To investors,

After we disclosed Q&A for FY2015 result on February 23, 2016, we've received additional inquires. We would like to respond to those inquires.

<Business overview>

Q：What is the Company's equity story?

A：DMG MORI CO., LTD (the "Company") has become No1 in the machine tool industry with JPY428.4bil in sales and JPY41.1bil in operating profit for FY2015. The Company will continue its efforts for sales expansion and higher profitability, and move forward to achieve the mid-term business plan "Vision2020": JPY600 billion of sales and 13%-15% of operating profit margin. The Company together with AG has secured strategic advantage with rich operational resources in sales, development, production, and procurement. In terms of sales channel, direct sales networks in Europe and the United States have been almost completed. In Japan and emerging countries including China, the Company has established sales networks with local distributors. Both strategies will further expand the Company's market share in the world. In terms of development, reduction of number of machine models and standardization of components are ongoing as scheduled. The Company expects benefit from such activities from late this year. In terms of production, the Company has already secured necessary production capacity considering the floor space. The Company is now shifting its focus to improvement of quality and efficiency of production. The Company differentiates itself from competitors in its capacity to propose optimal machining solutions for customers compatible with IoT/Industry 4.0. Such solutions include internally developed cutting-edge technologies as operator-friendly human machine interface, CELOS, and embedded software. The Company is confident to achieve targets of Vision2020 since it has a clear business strategy and sufficient operational resources to fulfill them. Achievement of sales and operating profit targets in Vision2020 would provide abundant cash flow, and that will lead to a robust balance sheet structure with shareholder's equity ratio of more than 50% and 0 net debt position.

Q：What would the Company like to appeal to investors?

A：By consolidating with AG, the Company has taken off into the next stage in terms of size of business, regional and industrial diversification, and stabilization of business performance. However, investors tend to place the Company with this new setup into the same class as the Company in the past. Despite the fact that business environment is sluggish, given the stagnant demand and stronger yen, the Company expects year-on-year flat growth in sales volume in units and 6% operating profit margin for FY2016. This is far different from what it was in the past cyclical stage. The Company has established competitive advantage in its abundant capacity of sales, application engineering, service, development, and production. The competitive advantage is also clear in its capacity for information management and analysis to respond to customers' growing demand for IoT/Industry 4.0 solutions. The Company suspects that such aspects have not been fully recognized by investors. The Company will continue its efforts to convince the stock market of its differentiation from peers and competitive edge through realizing business projections.

<Demand and Sales>

Q：What are main measures for the Company to secure flat sales volume in units under an estimated 10%-15% negative demand in the industry?
A：A couple of positive individual factors could support the Company’s FY2016 business performance. The Company saw about 30% decline in order inflow in the U.S. for the latter half of CY2015 due to a termination of distribution agreement with Ellison. But, orders started to pick up on a year-on-year basis from the beginning of this year after a settlement of transition to a direct sales channel, and the Company is now expecting an order growth in the US for FY2016. The Japanese market is also promising for FY2016 thanks to an expected subsidy for capital expenditure by Japanese government. The Company has already made careful preparation for order intake relating to subsidy after a failure in acquisition of related order intake for FY2015 due to lack of arrangement. European orders seem to take off to a smooth start judging from a year-on-year order growth at the Company’s largest private exhibition held in January in Pfronten, Germany. Business environment in China and Asian countries looks stagnant. But, the Company’s exposure there is so small that the negative effect would be more than offset by positive growth in three areas above-mentioned.

Q：What are long-term business perspectives?
A：The Company's orders before consolidation of AG had a high correlation to an order trend of Japan Machine Tool Builders Association (JMTBA), where fluctuation is volatile because its order has considerable weight in Japan and the U.S and economy in two countries were highly coupled, which amplified fluctuation. On the other hand, the VDW statistics are globally well diversified, and, as a result, the magnitude of its fluctuation is much milder than that of JMTBA. The reason why the Company estimates conservative sales of JPY410bil and JPY25bil of operating profit is mainly due to negative impact of strong yen. Without the currency impact, sales and operating profit forecasts for FY2016 would be much stable.

Q：What risks are there in Europe?
A：Uncertain macro economy is considered to be the only risk. Although a VW’s cheating issue with regard to diesel engine emission was a matter of concern, it seems to be negligible. A business impact from one customer, even the biggest customer, the weight of which accounts for less than 1% of total, is too small. Customers in Spain and Italy used to be suffered from a difficulty in financing, while the issue has been settled due to an easing monetary policy. The Russian business risk looks also limited because of only 3% of direct operation to total. Although some clients in Europe which export their products to Russia continue to restrain from capital spending, it has been already taken in account.

Q：Was there an option to purchase shares of Ellison? How is the progress of establishing direct sale channel? Is the U.S. sales recovering?
A：The purchase of shares of Ellison was one of options. But, there was no room to accept offered price. The Company has employed about 400 people relating sales, application engineer and

service from Ellison, and transfer of customers who have been taken care of by Ellison is going satisfactorily. Orders in the U.S. presented a year-on-year sharp drop during the latter half of CY2015 because of customer's wait-and-see stance. The Company believes that the business performance is recovering with a year-on-year order growth in January after a settlement of organizational structure.

Q：Is the U.S. business going well with the sales head from AG?
A：Dr. Schmidt who used to be in charge of global sales channel in AG has succeeded as the U.S sales head. He established a direct sales organization and contributed to a market share increase in Europe. Ellison played a key role with over 60% of total sales. Therefore, the Company needs to have appointed reliable person who has an experience and knowhow to have built a direct sales channel as the sales head. The Company is expecting a better- and-speedier-than expected business performance on the back of the well managed sales organization by Dr. Schmidt.

Q：Orders for aircraft is declining. Is there risk for machine tool orders from the aircraft industry?
A：The schedule of capital expenditure from aircraft-component related customers remains unchanged due to plenty of order backlog in aerospace manufactures. As well, demand for consumable components which have to be replaced regularly is pushed up by a cruising radius, which keeps capital spending in customers stable. The short-term order decline in the aircraft industry will not affect any changes in customers spending plan.

Q：How is the direct sales channel plan progressing?
A：The Company has almost completed the direct sales structure in the advanced countries, particularly in Europe with 100% and the U.S with 90%, where customers have been trying to introduce cutting-edge technologies. In Japan, there exist many excellent distributers which are able to take care of every corner of customer demand, and strategic cooperation with them is of importance. In China and other emerging countries, a tie up with local distributer is of necessity because the Company needs to cultivate new enterprises which are entering into work process business and to acclimatize local unique customs.

<Technology and Competitive Advantage>
Q：What differentiates the Company from the competitors in Technology Cycle? Is it possible for competitors to enter the same business?
A："Technology Cycle" is an advanced technology to provide customers with appropriate machining knowhow by using internally developed human machine interface and software based on ample information and analysis which has been accumulated when settling customers' sufferings. Talented people and well organized team are necessary to develop the state of the art technology. CO and AG are qualified to take part in the development as CO and AG specialize in multi-functional machine and 5-axis machine, respectively, with plentiful work-processing information through direct

sales activities. The economy of scale is another advantage to absorb an increase of expense creating Technology Cycle, which enables the Company to be placed much competitive position.

Q：Are there any changes in relationship with NC manufactures? Is there risk for NC manufactures to develop the same technology?
A：”Technology Cycle” provides customers with optimal processing knowhow through originally developed human machine interface and software which consist of plentiful information and analysis with resolution of customers’ dissatisfaction in person. Technology Cycle is the proper and exceptional technology only for the Company.

Q：Does the Company succeed in trading with peripheral equipment? Do its producers oppose to the Company?
A：It depends on decision in customers whether peripheral equipment is purchased through its original manufacturer or the Company. The peripheral equipment installed in production lines sometimes causes malfunction and problem in safety. The peripheral equipment which the Company offers is certified in its functioning and safety. The Company will not enter the business of manufacturing peripheral equipment and will not damage to its producers. The Company searches for the win-win situation with peripheral equipment producers.

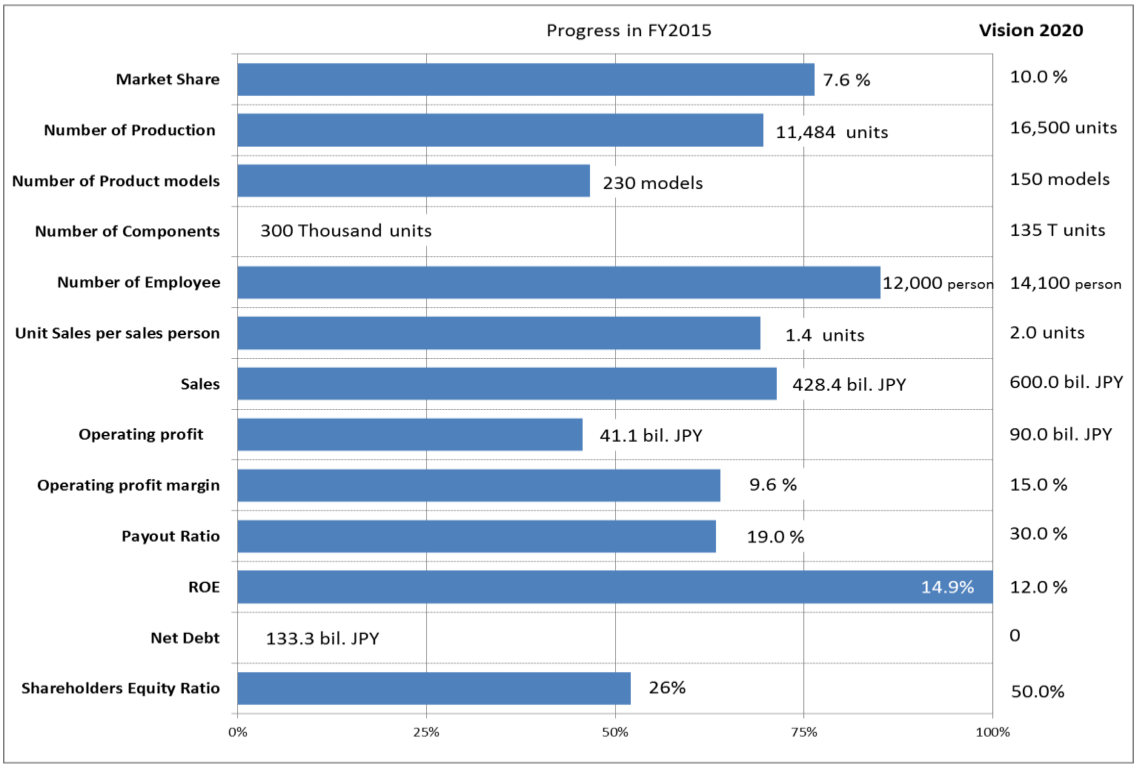
Q：Concerning ecoLine, why is the Company enhancing its product lineup in the same segment as machine tool builders from emerging countries, instead of concentrating on high-value segments?
A：ecoLine is designed for users of entry-model machines who will start purchasing high-end models in the future. The category of entry-models the Company has developed has the largest market in value. ecoLine is a bridging model that will guide customers to a higher segment in the future. Machine tools in ecoLine’s segment are regarded as commodities, and customers place great value in cost effectiveness. ecoLine models fulfill such requirements, and they are highly competitive. 60% of order for ecoLine comes from new customers. With ecoLine the Company is going to increase its market share particularly in emerging countries.

<Operating and Financial Results, Cash Flow>
Q：In this uncertain business environment, shouldn’t the Company keep fixed cost such as personnel cost at the current level?
A：Human resource in the manufacturing division have been filled to meet production volume for the time being with no intention to hire. The critical issue for the Company is in the top-line growth, for the purpose of which it needs to increase employees in sales, application engineering and service divisions, although the strategy may weigh on an increase of fixed cost in the short-term. Saving operating resources from short-term perspective would cause damage to sustainable growth. The Company is convinced that an expansion in market share and sales amount could justify an increase of personnel expense.

Q：The Company is going to reduce capital investment. After improvement of cash-flow, what are plans for cash spending?
A：The Company plans to reduce capital expenditure substantially until 2020 after a peak-out for FY2015. An annual free cash flow is calculated to be between JPY20bil and JPY25bil, although depending on macro economy and the industrial business condition. The Company puts high priority on an improvement of financial structure with reduction in loan. The Company intends to increase dividend per share in proportion to repayment of loan position.

Q：Why does the Company emphasize the importance of loan repayment despite low interest rate? A higher equity ratio would be desirable, but the net debt/equity ratio is healthy.
A：An amount of interest payment is not a big issue. Deterioration in equity is considered as a risk in case that the business environment turns to a negative trend, since the machine tool industry is deep cyclical. Therefore, the Company has to manage a higher shareholder's equity ratio and a lower net debt/equity ratio. The shareholder's equity ratio should be raised from the current level of 26%. The net debt equity ratio of 87%, lower than 100%, seems to offer little problem. However, further reduction in its ratio brings much healthier balance sheet structure.

Q：Provide us updates on synergies of business integration.
A：Integration of global sales channel has been completed, and the Company is now focusing on more efficient marketing and an increase of market share by means of originally developed CRM (Customer Relationship Management) system. Since consolidation of AG, the Company has prioritized a synergy effect from manufacturing involved in an integration of machine model and a standardization of component. As for the model integration, the Company, as planned, reduced the number of model to 230 by the end of FY2015 from 300 when it initially tied up with AG in 2009. The Company plans to slow the pace of reduction of modes for FY2016 to improve quality and manufacturing efficiency of models which have been launched since 2010, although a final target of 150 models by 2020 remains unchanged. The reduction in number of component type is delayed a little bit, and the number climbed due to coexistence of the new and old models for a short time. The Company tries to get back to the original track shortly. As the Company often made comments, the positive effect from manufacturing will start to contribute after late this year.



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Q : Is the Company going to purchase additional shares in AG? If yes, how will that be financed? Tell me about expected balance sheet structure after acquisition of 75% of the shares in AG.

A：The Company has not decided anything about additional share purchase in AG.

Q：The Company’ s share price experienced a sharp decline on the following day of disclosure of financial results. The share price is too low, isn’t it?

A：The Company is not in the position to make a comment on the share price. A couple of reasons are conceivable: FY2015 results seem to be difficult to understand the actual figures due to some changes; consolidation of AG, introduction of IFRS accounting and change in a settlement term. The Company’s earnings guidance for FY2016 is worse than the market consensus.

Q：Why did the Company stop disclosure of monthly order intake results at Japan Machine Tool Builders Association (JMTBA)?

A：The reason why the Company decided not to disclose monthly is that the monthly order which was reported to JMTBA and carried in a newspaper accounted for about 40% of total, and the information may cause a misunderstanding for investment judgment for shareholders and investors. The Company’s order tendency has little correlation to JMTBA. The Company is planning to release consolidated order on a quarterly basis at the same time of a quarterly result announcement.

【Disclaimer】

This material contains targets, plans, etc, concerning the future of DMG MORI CO., LTD. and the DMG MORI Group. All predictions concerning the future are judgments and assumptions based on information available to DMG MORI at the time of writing. There is a possibility that the actual future results may differ significantly from these estimates, due to changes in management policy or changes in external factors.

There are many factors which contain elements of uncertainty or the possibility of fluctuation, including the followings;

- Fluctuations in exchange rates
- Changes to the laws, regulations and government policies in the markets where DMG MORI CO., LTD, conducts its business
- DMG MORI CO., LTD.'s ability to develop and sell new products in a timely fashion
- Instability of governments in the markets where DMG MORI CO., LTD, conducts its business
- Operational changes by the competent authorities or regulations related to anti-trust etc.