

DMG MORI CO., LTD. CY 2016 (Jan.- Dec.) 1Q Result IR Conference



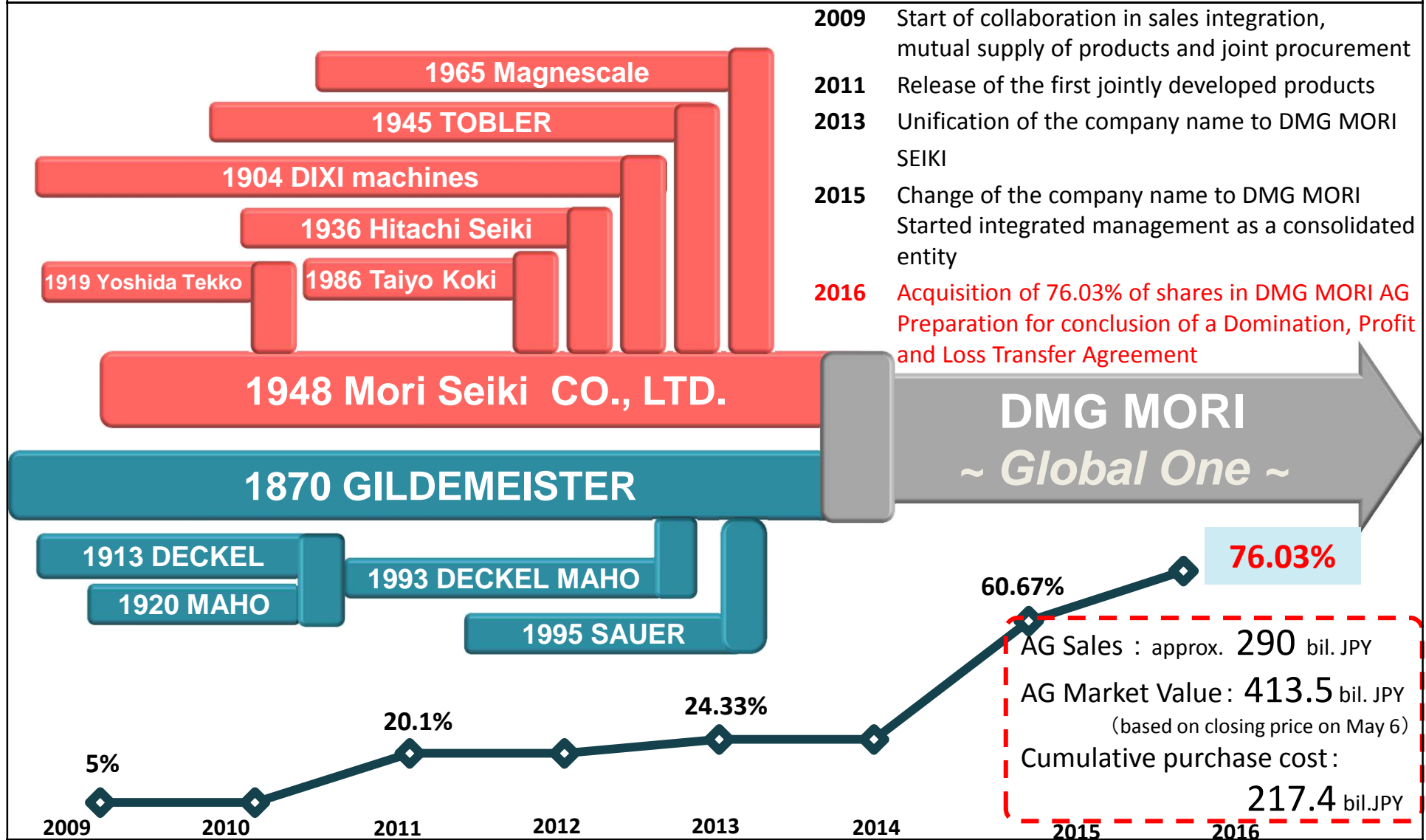
IR Conference
2016/5/10

DMG MORI
COMPANY LIMITED

Agenda

- 1) Acquisition of over 75% of shares
in DMG MORI AG
- 2) 1st Quarter Result
- 3) Business Environment
- 4) DMG MORI Group Approach
 - Technology Cycle
 - Most Powerful Sales Network

Acquisition of over 75% of shares in DMG MORI AG



2/27 IR Conference
2016/5/10

DMG MORI
COMPANY LIMITED

Acquisition of over 75% of shares in DMG MORI AG

- Acquisition of 76.03% of shares in DMG MORI AG
... Settlement date: April 6, 2016
- Preparations for conclusion of a Domination, Profit and Loss Transfer Agreement
... Expected to be effective in the second half of 2016

What is the “Domination Agreement” ?

- Enables CO to extend a full legal and economic control over AG.
- Profit or loss of AG should be fully transferred to CO.
- CO to pay fixed recurring compensation to AG’s non-controlling shareholders.

Effects

- ✓ Appropriate profit sharing
- ✓ Optimum expense allocation such as marketing and publicity
- ✓ Efficient asset and cash management through financial integration of CO and AG

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Profit & Loss Statement

※1 AG Profit was consolidated based on a shareholding ratio of 60.67%

AG Profit will be consolidated based on a shareholding ratio of 76.03% after Apr. 2016.

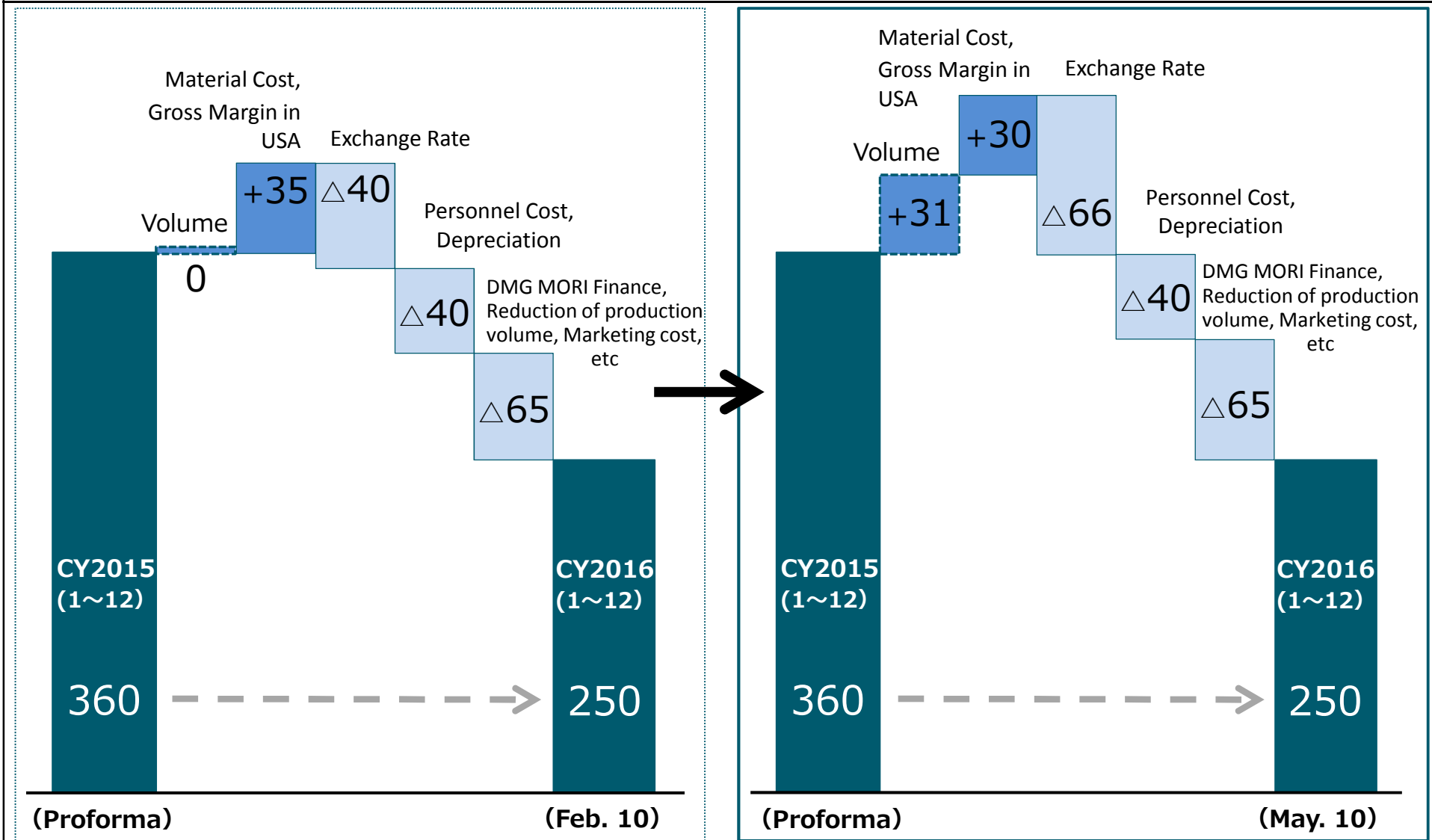
※2 AG Profit was consolidated based on a shareholding ratio of 52.54%.

CY2016 (100 Million JPY)	1Q (Jan~Mar) Actual	2Q (Apr~Jun) Forecast	3Q (Jul~Sep) Forecast	4Q (Oct~Dec) Forecast	Year TTL (Jan~Dec) Forecast
Sales revenue	954	950	1,000	1,200	4,100
Operating result %	23 2.4%	30~40	60~70	130~140	250~260
Profit attributed to owners of parent company	※1 8	10~20	40~50	70~80	140~150
EPS (JPY)	120.8				
(Exchange Rate) USD	115.5	110.0	110.0	110.0	111.4
EUR	127.2	125.0	125.0	125.0	125.6

CY2015 (100 Million JPY)	1Q (Jan~Mar) Proforma	2Q (Apr~Jun) Actual	3Q (Jul~Sep) Actual	4Q (Oct~Dec) Actual	Year TTL (Jan~Dec) Proforma
Sales revenue	1,100	961	1,007	1,217	4,284
Operating result %	100 9.1%	340 35.4%	47 4.7%	-75 -6.2%	411 9.6%
Operating result ※Excl. Step acquisition gain, PPA, Business restructuring	100 9.1%	61 6.3%	69 6.9%	130 10.7%	360 8.4%
Profit attributed to owners of parent company	※2 55	323	7	-61	324
EPS (JPY)	243.7				
(Exchange Rate) USD	119.1	121.4	122.2	121.5	121.1
EUR	134.2	134.2	136.0	133.0	134.3

Profit & Loss Analysis

(100 Million JPY)



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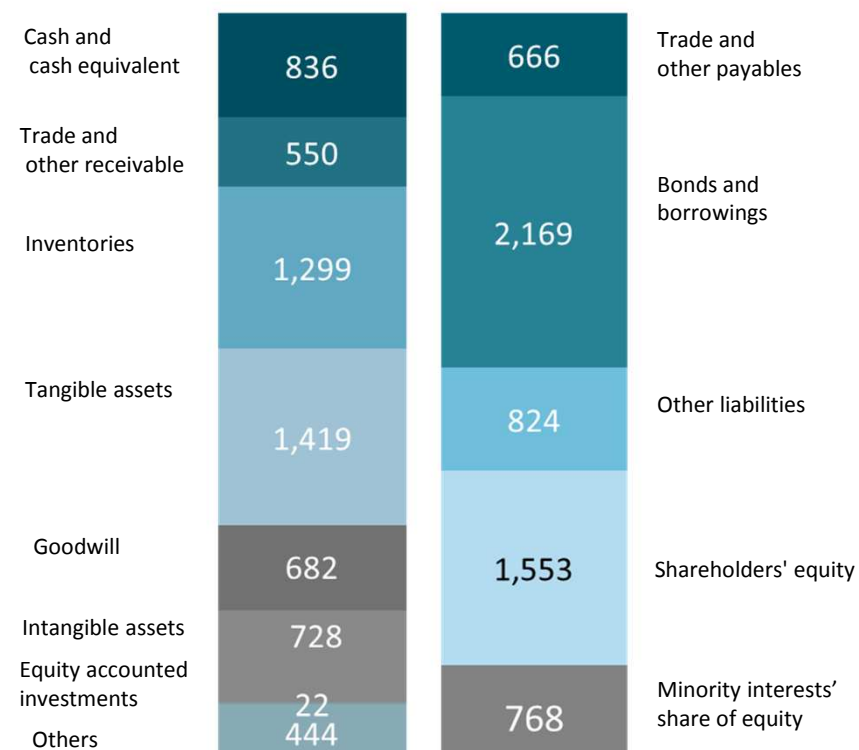
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COMPANY LIMITED

Balance Sheet

(100 Million JPY)

End Dec. 2015

Total Assets **5,980**

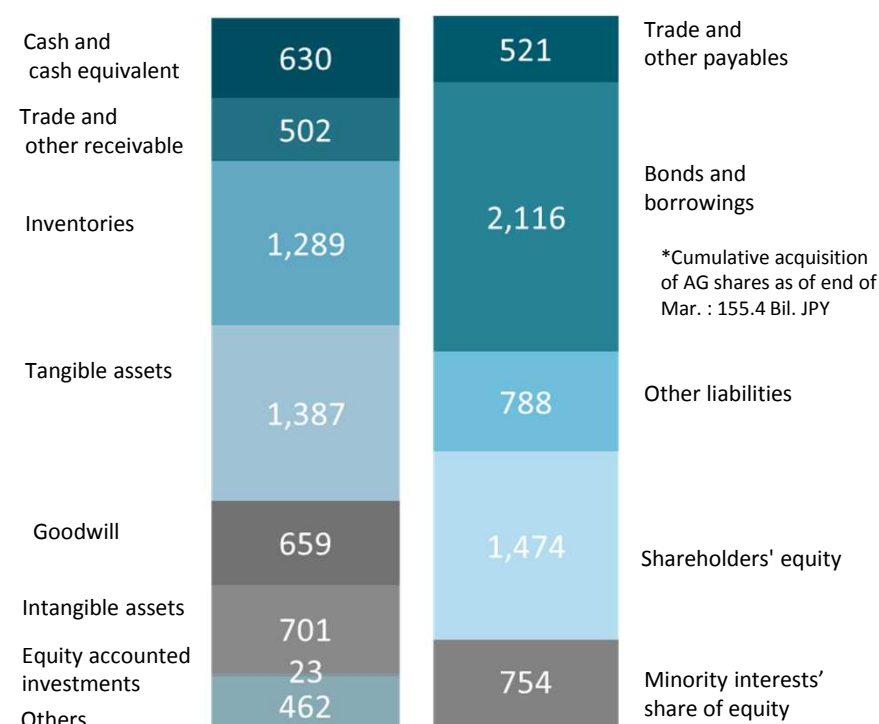


Net debt 1,333

Shareholders' equity ratio 26.0%

End Mar. 2016

Total Assets **5,653**



*Cumulative acquisition of AG shares as of end of Mar. : 155.4 Bil. JPY

Net debt 1,486

Shareholders' equity ratio 26.1%

(*Cumulative acquisition of AG shares as of end of Apr. : 217.8 Bil. JPY)

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Cash Flow

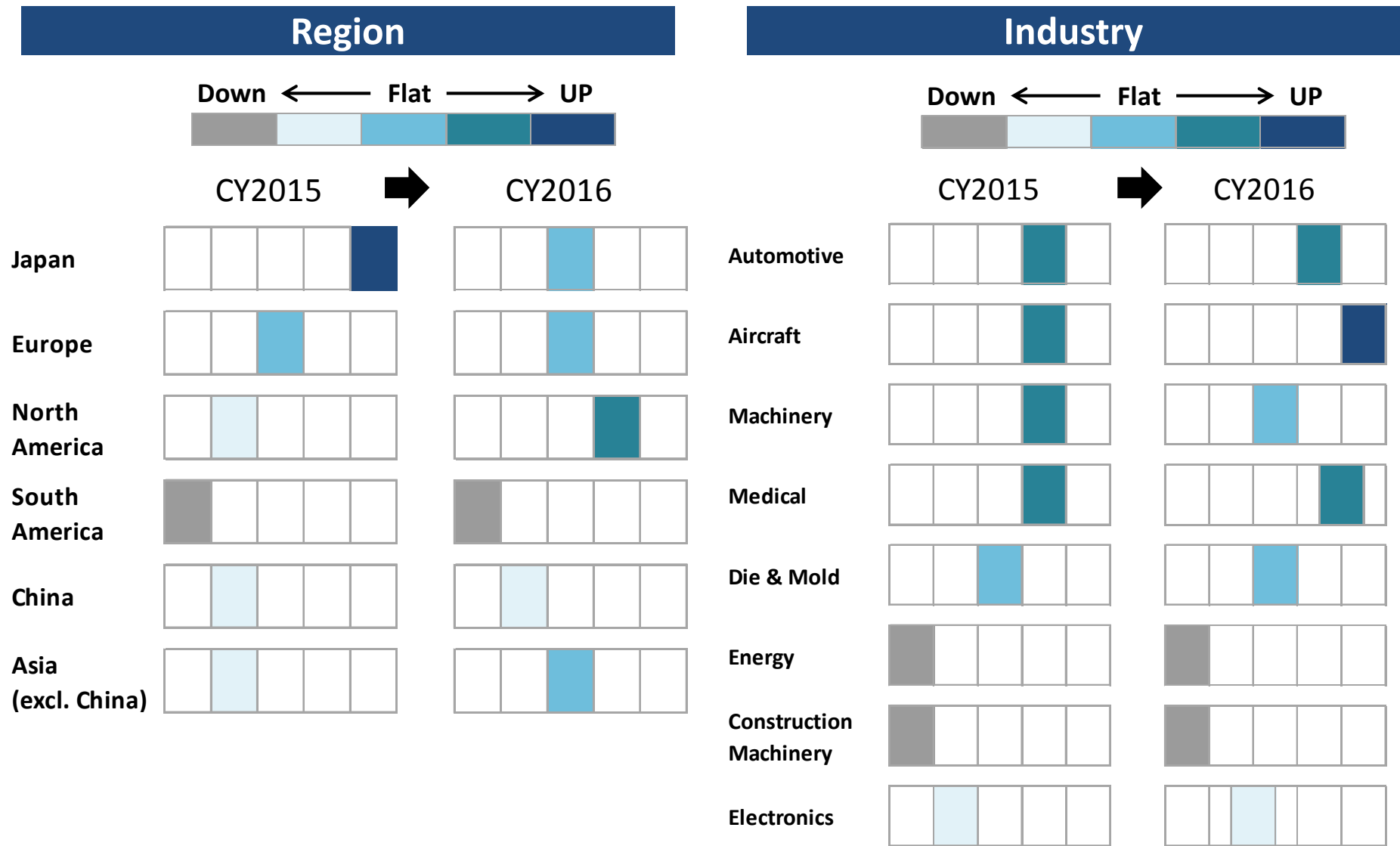
(100 Million JPY)	CY2015			CY2016
	Apr-Jun	Jul-Sep	Oct-Dec	1Q (Jan-Mar)
Cash Flow from operationg activities	-136	-32	355	-119
- Amount for earnings before taxes	(337)	(42)	(-82)	(16)
- Amount for depreciation	(38)	(40)	(68)	(43)
- Amount for gain on step acquisition	(-373)	(0)	(0)	(0)
- Amount for changes of working capital	(-69)	(-58)	(326)	(-104)※
- Amount for income tax paid	(-57)	(-17)	(-28)	(-17)
Cash Flow from investment activities	-111	-80	-78	-29
- Amount paid out for acquisition of fixed assets	(-69)	(-78)	(-98)	(-29)
Cash Flow from financing activities	430	70	218	-31
- Payments for acquisition of minority shares	(0)	(-225)	(-64)	(0)
Cash and cash equivalents at the end of the period	408	357	836	630

※ Main factor of increase of working capital・・・Decrease of trade payables (AG) Dec. 2015: 53.0 billion JPY → Mar. 2016: 39.5 billion JPY

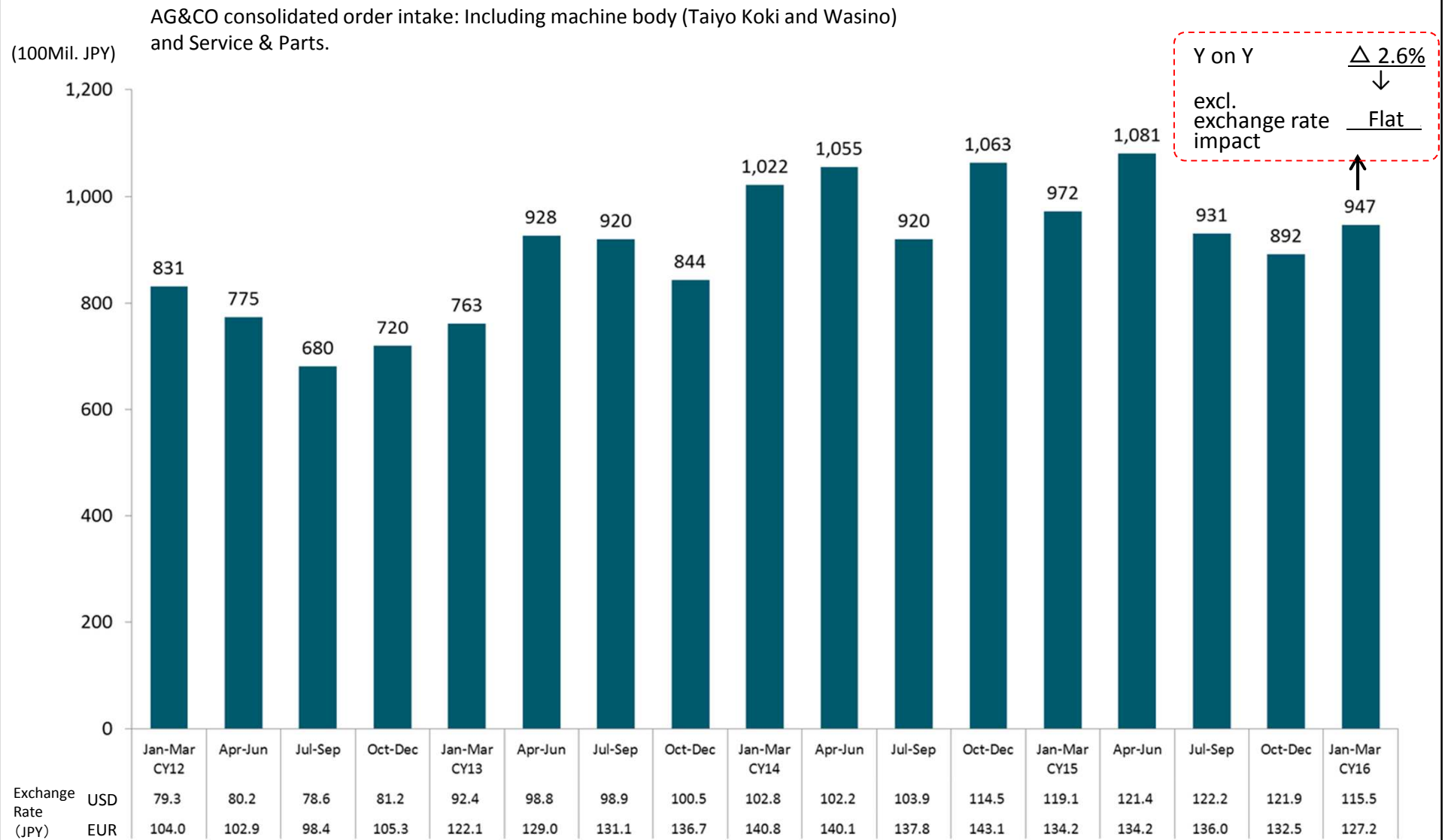
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Overview (by Region & Industry)



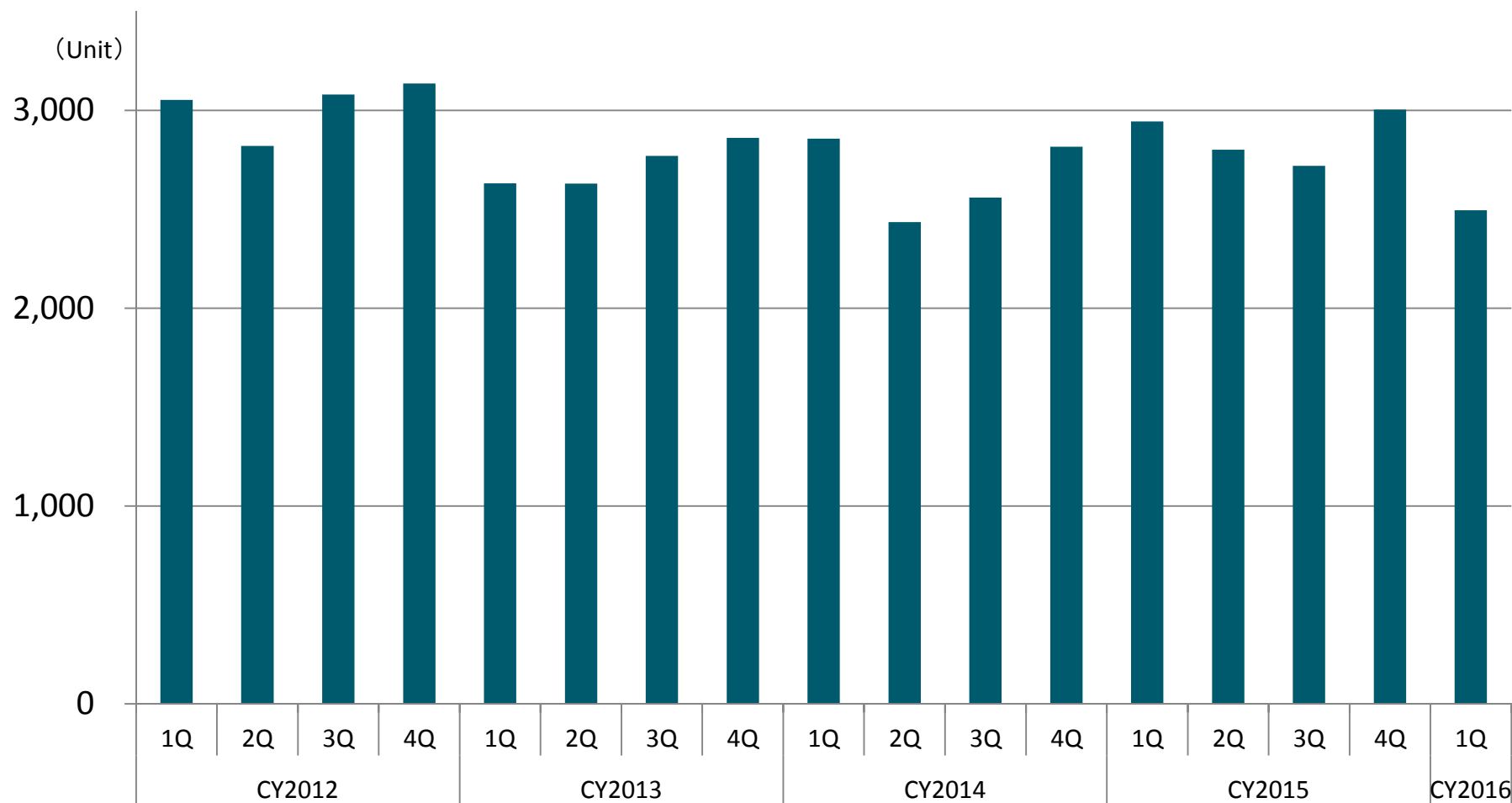
AG&CO Quarterly Consolidated Order Intake



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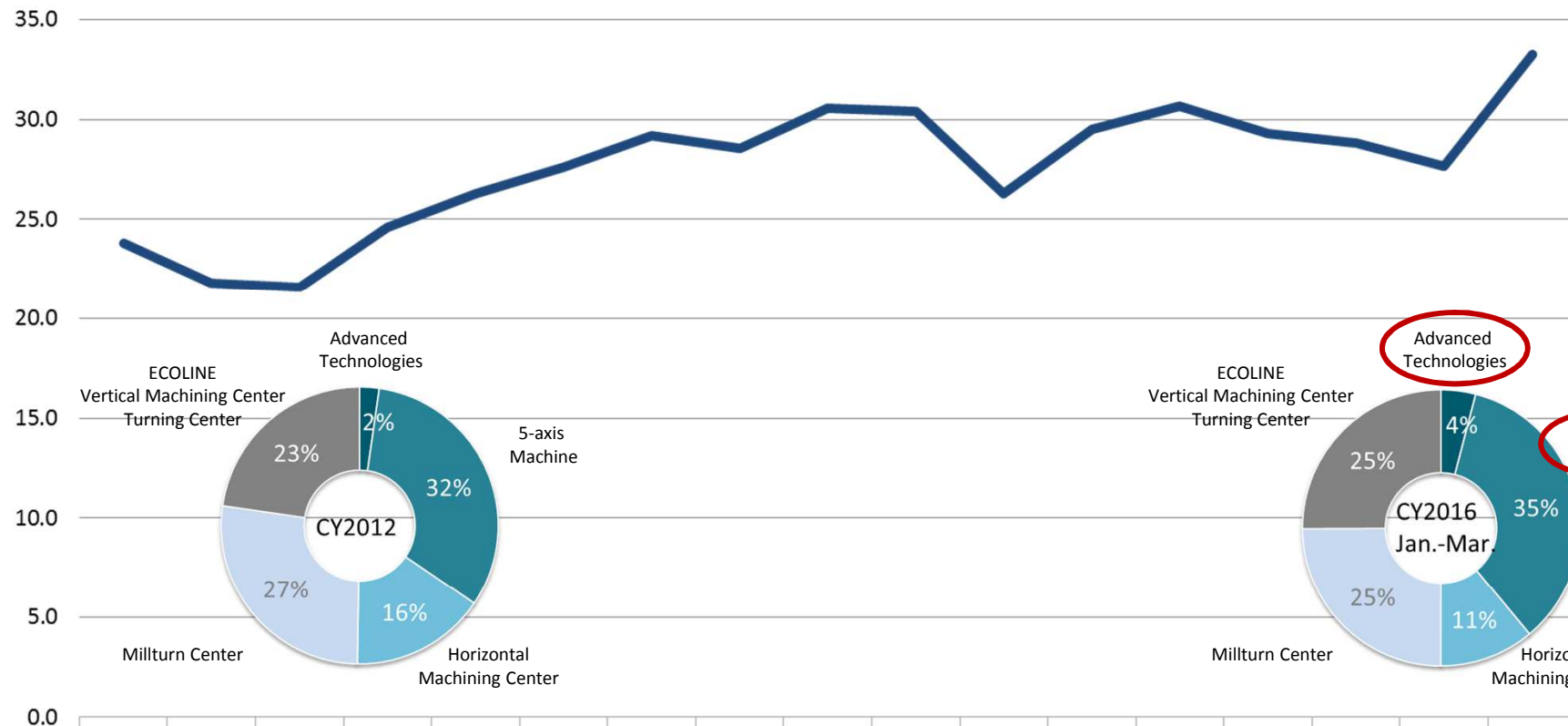
Production (unit)



Consolidated Order Intakes - Average Price

AG&CO Consolidated order intakes : machine body only

(Mil. JPY)



		Jan-Mar. CY12	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan-Mar. CY13	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan-Mar. CY14	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan-Mar. CY15	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan-Mar. CY16
Exchange Rate	USD	79.3	80.2	78.6	81.2	92.4	98.8	98.9	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.9	115.5
	EUR	104.0	102.9	98.4	105.3	122.1	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2	134.2	136.0	132.5	127.2

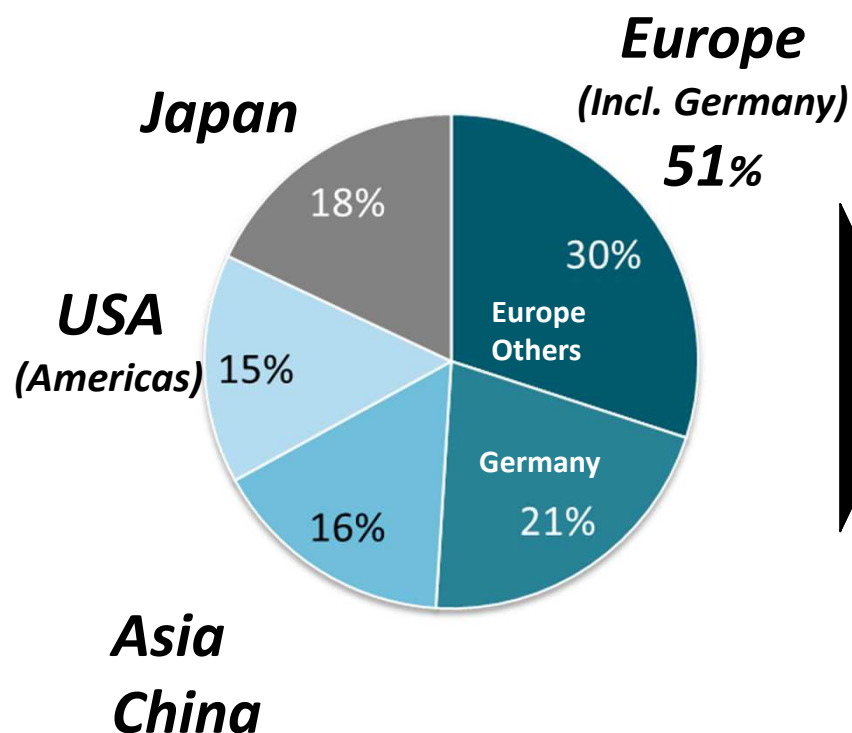
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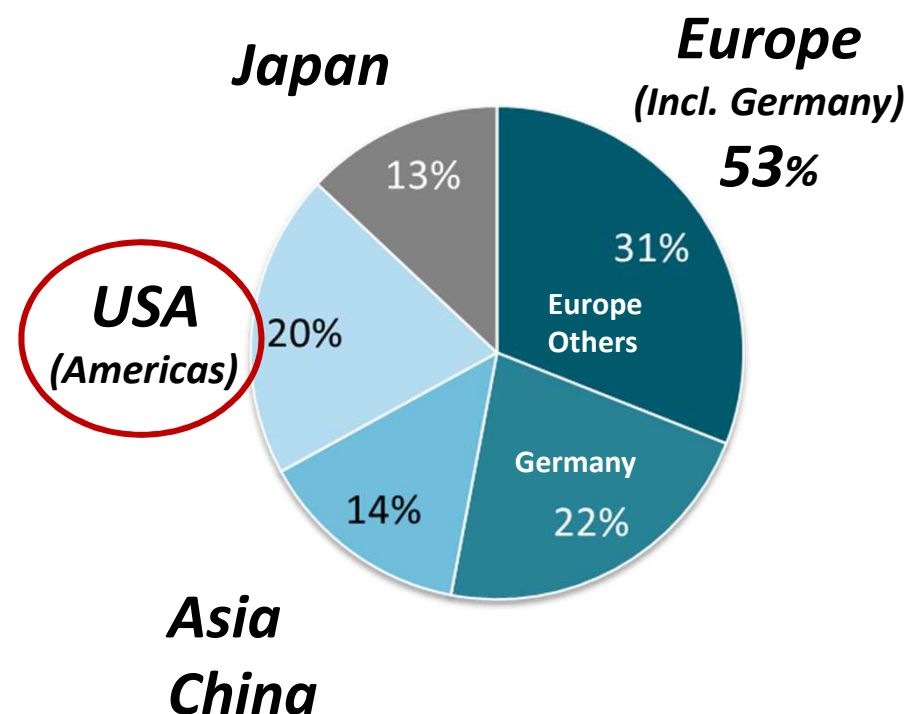
Order Trend by Region (AG+CO Consolidated Machine Order Intake)

* Value basis
* Machine body only

Apr. – Dec. 2015



Jan. – Mar. 2016

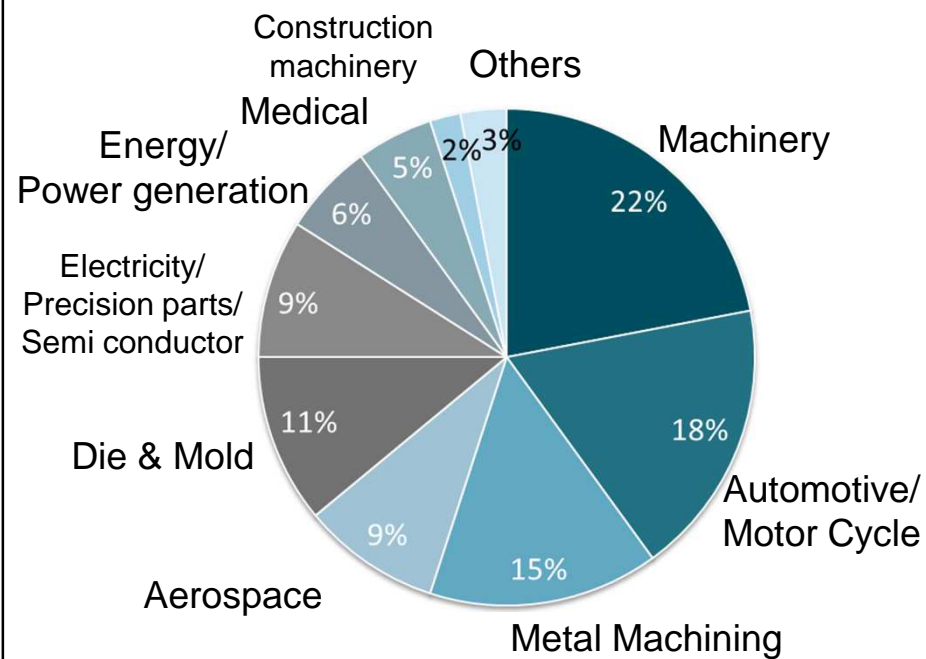


Order Composition (by Industry)

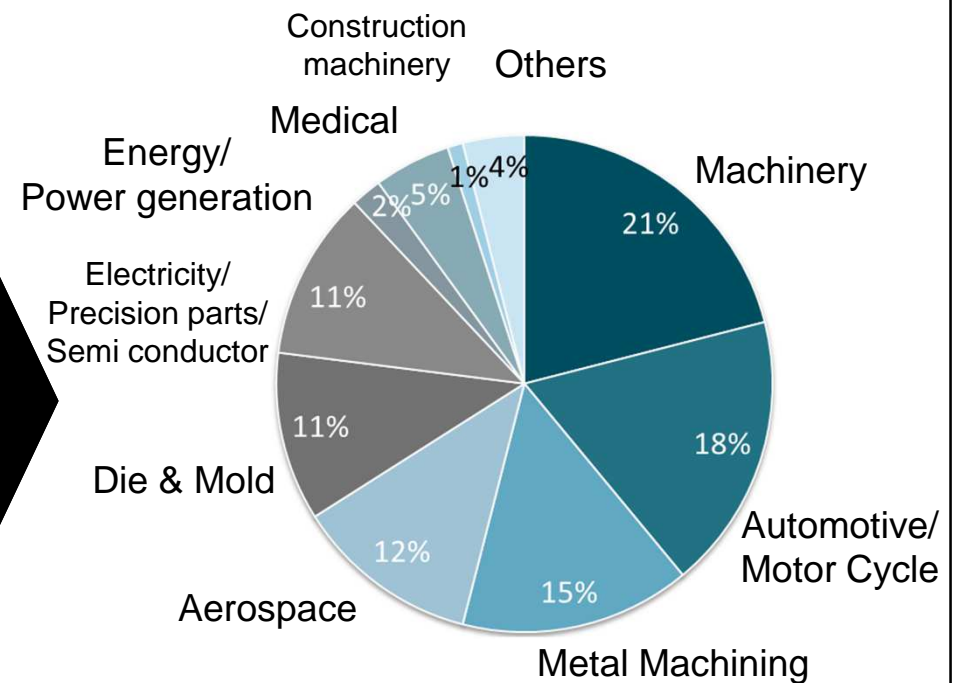
* Value basis

* Machine body only

Jul. – Dec. 2015



Jan. – Mar. 2016

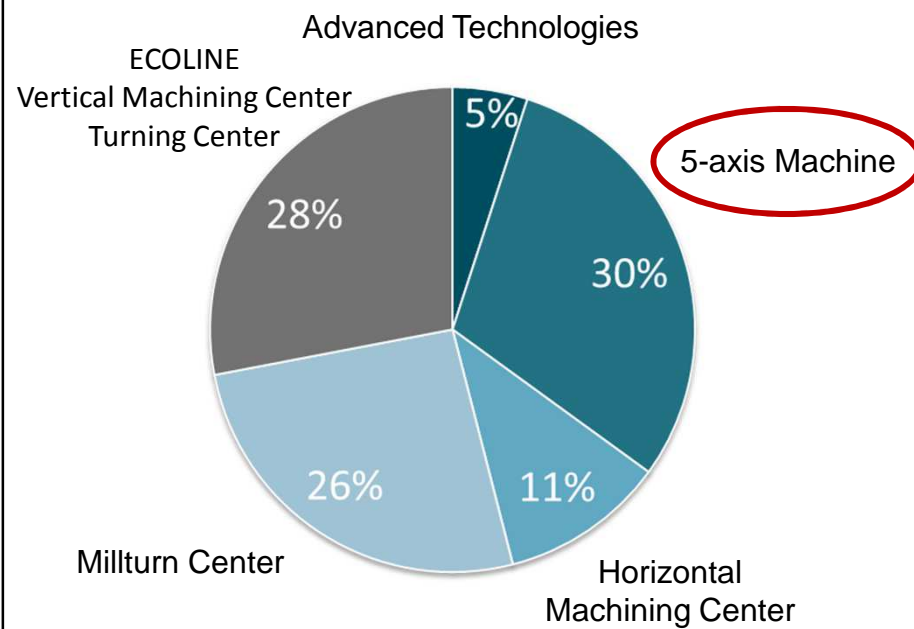


Order Composition (by Machine)

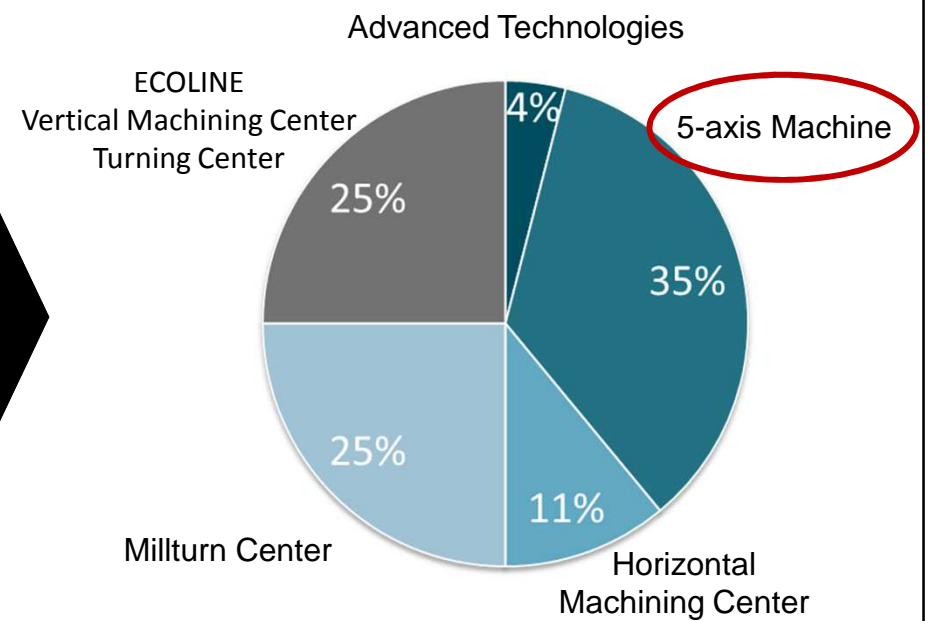
* Value basis

* Machine body only

Apr. – Dec. 2015



Jan. – Mar. 2016

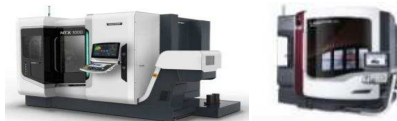


Agenda

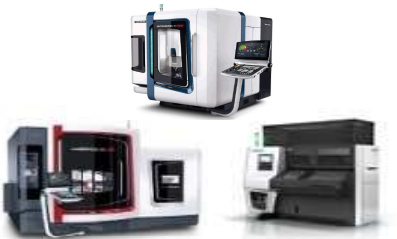
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Technology Cycle – DMG MORI Software Solutions –

Factories



5 axis machine
Millturn
3D
Laser
Ultrasonic



Open Innovation

- Cutting Tools** – Sandvik
Sumitomo Electric
Mitsubishi Materials
ISCAR, etc.
- Coolant** – Blaser
TAIYU
JX Nippon Oil & Energy
etc.
- Measuring** – Magnescale
Mitutoyo
Tokyo Seimitsu, etc.
- Sensors** – RENISHAW
Marposs
METROL
Blum-Novotest, etc.
- Jigs** – Nabeya
Imao Corporation, etc.
- Robot** – FANUC
KUKA
YASKAWA Electric, etc.
- Peripheral** – TSUDAKOMA
Happy Japan,
etc.

Application

Programming
Software
Macro program
Cycle
Coding
Parameter



BUG & Electronics



HMI software
HMI hardware



Technology Monitor — Knowledge Sharing —

Shared world biggest database of machining technology across the group

- Sharing data on test cutting, demo cutting, and new technologies worldwide.
- Enables data search by work piece/ material/ machine model/ machining technology/ machining conditions, etc.

Disc Segment - Material 高性能合金

写真(完成品)	写真(加工中)	写真(加工中)	写真(完成品)

お客様データ	部品・加工データ	お客様コメント
<p>ワーク名: Disc Segment</p> <p>基本情報</p> <p>1) Align top surface with touch probe</p> <p>2) Probe dove tail position before milling</p> <p>3) Mill chamfer with special form tool</p> <p>4) Complete programming has to be done in Siemens NX</p> <p>5) Removal of secondary turn with Hyper touch</p> <p>6) Tolerance chamber +/-0.2mm due to the angle of the slot only +/-0.12mm inside</p> <p>機種: 数立機 DMU/Groove</p> <p>ISO-No.: 32382</p>	<p>表材の種類: 2.4668</p> <p>粗削回数: 1</p> <p>主軸回転: 4</p> <p>加工時間: 00:17:38</p>	<p>1) No mutually alignment of the part necessary</p> <p>2) Using of touch probe to measure the exact position of the slots</p> <p>3) All measuring cycles are programmed in NX</p> <p>4) No manually intervention during the process</p> <p>5) Workpiece complete free of burrs</p> <p>6) Result chamber +/-0.12mm</p>

Upgraded Technology Cycle



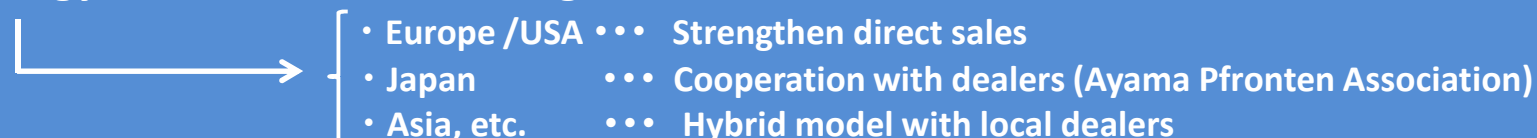
June
September
October
November

Iga Innovation Days
Chicago Show, Stuttgart Show
Milano Show
Tokyo Show



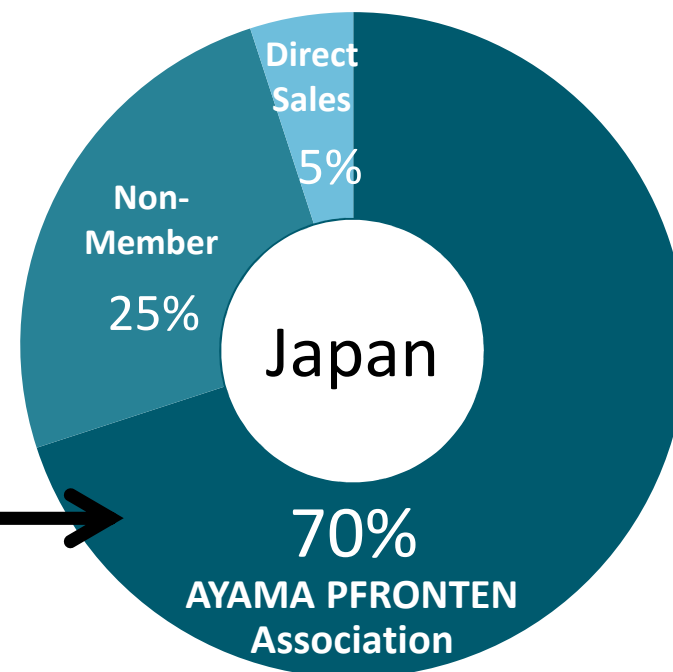
Sales Strategy Customized for Each Region

Sales strategy customized for each region:



AYAMA PFRONTEN Association Membership List (46 companies)

株式会社井高	株式会社伸栄商會
伊藤忠マシンテクノス株式会社	有限会社誠光商事
イワイ機械株式会社	株式会社センナン
株式会社上商	株式会社ダイイチテクノス
大石機械株式会社	株式会社大東
岡部機械株式会社	株式会社大東通商
O.T.ファテック株式会社 (旧株式会社おじま)	太陽機械商事株式会社
株式会社兼松 K G K	株式会社タナカ善
釜屋株式会社	株式会社タレイシ
河内鋼機株式会社	株式会社東陽
関東物産株式会社	株式会社トミタ
株式会社クラマ	トリツ機工株式会社
甲信商事株式会社	日光機械株式会社
株式会社光真商事	株式会社不二
株式会社国興	ホクショー商事株式会社
サンエム工産株式会社	マルカキカイ株式会社
株式会社三機商会	株式会社マルカ工販
三協機販株式会社	三菱商事テクノス株式会社
株式会社サン工機	宮脇機械プラント株式会社
サンワ産業株式会社	株式会社ヤマイチ
株式会社ジーネット	株式会社山善
有限会社シスコム機工	ユアサ商事株式会社
昭栄産業株式会社	米沢工機株式会社



※ Listed Japanese Company name only

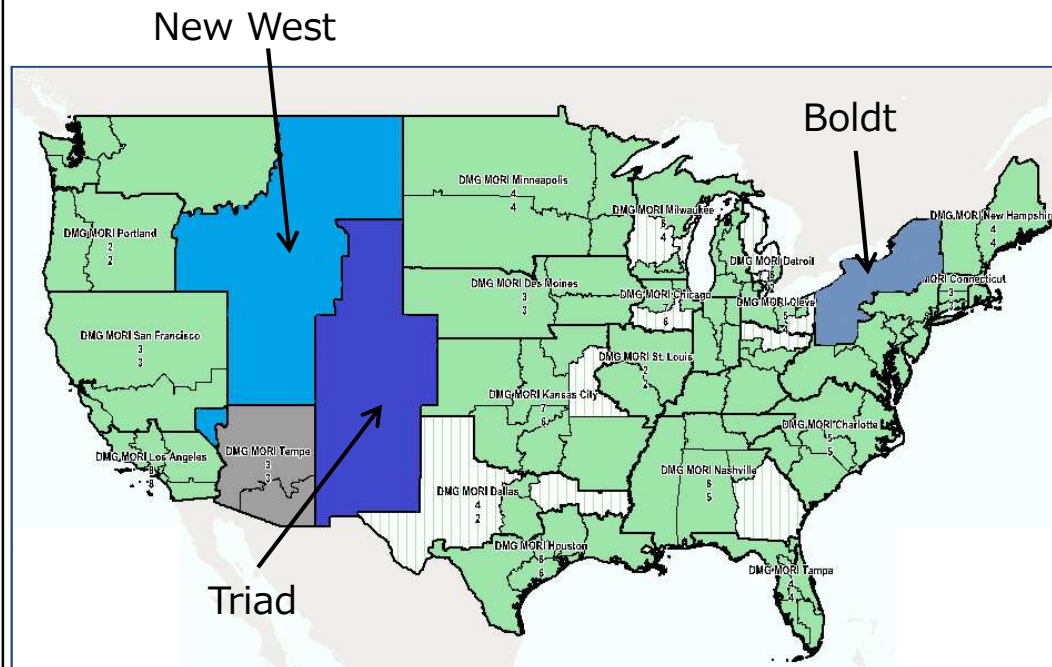
Strengthening of Direct Sales Network in North America

■ Conclusion of Letter of Intent to integrate additional 3dealers

- Boldt Machinery Inc
- New West Machine Tool Corp
- Triad Machine Tool Company



Revenue : 80 Mil. USD / year
Number of Employees : 60 person



■ Appointment of talented people with direct sales

End of Sep. 2015	452 person
End of Dec. 2015	655 person (150 from Ellison)
End of Mar. 2016	756 person
	↓
Since May. 2016	816 person

Local Exhibitions in Japan

--- DMG MORI Kanazawa Private Show ---

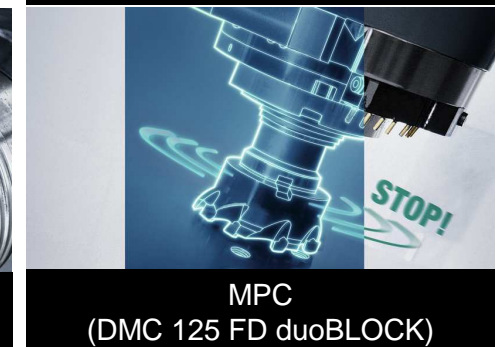
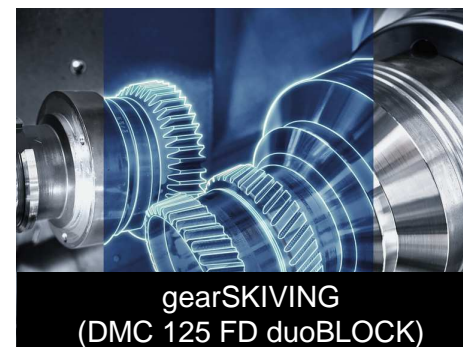
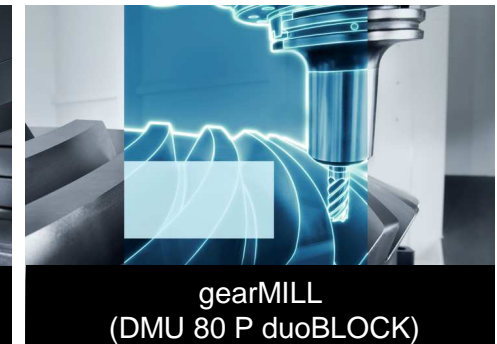
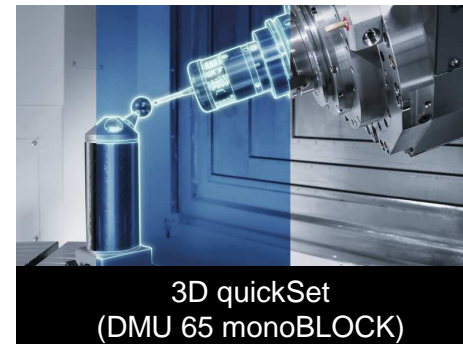
- Date** : Apr. 7 –9, 2016
- Place** : Ishikawa Prefectural Industrial Exhibition Hall (Kanazawa-city)
- Visitor** : 2,000 person / 828 companies
- Order Intake** : 71 units
- Highlights** :
- Exhibited 15 machine tools with focus on 5-axis machines.
 - Proposed the latest solutions focusing on automotive, aerospace, and construction industries.
 - Demonstrated “Technology Cycles” for efficient and high-precision machining.



■ Various solutions to meet customers' demands

IoT Industry 4.0	<ul style="list-style-type: none"> • Real-time machine monitoring • Support for smart factory
System solution	<ul style="list-style-type: none"> • Provide DMG MORI solutions for automation system
Technology Cycle	<ul style="list-style-type: none"> • Gear cutting by a single machine (DMG MORI gearMILL)
Machine installation support	<ul style="list-style-type: none"> • Support for subsidy application, financial service, and trade-in of used machines, etc.

■ Technology Cycle



Solution Proposals at Overseas Exhibitions

(MACH 2016 in UK, CCMT 2016 in Shanghai, SIMTOS 2016 in Korea)

UK MACH



Shanghai CCMT



Korea SIMTOS



Date	: Apr. 11 –15, 2016	: Apr. 11 –15, 2016	: Apr. 13–17, 2016
Place	: National Exhibition Center	: Shanghai New International Expo Centre	: KINTEX
Visitor	: 2,114 person / 1,442 companies	: 6,075 person / 4,894 companies	: 3,700 person / 3,041 companies
Orders	: 65 units	: 105 units	: 51 units
Highlight	<ul style="list-style-type: none"> ▪ Exhibited 14 machine tools including ecoLine, DMU, and LASERTEC ▪ Introduced automation and additive manufacturing technology ▪ Demonstrated “Technology Cycle” 	<ul style="list-style-type: none"> ▪ Exhibited 11 machine tools including NHC, ecoLine, DMU, and LASERTEC ▪ Proposed solutions for automotive and aerospace industries ▪ Demonstrated “Technology Cycle” 	<ul style="list-style-type: none"> ▪ Exhibited 23 machine tools including ecoMill, NRX2000, i50 and WASINO ▪ Introduced automation and additive manufacturing technology ▪ Demonstrated “Technology Cycle”

INNOVATION



4 Korea Premieres

AUTOMATION



Various Automation Concepts

INDUSTRY 4.0



CELOS® & Exclusive Technology Cycles

ADDITIVE MANUFACTURING



LASERTEC 65 3D

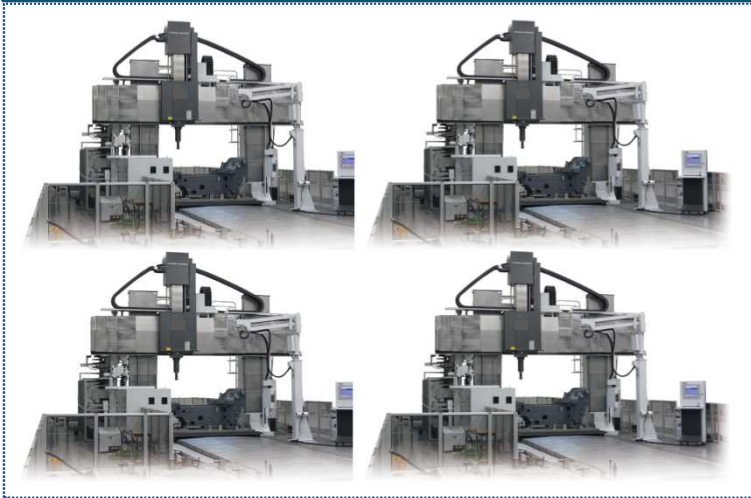
24/27 IR Conference
2016/5/10

DMG MORI
COMPANY LIMITED

Improvement of Productivity by Introduction of DMC340, Large 5-axis Machining Center

■ Manufacturing of bed and column for Machine tools

(Past) Double column type machining center with five- face machining



Introduce
DMC340

DMC340



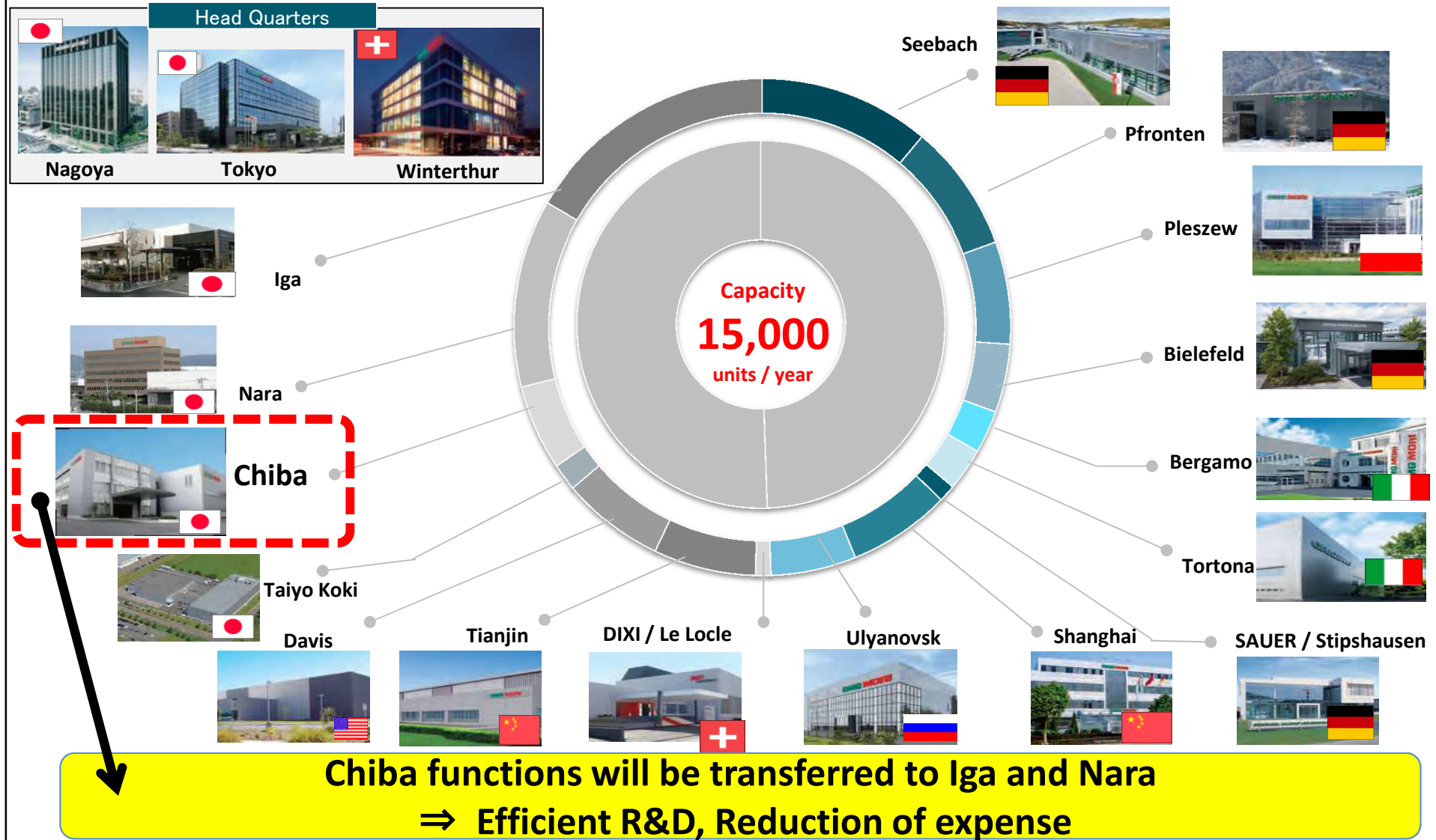
- Processing hours
10 hours \Rightarrow 3 hours
- Processing accuracy
10 μ \Rightarrow 3 μ



- ✓ **Productivity Improvement**
 - \rightarrow Overwhelming cutting speed
 - \rightarrow Reduction of exchange time of jigs
- ✓ **Effective floor space**
 - \rightarrow 80% floor space cut than previous
- ✓ **Safer machining environment**

DMG MORI Global Production Sites (8countries / 17sites / 7,000people)

Transformation of Production site in Japan : Chiba → Iga



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 forecasts, 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 following:

- 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.