-precision parts. To accommodate these needs, machine tools have added many features and achieved high performance, which has led to ever more complex programming and processing technologies. As a result, support provided both before and after machine delivery is extremely critical for enabling customers to take full advantage of a machine tool's performance and enhance productivity. DMG MORI CO provides its customers with a full range of solutions to help address their production and technical challenges. This support ranges from process design, machining conditions, fixtures, tools, peripheral equipment and software to total factory automation solutions.

Global Engineering System

DMG MORI's highly skilled engineers are located in our major bases around the world. They act as technical support contacts for the entire sales process from the technical proposals, submission of quotation, contracts, acceptance test to acceptance and delivery. They also work together closely on the increasing number of orders, run-off machining, and deliveries across multiple countries and regions resulting from globalization. We will make proposals that take into the account the local conditions of each delivery destination and work hard to meet the needs of both global corporations and community-based companies. They have abundant experience in providing turnkey systems which is in growing demand in recent years.

Complete Support with Machine + Peripherals (DMQP)

Peripheral equipment for our products that passes a rigorous quality, performance and maintenance review process receives the DMG MORI Qualified Products (DMQP) designation. Using this system, customers can select the right peripheral equipment for their product from DMQP and have it delivered together with the machine unit. With some regions excepted, DMQP are also covered under the same warranty and service program as our machines. Our ability to propose, select, deliver and maintain a host of peripheral equipment ensures that our customers can use our products with peace of mind well into the future.



DMG MORI Qualified Products (DMQP)

Resident Engineering Service

DMG MORI's machine tool professionals who have received specific training are available to be embedded at customers' locations to provide total support and solutions for bringing out the best performance of the machines and systems. Since it was founded, DMG MORI CO has dispatched its professional engineers to customer locations at the time of delivery. For customers who seek long-term support, we temporarily transfer engineers on-site to provide customers with the best support possible. Resident engineers are carefully selected from engineers who can operate machines and possess in-depth knowledge of machining that allows them, after viewing workpieces, to quickly understand which type of machining process should be used. We send these professionals to our customers for long periods of time to provide solutions and support related to production systems and workpieces that differ by industry, such as the automotive, construction machinery and aerospace industries. The resident engineers, a group of machining experts, reflect customers' needs and issues in development and design of the next-generation products in an effort to create more innovative products. Given the advancements in machine functions amid the growing complexity of programming and machining technologies, resident engineers play an increasingly important role, which is expected to grow in the years ahead. We also strive to train capable engineers in response to the increasingly diverse needs of customers.

Solution Center

Our Solution Center provides expansive, well-organized spaces featuring the latest machine tools and facilities. Here, DMG MORI works closely with its customers to resolve a variety of machining challenges. To improve customers' productivity, each Solution Center is located close to a major industrial area in Japan, the Americas, Europe and Asia. This enables our customers around the world to view our machines and machining work closely whenever they need to. Each Solution Center fully supports customers in the three menus of demonstration machining, test machining and advanced machining technologies. We provide them with the same high-quality service around the world. At the Tokyo Solution Center and the Zurich Solution Center (Switzerland) which were opened in July 2014 and December 2014, respectively, we have application engineers who can support customers in different languages, and conduct varieties of activities including machining demonstration of the latest machining techniques, joint research on workpieces and tools with customers, and various technical courses and seminars.

Demonstration machining

Customers can view a demonstration of a machine to ensure the one they select best suits their needs. These demonstrations help customers to confirm actual operations prior to purchase. All of the machine tools on display at the Solution Center are continually ready for use for demonstration machining.

Test machining

A range of CAM as well as equipment to measure three dimensionality, roundness and roughness are used with customers onsite to perform test machining and measurements in accordance with the requested workpieces and workpiece drawings. Through test machining, our highly experienced engineers propose the best machining method, tool, fixture and cutting condition.

Advanced machining technologies

Together with our customers, we continually research and develop cutting-edge technologies to improve machining efficiency, extend the service life of tools and improve cutting conditions. This has enabled us to develop a number of new machining technologies, including S-Quad, ZEROCHIP, Spinning Tool, InvoMilling and additive manufacturing.

Example of DMG MORI Systems

Service & Parts

Maintaining Machine Production Performance for 10 to 20 Years or Longer

Machine tools are products that can be used for 10 or even 20 years. Put simply, DMG MORI considers speedy onsite after-sales services and prompt parts distribution to be among the key values in regard to machine tools. It is important to create strong partnerships to build relationships with customers that last many years. We position technical centers, service centers and parts centers around the globe to achieve smooth coordination and a quick response to customer requests. As necessary, we pursue speedy resolutions to problems through onsite service personnel dispatched from technical centers and parts provided by parts centers under the direction of service centers. DMG MORI CO makes every effort to provide support that demonstrates the consistently high performance of machines purchased by our customers.

Continuous Operation of Service Centers

Service centers respond collectively to customer inquiries 24 hours a day, 365 days a year. To resolve problems by the shortest route, on a daily basis we enter into our databases information on customers and machines delivered as well as the histories of customer machine service. This information appears on a monitor automatically as soon as the phone is picked up at the service center, facilitating a smooth response. In addition, using a GPS-equipped mobile phone, the service center can determine which representative should be dispatched most quickly, creating a system that responds rapidly to customer requests. In regard to customer troubleshooting, DMG MORI CO has put in place a system that enables remote support from a service center via the Internet, ranging from alarm diagnostics to the time operations have been restored, significantly shortening downtime after a problem has occurred. Our specialists are familiar with various types of equipment, providing customer support and resolving issues quickly, 24 hours a day, 365 days a year.

Parts Centers that Ensure a Rapid Supply System

DMG MORI CO has established large-scale parts centers in four locations (Japan, the United States, Germany and China) to provide customers around the world with the best possible after-sales service. Maintaining several hundreds of thousands of parts around the world allows us to conduct rapid parts shipments while cooperating with each location. For example, shipping parts by air from Europe when it is the middle of the night in North America ensures a backup system that takes advantage of time differences. Furthermore, we have introduced a system that enables parts to be searched for and ordered online inside the center. As a result, this enables the person in charge to smoothly arrange orders and deliver parts to customers even more quickly. We aim to ensure that parts are shipped out within 24 hours after an order is received, and maintain over 95% implementation ratio. We will conduct accurate parts management and enhance our global system to respond even more quickly to customer requests. In 2015 we set up a warehouse with automated racking systems at the Nara Global Parts Center to carry out spare parts operation in an effective, swift and accurate manner.

Technical Centers Located Around the World

Technical centers around the world are bases for field service. By directly visiting customers, listening to their needs and disseminating this feedback internally, we can provide machines that better incorporate customer needs. Each member of our staff works closely as an engineer with the customer, promptly providing proposals for solutions that meet customer needs. Furthermore, we have introduced a system where service managers can search technical information and past history using information terminals to achieve consistent service quality throughout the world. As DMG MORI, we will further increase technical centers to provide customers with even more meticulous support and service.

Supporting Customers with Lectures and Practical Training

At DMG MORI Academy, established to boost individual skills, we offer a range of courses to teach customers machine tool operation in Tokyo, Nagoya and Iga. While helping to nurture customers' high-level machining technicians, we also support smooth start-ups when machines are introduced. Customers can select the courses that meet their needs, such as basic operating methods for machine tools and general research into technical skills adapted for practical use. Because demand has increased in recent years, we opened a school in January 2013 to educate machining technicians on the use of 5-axis machines. Moreover, we have established an Education On Demand system that provides online training to learn how to operate machines on PC. Training can be conducted at work or home 24 hours a day using a computer without being restricted by time or a place. DMG MORI CO will continue to support machine tool operator training for skilled candidates, preparing new facilities and education by veteran lecturers.

Two-Year Free-of-Charge Service Guarantee
(As of June 19, 2015)

DMG MORI CO's two-year warranty provides machine repairs free of charge for two years. The warranty applies to all machines installed after April 1, 2007, and guarantees provision of repair parts, service and maintenance free of charge for two years on machines delivered in Japan.

We visit customers whose products are nearing the end of their second year since delivery to inspect their machines and perform maintenance. At that point, we ask customers directly about and respond to any requests they may have, so that they can continue using their products with peace of mind even after the end of the warranty period.

Note: For the DMG MORI CO products delivered outside of Japan, we also provide service guarantees.

Maximizing Customer Profits

Based on the notion that "every outcome depends on the concept," DMG MORI CO conducts development focused on basic concept design mainly at the Iga, Nara and Chiba Development Centers, and other R&D sections including the DMG MORI Digital Technology Laboratory Corporation (DTL) in the United States, Magnescale Co., Ltd, and DMG MORI B.U.G. CO., LTD.
Our development system as one DMG MORI group is further strengthened to serve our customers the best possible solutions.

Development Strategies

Up to now, machine performance largely accounted for the value demanded from machine tools. However, in recent years, proposals such as machining technologies and peripheral equipment aimed at improving productivity—as well as the provision of services for customer machines that run non-stop—have become important values. In particular, highly efficient processing technologies for new materials and difficult-to-cut materials such as carbon fiber reinforced plastic (CFRP) are among the lightweight materials and super heat-resistant alloys used for energy and aircraft parts. While continuing to shift the bases of production overseas to Asia and China, we are providing solutions that include support for onsite operator training and launch of multiple production centers overseas. Other services in demand include technologies to find and quickly deliver parts, even for old machines, technologies that inform us in a timely fashion when parts need to be replaced, and technologies for mounting new spindles onto old machines.

Until now, the Engineering and Service Departments had been mainly responsible for providing solutions and services, but it is extremely important for the Development Department—the root of machine designing—to also focus on solutions and services when conducting machine development. DMG MORI CO has drafted a roadmap for the future to identify which technologies will be necessary for machines, services and solutions by 2020. We are making steady progress with development based on this roadmap by checking progress quarterly and reconfirming objectives.

A Robust Development Structure

In April 2013, DMG MORI B.U.G. CO., LTD. (located in Hokkaido), a company that develops operating software for machine tools, became a DMG MORI CO group company. This company researches and develops highly competitive next-generation operating software featuring excellent operability, such as MAPPS and CELOS that was developed by DMG MORI. Also, at DTL in California, we are conducting finite element analysis on machines using a supercomputer as well as developing software that organically links machines with one another in automation systems.

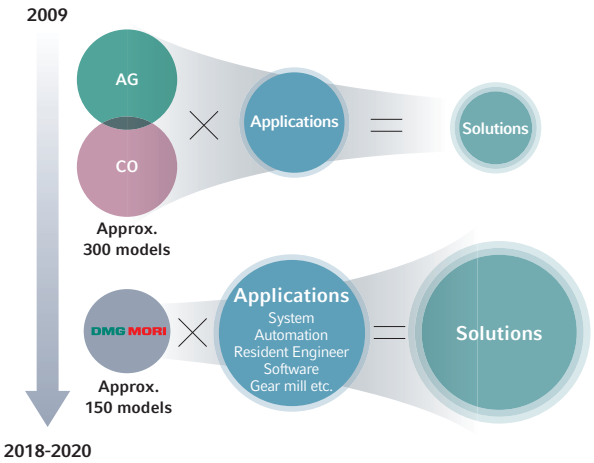
Magnescale Co., Ltd, develops scales, sensors and other measurement devices, which are becoming an increasingly important part of machine tools. Measuring the condition of each part of a machine tool is one future direction in machine tool technology. For example, sensors will be used to detect the position, pressure, temperature and vibration of each part of the machine tool, and then provide feedback on the results to machine control devices to ensure optimal machine control and employ preventive maintenance.

In addition, our focus is on developing elemental machine tool technologies targeting such facets as improved precision and machine durability. How precisely can we make the spindles turn? How straight can we make the feed-shaft move? How long can we make the spindle and feed-shaft last? Differentiating ourselves from competitors on the basis of design and manufacturing technology is becoming ever more important for machine structures and spindles able to cut without chattering vibration to realize these ends. These elemental technologies, which differ from supplementary technologies resulting from software such as manufacturing expertise, cannot be easily imitated, making this a simple point of differentiation from other companies in demonstrating our competitive edge. In 2012, in addition to departments that develop machines, we established the Experiment Department to thoroughly develop elemental technologies and their attendant value to extend the limits of elemental technologies.

Joint development as DMG MORI

We are consolidating approximately 300 DMG MORI models that initially existed into around 150 models towards 2020, taking into account strengths of each machine. A total of 150 machines should be able to cover almost everything the market demands from cutting machine tools, whether large or small, high-end or commodity-type. In the future we will incorporate the optimal software and tools into the 150 selected machines, aiming to deliver move valuable solutions to our customers. DMG MORI AG possesses a rich variety of technologies, such as 5-axis machining centers, Lasertec machines and ultrasonic machines, while DMG MORI CO has multi-axis machines and horizontal machining center variations and technologies. With each of our companies sharing their respective areas of expertise, we believe we can provide products with an even higher level of perfection. In addition to machines, we have also begun to standardize parts and units. We successfully reduced the total number of parts approximately by 10,000 in 2014 from 270,000 in 2013, and are committed to achieving a further reduction approximately to 135,000 by 2020 through standardization. Additionally, the implementation of the new 3D CAD system within the DMG MORI will also facilitate joint development and production. Going forward, we will standardize development processes in pursuit of greater development efficiency.

Consolidation image of existing models



Keeping pace with Industry 4.0

The CELOS, our new operating system jointly developed by DMG MORI, keeps pace with Industry 4.0 which has been promoted by the German government since 2011. It can be linked with big data inside and outside the company. As the system enables us to connect with machines at the customers' sites via network, we can gain all the necessary information through constant remote maintenance and remote monitoring, and even conduct failure prediction for their machines. This contributes to improving the operating rate of the machines. In the approach to save energy in an entire factory, the CELOS can set the optimal production schedule, shorten stand-by time, shut down power during the stand-by mode and monitor and control energy consumption so that more than a certain amount of energy will not be consumed at a factory. As a result we can provide customers with their best production plan. We aim to make our factories and showrooms all over the world the model facilities of Industry 4.0 and strive to engage in research and development for improvement of productivity and efficiency and development of applications.

Future Development Policies

In line with our roadmap toward 2020, we are working on integrating models, standardizing parts and peripheral equipment, reducing parts counts and cutting costs. We started the development of new models using the same DMG MORI software in 2014. In 2015 we will develop some new models targeted at the volume zone in an effort to increase the company presence. Our product development is carried out from the viewpoint of customers, taking into account economy of the products and operators' operability. So from April 2015 on, we conduct design reviews for all the models manufactured in DMG MORI AG factories as well as for those produced in DMG MORI CO. We also plan on launching new models in 2016 and after to provide customers with more attractive product lineup. Furthermore, as the DMG MORI Group, we are pursuing development to ensure customers recognize that any DMG MORI product is of the high quality. To achieve this, DMG MORI believes that it is extremely important to develop a new generation of human resources that can provide proposals that assist our customers in generating profit, demonstrate leadership and respond to the demands of global customers. For this reason, we proactively assign young employees to responsible positions in an attempt to invigorate development overall. By continually providing innovative, accurate and trouble-free machines at competitive prices, we will respond to customer requests and issues with an inexhaustible quest for technology, in order to maximize customers' productivity and efficiency.

Cutting Dream Contest

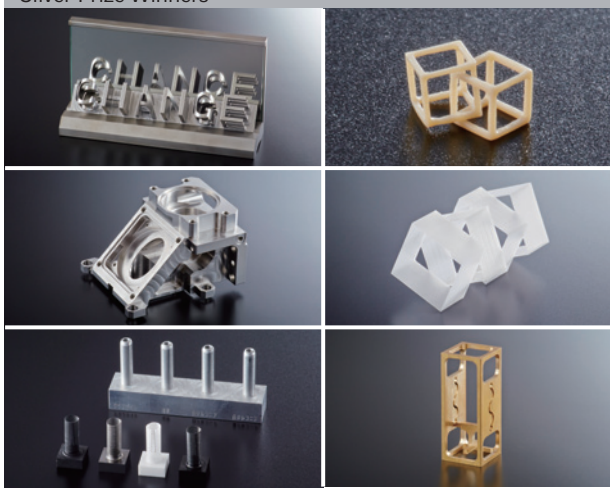
Contribution to the Development of Cutting Technology and Techniques

Since 2004 DMG MORI CO has annually held the "Cutting Dream Contest" targeted at machine tool users such as companies, technical colleges, universities and research institutions, with the aim of improving and exchanging technologies and techniques in the machining industry. The contest also started in the U.S. in 2006, and we had one in Europe in 2007. The event has been well received and appreciated in both regions. The prize winners are selected by category through a rigorous screening process by juries comprising of university professors. The five categories of the contest are: Production Parts Machining; Prototype & Test Cut Machining; Die & Mold / Form Machining; Micro Machining; and Academic Research. In JIMTOF2014 we put prize winners' works on display in the DMG MORI booth to show their skillful technique and innovative ideas to the visitors. DMG MORI CO will make continuous effort to contribute to improvement and advancement of cutting skills and technologies of the world.

Cutting Dream Contest 2014

Gold Prize Winners

Silver Prize Winners



MTTRF (Machine Tool Technologies Research Foundation)

Supporting Research Activities through MTTRF

MTTRF (Machine Tool Technologies Research Foundation) is a non-profit organization recognized by the U.S. Government. Founded in October 2002, it operates through contributions from companies, with DMG MORI CO as its main sponsor.

Much of DMG MORI CO's philanthropic efforts for education are carried out through MTTRF, such as lending machine tools to universities and research institutions inside and outside Japan, and holding lectures at the annual general meetings. DMG MORI CO will continue to actively expand research support activities through MTTRF to promote technological development in the industrial society. In July 2013 MTTRF Berkeley Institute was established for the purposes of enhancing a practical cooperative relationship between industry, government and academia and cultivating excellent engineers through educational and research activities.

University and research institute we donated or lend machines	
U.S.A.	University of California, Berkeley
	University of California, Davis
	University of Wisconsin System
	MTTRF–BI
Germany	Bremen Institute for Metrology, Automation and Quality Science (BIMAQ)
Ireland	Trinity College Dublin
Switzerland	Swiss Federal Institute of Technology Zurich
Italy	University of Florence
Austria	Vienna University of Technology
Japan	Kobe University
	Kanazawa University
	Osaka Institute of Technology
	Toyohashi University of Technology

Total: 12 universities + 1 research institute

Energy Solution Park

Promotion of Using Environmental Energy

In 2012 the Iga Campus installed the WindCarrier wind power system and the CellCube secondary battery system to reduce environmental burdens and secure power supply in an emergency.
In addition to these systems, the Nissan Leaf electric vehicle and the Toyota Prius plug-in hybrid vehicle have been introduced as courtesy cars. We will continue our efforts towards reduction in environmental burdens while verifying the potential for further utilization of these green energy technologies.

Path-breaking energy generation

windcarrier

WindCarrier is a gearless, low-noise, compact wind turbine generator with a structure based on the principle of the Darrieus wind turbine.

Generate sustainable energy

suncarrier

SunCarrier is a tracking system to obtain the maximum energy, optimally adjusting the solar panels in relation to the current position of the sun.

Store energy effectively

cellcube

The CellCube large battery system is an energy storage system with zero carbon dioxide emissions.

Public Relations Magazine "Tsunagari"

Transmitting Information from Perspective of "Tsunagari"

DMG MORI CO published a public relations magazine "Tsunagari," which means connection, with the basic concept of interconnection between society and companies. In "Tsunagari" we not only look at the processes to produce things and the history of these items, but also search for the ideal society from the perspective of "Tsunagari" as well as from a panoramic view. Also, design has a focus of appealing to emotion of people as an important element for linking humans to things.

Local Contribution

Deepening Exchanges with Communities and Engaging in Volunteer Activities

Nara Piano Friends, a new music event featuring the piano, has been held annually in Nara and specially-sponsored by DMG MORI CO since 2012. In addition to this, DMG MORI is making active contributions to communities by sponsoring the Bambitious Nara professional basketball team and by supporting renovation of historic temples and shrines in Nara including the Kasuga Taisha Shrine, the Kofukuji Temple. DMG MORI CO will continue to actively support these cultural activities and foster good relationships with local communities.

❶ Bambitious Nara

[Material credit]
❶ Bambitious Nara ❷ Kasuga Taisha Shrine
❸ Nara City Tourist Association (Kofukuji Temple)

Fukan Laboratory

Supporting Research Activities

Fukan Laboratory, a general incorporated foundation, was established in January 2010. Continuing the work of the University of Tokyo Fukan Laboratory by taking a comprehensive view of knowledge, technology, economics and society, we have reaffirmed our current position as we consider tomorrow's actions and create a place where people can gather to enthusiastically take on future challenges. DMG MORI CO will continue to endorse these activities by providing a wide range of support.

Scholarship Fund

Scholarship Fund for Student Support

Helping National Technical College Students Affected by the Great East Japan Earthquake

The DMG MORI Scholarship Fund was set up in 2011 as one element in the reconstruction assistance after the Great East Japan Earthquake. Its purpose is to help national technical college students in the disaster area attend school and is administered by the Institute of National Colleges of Technology, Japan. Every month, 50,000 yen per student (600,000 yen per year) will be offered over a 10 year period. We support the national technical college students with the expectation that they will take on roles in Japan's manufacturing industry in the future.

Establishment of IIT Scholarship Program at Indian Institutes of Technology

In 2008, DMG MORI CO and the University of Tokyo jointly established the DMG MORI IIT Scholarship Program aimed at students of the Indian Institutes of Technology, which is located in the Indian city of Hyderabad. The goal of the program is for many students who received the scholarship to study mechanical, electrical or aeronautical engineering or some other field of specialization in depth. Students will then be equipped to play an active role in these fields around the world including India and Japan in the future.

IIT: Indian Institutes of Technology

1 Basic Concept for Corporate Governance

To increase the transparency of management for shareholders, investors, and society as a whole including business partners, employees and local communities, and to ensure fair and effective corporate management, DMG MORI CO has identified the reinforcement of its corporate governance and the strengthening of its management oversight functions as its top priority.

We will continue to improve our corporate values for long-term stability, and will seek to ensure that our business activities are rooted in an even stronger sense of corporate ethics.

2 Outline of the System of Corporate Governance, and Reason for Adopting the System of Corporate Governance

DMG MORI CO adopts a corporate auditor system.

As of June 19, 2015, the Board of Directors consisted of seven directors, two of whom are external directors, and the Board of Auditors consisted of three auditors, two of whom are external auditors.

The Board of Directors meets regularly and whenever necessary to debate important management issues, and to make decisions through active discussions at which opinions are stated freely. In addition, by limiting the term served by Board members to one year, we have put in place a system that clarifies the mission and responsibilities of the directors. We instituted Management Councils with the President as chairperson in 2006, and Operating Directors' Meetings in 2009 to speed up the decision-making process and the soundness of our administration. In addition, Department meeting attended by the directors, operating directors and general managers are convened once a month to fully share and manage the progress on important issues and basic strategies, strengthening the corporate governance of the Group as a whole.

In recent years, international concern has grown concerning measures to prevent the proliferation of weapons of mass destruction and the excess stockpiling of conventional weapons. To address this concern, the DMG MORI CO Group has set up an Export Control Committee, with the President as chairperson. This committee formulates the internal regulations (the Compliance Program), reviews and changes the contents of the regulations to ensure compliance with export control laws, and conducts rigorous discussions on matters such as the propriety of exports of our products.

In 2005, as part of the establishment of our internal control system, we set up an Information Disclosure Control Committee, with the executive officer of the Administrative Headquarters as its chairperson, to act as an advisory body deciding rules for the disclosure of information, to improve the transparency and soundness of our management.

In accordance with the auditing policy, the auditors attend meetings of the Board of Directors, Operating Directors' Meetings, Department meeting and other key meetings, where they express their opinions. In addition, they read documents about important decisions, and conduct strict audits in every department at the Head Office, as well as each campus, technical center and consolidated Group company.

Through this process, we have sought to achieve a fast decision-making process with a small number of directors and energize the Board of Directors. We have revamped our management by, for example, establishing a compliance system, and we have established an efficient corporate governance system with an increased level of fairness and transparency in management.

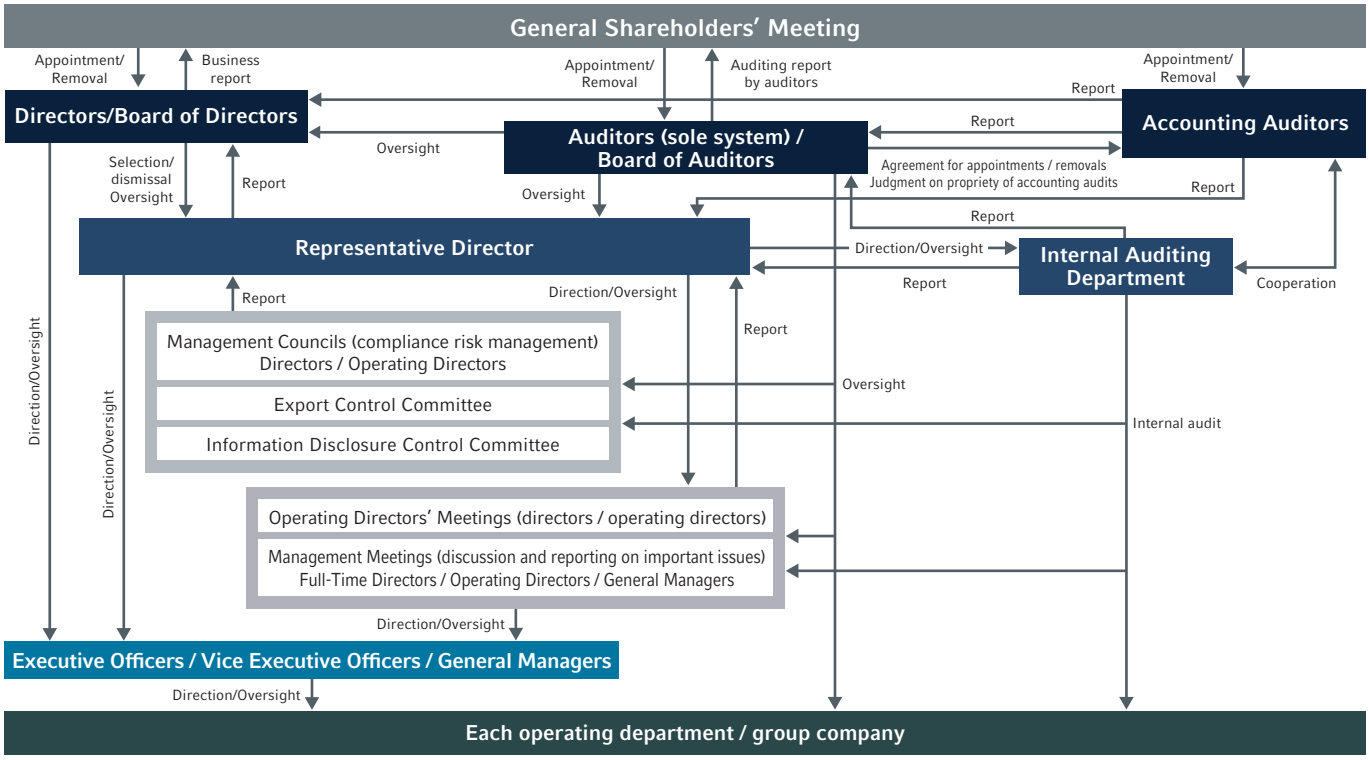
The corporate governance system of DMG MORI CO is as below figure.

3 Maintenance of an Internal Control System and Risk Management System

DMG MORI CO implements the following "Basic Policy on Internal Controls" decided by the Board of Directors.

1. A system to ensure that the business conduct of directors and employees conforms to all relevant laws and articles

DMG MORI CO clarifies the criteria for the behavior of its directors, operating directors and managerial staff through the mission statement, the employee handbook, the export control program, and all of the codes of conduct, stipulations and rules relating to the



environment, occupational health and safety, quality management systems and so on.

We have established a Management Council chaired by the President, and this council serves as a mechanism for putting these behavioral codes of conduct in order, promoting compliance, educating the managerial staff, and taking cross-sectional control. We completely and unreservedly oppose dealing with antisocial groups related to organized violence, and the basic policy behind our approach is to eradicate antisocial power.

2. A system for the storage and management of information concerning the business conduct of directors

DMG MORI CO manages and saves information on daily decision making and business conduct obtained through the minutes of general meetings of shareholders, the minutes of Board of Directors Meetings, the minutes of Management Councils, the minutes of Operating Directors' Meetings, the minutes of meetings at each department, and the internal electronic decision-making system. The directors and auditors can view this information either in document form or in electromagnetic media at all times.

We have provided regulations on the storage and management of information concerning the business conduct of directors, and have clarified the system for storage and management of information on business conduct.

3. Regulations to manage risks of loss, and other systems

DMG MORI CO practices environmental / occupational health and safety / quality risk management in accordance with a management system, risk management related to the reliability of financial reports, risk management in accordance with the export control program, and risk management in daily business in accordance with the internal electronic decision-making system.

We have established the Management Council chaired by the President, where the President appoints a director with overall responsibility and a director with responsibility in each category, and we are working to build a system where this council comprehensively and generally manages risk throughout the Group as a whole.

4. A system to ensure that directors' business is conducted efficiently

DMG MORI CO seeks to make the conduct of the directors' business more efficient by using the following business management system. We have also introduced an operating director system to support directors and facilitate fast decision making and efficient conduct of business.

(1) Fast decision making using the internal electronic decision-making system
(2) Reports on conduct of directors, operating directors and executives at Board of Directors Meetings, Management Councils, Operating Directors' Meetings and meetings at each department and monitoring of the execution of duties by auditors
(3) Drafting the business plan through Board of Directors Meetings, Management Councils, Operating Directors' Meetings and meetings at each department, setting the business result targets and budgets for each operating department based on the business plan, and implementing business result management on a monthly and quarterly basis by utilizing the information technology
(4) Reviewing business results on a monthly basis through Board of Directors Meetings, Management Councils, Operating Directors' Meetings and meetings at each department, and implementing strategies for improvement

5. A system to ensure that the corporate group consisting of DMG MORI CO and its affiliated companies conducts business in an appropriate manner

By applying or complying with a similar management system at DMG MORI CO subsidiaries according to their nature and scale too, DMG MORI CO ensures that the directors and other staff members of those subsidiaries execute their duties efficiently.

Beyond that, DMG MORI CO ascertains and ensures the propriety of the business of its subsidiaries and affiliates by using the internal electronic decision-making system and the weekly report system, and through a number of scheduled meetings on a consolidated basis, regular and random visits by the President and responsible directors, and periodic internal auditing of subsidiaries.

In concrete terms, at least one DMG MORI CO director is appointed as a director or corporate auditor of each subsidiary so that these personnel attend the subsidiary's board meetings and other important meetings and can become apprised of reports on matters pertaining to the performance of duties from the subsidiaries' directors and the personnel who perform the duties.

In addition, DMG MORI CO's internal audit department audits the status of risk management at subsidiaries with a purview that is reasonable considering the nature and scale of the subsidiary, and the information in reports from the subsidiaries is shared when the corporate auditors audit the subsidiaries or at occasions such as auditing liaison meetings with the auditors of the subsidiary, in accordance with the content of the reports and the scale of the subsidiary.

Premised on the reporting system and auditing system described above, and with the DMG MORI CO departments directly under the President, Administrative Headquarters, Personnel Headquarters, and Accounting / Finance Headquarters as the departments responsible for the internal control of the Group, we are achieving progress with consultation and sharing information about internal controls among DMG MORI and each of the companies in the Group, and building a constitution, including systems for efficiently transmitting directions and requests.

6. Matters concerning employees who were appointed by the auditors to assist them with their duties and the independence of these employees from the directors

DMG MORI CO currently has at least one full-time staff member assisting the auditors. Personnel changes, evaluations, and other matters related to the assisting staff member must be agreed to by the auditors, and exchanges of opinions with the auditors are held periodically to achieve a system in which the audits are effective and their independence is ensured.

7. A system in which directors and employees report to the auditors, systems for other reports to the auditors, a system to ensure that those who make a report are not treated unfavorably for the reason that they have submitted that report

At DMG MORI CO, the auditors attend important regular meetings including the Board of Directors Meetings, Management Councils, Operating Directors' Meetings and Department meetings at each department, listen to the decisions and reports, and, if necessary, request a report from the directors, operating directors or managerial staff.

The directors, operating directors and managerial staff must immediately report any fact that could significantly harm the Company to the Board of Auditors or the auditors upon discovery of such a fact, and regulations to ensure the effectiveness of audits conducted by the auditors have been prepared to make clear the details of these regulations. In addition, the Board of Auditors, or the auditors, can request reports from the directors, operating directors or managerial staff.

DMG MORI CO prohibits the unfavorable treatment of managerial staff of the DMG MORI Group who have made reports to corporate auditors for the reason that they have made those reports, and is familiarizing all managerial staff of the DMG MORI CO Group with this position.

8. Points relating to the policy on the formalities for the advance payment and reimbursement of costs incurred in the execution of the duties of the corporate auditors, and the processing of expenses and liabilities incurred in the execution of other relevant duties

DMG MORI CO commits itself to the prompt processing of the relevant expenses when corporate auditors submit a claim such as for advance payment of expenses or liabilities incurred in the execution of their duties, except in cases where it is recognized that the expenses/liabilities covered by the claim in question are not necessary for the execution of the duties of the corporate auditors.

9. A system to ensure that other audits conducted by the auditors are carried out effiectively

At DMG MORI CO, the Board of Auditors, or the auditors, engage in regular and temporary exchanges of opinion with both the President and the accounting auditors.

We plan to maintain this system in the years ahead.

4 Status of the Internal Audit and the Audit Conducted by the Auditors

As part of our internal audit, we have set up an Internal Auditing Department with three full-time working staff, under the direct supervision of the President, which checks that the business operations of the DMG MORI CO Group are conducted appropriately and effectively.

Regarding our adoption of a system of internal control and reporting (with reference to the J-SOX Act, Japan's equivalent of the U.S. Sarbanes-Oxley Act), we established the J-SOX Section in the Internal Auditing Department in October 2005 prior to the approval of the bill, promoted the construction of an internal control system, and have already completed preparations for reliable operation of this system within the Group both in Japan and overseas.

With regard to the audit conducted by the auditors, currently the Board of Auditors comprises one corporate auditor and two external auditors who attend the Board of Directors Meetings, Operating Directors' Meetings and Department meeting in accordance with the policy determined by the Board of Auditors and the auditing plan, and hear about the status of execution of relevant work from the directors, operating directors, the Internal Auditing Department and so on. They also read documents about important decisions, and examine the status of work and assets in every department at the Head Office, as well as each campus, technical center and consolidated Group company.

The auditors provide guidance for and auditing of the directors on matters involving corporate governance, compliance, risk management, and overall business management.

The auditors and the Internal Auditing Department cooperate closely with each other, and the Internal Auditing Department provides the auditors with regular reports about the status of internal controls.

The auditors, the Internal Auditing Department, and the accounting auditors make conscientious efforts in conducting proper and strict accounting audits by holding meetings each quarter and whenever necessary to actively exchange their opinions and information.

5 External Directors and External Auditors

DMG MORI CO has two external directors and two external auditors.

The external directors and external auditors have no special financial interest in relation to DMG MORI CO, whether in terms of personal / business relations, trade or otherwise, and maintain a highly independent status.

Each of the external auditors debates and decides the auditing policy, auditing plan, auditing method, and allocation of duties, within the Board of Auditors in cooperation with the corporate auditor, and auditing is implemented throughout the year based on this. The external auditors also exchange opinions regularly with the top management and directors, and conduct audits by visiting sites such as plants and Group companies. Information is shared with the accounting auditor by holding regular meetings.

In addition, management oversight and supervisory functions have been bolstered by the appointment of two external directors at the annual shareholders' meeting covering the term to March 2015.

No criteria or policy on independence were in place for the appointment of the external directors and external auditors, but reference was made to the stock exchange's standards of judgment relating to the independence of independent directors, and other sources.

DMG MORI CO and the external directors and external auditors have entered into a contract pursuant to the provisions of article 427, paragraph 1 of the Companies Act, limiting liability for damages in reference to article 423, paragraph 1 of the same Act. The limit on liability for damages based on this contract is the minimum liability amount set in article 425, paragraph 1 of the same Act (i.e., 2 years' remuneration).

External Director Tojiro Aoyama is a professor at the Faculty of Science and Technology of Keio University and the head of that Faculty, and it was judged that he would perform his duties as an external director appropriately based on his wide-ranging and unsurpassed knowledge of mechanical engineering, production engineering and other fields, and wealth of experience. Dr. Aoyama has been designated as an independent director and we have judged that there is no risk of any conflict of interest arising in relation to the general shareholders.

External Director Tsuyoshi Nomura has served as a Managing Director of Panasonic Corporation during his career and it was judged that he would perform his duties as an external director appropriately based on his many years of management experience, work experience in the production technology, quality, and environmental fields, and his wide-ranging and high-level insight cultivated through these experiences.

Dr. Nomura has been designated as an independent director and we have judged that there is no risk of any conflict of interest arising in relation to the general shareholders.

External Auditor Yoshito Kato, who during his career has served as a Managing Director of Toyota Motor Corporation and President of Aisan Industry Co., Ltd., was judged well qualified to give opinions on the auditing system based on his many years of management experience, work experience in the production technology, quality, and development fields, and his wide-ranging and high-level insight cultivated through these experiences. Mr. Kato has been designated as an independent director and we have judged that there is no risk of any conflict of interest arising in relation to the general shareholders.

External Auditor Mr. Yasuyuki Kimoto has served in positions including Managing Director of Sumitomo Mitsui Banking Corporation and President of The Japan Research Institute, Limited during his career, and was judged to have great potential to give opinions on assuring the adequacy and propriety of decision-making, and opinions on auditing from the perspective of corporate management, by drawing on a wealth of experience in actual business fields and a high level of insight. Mr. Kimoto has been designated as an independent director and we have judged that there is no risk of any conflict of interest arising in relation to the general shareholders.

Board of Directors (As of June 19, 2015)

Masahiko Mori
President, Dr. Eng.

Tatsuo Kondo
Vice President

Hiroaki Tamai
Vice President

Naoshi Takayama
Senior Executive Managing Director, Dr. Eng.

Kenji Oishi
Director

Tojiro Aoyama
External Director, Dr. Eng.

Tsuyoshi Nomura
External Director, Dr. Eng.

Hisao Sato
Corporate Auditor

Yoshito Kato
External Auditor

Yasuyuki Kimoto
External Auditor

Among the financial and operational facts and statistics disclosed in the Annual Report, the following information has been determined to have importance in influencing the decision-making process for investors. Note that the forecasts and future events stated in this report are as of the end of fiscal year 2014.

1 Economic Conditions in Key Markets (Japan, the Americas, Europe, and China/Asia)

The percentage composition by region of the DMG MORI CO Group's consolidated net sales for the term under review was 31.7% for Japan, 36.2% for the Americas, 19.6% for Europe, and 12.5% for China/Asia. In any of the regions where the Group sells and provides its products and services, its business results may be adversely affected if demand declines for its products and services due to deterioration in economic trends.

2 Sudden Fluctuations in Demand for Investment in Plant and Equipment

The economies of emerging countries such as those in Asia, the BRICs economies and central Europe are expanding, and the machine tool markets in Japan, the Americas and Europe have continued to experience stable growth over the medium and long term. However, the machine tool industry can be easily affected by economic fluctuations. The machine tool market has been growing steadily over the medium and long term in the regions of Japan, the Americas and Europe, but the DMG MORI CO Group's business results also tend to be greatly affected by investment in plant and equipment in line with the fluctuations in economic conditions. If investment demand for plant and equipment falls in each of these regions for any reason, both product prices and numbers of units sold could drop suddenly and substantially, which may have adverse effects on the business operations, business results and financial status of the Group.

3 Influence of Market Competition

Since a number of companies have entered the machine tool industry and some of these companies focus on supplying low-cost products, the DMG MORI CO Group is exposed to fierce competition in each market, and it is difficult to set advantageous prices for products. The Group is promoting measures to develop products that set themselves apart from the competition by strengthening technical capabilities, such as reducing the cost of raw materials, and enhancing sales capabilities. However, if it proves difficult to continue these promotional measures, or to expand market share or maintain profitability, there may be adverse effects on the activities, business results and financial status of the Group.

4 Corporate Mergers and Acquisitions, and Capital and Business Collaboration

The DMG MORI CO Group views mergers, acquisitions, and capital and business collaboration as important strategies to strengthen its business base. Looking ahead, depending on the success or failure of the corporate mergers, acquisitions, and capital and business collaborations in which the Group is engaged, there may be adverse effects on the activities, business results and financial status of the Group. In May 2015 we made DMG MORI AG a consolidated company of the Group, and trends in DMG MORI AG's business operations, business results and financial status may therefore have considerable influence on the Group.

5 Significant Changes in the Yen's Exchange Rate against the U.S. Dollar, the Euro and Other Currencies

The business activities, business results and financial status of the DMG MORI CO Group have been affected adversely by fluctuations in the foreign currency market. Asset and liability transactions denominated in foreign currencies are impacted by fluctuations in exchange rates on conversion into yen. Fluctuations in exchange rates also affect the prices of products and services and sales transactions that are denominated in foreign currencies. To reduce these effects, the Group attempts to achieve a balance among domestic and Asian transactions denominated in yen, U.S. transactions denominated in U.S. dollars, and European transactions denominated in euros. Nevertheless, the activities, business results and financial status of the Group may be adversely affected.

6 Significant Changes in the Cost of Natural Resources or Raw Materials

If the DMG MORI CO Group faces a situation in which prices of raw materials increase significantly beyond expectations, its business results may be affected adversely. The Group has in place a policy to cover the soaring costs of raw materials by lowering the costs through negotiation with suppliers and by passing on rises in product prices, but if costs continue to increase substantially or if measures such as cost negotiations with suppliers do not succeed, the activities, business results and financial status of the Group may be adversely affected.

7 Security Trade Management

Important changes in regulations and laws in many of the countries and regions in which DMG MORI CO operates may have an effect on the activities, business results and financial status of the DMG MORI CO Group. The machine tools that constitute the core business of the Group are classified as controlled freight under the laws and regulations relating to export in each country and are subject to control under the framework of international export management. If this control is strengthened due to changes in international conditions, it may have adverse effects on the activities, business results and financial status of the Group.

8 Dependence on Specific Fields of Industry

The concentration of sales of the DMG MORI CO Group in the automobile and related industries is relatively high. This means that future fluctuations in the business environment in these industries may adversely affect the activities, business results and financial status of the Group.

9 Customer Credit Risks

The DMG MORI CO Group is extremely cautious about the credit risk posed by business partners. However, if the credit status of customers with large transaction values deteriorates, for example, due to a worsening in the business results of the customers' business partners, the materialization of this risk could adversely affect the activities, business results and financial status of the DMG MORI CO Group.

10 Financial Covenants

Financial covenants are applicable to some loans, such as committed line-of-credit agreements. Currently, no financial covenants are in effect on any loans payable, but if there is any infringement of a financial covenant in the future, this may adversely affect the business operations, business results and financial status of the Group.

11 Intellectual Property Rights

The DMG MORI CO Group continually develops new technology and expertise through R&D and the development of new products, and seeks to utilize intellectual property rights by applying to patent such valuable technology and expertise. However, in the event of invalidity claims by third parties in relation to the intellectual property rights of the Group, or if a lawsuit to stop infringement is filed against the Group, the Group's activities, business results and financial status may be adversely affected.

12 Risks Relating to Lawsuits

The DMG MORI CO Group works to achieve the functions and specifications required by its customers and to pursue appropriate quality with due consideration to safety, while aiming for comprehensive quality control on a global basis. Nevertheless, if a serious problem arises with the Group's products, or if a serious accident occurs, complaints about quality are made or a recall is initiated, the Group may be liable to claims for substantial product compensation.

In addition, the Group is expanding its business both in Japan and overseas, and in the course of such business, lawsuits for compensation for damage may be filed against the Group.

Currently, no lawsuits with a major influence on the business results of the Group have been filed against the Group. Nevertheless, if in the future such a lawsuit is filed and a disadvantageous judgment is made against the Group, the activities, business results and financial status of the Group may be adversely affected.

13 Effects of Natural and Other Disasters

Because the DMG MORI CO Group is expanding its sales and service centers globally, it is possible that the Group will be affected by disasters resulting from a range of phenomena including unpredictable natural disasters and computer viruses.

The manufacturing bases of the Group in Japan are located in Mie, Nara, Chiba, Kanagawa and Niigata prefectures, and those overseas are located in the United States, China and various countries in Europe. If any of these manufacturing bases are affected by a natural disaster such as an earthquake or flood and cannot supply products, or if the supply of products is delayed, this could adversely affect the activities, business results and financial status of the Group.

14 Environmental Problems

In the course of its activities, the DMG MORI CO Group is subject to a range of environment-related laws and regulations. The Group carries out its activities while paying careful attention to these laws and regulations, but it is possible that the Group could bear a legal or social responsibility related to the environment in regard to activities that are currently being undertaken or activities that were carried out in the past. It should also be noted that costs associated with legal compliance are expected to rise in the future as laws and regulations related to the environment and social requirements related to environmental problems become more strict. As a consequence, depending on trends in laws and regulations related to the environment, the activities, business results and financial status of the Group may be adversely affected.

1 Product Development

In the light of DMG MORI AG becoming a consolidated company of the Group in May 2015, we are jointly developing new models and vigorously promoting the unit development of major components such as spindles, tool change units and turrets with a view to adopting modularized units. By making use of the technology that both companies have accumulated thus far, we are now capable of realizing the efficient development of products with a high degree of completion. Besides the machines themselves, we are also putting our effort into the development of transportation equipment for unmanned systems and the operating software for them, development of peripheral equipment for machine tools such as chip removal equipment, and development of machining technology such as high-efficiency gear machining.

2 Quality

Quality applies to all activities, from product planning to sales and service, in which we forge connections with customers through our products. We strive to upgrade quality every day. We have unveiled a new slogan, "Let's make an impression on customers by providing high-quality machines!" This slogan emphasizes the care and attention to detail that we put into our products. In view of the fact that DMG MORI AG became a consolidated company of the Group in May 2015, we are now also moving resolutely ahead with the integration of other process areas, including development, manufacturing, service and sales, with the aim of encouraging customers to understand that all of our products have the same level of high quality whichever plant they are manufactured in, in Japan, Europe, the United States or China.

3 Trade Controls for Security

Given the recent deterioration in security, particularly in countries in Asia, the Middle East and Eastern Europe, international concern has grown regarding measures to prevent the proliferation of weapons of mass destruction and excess stockpiling of conventional weapons. To address this concern, the DMG MORI CO Group has established internal regulations in the form of the Compliance Program to ensure compliance with export control regulations. In addition, to prevent illegal export of our products, we have put into practice strict export management procedures, which include equipping machines with a device that detects and disables the machine if it is relocated from its installed location. We will continue to address security trade issues with top priority.

4 Compliance with Regulations

Management personally directs all employees to engage in corporate activities that are based comprehensively on compliance and corporate ethics. We also conduct ongoing training to boost awareness among directors and employees. In regard to global business development, we are putting in place a system for legal compliance in Japan and overseas. With the Internal Auditing Department continuing to play the key role, we have developed a system that regularly monitors compliance activities. Going forward, we will continue our efforts to strengthen internal controls.

5 Collaboration with DMG MORI AG

With the aim of achieving further growth in the global market for machine tools, in March 2009 the Group entered into a collaborative business and capital relationship with DMG MORI AG, a leading European machine tool manufacturer. Since that time, we have worked to integrate our sales and service locations and have augmented collaboration in areas such as parts supply, joint development and customer financing. As a result of launching a tender offer for DMG MORI AG from January 2015, the Group's voting rights in DMG MORI AG increased to 52.54%, and we have realized the business merger of the two companies with approval granted under the antitrust and competition laws in each country. We will continue integrated management of the two companies and keep up our efforts to enhance the corporate value, through commonalizing parts, consolidating machine models, and promoting system integration in the areas of sales, development, manufacturing, accounting and so on.

Financial Information

Consolidated Balance Sheets

(Millions of yen)

Assets	2011/3	2012/3	2013/3	2014/3	2015/3
Current assets:					
Cash and cash deposits	7,418	4,550	6,288	18,935	**21,427**
Notes and accounts receivable :					
Trade	32,086	31,736	24,824	32,989	**36,522**
Allowance for doubtful receivables	(139)	(200)	(230)	(208)	**(183)**
Notes and accounts receivable, net	31,947	31,536	24,594	32,781	**36,339**
Marketable securities	101	102	—	—	**—**
Inventories	38,838	43,273	37,941	40,771	**53,777**
Deferred income taxes	2,062	2,158	2,742	3,067	**3,275**
Other current assets	5,812	4,410	3,175	3,799	**6,348**
Total current assets	86,178	86,029	74,740	99,353	**121,166**
Property, plant and equipment:					
Land	18,340	18,718	21,774	22,253	**22,899**
Buildings and structures	66,320	66,438	70,495	75,896	**80,287**
Machinery, equipment and vehicles	33,531	35,491	39,002	42,665	**42,587**
Leased assets	4,699	4,897	5,456	5,781	**6,212**
Construction in progress	476	1,371	1,883	1,767	**1,296**
	123,366	126,915	138,610	148,362	**153,281**
Accumulated depreciation	(68,945)	(71,353)	(75,822)	(79,352)	**(81,094)**
Property, plant and equipment, net	54,421	55,562	62,788	69,010	**72,187**
Investments and other assets:					
Investments in securities:					
Unconsolidated subsidiaries and affiliates	1,595	25,784	30,058	52,801	**103,607**
Other	21,990	10,633	10,796	12,323	**16,270**
Total investments in securities	23,585	36,417	40,854	65,124	**119,877**
Deferred income taxes	374	370	944	275	**485**
Other assets:					
Goodwill	1,576	1,066	667	704	**929**
Long-term loan receivable	—	—	132	87	**40**
Other	5,816	5,975	6,529	7,118	**8,656**
Total other assets	7,392	7,041	7,328	7,909	**9,625**
Total investments and other assets	31,351	43,828	49,126	73,308	**129,987**
Total assets	171,950	185,419	186,654	241,671	**323,340**

(Millions of yen)

Liabilities and Net Assets	2011/3	2012/3	2013/3	2014/3	2015/3
Current liabilities:					
Short-term bank loans	45,172	28,778	23,930	90	**48,156**
Current portion of long-term debt	278	2,917	429	15,443	**340**
Notes and accounts payable, trade	11,451	10,702	9,077	11,937	**18,490**
Accrued income taxes	231	323	861	793	**4,252**
Accrued expenses	1,734	1,690	1,583	1,942	**2,460**
Deferred income taxes	16	47	249	6	**50**
Advances received	1,337	981	1,894	2,141	**1,657**
Allowance for product warranties	915	838	833	944	**940**
Allowance for bonuses to employees	124	196	168	171	**—**
Allowance for bonuses to directors and corporate auditors	—	42	18	22	**19**
Other current liabilities	5,046	6,580	5,212	7,966	**9,210**
Total current liabilities	66,304	53,094	44,254	41,455	**85,574**
Long-term liabilities:					
Long-term debt	6,567	33,882	33,986	38,854	**58,951**
Deferred income taxes	1,387	1,419	1,400	2,578	**4,519**
Deferred income taxes on land revaluation reserve	1,699	1,485	1,485	1,485	**1,346**
Accrued retirement benefits	309	342	222	—	**—**
Liability for retirement benefits	—	—	—	379	**677**
Asset retirement obligations	62	64	63	102	**49**
Other long-term liabilities	293	415	763	1,316	**1,219**
Total long-term liabilities	10,317	37,607	37,919	44,714	**66,761**
Net assets:					
Shareholders' equity:					
Common stock	41,132	41,132	41,132	51,116	**51,116**
Capital surplus	53,863	53,863	53,863	64,153	**64,153**
Retained earnings	11,911	15,313	18,271	25,502	**37,525**
Treasury stock, at cost	(10,545)	(11,743)	(11,743)	(3,610)	**(6,030)**
Total shareholders' equity	96,361	98,565	101,523	137,161	**146,764**
Accumulated other comprehensive income :					
Net unrealized holding gain on securities	1,463	2,133	2,616	4,004	**6,201**
Net unrealized gain on derivative instruments	476	105	186	2	**525**
Land revaluation reserve	1,545	1,759	1,759	1,759	**1,898**
Translation adjustments	(5,989)	(9,332)	(3,424)	8,798	**11,987**
Retirement benefits liability adjustments	—	—	—	(399)	**(821)**
Total accumulated other comprehensive income	(2,505)	(5,335)	1,137	14,164	**19,790**
Stock acquisition rights	469	466	435	34	**—**
Minority interests	1,004	1,022	1,386	4,143	**4,451**
Total net assets	95,329	94,718	104,481	155,502	**171,005**
Total liabilities and net assets	171,950	185,419	186,654	241,671	**323,340**

Consolidated Statements of Operations

(Millions of yen)

	2011/3	2012/3	2013/3	2014/3	2015/3
Net sales	120,428	155,321	148,559	160,729	**174,660**
Cost of sales	80,864	105,951	104,393	107,469	**112,190**
Gross profit	39,564	49,370	44,166	53,260	**62,470**
Selling, general and administrative expenses	39,244	42,581	40,032	43,903	**48,234**
Operating income	320	6,789	4,134	9,357	**14,236**
Other income (expenses) :					
Interest and dividend income	225	286	353	378	**492**
Interest expense	(421)	(543)	(545)	(575)	**(533)**
Gain on sales of investments in securities	—	—	6	5	**8**
Loss on revaluation of investments in securities	(497)	(201)	—	—	**—**
Loss on devaluation of shares of a subsidiary	—	—	—	(35)	**—**
Foreign exchange gain, net	891	49	757	1,478	**3,663**
Gain (loss) on sales and disposal of property, plant and equipment, net	108	(73)	(5)	(270)	**69**
Loss on impairment of property, plant and equipment	—	(4)	(108)	—	**—**
Equity in earnings (losses) of affiliates, net	(328)	(265)	681	1,008	**3,504**
Business restructuring expenses	(282)	(2,222)	—	(3,332)	**—**
Gain on reversal of stock acquisition rights	1,406	8	25	374	**32**
Gain on change in equity in investments in subsidiaries	—	3,257	—	3,404	**58**
Loss on disaster	(88)	(600)	—	—	**—**
Insurance income	—	—	554	—	**—**
Retirement benefit expenses	—	(88)	(105)	—	**—**
Gain on business transfer	—	576	288	—	**163**
Gain on sales of shares of an affiliate	—	—	—	—	**230**
Gain on liquidation of subsidiaries	—	135	—	—	**43**
Other, net	(149)	(402)	(398)	(416)	**(1,001)**
Income before income taxes and minority interests	1,185	6,702	5,637	11,376	**20,964**
Income taxes:					
Current	199	917	803	1,209	**4,876**
Deferred	(290)	(111)	(680)	621	**611**
	(91)	806	123	1,830	**5,487**
Income before minority interests	1,276	5,896	5,514	9,546	**15,477**
Minority interests in net income of consolidated subsidiaries	(32)	276	344	103	**261**
Net income	1,308	5,620	5,170	9,443	**15,216**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	2011/3	2012/3	2013/3	2014/3	2015/3
Income before minority interests	1,276	5,896	5,514	9,546	**15,477**
Other comprehensive income :					
Net unrealized holding gain on securities	(289)	1,116	478	922	**2,593**
Net unrealized loss on derivative instruments	(468)	(476)	—	(242)	**589**
Land revaluation reserve	—	214	—	—	**139**
Translation adjustments	(766)	(92)	2,304	2,384	**2,266**
Retirement benefits liability adjustments	—	—	—	—	**(238)**
Share of other comprehensive income of affiliates accounted for by the equity method	20	(3,006)	3,720	10,365	**328**
Total other comprehensive income	(1,503)	(2,244)	6,502	13,429	**5,677**
Comprehensive income	(227)	3,652	12,016	22,975	**21,154**
Comprehensive income attributable to:					
Shareholders of the Company	(190)	3,400	11,642	22,869	**20,840**
Minority shareholders of consolidated subsidiaries	(37)	252	374	106	**314**

Consolidated Statements of Cash Flows

(Millions of yen)

	2011/3	2012/3	2013/3	2014/3	2015/3
Operating activities:					
Income before income taxes and minority interests	1,185	6,702	5,637	11,376	**20,964**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:					
Depreciation and amortization	7,172	7,185	6,954	6,055	**7,093**
Loss on impairment of property, plant and equipment	—	4	108	—	**—**
(Gain) loss on sales and disposal of property, plant and equipment, net	(108)	73	5	270	**(69)**
Gain on sales of investments in securities	—	—	(6)	(5)	**(8)**
Loss on revaluation of investments in securities	497	201	—	—	**—**
Gain on sales of shares of an affiliate	—	—	—	—	**(230)**
Loss on devaluation of shares of a subsidiary	—	—	—	35	**—**
Equity in (earnings) losses of affiliates	328	265	(681)	(1,008)	**(3,504)**
Business restructuring expenses	282	2,222	—	3,332	**—**
Gain on reversal of stock acquisition rights	(1,406)	(8)	(25)	(374)	**(32)**
Gain on change in equity in investments in subsidiaries	—	(3,257)	—	(3,404)	**(58)**
Insurance income	—	—	(554)	—	**—**
Increase (decrease) in allowance for bonuses to employees	(111)	72	(28)	3	**(171)**
Increase (decrease) in allowance for bonuses to directors and corporate auditors	—	42	(23)	4	**(3)**
Increase (decrease) in allowance for doubtful receivables	31	79	39	(31)	**(48)**
Increase (decrease) in accrued retirement benefits	2	133	(126)	(230)	**—**
Changes in liability for retirement benefits, net	—	—	—	130	**272**
Increase (decrease) in allowance for product warranties	69	(77)	(6)	109	**(5)**
Interest and dividend income	(225)	(286)	(353)	(378)	**(492)**
Interest expense	421	543	545	575	**533**
Foreign exchange (gain) loss, net	911	610	(1,957)	(2,311)	**(2,645)**
Changes in operating assets and liabilities:					
Notes and accounts receivable	(16,093)	1,461	6,344	(6,106)	**(1,827)**
Inventories	(6,515)	(8,369)	6,683	(5,043)	**(11,568)**
Notes and accounts payable, trade	5,454	(786)	(2,018)	2,220	**5,436**
Other, net	(216)	2,975	922	1,570	**(1,727)**
Subtotal	(8,322)	9,784	21,460	6,789	**11,911**
Interest and dividend income received	226	286	580	839	**1,647**
Interest paid	(425)	(539)	(547)	(576)	**(547)**
Business restructuring expenses paid	(1,183)	—	—	—	**—**
Income taxes paid	(536)	(914)	(433)	(1,145)	**(1,472)**
Proceeds from insurance income	—	—	554	—	**—**
Additional contribution on withdrawal from pension fund	—	—	(193)	—	**—**
Net cash provided by (used in) operating activities	(10,240)	8,617	21,421	5,907	**11,539**
Investing activities:					
Purchases of property, plant and equipment	(3,360)	(8,209)	(9,929)	(7,142)	**(6,868)**
Proceeds from sales of property, plant and equipment	1,218	273	112	148	**549**
Increase in investments in securities	(10,548)	(60)	(1)	(2)	**(142)**
Proceeds from sales of investment in securities	—	—	113	15	**145**
Increase in investments in subsidiaries or affiliates	(1,015)	(11,655)	(203)	(7,658)	**(50,635)**
Proceeds from sales of shares of an affiliate	—	—	—	—	**310**
Proceeds from business transfer	—	1,132	1,783	—	**—**
Expenditures for business divestiture	—	(1,505)	—	(30)	**—**
Acquisition of shares from minority interests in consolidated subsidiaries	—	(234)	(87)	—	**—**
Acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	(50)	—	(987)	**—**
Proceeds from purchase of investments in a subsidiary resulting in change in scope of consolidation	—	—	25	—	**—**
Acquisition of investment in a subsidiary resulting in change in scope of consolidation	—	—	—	—	**(283)**
Purchases of intangible assets	(800)	(1,813)	(1,993)	(1,868)	**(1,669)**
Other, net	450	41	91	(3)	**166**
Net cash used in investing activities	(14,055)	(22,080)	(10,089)	(17,527)	**(58,427)**
Financing activities:					
Increase (decrease) in short-term bank loans, net	26,623	(16,394)	(4,848)	(23,840)	**48,066**
Proceeds from long-term debt	—	—	—	—	**20,000**
Proceeds from issuance of bonds	—	29,852	—	19,907	**—**
Redemption of bonds	—	—	—	—	**(15,000)**
Redemption of bonds with stock acquisition rights	—	—	(2,583)	—	**—**
Purchases of treasury stock	(1)	(0)	(1)	(1)	**(1)**
Proceeds from sales of treasury stock	0	0	—	10,579	**—**
Proceeds from issuance of common stock	—	—	—	19,859	**—**
Cash dividends	(2,212)	(2,212)	(2,219)	(2,216)	**(3,193)**
Other, net	(303)	(373)	(435)	(374)	**(486)**
Net cash provided by (used in) financing activities	24,107	10,873	(10,086)	23,914	**49,386**
Effect of exchange rate changes on cash and cash equivalents	86	(293)	489	330	**257**
Increase (decrease) in cash and cash equivalents	(102)	(2,883)	1,735	12,624	**2,755**
Cash and cash equivalents at beginning of year	7,256	7,414	4,533	6,268	**18,916**
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	260	94	—	—	**—**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(92)	—	(1)	**(262)**
Increase in cash and cash equivalents resulting from merger with an unconsolidated subsidiary	—	—	—	25	**—**
Cash and cash equivalents at end of year	7,414	4,533	6,268	18,916	**21,409**

MORI SEIKI

1950 | 1990 | 2000 | 2005

Business history

1948
Began manufacture and sales of textile machine in Yamato-Koriyama City, Nara Prefecture

1958
After textile machinery started manufacture and sale of machine tools (high-speed precision lathes)

1970
Constructed Iga Plant which has been in operation ever since

1982
Established MORI SEIKI GmbH

1983
Established MORI SEIKI U.S.A., INC. (current DMG MORI U.S.A., INC.)
Started actual operation at Iga No.1 Plant

1987
Completed construction of Nara Head Office
Started actual operations at the Nara Plant

1992
Started operations at the Iga No. 2 Plant

1997
Started operations at the Iga No. 2 Plant High-Precision Facility

1999
Completed construction of MORI SEIKI Nagoya building (current Nagoya Head Office)
Acquired ISO9001 certification

2000
Established Digital Technology Laboratory (DTL) (current DMG MORI Digital Technology Laboratory Corporation)

2001
Acquired ISO14001 certification
Established MORI SEIKI (SHANGHAI) CO., LTD.
Consolidated TAIYO KOKI CO., LTD. as a subsidiary

2002
Started 24-hour a day, 365-days a year service support
Took over operations from former HITACHI SEIKI
Started operation as part of the MORI SEIKI Group
Acquired OHSAS18001 certification

2003
Started operation of the Chiba Campus

2004
Established the Human Resources Development Center (current DMG MORI Academy)
Transferred Head Office to Nagoya

2005
Completed construction of the Iga Campus Heat Treatment Plant

2006
Completed construction of the Iga Campus Casting Plant

2007
Established AKISHINO MOLD LABORATORY, LTD. (current DMG MORI MOLD LABORATORY CO., LTD.)
Consolidated DIXI machines as a subsidiary

2008
Consolidated TOBLER S.A.S. as a subsidiary

Products history

1960
Began export of high-speed precision lathes

1968
Began manufacture and sales of numerically controlled lathes

1976
Market share of NC lathes reached the top in the Japanese machine tool industry

1977
Developed SL-2


SL-2

1981
Began manufacture and sales of vertical machining centers

1983
Began manufacture and sales of horizontal machining centers

1994
Developed SH-50


SH-50

2000
Developed SH junior
Expanded MT Series line-up
Started use of CAPS-NET

2003
Developed DCG (Driven at the Center of Gravity)
Developed DDM (Direct Drive Motor)
Developed NV 4000 DCG and NH 4000 DCG
Introduced a machine equipped with a HEIDENHAIN CNC into the European market

2004
Developed the NL Series with BMT (Built-in Motor Turret)


NL 2000

2005
Developed NVD 1500 DCG
Developed NT Series

2006
Developed NMH 6300 DCG
Developed NMV 5000 DCG

2007
Developed NZ Series


NZ 2000 T3Y3

GILDEMEISTER

1870 | 1950 | 1990 | 2000 | 2005

1870
Friedrich Gildemeister founded GILDEMEISTER & Comp. in Bielefeld

1906
Wilhelm Berg took over the company management and started mass production of machine tools

1910
Concentrated on its flagship products: turret lathes, multi-spindle automatic lathes, milling machines, and vertical and horizontal milling machines

1928
Released the POX multi-spindle automatic lathe

1950
Exhibited the RV50 turret lathe at Hanover trade fair

1961
Built a new manufacturing plant in Sennestadt and started operation (in 1965)

1975
Exhibited the company's first NC lathe (NEF) at EMO

1995
Acquired DECKEL MAHO AG, and put the milling and drilling machine business on track
※DECKEL AG and MAHO AG merged in 1993

1998
Sales exceeded one billion Deutschmarks for the first time in its history (1998 average exchange rate: 1DM = ¥70)

1999
Entered the laser technology sector with the takeover of LCTec GmbH (present SAUER)

2000
Repurchased its former subsidiary GILDEMEISTER Italiana

2001
Entered the field of the ultrasonic machining technology by the investment in SAUER GmbH & Co. KG

2002
The new plant in Seebach won the "Best Factory TM - Industrial Excellence Award 2002"

2003
DMG Nippon K.K. opened a technology center in Yokohama
Established in Shanghai the first production plant in Asia

2005
DMG Asia established the spare parts center
Succeeded in the field of the photovoltaic technology as well using SunCarrier made by a+f GmbH

2008
Adopted new design

2009
Established the Tokyo branch
Started capital and business collaboration with DMG of Germany

2010
Acquired the measuring equipment business of Sony Manufacturing Systems Corporation, and consolidated as a subsidiary named Magnescale Co., Ltd

2011
Established MORI SEIKI SALES AND SERVICE CO., LTD.
(current DMG MORI SALES AND SERVICE CO., LTD.)

2012
Established the Iga Campus Bed/Column Precise Processing Plant
Installed the wind power system and the secondary battery system
Established North American Factory in Davis city, California

2013
Established Tianjin Factory in China

2009
MAPPS integrated operation panel completely revamped, and started installing on new models as MAPPS Ⅳ

2010
Developed the X-class machines (NLX, NVX, NHX, NTX)


NLX 2500

2011
Developed NTX 2000
Developed NZX Series
Jointly developed MILLTAP 700 with DMG


NTX 2000

2012
Developed NVX 5000 Ⅱ Series
Developed NHX 5500


NVX 5080 Ⅱ

2013
Developed NHC 4000 and NHC 5000

DMG MORI

Collaboration started in March, 2009

2009
March 2009
Started business collaboration with DMG

April 2009
MORI SEIKI acquired 5% of DMG shares

July 2009
Started joint sales and service in Thailand, Indonesia, Taiwan and Turkey

October 2009
Started joint sales and service in Japan

November 2009
Started joint sales and service in South Korea

MORI SEIKI president, Masahiko Mori, became a member of DMG's Supervisory Board while CEO Rüdiger Kapitza of DMG assumed the post of Senior Executive Operating Director of MORI SEIKI

Jointly established MG Finance GmbH (current DMG MORI Finance GmbH)

2010
March 2010
Started joint sales and service in Australia

April 2010
Started joint sales and service in the U.S.A. and India

July 2010
Started joint sales and service in Singapore, Malaysia, Vietnam and Philippines

September/October 2010
Hosted a joint exhibition booth at IMTS and JIMTOF

2011 2012
January 2011
Started joint sales and service in Africa

April 2011
Started joint sales and service in Mexico

MORI SEIKI acquired additional shares in DMG up to 20.1%

August 2011
DMG acquired additional shares in MORI SEIKI up to 5.1%

September 2011
Started joint sales and service in Germany

January 2012
Established DMG MORI SEIKI Europe AG in Switzerland (current DMG MORI Europe AG)
Started joint sales and service across Europe

Company names unified in October, 2013

August 2013
Established the Joint Committee

September 2013
MORI SEIKI additionally acquired up to 24.9% of shares in DMG

DMG additionally acquired up to 9.6% of shares in MORI SEIKI

September 2013
Unveiled CELOS and machines with premium design as the World Premium at EMO Hannover 2013


CELOS

2014
January 2014
Started joint sales and service in China

March 2014
Became the Exclusive Premium Partner of Porsche team

April 2014
Started joint sales and service in Brazil

July 2014
Tokyo Global Headquarters started operation

December 2014
Zurich Global Headquarters started operation

Started integrated management as a consolidated entity in May, 2015

January 2015
Announced voluntary application of International Financial Reporting Standards (IFRS)

April 2015
Established DMG MORI WASINO, LTD.

May 2015
DMG MORI CO acquired additional shares in DMG MORI AG up to 52.54%


NTX 1000 2nd Generation

2010
Entered the promising market of the energy storage products with a large-volume battery system CellCube

2011
Opened the HSC center

2012
Established the energy solution park at the plant in Bielefeld
Expanded the plant in Seebach

Global Network

DMG MORI strives to achieve a higher level of universal quality by manufacturing machines at optimal locations and providing timely support and services through its global network.

Global Headquarters

Centrally manage DMG MORI's global sales, service and marketing


Tokyo (Japan)


Zurich (Switzerland)

National Headquarters

Function as the head offices of DMG MORI CO and DMG MORI AG


Nagoya (Japan)


Bielefeld (Germany)

Overseas Production Bases/Group Companies


Davis (USA)


Tianjin (China)

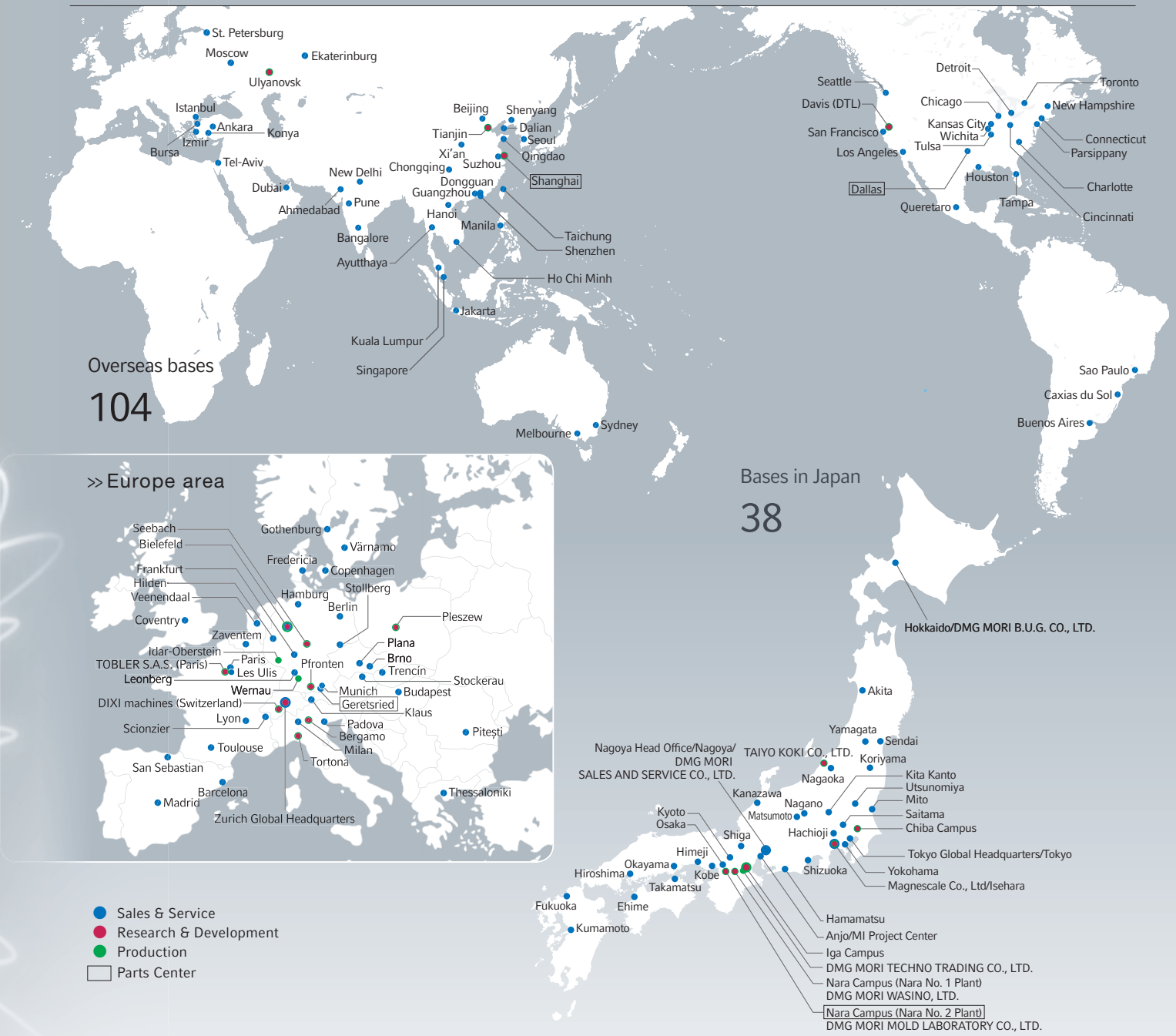

TAIYO KOKI (Niigata)


Magnescale (Kanagawa)


Pfronten (Germany)


Seebach (Germany)


Idar-Oberstein (Germany)



Manufacturing Headquarters

Play a central role in global production and manufacturing

Iga (Japan)

Production Bases in Japan

Nara (Japan)

Chiba (Japan)

Pleszew (Poland)

Tortona (Italy)

Bergamo (Italy)

Shanghai (China)

Ulyanovsk (Russia)

DIXI machines, Le Locle (Switzerland)

Tobler, Louvres (France)

DMG MORI CO., LTD.

(As of March 31, 2015)

President	Dr. Masahiko Mori
Established	October 26, 1948
Fiscal Year-End	December 31 (Note however that the accounting term for FY 2015 is the nine months from April 1 to December 31.)
Capital	51,100 million yen
Shareholders' Equity	146,183 million yen (individual) 166,553 million yen (consolidated)
Total Assets	274,576 million yen (individual) 323,339 million yen (consolidated)
Business Operations	Manufacture and sale of machine tools and after-sales services
Employees	2,721 (individual) / 4,324 (consolidated)
Head Office	2-35-16 Meieki, Nakamura-ku, Nagoya City, Aichi, Japan
Listings	The First Section of Tokyo Stock Exchange, Inc.

DMG MORI AKTIENGESELLSCHAFT

(As of December 31, 2014)

Representative	Dr. Rüdiger Kapitza
Established	October 1, 1870
Fiscal Year-End	December 31
Capital	204.9 million euro
Shareholders' Equity	1,131 million euro
Total Assets	2,230 million euro
Business Operations	Manufacture and sale of machine tools and after-sales services
Employees	7,166 (consolidated)
Head Office	Gildemeisterstraße 60, 33689 Bielefeld, Germany
Listings	Frankfurt Stock Exchange

Office / Campus Information

Nagoya Head Office	2-35-16 Meieki, Nakamura-ku, Nagoya City, Aichi 450-0002, Japan	Tel: +81-52-587-1811
Tokyo Global Headquarters	2-3-23 Shiomi, Koto-ku, Tokyo 135-0052, Japan	Tel: +81-3-6758-5900
Iga Campus	201 Midai, Iga City, Mie 519-1414, Japan	Tel: +81-595-45-4151
Nara Campus	362 Idono-cho, Yamato-Koriyama City, Nara 639-1183, Japan	Tel: +81-743-53-1121
Nara No. 2 Plant	106 Kitakoriyama-cho, Yamato-Koriyama City, Nara 639-1160, Japan	Tel: +81-743-53-1125
Chiba Campus	488-19 Suzumi-cho, Funabashi City, Chiba 274-0052, Japan	Tel: +81-47-410-8800

Introduction of Group Companies

(As of March 31, 2015)

Major Group Companies

TAIYO KOKI CO., LTD.

TAIYO KOKI
THE GRINDING MACHINE COMPANY

Location	Nagaoka City, Niigata
Established	March 14, 1986
Capital	700 million yen
Business Operations	Development, manufacture and sale of machine tools (Grinding machines)

MORI SEIKI INTERNATIONAL SA (DIXI)

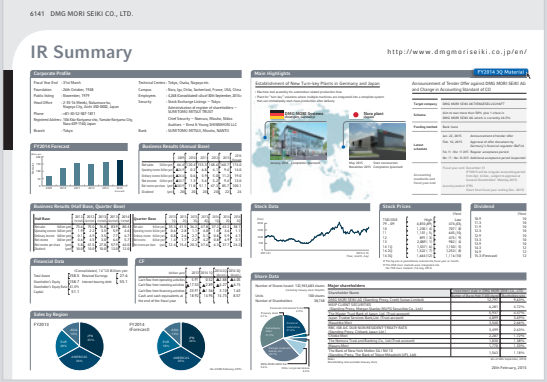
DIXI machines

Location	Le Locle, Neuchatel (Switzerland)
Established	December 14, 2006
Capital	50 million Swiss francs
Business Operations	Manufacture and sale of jig borers and machining centers

Magnescale Co., Ltd

Magnescale

Location	Head Office / Minato-ku, Tokyo Isehara Office / Isehara City, Kanagawa
Established	March 31, 2010
Capital	1,000 million yen
Business Operations	Manufacture and sale of measurement devices (Magnescale, Laserscale and Digital Gauge, etc.), control devices and related systems



IR Summary

Each quarter, DMG MORI CO publishes a single-paged A4-sized PDF file on its website showcasing its performance and other major highlights.

http://www.dmgmori.co.jp/en/ir/ir_summary/pdf/shikiho_e.pdf

Stock Information

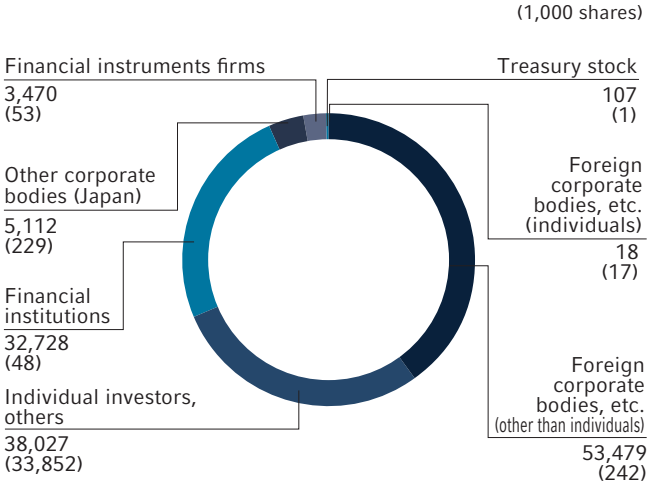
Number of Shares Outstanding	300,000,000 shares
Number of Shares Issued	132,836,497 shares (excluding treasury stock of 107,186 shares)
Number of Shareholders	34,442

Major shareholders

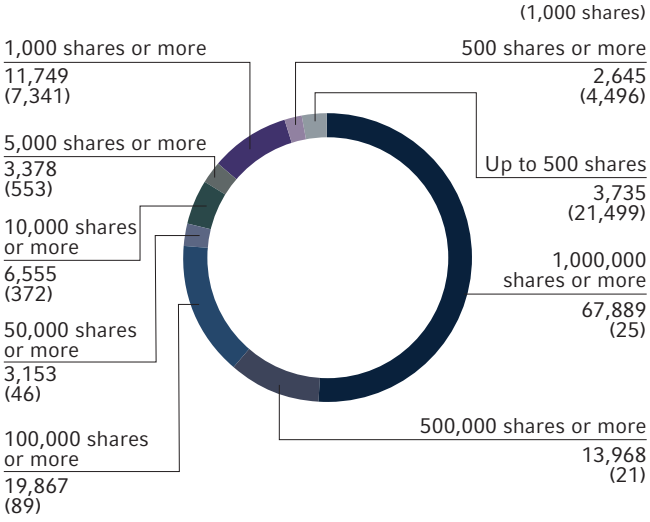
Shareholder Name	Number of Shares Held (1,000 shares)	Shareholding ratio (%)
DMG MORI SEIKI AG (standing proxy: Credit Suisse (Hong Kong) Limited)	12,797	9.63
The Master Trust Bank of Japan, Ltd. (trust account)	6,743	5.08
Japan Trustee Services Bank, Ltd. (trust account)	6,228	4.69
MSIP CLIENT SECURITIES (standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	5,401	4.07
GOLDMAN, SACHS & CO. REG (standing proxy: Goldman Sachs Japan Co., Ltd.)	3,745	2.82
Masahiko Mori	3,540	2.67
RBC ISB A/C DUB NON RESIDENT-TREATY RATE (standing proxy: Citibank Japan Ltd.)	3,476	2.62
Chieko Mori	2,287	1.72
The Nomura Trust and Banking Co., Ltd. (investment trust account)	1,938	1.46
Masaru Mori	1,760	1.33

Note Shareholding ratio excludes treasury stock.

Distribution by Shareholders



Distribution by Number of Shares



Contact for Investors

DMG MORI CO., LTD.

2-35-16 Meieki, Nakamura-ku, Nagoya City, Aichi 450-0002, Japan
Tel: +81-(0)52-587-1811

Transfer Agent

Sumitomo Mitsui Trust Bank, Limited (Securities Agent Department)

2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
Tel: +81-(0)120-782-031 (free call)

MEMO

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DMG MORI

Customers with mobile phones or smartphones capable of reading two-dimensional codes can use this code to access the INVESTOR RELATIONS section of our website.

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