

# DMG MORI CO., LTD. CY 2017 (Jan.- Dec.) 1Q Result IR Conference

PATH OF DIGITIZATION



➤ MORE THAN JUST SMART

CELOS<sup>®</sup> Machine

➤ INTELLIGENT WORKFLOW

CELOS<sup>®</sup> Manufacturing



➤ EXCELLENCE IN PRODUCTION

Digital Factory



# Agenda

- 1) Financial summary of 1<sup>st</sup> quarter
- 2) Business environment
- 3) Topics from DMG MORI

# Key messages

- ✓ Strong order intake in Q1 (YoY +8.9% in JPY : +14.4% in EUR basis)
- ✓ Robustness in Europe, high level in the US, recovery in China, bottoming out in Asia
- ✓ JPY 4bn Operating profit in the 1st quarter (YoY +78%)
- ✓ Continued profit of US subsidiary
- ✓ Actualization of clean-up effect of non-core business
- ✓ Pfronten Open House (Feb) and CIMT in Beijing (Apr)
- ✓ Responding to social demands as an industry leading company

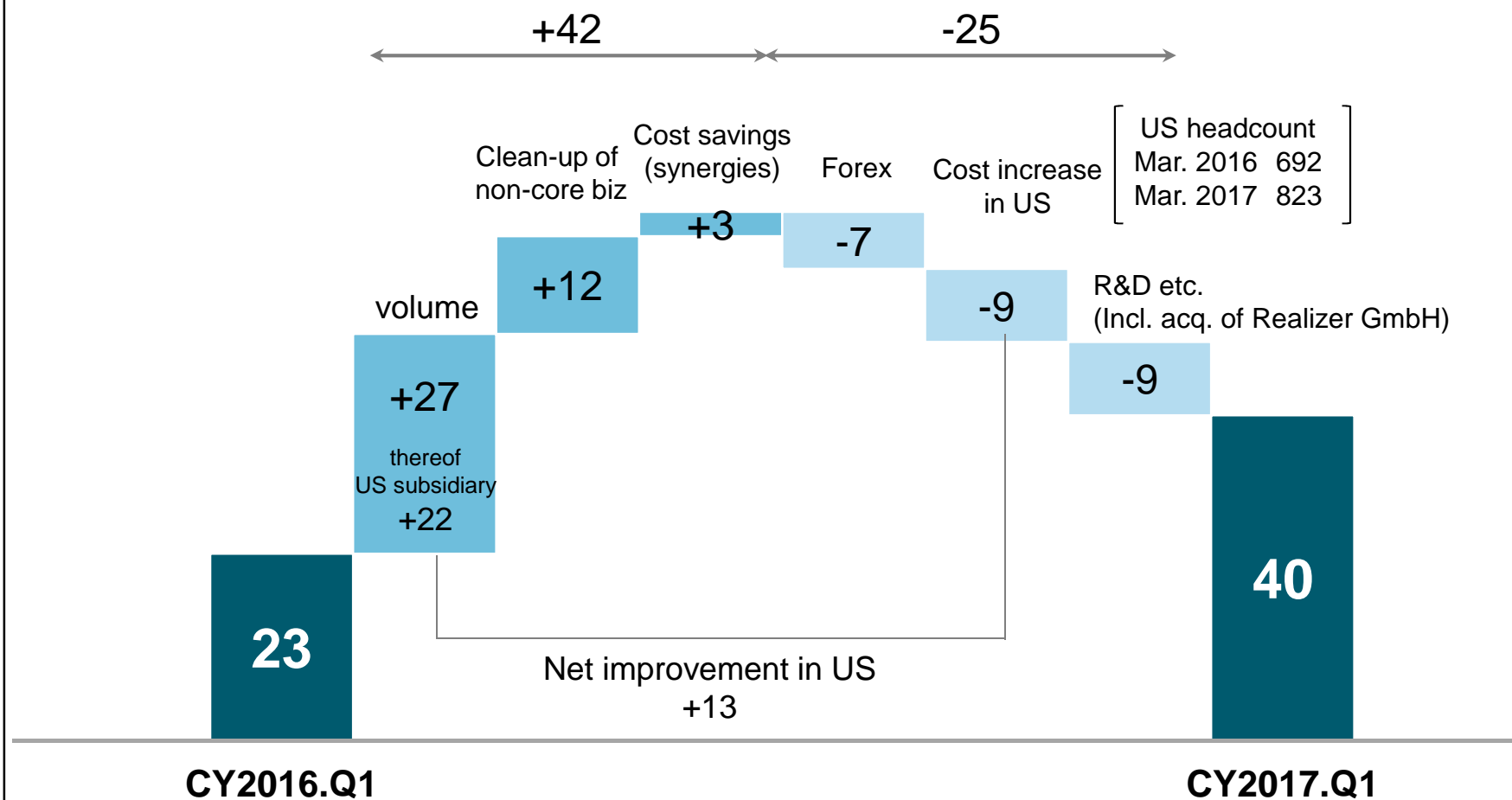
# 2017 Q1 income statement summary

(JPY bn)	2016 Jan – Mar	2017 Jan – Mar	Changes (%)	FY2017 Forecast
<b>Sales revenue</b>	<b>95.4</b>	<b>97.2</b>	+1.9%	<b>380</b>
<b>Operating profit</b>	<b>2.3</b>	<b>4.0</b>	+77.6%	<b>22</b>
Operating profit margin (%)	2.4%	4.1%		5.8%
<b>Net financial cost</b>	<b>-0.6</b>	<b>-1.1</b>		<b>-4</b>
(economic compensation associated with DA)	-	<b>-0.5</b>		<b>(-2)</b>
<b>Net profit for the quarter</b>	<b>1.6</b>	<b>1.6</b>	+0.3%	<b>12</b>
Attributable to owners of the parent company	<b>0.8</b>	<b>1.6</b>		<b>11</b>
D&A	4.3	4.4		17
Capex	2.9	1.6		10
(Forex) USD/JPY	115.5	113.7		110.0
EUR/JPY	127.2	121.1		120.0

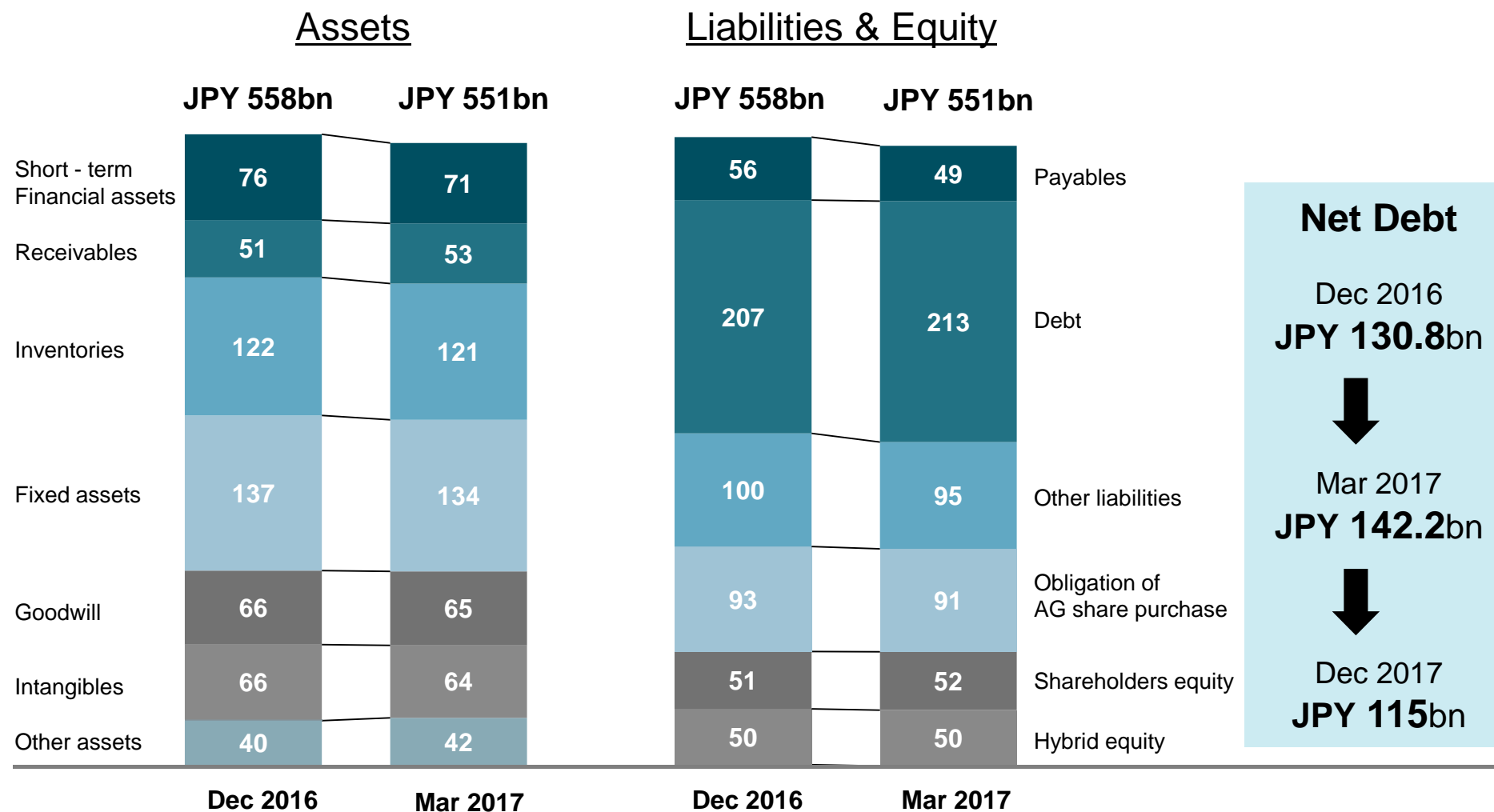
# CY2017.Q1 Operating profit bridge -vs CY2016.Q1

(JPY 100m)

	<u>2016.1Q</u>	<u>2017.1Q</u>
USD/JPY	115.5	113.7
EUR/JPY	127.2	121.1



# Financial position





# Cash flows

(JPY bn)	2016					2017
	Q1	Q2	Q3	Q4	CY	Q1
<b>Cash flows from operation</b>	<b>-11.9</b>	<b>-1.4</b>	<b>-3.2</b>	<b>34.6</b>	<b>18.2</b>	<b>-7.8</b>
Profit before taxes	1.6	0.7	-1.6	-1.9	-1.1	2.9
Depreciation and amortization	4.3	4.1	3.9	5.3	17.7	4.4
Changes in working capital	-10.4	-8.3	-3.4	18.0	-4.1	-10.2
Others	-7.4	2.1	-2.1	13.2	5.7	-4.9
<b>Cash flows from investing activities</b>	<b>-2.9</b>	<b>-3.8</b>	<b>-2.8</b>	<b>-0.5</b>	<b>-10.0</b>	<b>-2.1</b>
(Thereof, acquisition of fixed assets)	-2.9	-4.2	-2.5	-5.6	-15.2	-1.6
<b>Free cash flows</b>	<b>-14.8</b>	<b>-5.2</b>	<b>-6.0</b>	<b>34.1</b>	<b>8.1</b>	<b>-9.9</b>

# Agenda

1) Financial summary of 1<sup>st</sup> quarter

**2) Business environment**

**3) Topics from DMG MORI**



# Worldwide machine tool demand forecast

(YoY growth for 2017; VDW/ Oxford Economics)

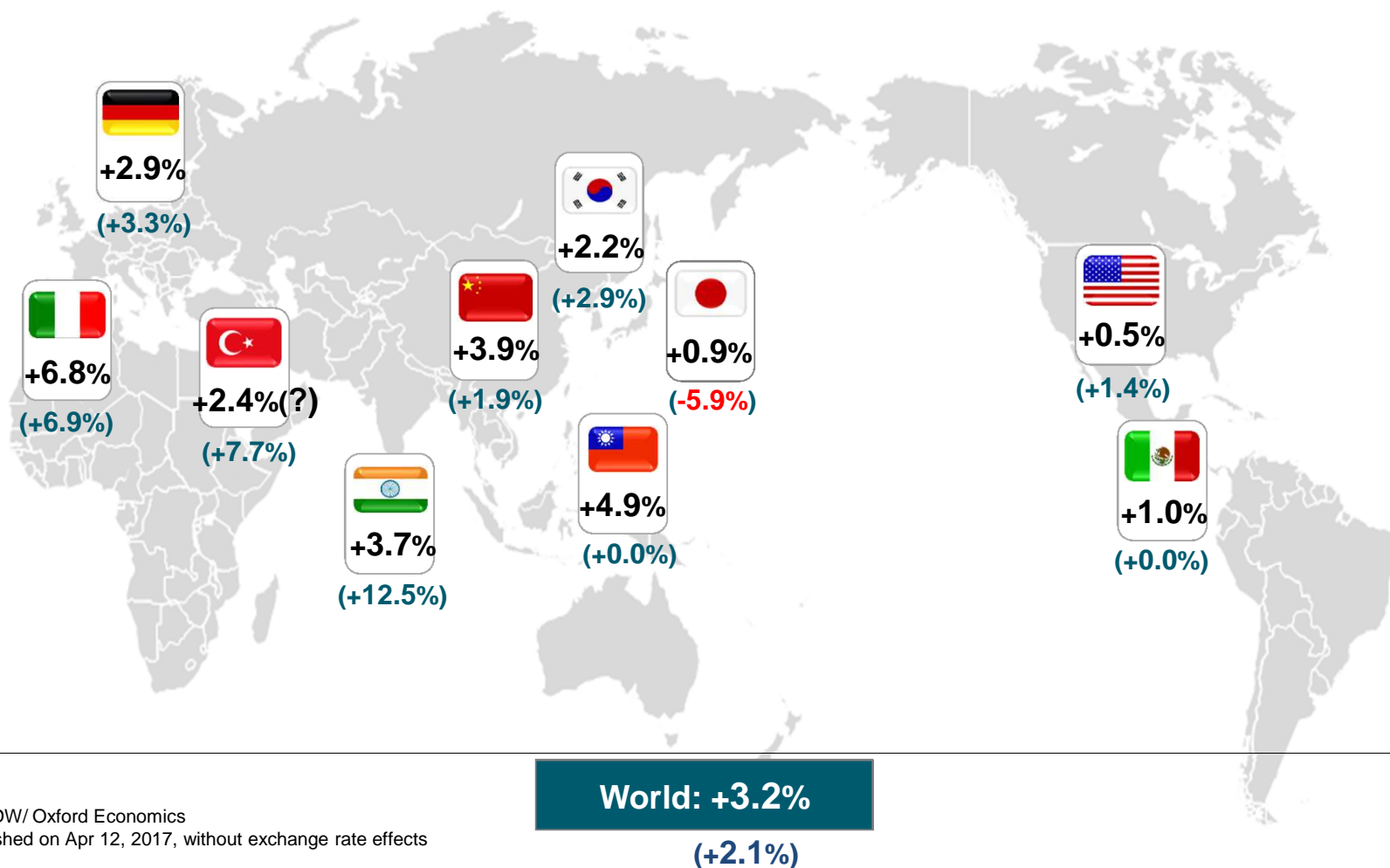
Upper side : forecast as at Apr 2017

Lower side : forecast as at Oct 2016

Europe: +4.0%

Asia: +3.5%

USA: +0.5%



Source :VDW/ Oxford Economics

Published on Apr 12, 2017, without exchange rate effects

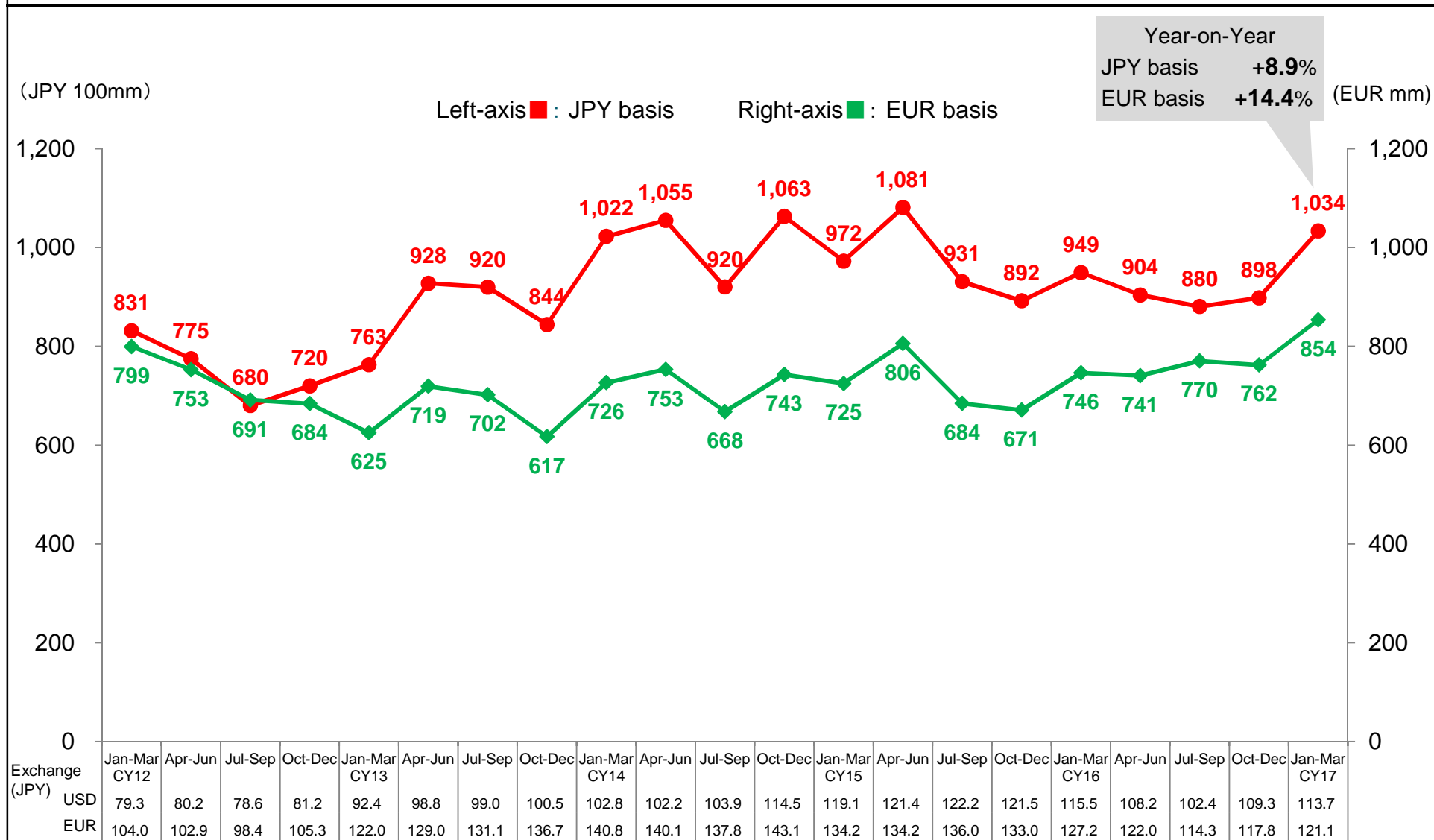
8/25

IR Conference  
2017/5/10

**DMG MORI**

COMPANY LIMITED

# DMG MORI quarterly consolidated order intake

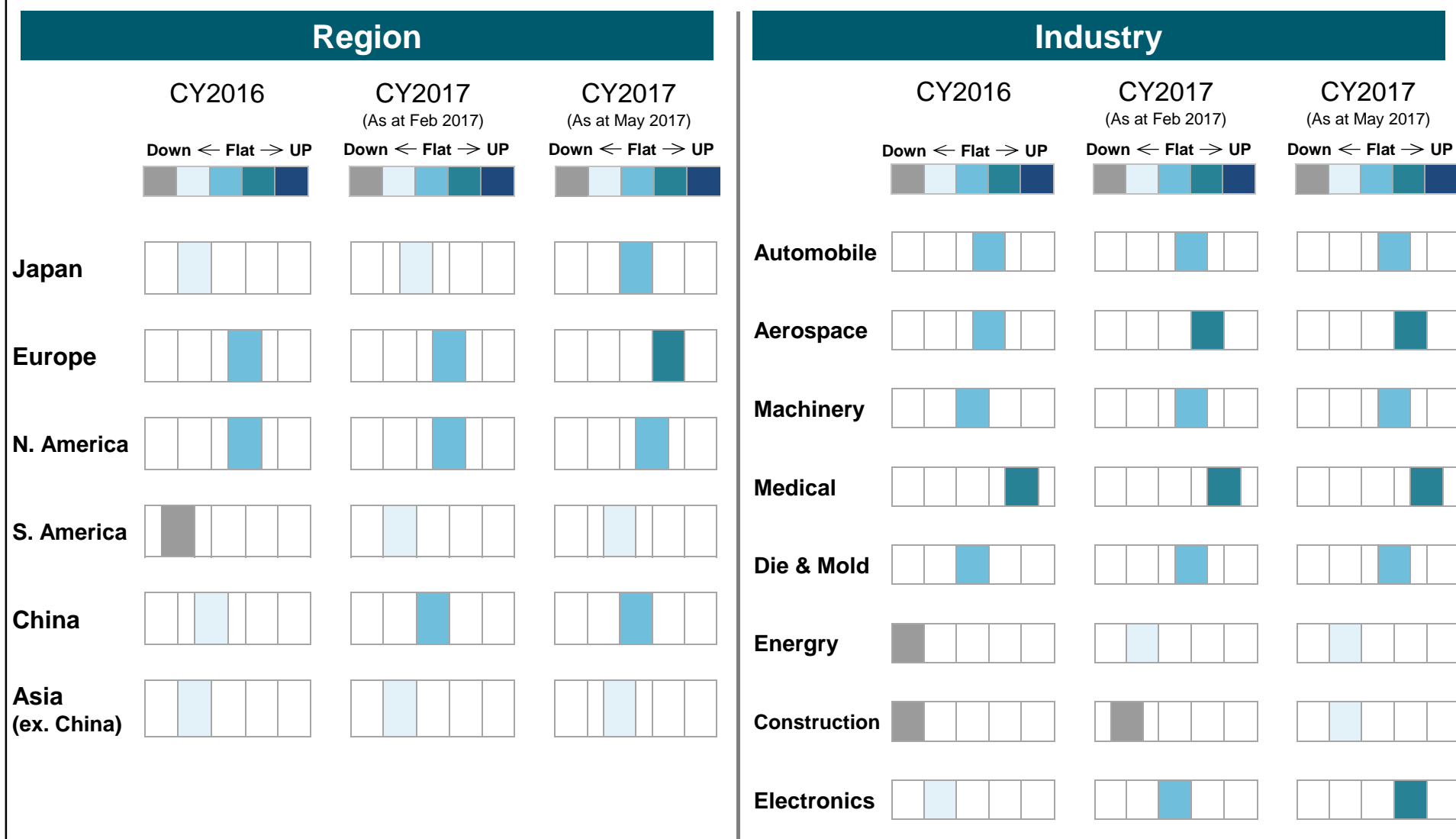


9/25

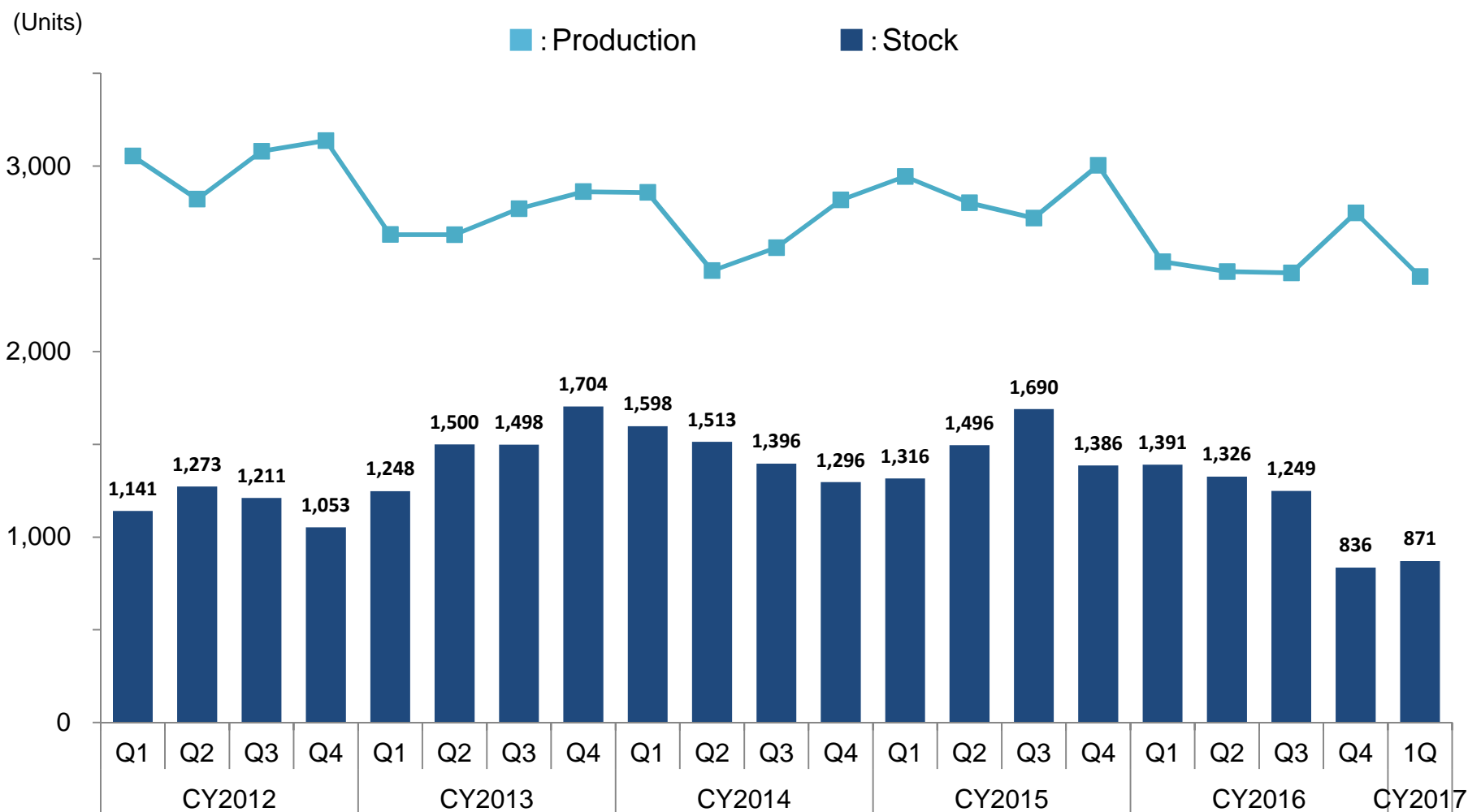
IR Conference  
2017/5/10

**DMG MORI**  
COMPANY LIMITED

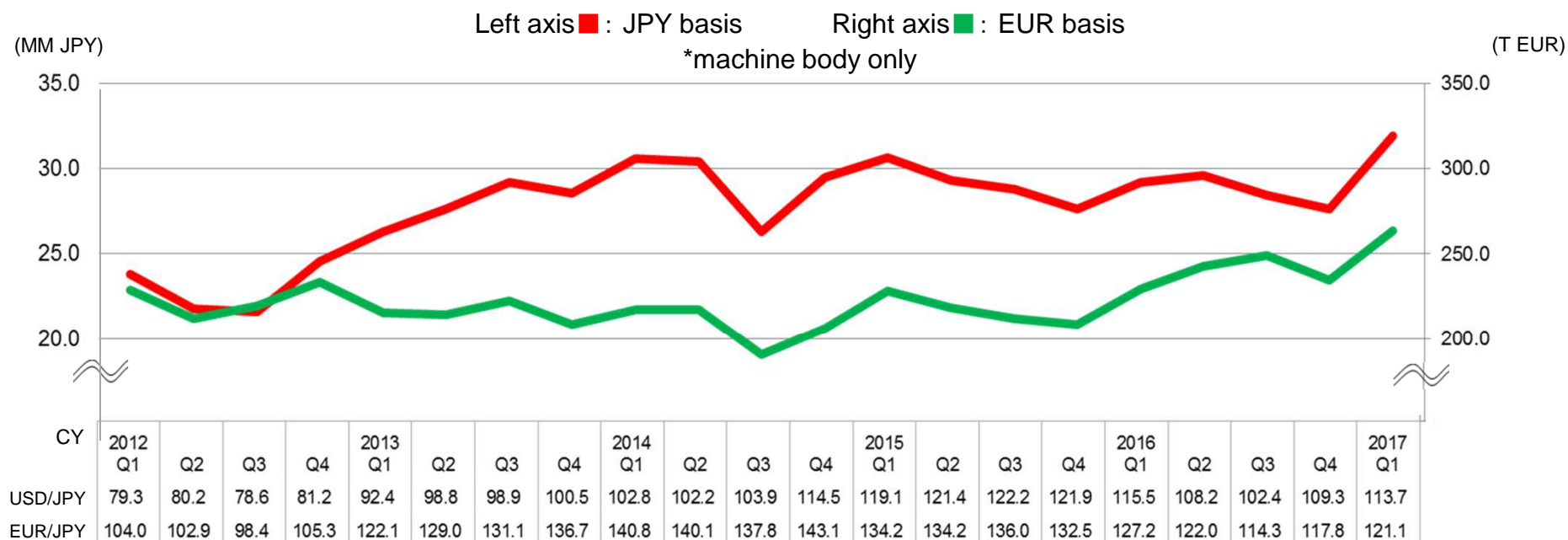
# Overview (by region & by industry)



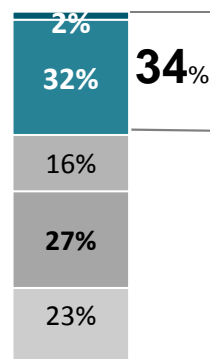
# Consolidated stock and production



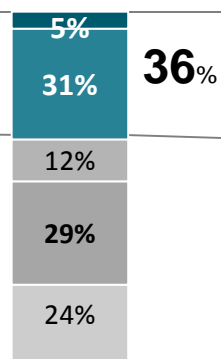
# Consolidated order intake - average price



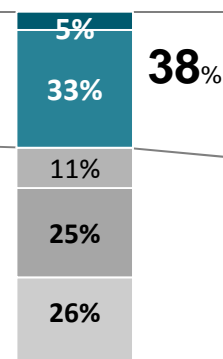
**CY2012**



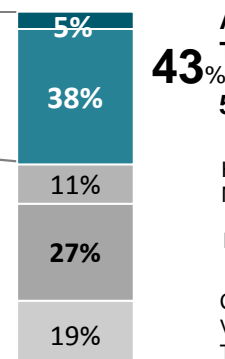
**CY2014**



**CY2016**



**CY2017.1Q**



**Advanced Technologies  
5-axis Machine**

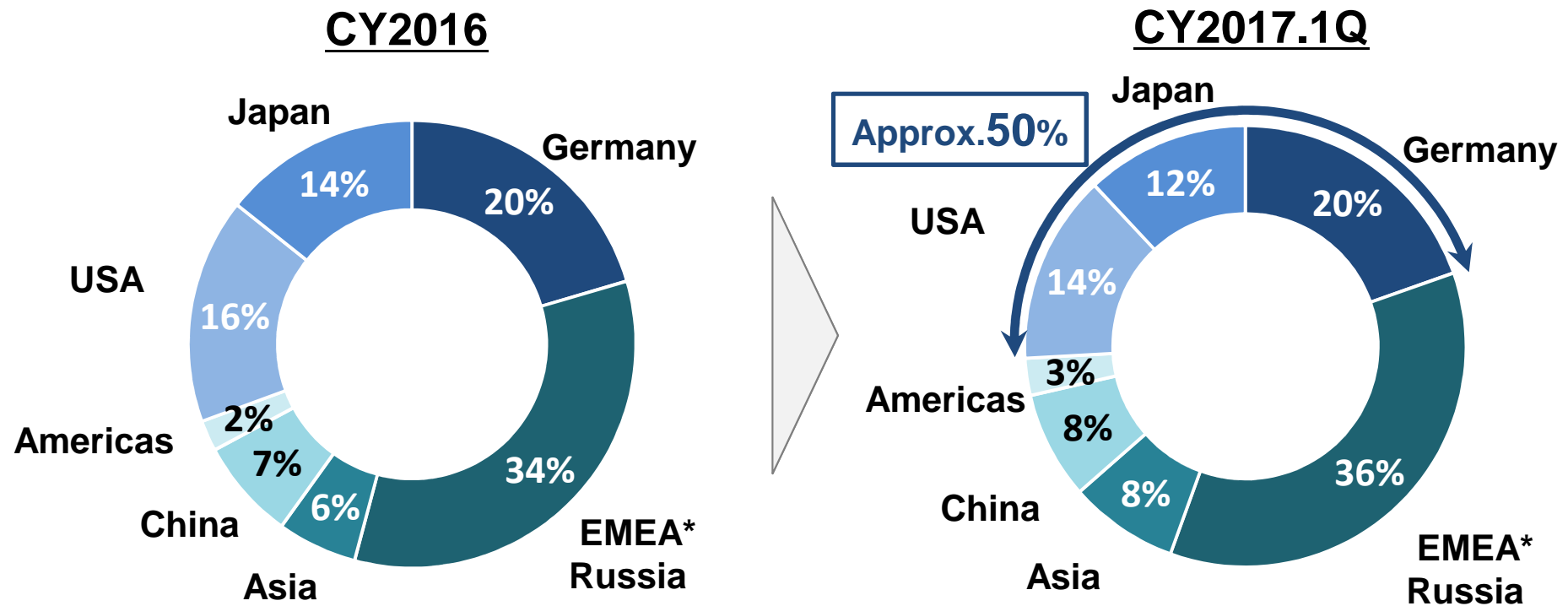
Horizontal  
Machining Center

Milturn Center

CMX V series  
Vertical Machining Center  
Turning Center

# Order trend by region (Consolidated machine order intake)

\* Value basis  
\* Machine body only



\*Europe, the Middle East and Africa

# Order composition (by industry)

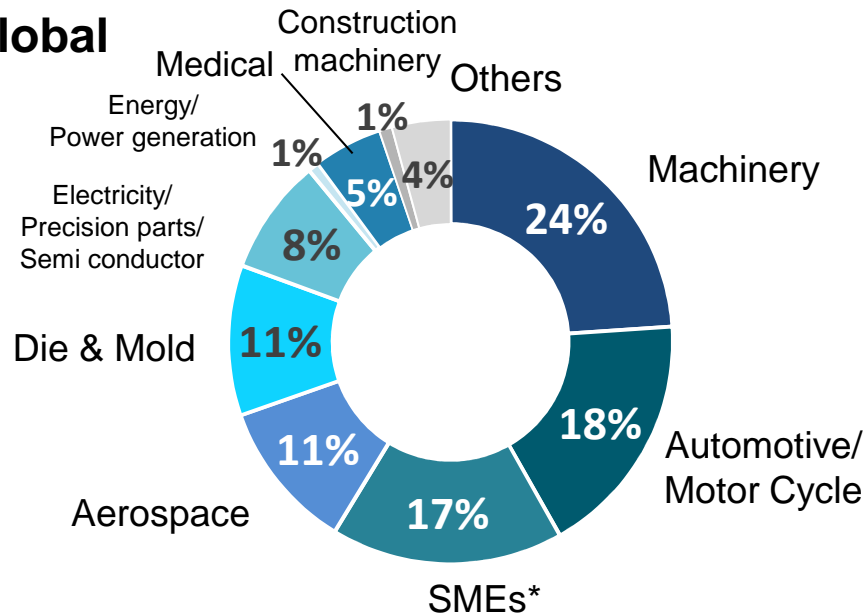
\* Value basis

\* Machine body only

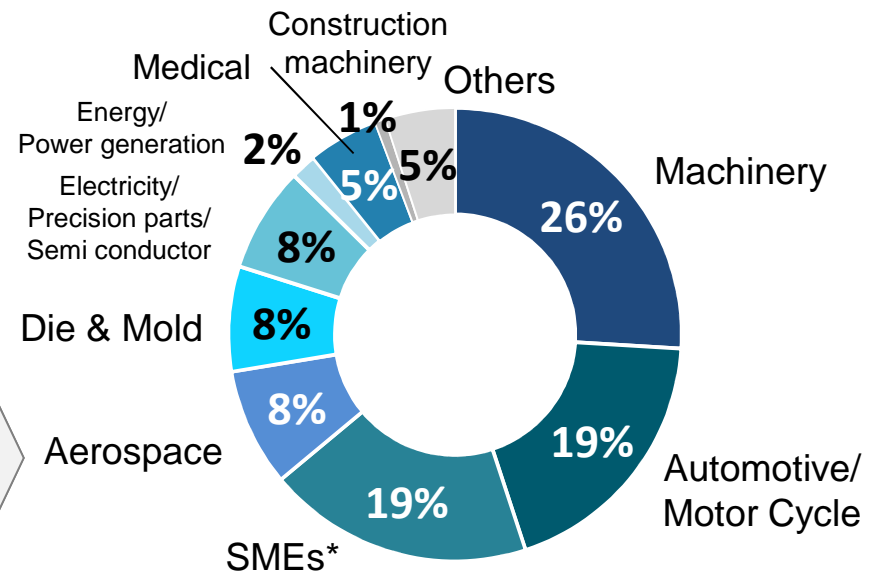
\*Small and medium-sized enterprises

**CY2016**

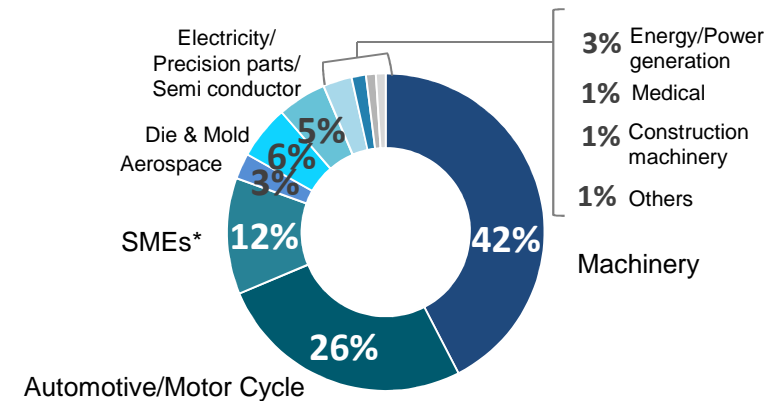
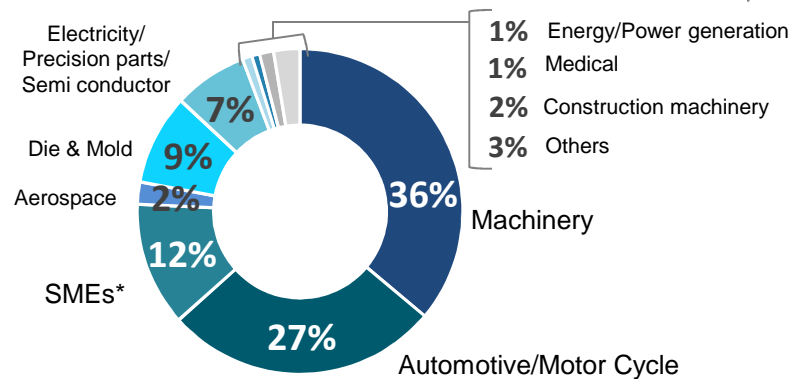
**Global**



**CY2017.1Q**



**Japan**



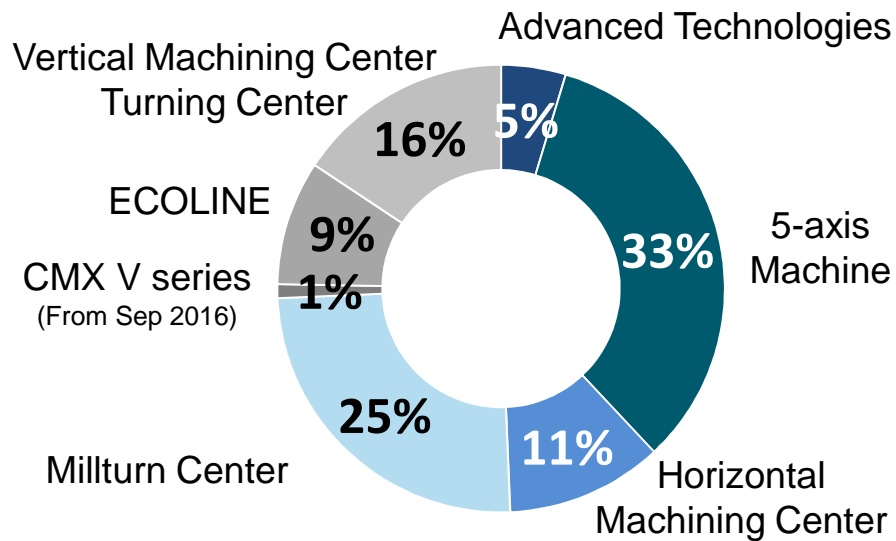


# Order composition (by product type)

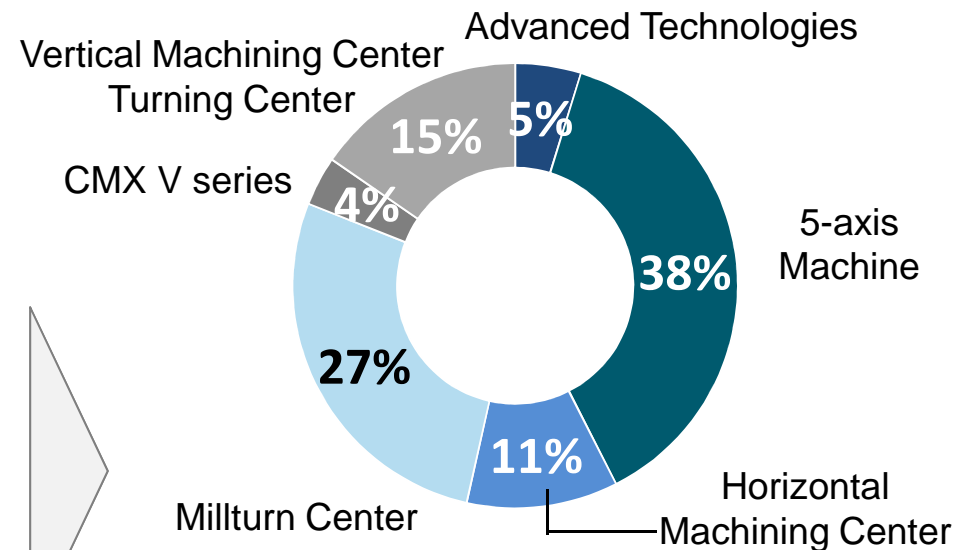
\* Value basis  
\* Machine body only

**CY2016**

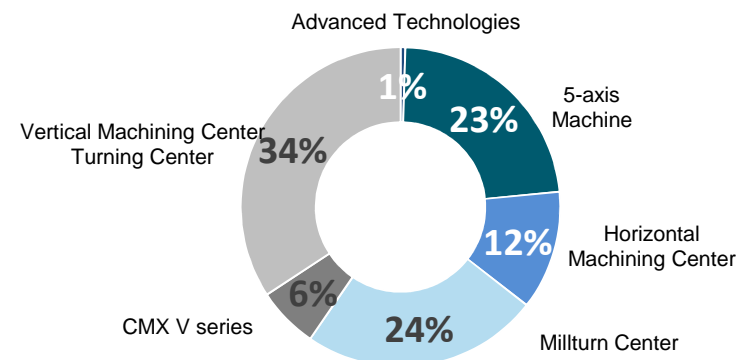
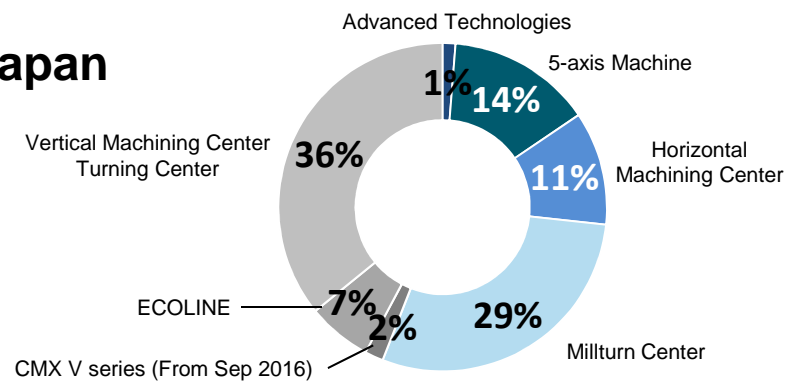
## Global



**CY2017.1Q**



## Japan



# Agenda

1) Financial summary of 1<sup>st</sup> quarter

2) Business environment

**3) Topics from DMG MORI**

# Major exhibitions in 2017

## ❑ Experience the Smart Factory of DMG MORI

Feb 14-18  
**DMG MORI**  
**Open House, Pfronten**  
(Germany)

Apr 17-22  
**CIMT, Beijing**  
(China)



May 15-18  
**DMG MORI**  
**Open House, Chicago**  
(USA)

Sep 18-23  
**EMO Hanover**  
(Germany)



June 20-24  
**DMG MORI**  
**Open House, Iga**  
(Japan)

# Launch of DMG MORI Kyoei-kai (dealers association) April 2017~

❑ Establish a dealer network covering all over Japan

**DMG MORI**

Area Sales Manger

Approx. **80** personnel



**Dealers association**

Ayama Pfronten (49)

DMG MORI Kyoei-kai

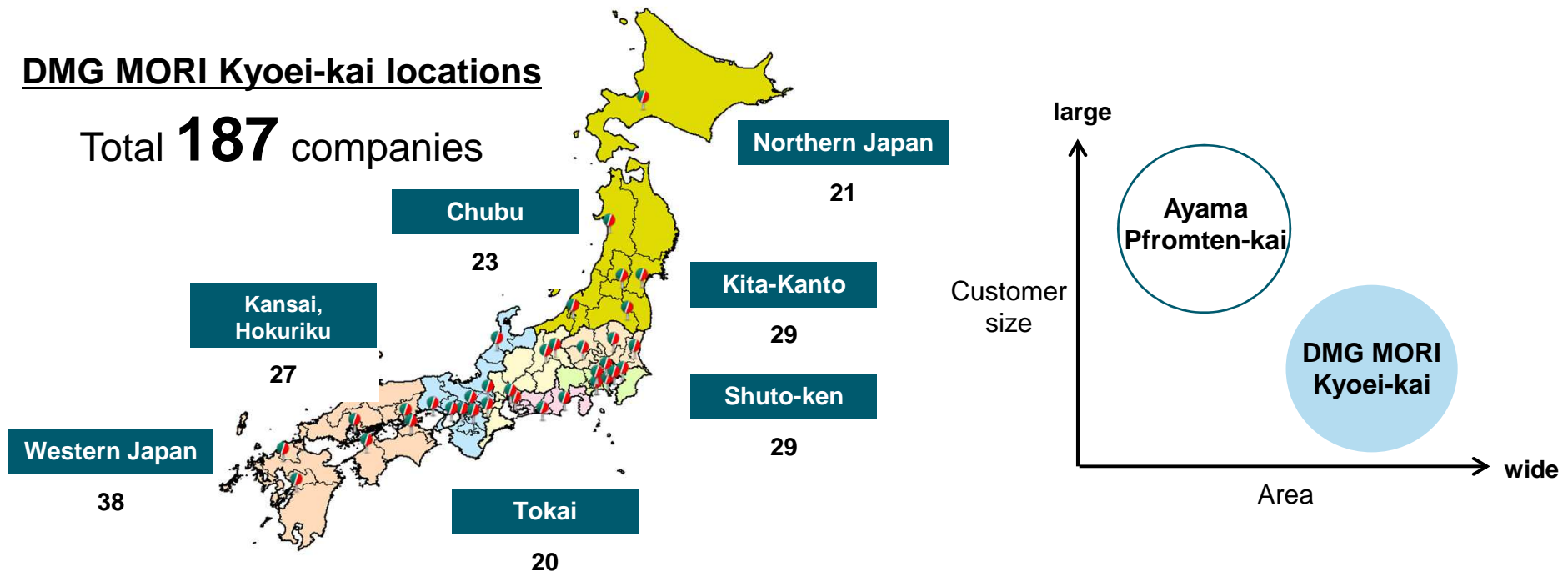
**Major customers**

Mid-sized to multi-national companies

Local companies

## DMG MORI Kyoei-kai locations

Total **187** companies



# Open House Pfronten -the largest private show in European market- Feb. 2017

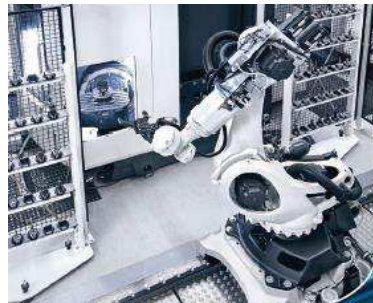
- Over 80 machines exhibited from wide-variety of types
- Order intake amount YoY +8%

## Smart Factory

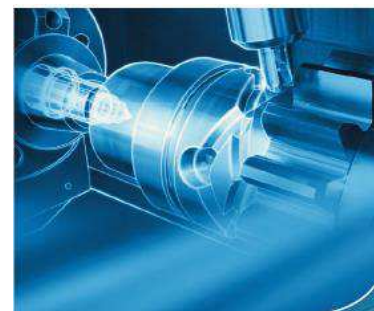
CELOS



Automation



Technology Cycles



## Large type machine

Ideal for machining of long workpieces  
Supports from 3 axis milling machining to  
simultaneous 5 axis machining



DMF 600 linear

## World premiers

In-house production spindle  
SpeedMASTER as standard



DMU 50 3rd Generation

Additive Manufacturing  
Powder bed system



LASERTEC 30 SLM

# CIMT 2017 in Beijing, April 2017

□ Products from our Chinese factory and our latest automation systems are highly appreciated

## Opening ceremony



Joined the ribbon cutting  
DMG MORI set up a booth in the same area as European companies

## Automation system proposal

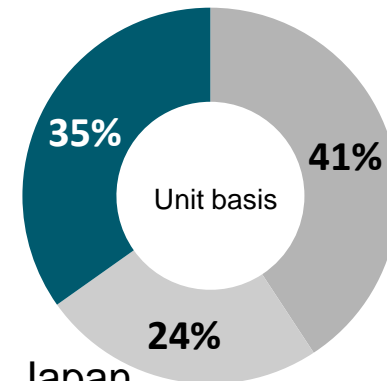


Tianjin assembled NHC4000 +Round pallet pool

## Order Trends

<By plant>

Germany  
-Seebach  
Pfronten  
Bielefeld etc.

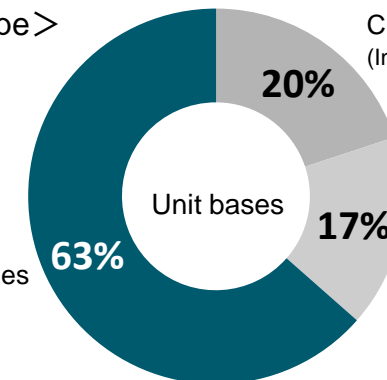


China  
-Tianjin

Japan  
-Ige, Nara

<Customer type>

Chinese local  
Private companies  
(SMEs\*)



Chinese large companies  
(Incl. state-owned companies)

Chinese  
subsidiaries of  
Multinational  
companies



# 5-axis machine DMU 50 3<sup>rd</sup> Generation

- ❑ DMU50 further evolved with experience gained from more than 10,000 installed machines

**DMG MORI components  
as standard**

**Spindle**



speedMASTER



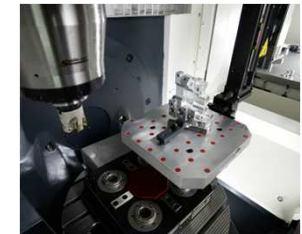
**toolSTAR, Scale**



**Magnescale**

**Adoptable to Automation**

**PALLET HANDLING**



**TOOL HANDLING**





# New product line-up in additive manufacturing

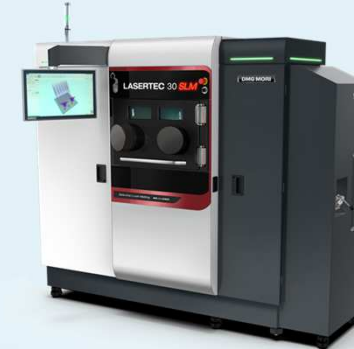
❑ Powder bed technology is added to our AM portfolio

## Powder nozzle



**LASERTEC 65 3D**

## Powder bed



**LASERTEC 30 SLM**

Melting by powder nozzle	Method	Melting in laminated powder
Prototyping, mass production, repair, coating	Applications	Prototype and mass production
High speed	Advantages	High accuracy (machined surface), aluminum processing



Turbine housing



Drill head



Dental Implants

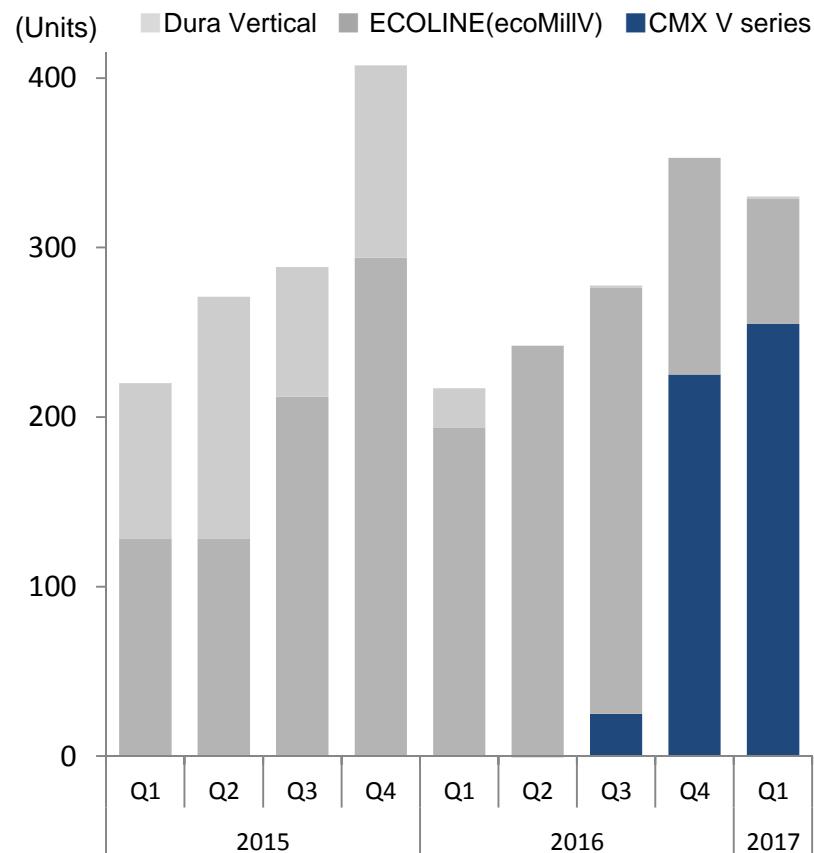


Impeller

# Order intake status of CMX V series

❑ More options are now available, Quick set-up of peripherals with DMQP

## Quarterly order intake (units)



## CMX 600



## Peripherals

measuring



<e.g.>  
touch  
probe

Jigs



rotary  
table

Automation



Robot

Order

JPY10m

JPY 18m

Quick set-up

# Ranked-in among top companies in popularity survey of new graduates

□ Total of brand name, sense of achievements, working environment

●機械・プラント Ranking by sector Machinery/Plant

順位	企業
1	三菱重工業 Mitsubishi Heavy Industries
2	DMG森精機 DMG MORI
3	IHI IHI
4	クボタ Kubota
5	ダイキン工業 Daikin Industries
6	日本精工 NSK
7	JFEエンジニアリング JFE Engineering
8	コマツ Komatsu
9	ヤンマー YANMAR
10	千代田化工建設 Chiyoda
10	ホシザキ HOSHIZAKI

Apr 26, 2017  
Nikkei newspaper  
Special article

Scope of survey : about 42,000 new graduates from university/post-graduates in Japan

東海 Ranking by region Tokai

順位	企業
1	トヨタ自動車 TOYOTA
2	一糸工務店 Ichijo Komuten
3	デンソー Denso
4	アイシン精機 Aisin Seiki
5	敷島製パン (Pasco) Pasco Shikishima
6	アイシン・エイ・ダブリュ AISIN AW
7	リゾートトラスト Resorttrust
8	DMG森精機 DMG MORI
9	中部電力 CHUBU Electric Power
10	オリバー Oliver

Nikkei newspaper

Ranking by sector

Machinery/Plant **2nd**

Ranking by region

Tokai **8th**

Apr 29, 2017  
Weekly magazine 'Diamond'

Scope of survey : 5,771 new graduates from university/post-graduates in Japan

Diamond (weekly magazine)

male female

Science-background **84th**

Other-backgornds **137th 111th**

# 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, but not limited to, 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.