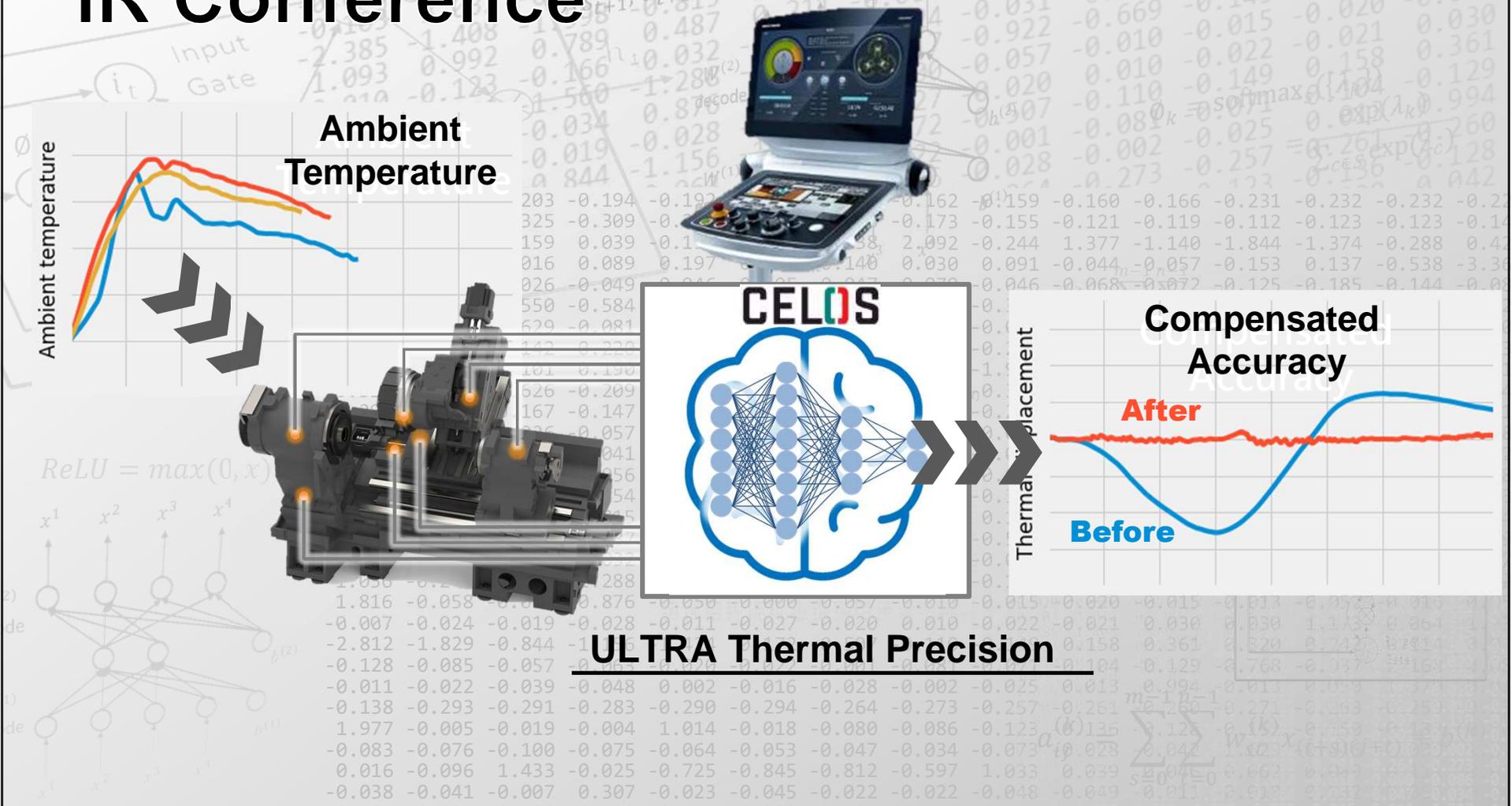


# DMG MORI CO., LTD.

## FY 2018 (Jan. - Dec.) 1Q Result

### IR Conference



# Agenda

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

2. Business environment

3. Topics from DMG MORI

- Optimization of global supply-chain
- Automation, Connected Industries and AI development
- Innovation Days
- Initiatives for SDGs (Training program)

# Highlights of 1<sup>st</sup> quarter 2018

1. Record-high quarterly order intake: JPY 138.5 bn (JPY term: +34.0%)
2. Uplifted annual order forecast: JPY 470 bn.+ (Y-o-Y +4.8%)
3. Operating profit for the quarter: JPY 6.1bn +52% (previous year 4 bn.)
4. Free cash flow: JPY +4.7bn positive
5. Automation, Connected Industries, AI business development  
Technology Cycles well-sold
6. SDGs for human resources development (Training program)
7. Enhanced balance sheet  
(Year-end target: total assets JPY 500bn. or less, Equity ratio 25% or more)

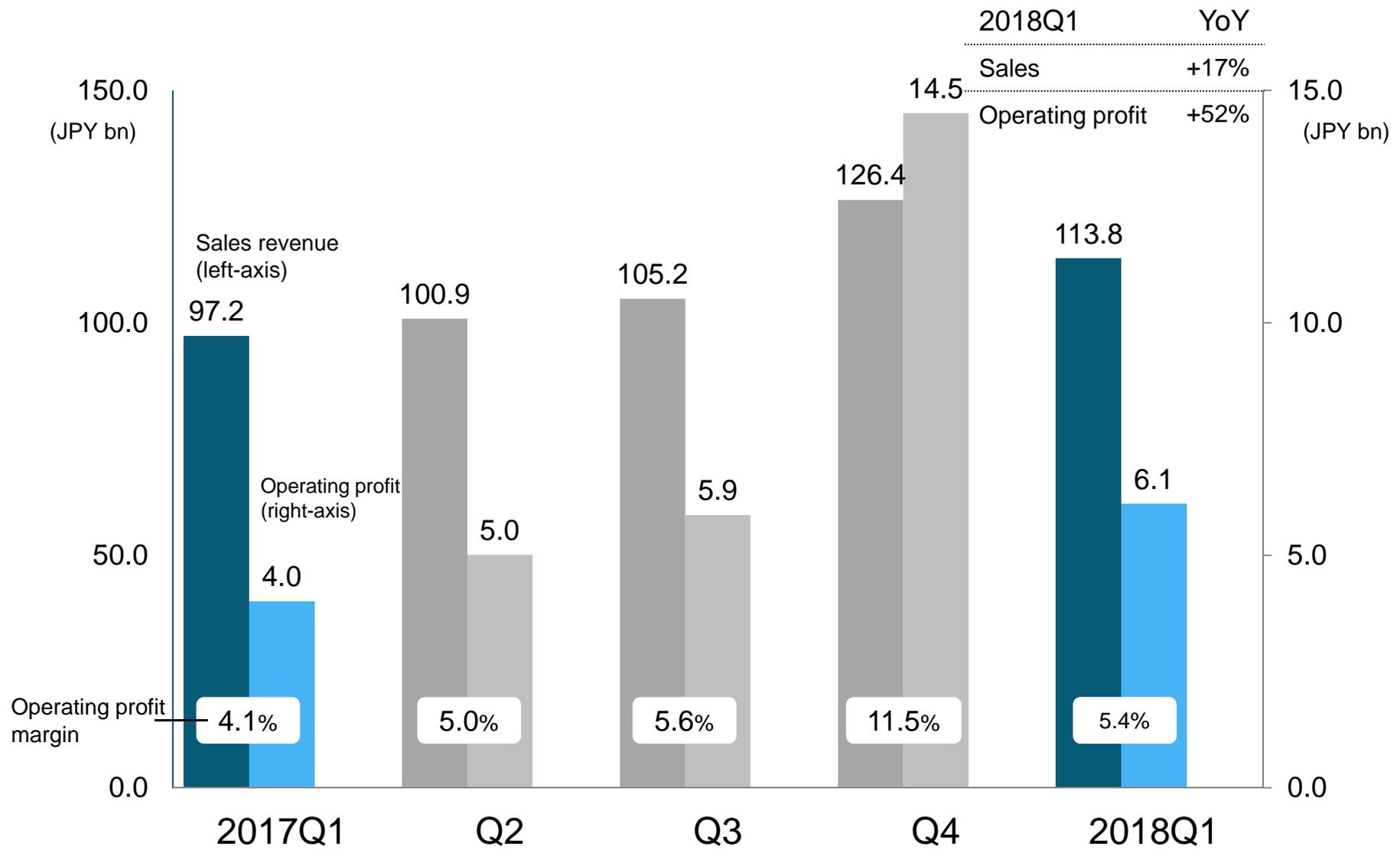
# Income statement summary FY2018 Q1

(JPY bn)	Jan – Mar		Changes	Full-year (Jan - Dec)		Changes
	2017	2018	(%)	2017	2018 forecast	(%)
<b>Sales revenue</b>	<b>97.2</b>	<b>113.8</b>	+17.1%	<b>429.7</b>	<b>450.0</b>	+4.7%
<b>Operating profit</b>	<b>4.0</b>	<b>6.1</b>	+52.5%	<b>29.4</b>	<b>35.0</b>	+19.0%
% to sales revenue	4.1%	5.4%		6.8%	7.8%	
<b>Net financial costs</b>	<b>-1.1</b>	<b>-1.2</b>		<b>-4.7</b>	<b>-5.0</b>	
(thereof, economic compensation associated with DA)	-0.5	-0.5		(-2.1)	(-2.1)	
<b>Profit before taxes</b>	<b>2.9</b>	<b>5.0</b>		<b>24.8</b>	<b>30.0</b>	
<b>Net profit</b>	<b>1.6</b>	<b>2.8</b>	+75%	<b>15.7</b>	<b>21.0</b>	+33.8%
Net profit attributable to owners	<b>1.6</b>	<b>2.7</b>		<b>15.3</b>	<b>20.0</b>	
Depreciation & amortization	4.4	4.5		18.3	18.5	
Capital expenditure	1.6	3.0		9.4	12.0	
USD/JPY	113.7	108.3		112.2	110.0	
EUR/JPY	121.1	133.2		126.7	130.0	

3/27

IR Conference  
2018/5/8

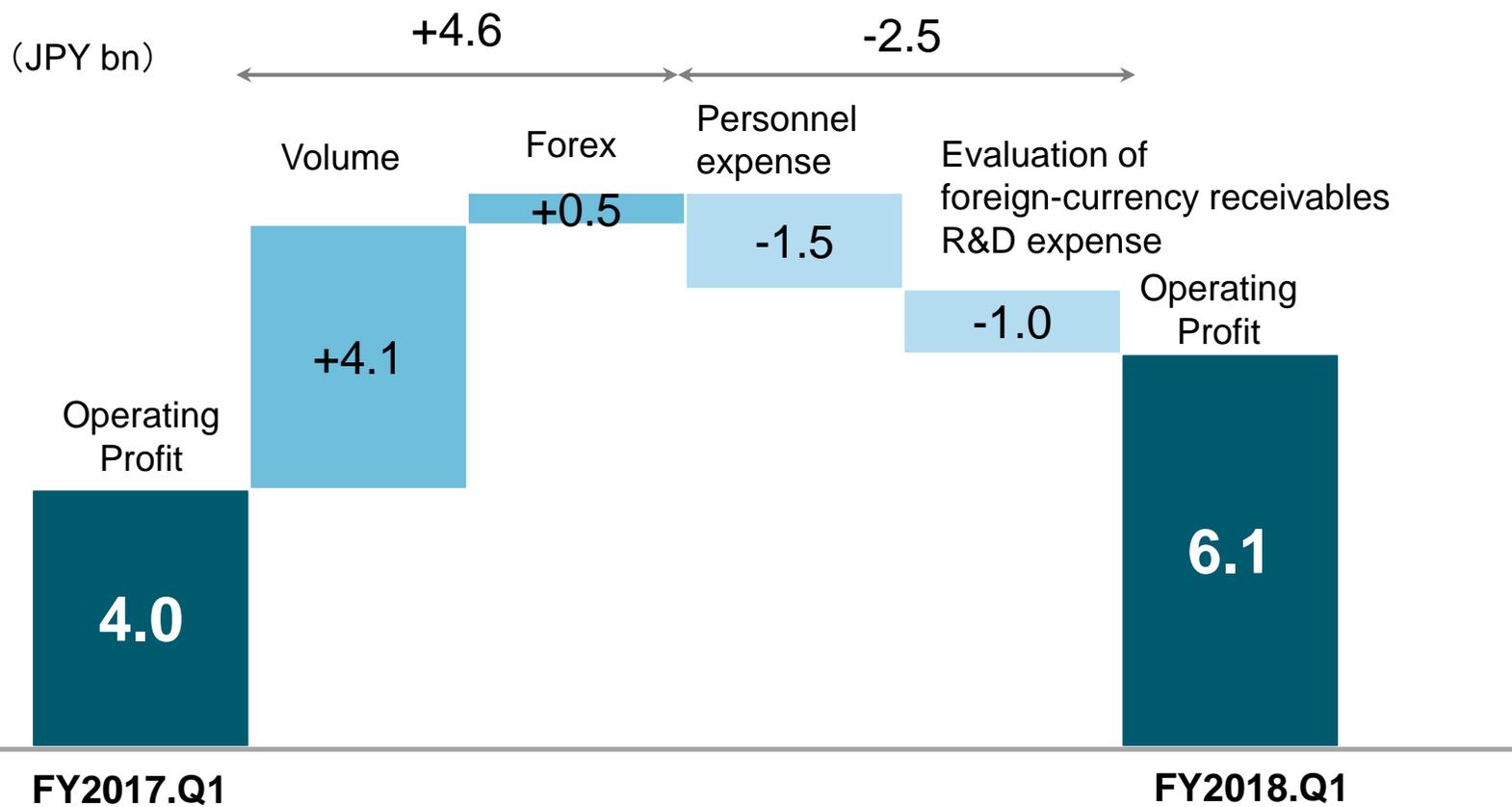
# Quarterly financial results



# FY2018.Q1 Operating profit bridge - v.s. FY2017.Q1

	FY2017. 1Q	FY2018. 1Q	Changes
Sales	97.2	113.8	+16.6
Volume			+10.3
Forex			+6.3

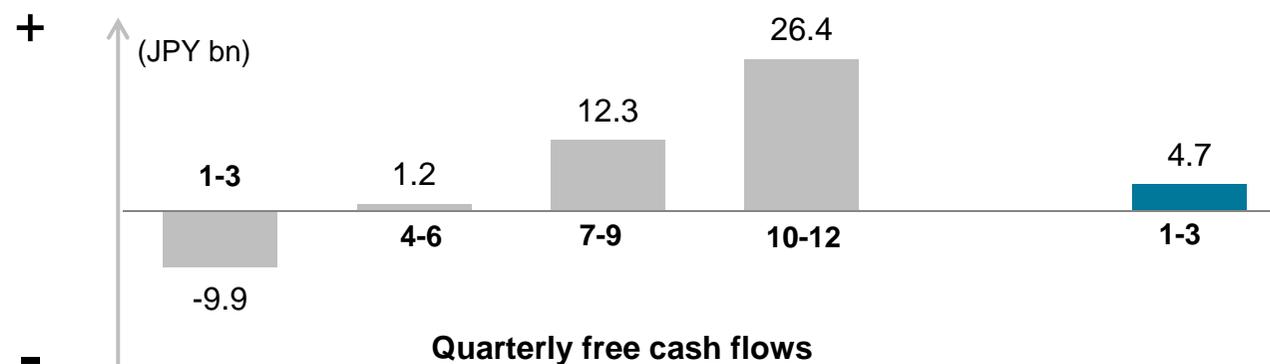
Currency Rate :	USD/JPY	<u>2017.1Q</u> 113.7	<u>2018.1Q</u> 108.3
	EUR/JPY	121.1	133.2



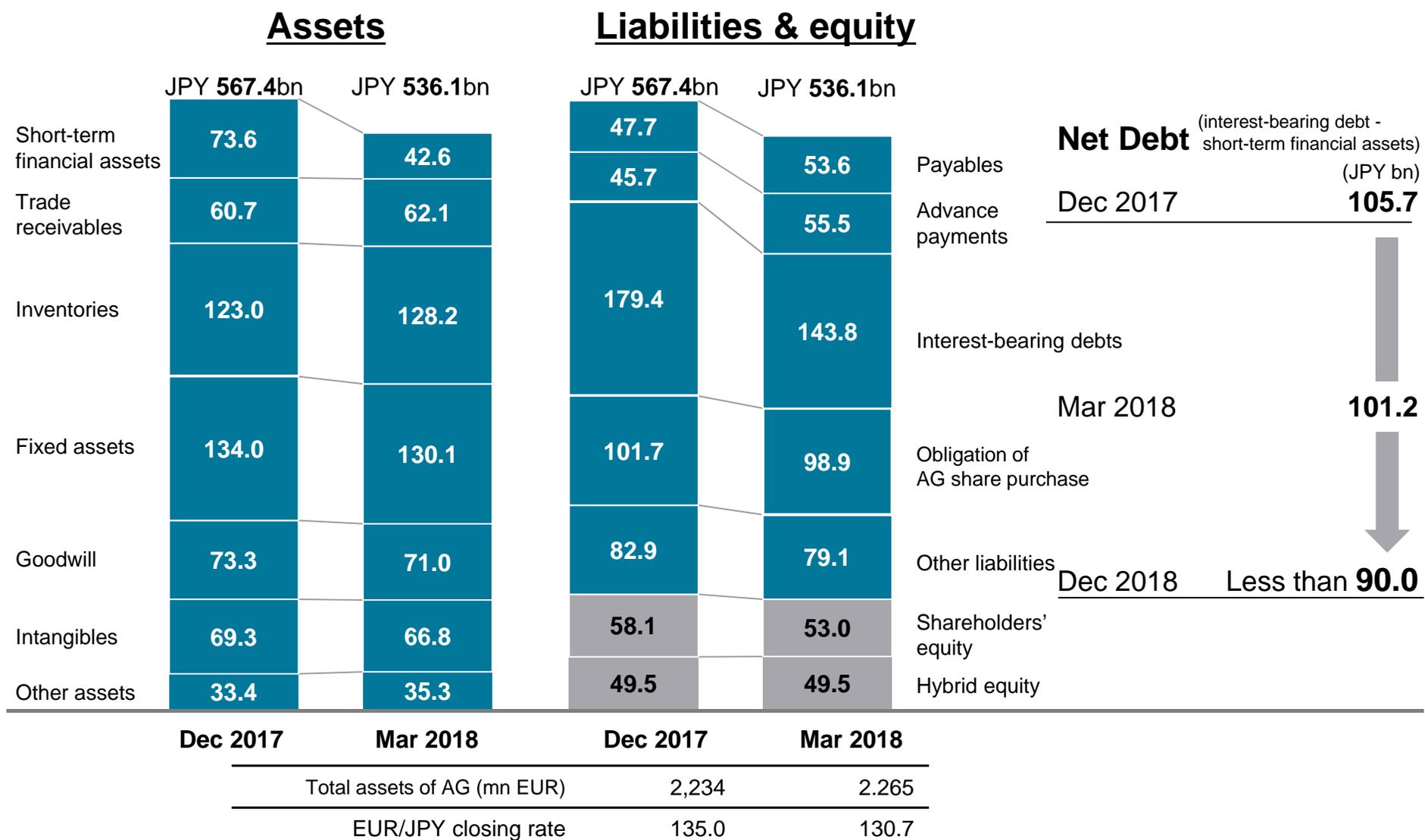
# Cash flows

- Starting with positive free cash flow from 1<sup>st</sup> quarter

(JPY bn)	2017					2018
	1-3	4-6	7-9	10-12	FY	1-3
<b>Cash flow from operation</b>	<b>-7.8</b>	<b>3.2</b>	<b>12.3</b>	<b>23.8</b>	<b>31.4</b>	<b>7.8</b>
Profit before taxes	2.9	4.0	4.7	13.1	24.8	5.0
Depreciation and amortization	4.4	4.5	4.5	6.7	20.0	4.5
Changes in working capital	-6.9	2.3	4.2	4.6	4.1	5.8
Others	-8.3	-7.6	-1.1	1.1	-15.9	-7.5
<b>Cash flow from investments</b>	<b>-2.1</b>	<b>-2.0</b>	<b>0.0</b>	<b>2.6</b>	<b>-1.4</b>	<b>-3.2</b>
(thereof, acquisition of fixed assets)	-1.6	-2.2	-2.6	-3.0	-9.4	-3.0
<b>Free cash flows</b>	<b>-9.9</b>	<b>1.2</b>	<b>12.3</b>	<b>26.4</b>	<b>30.0</b>	<b>4.7</b>



# Optimizing total assets to improve capital efficiency - summary of financial position



# Agenda

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

**2. Business environment**

3. Topics from DMG MORI

- Optimization of global supply-chain
- Automation, Connected Industries and AI
- Iga Innovation Days
- Initiatives for SDGs (Training program)

# Worldwide machine tool consumption (VDW/Oxford Economics)

## - Outlook of 2018

(Bn EUR)

### 2018 forecast

As of  
Oct. 2017

**73.3**

As of  
Apr. 2018

**74.9**

**60.9**

**-13.4%**

**63.8**

**+4.6%**

**69.4**

**+8.9%**

**67.6**

**-2.6%**

**70.7**

**+4.5%**

**+3.6%**

**+5.9%**

CY  
Forex  
(JPY) EUR

2013

129.7

2014

140.4

2015

134.3

2016

120.3

2017

125.9

2018.E

130.0

2018.E

130.0

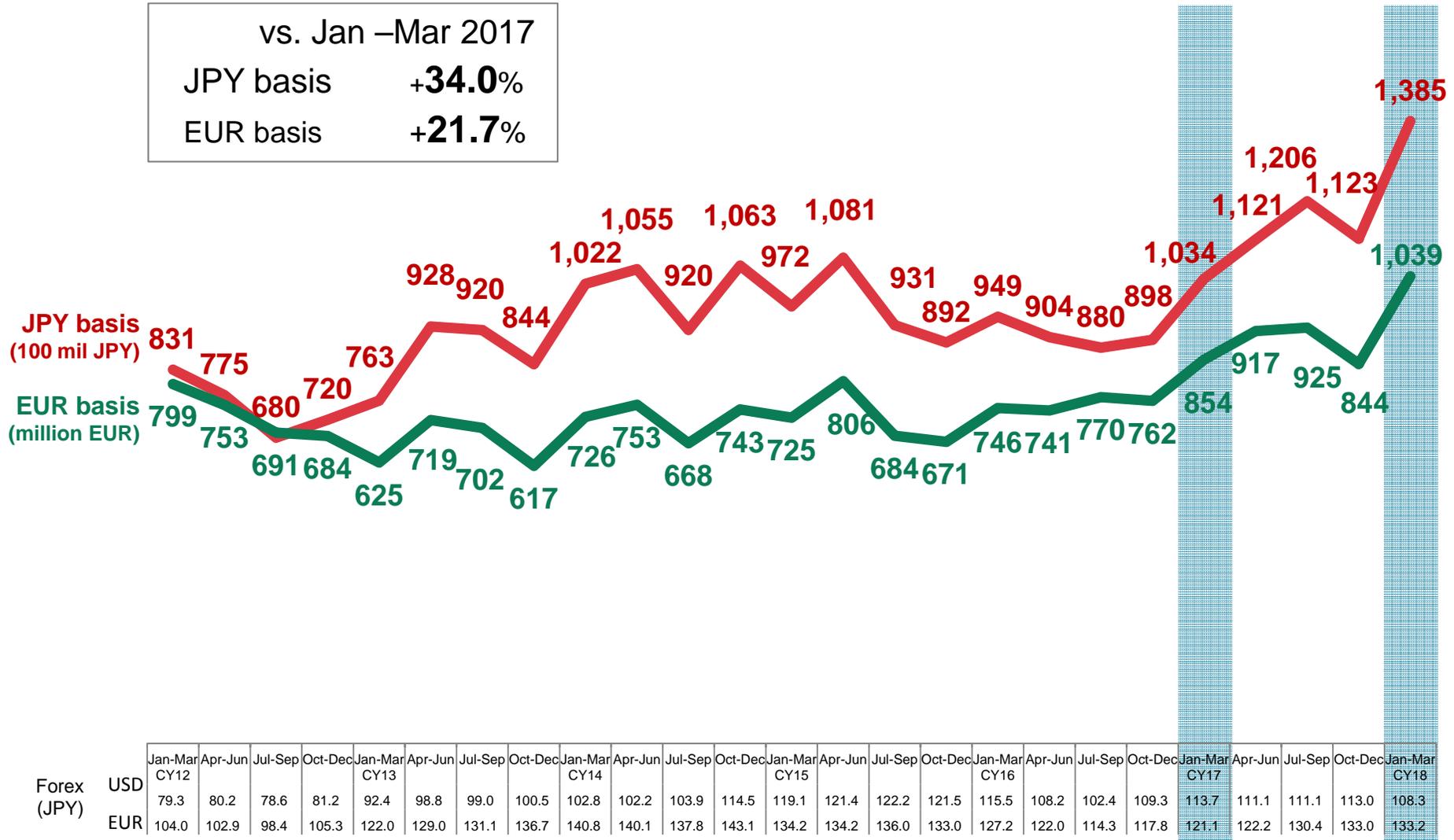
9/27

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2018/5/8

Source: Our estimation based on VDW / Oxford Economics, Apr. 2018

# DMG MORI quarterly consolidated order intake

vs. Jan –Mar 2017  
 JPY basis +**34.0%**  
 EUR basis +**21.7%**



# DMG MORI quarterly consolidated order intake (by region)

(JPY bn)

Bracket: YoY

**138.5**

**(+34%)**

\*Service & Parts

**S&P\***

**(+14%)**

**Asia  
(incl. China)  
(+22%)**

**Americas  
(+43%)**

**Japan  
(+83%)**

**Germany  
(+41%)**

**EMEA  
(+25%)**

**103.3**

**112.1**

**120.6**

**112.3**

CY

2017.Q1

Q2

Q3

Q4

2018.Q1

EUR/JPY

121.1

122.2

130.4

133.0

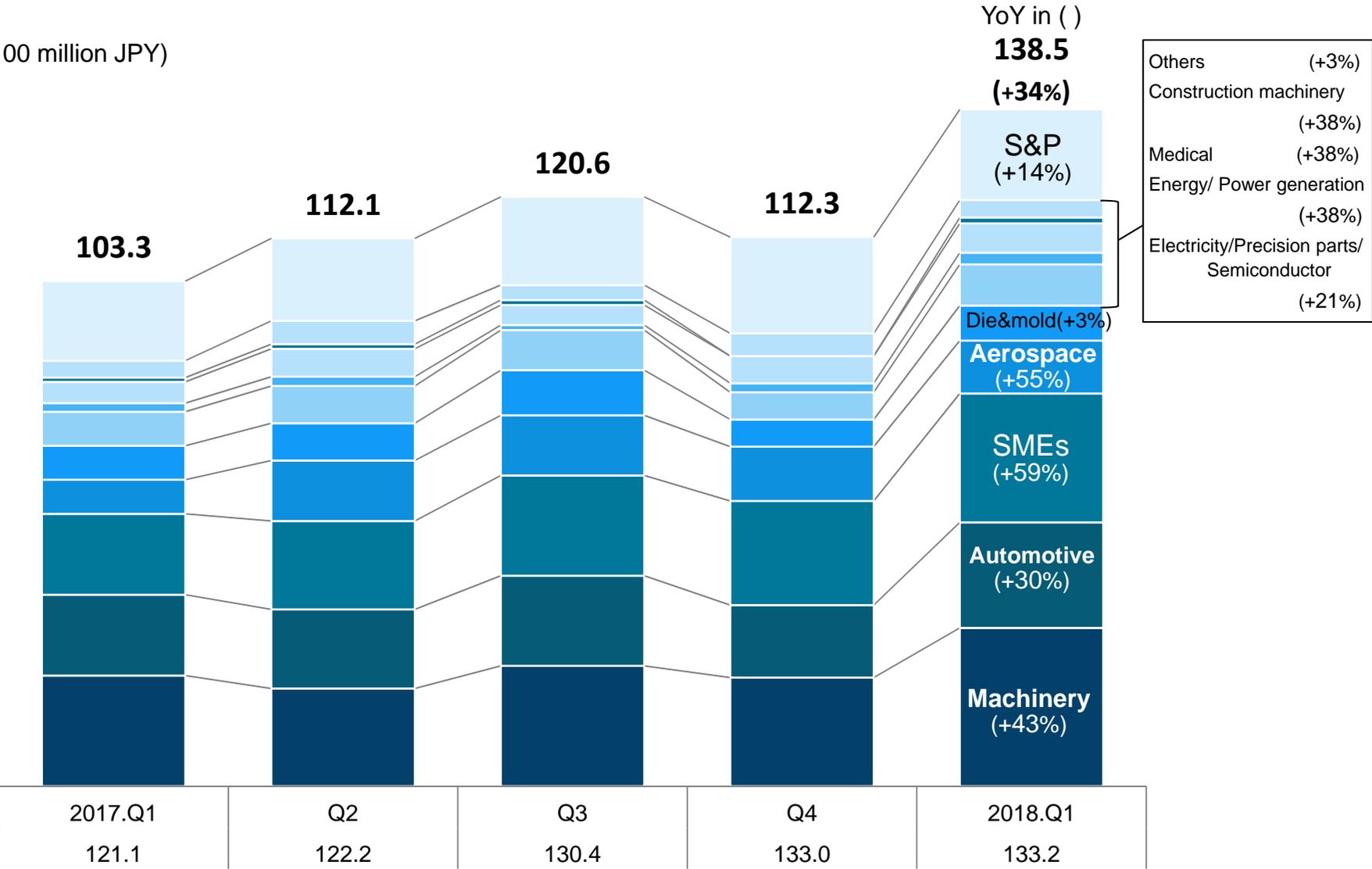
133.2

11/27

IR Conference  
2018/5/8

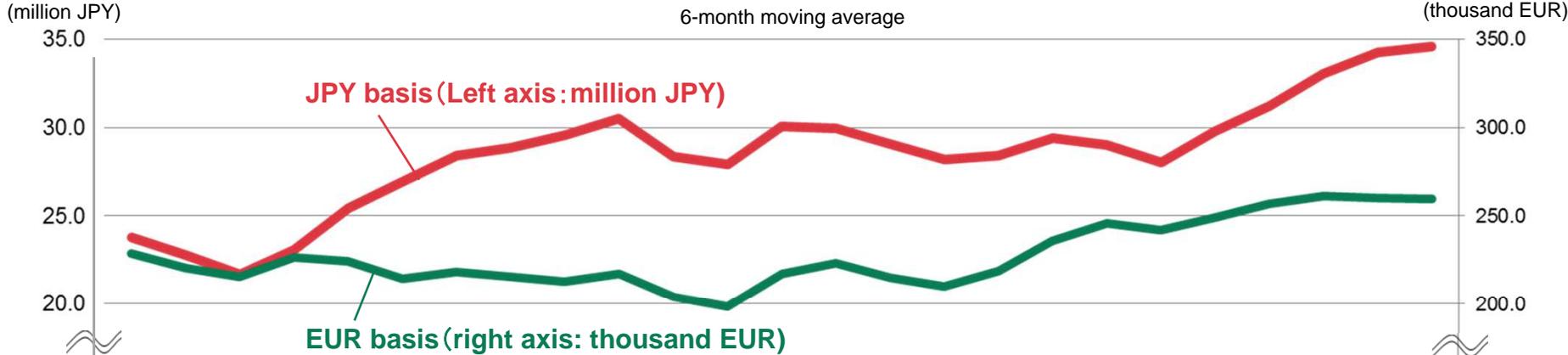
# DMG MORI quarterly consolidated order intake (by industry)

(100 million JPY)



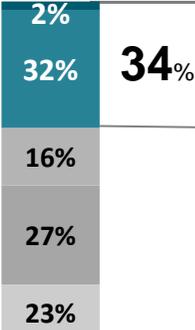
# Consolidated order intake - average price

\*Consolidated order intake : machines only  
6-month moving average

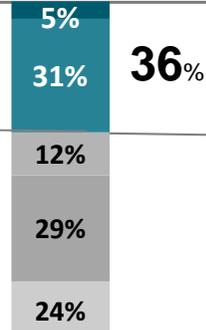


CY	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1
USD	79.3	80.2	78.6	81.2	92.4	98.8	98.9	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.9	115.5	108.2	102.4	109.3	113.7	111.1	111.1	113.0	108.3
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	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2

**CY2012**



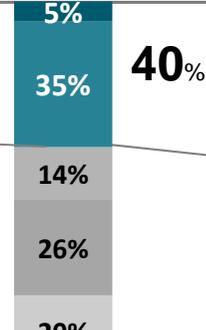
**CY2014**



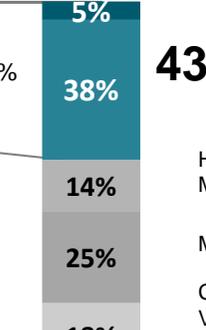
**CY2016**



**CY2017**

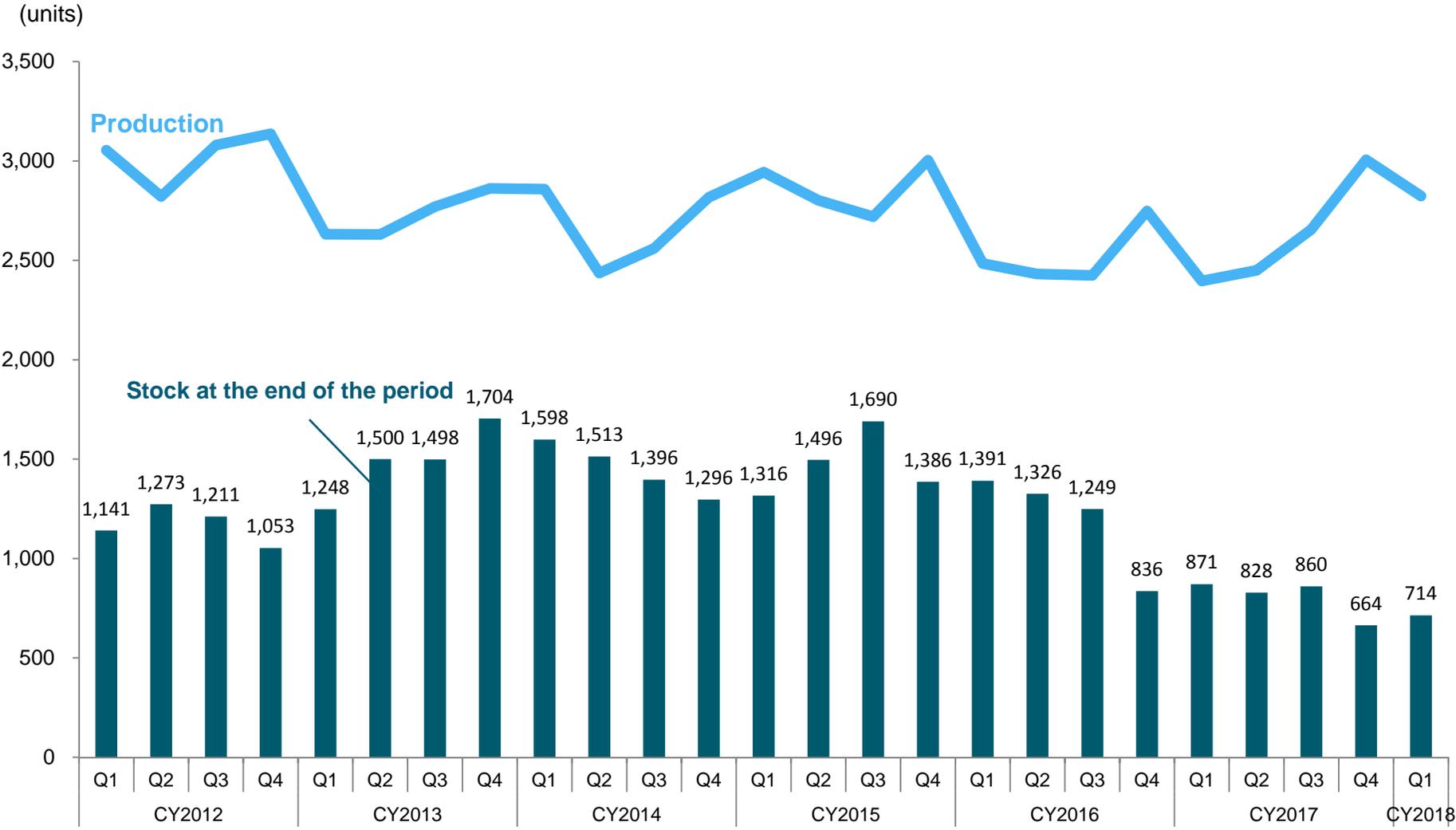


**CY2018.1Q**



**Advanced Technologies 5-axis Machine**  
Horizontal Machining Center  
Millturn Center  
CMX V series Vertical Machining Center Turning Center

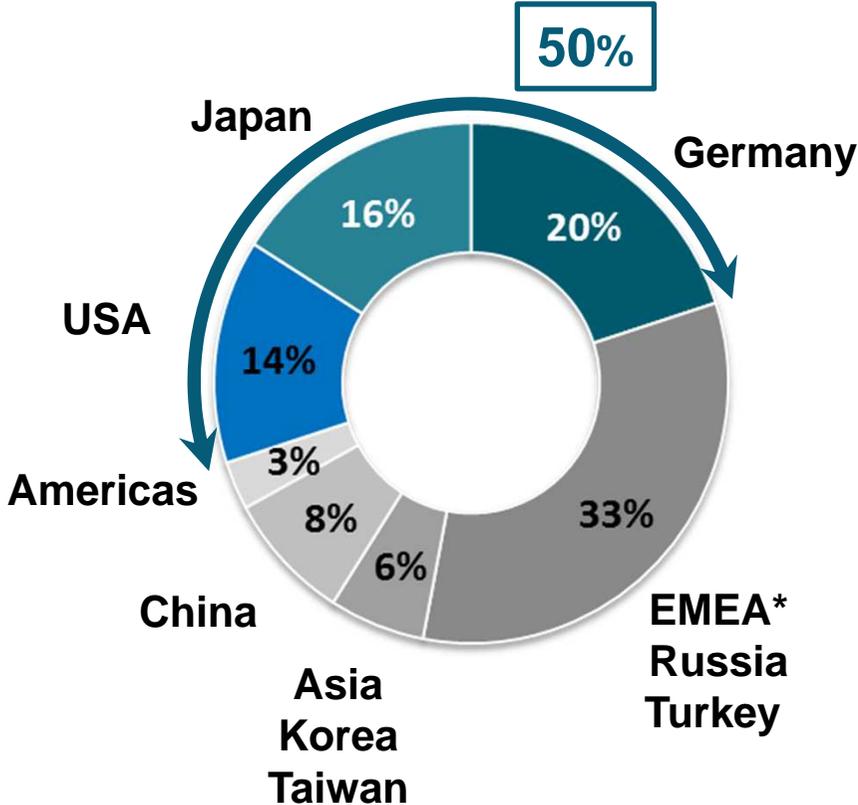
# Consolidated stock and production



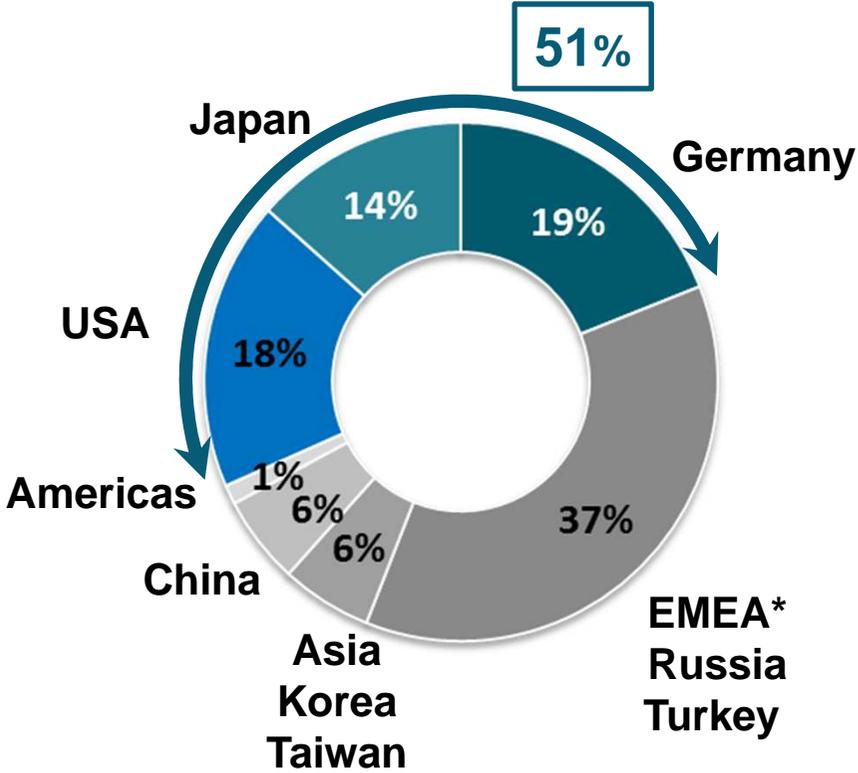
# Order and sales composition (by region)

\* Value basis  
 \* Machine body only

Consolidated machine order intake  
**CY2018.1Q**



Consolidated machine sales  
**CY2018.1Q**



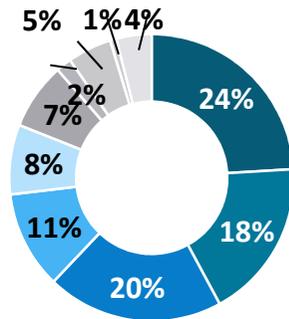
\*Europe, the Middle East and Africa

# 受注構成

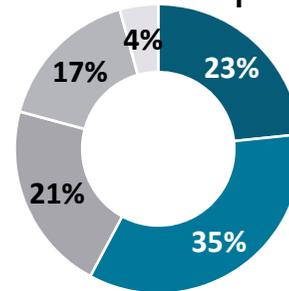
\* Value basis  
\* Machine body only

## CY2017

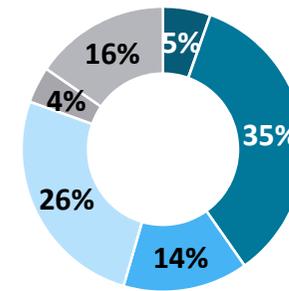
by industry



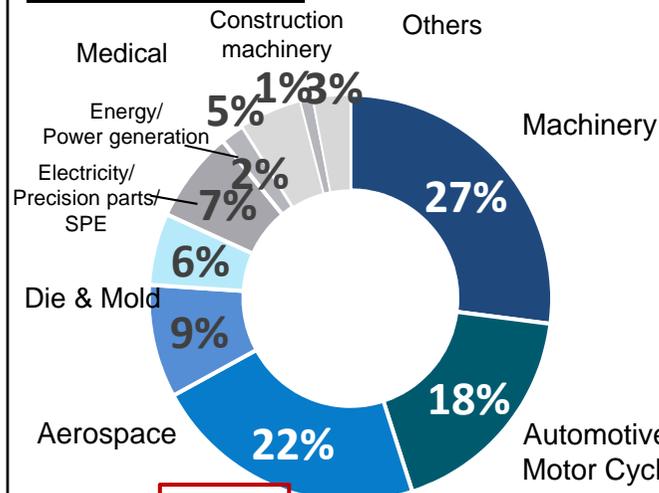
by customers' number of employees



by product type



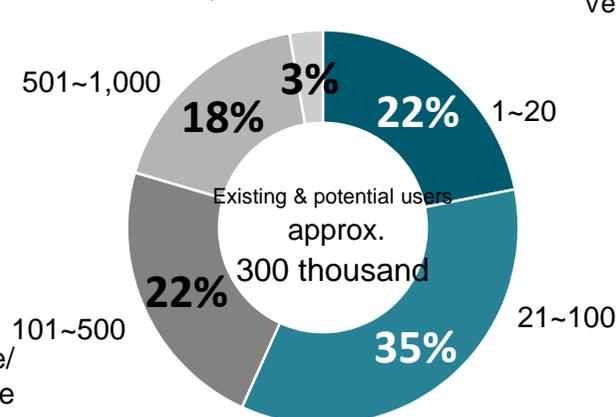
## CY2018.1Q



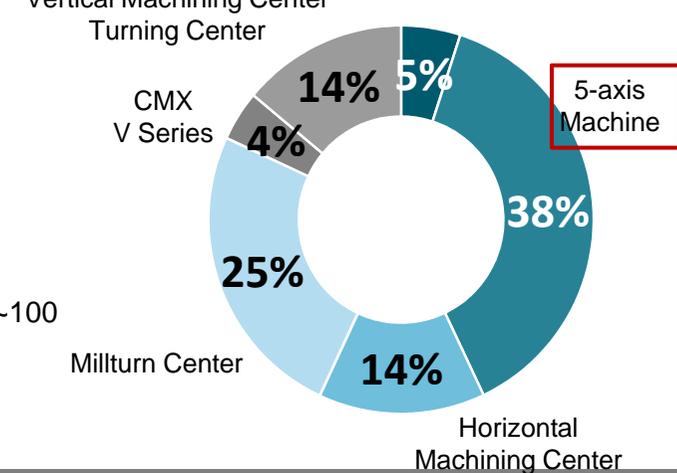
SMEs\*

\*Small and medium-sized enterprises

by customers' number of employees



by product type



# Agenda

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

2. Business environment

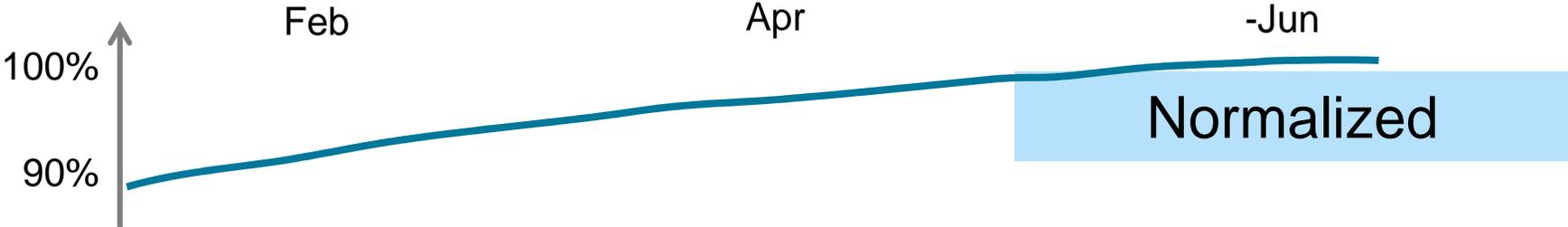
## 3. Topics from DMG MORI

- Optimization of global supply-chain
- Automation, Connected Industries and AI
- Iga Innovation Days
- Initiatives for SDGs (Training program)

# For on-time parts procurement

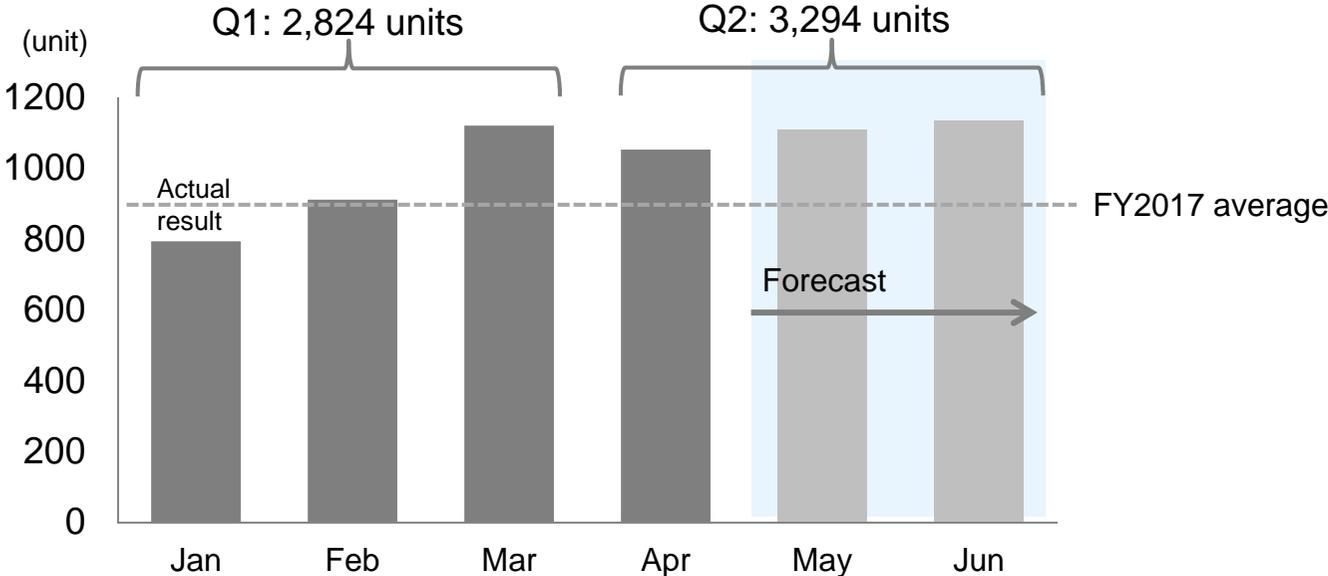
- Delivery normalized by the end of June

## ➤ Development in delivery time hit rate



➤ Catch up with the schedule by March. Maintain planned volume from 2Q

## ☐ Consolidated production volume



# Automation promoted with MATRIS

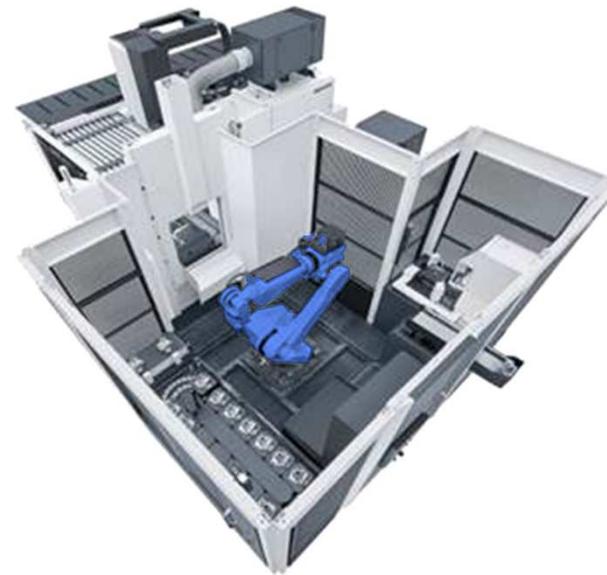
## Module Automation Transfer Robot Intelligence System

### Module Automation Transfer Robot Intelligence System : MATRIS

- Great modularity for easy installation
- No complex programming with an in-house E-box MAPPSCONNECTED
- Flexible retrofit after delivery



CMX 600V + MATRIS



MATRIS (upper view)

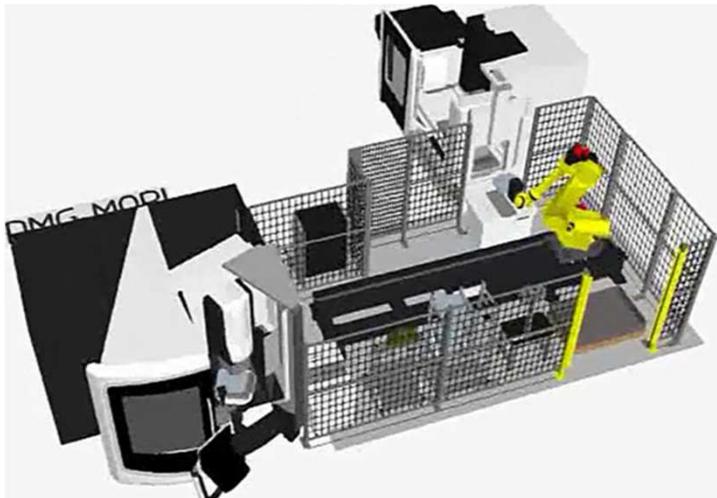
# Automation promotion in China

Provide automation solutions to meet increasing needs in China

- Develop local engineers with robot automation expertise

(Examples of automation solutions in China)

DMU60evo&CMX1100 + Robot



Pallet transfer system with QR code-equipped AGV(Automated Guide Vehicle)

NLX2000 + Robot



Automatic loading system with a vision sensor

# Combined machining technology in Die & Mold

## - INTERMOLD Osaka (April)

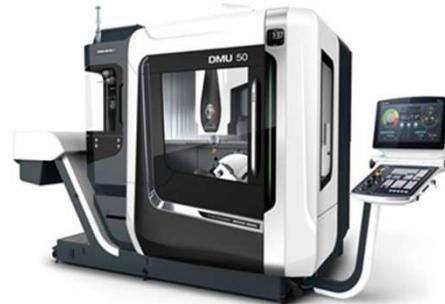
Die & Mold solutions with 5-axis and laser machines

5-axis machining



DMC 80 FD duoBLOCK

5-axis machining + laser finishing



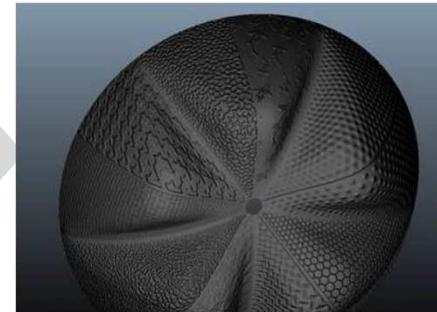
5-axis machine DMU50



LASERTEC 45 Shape



Axle case mold

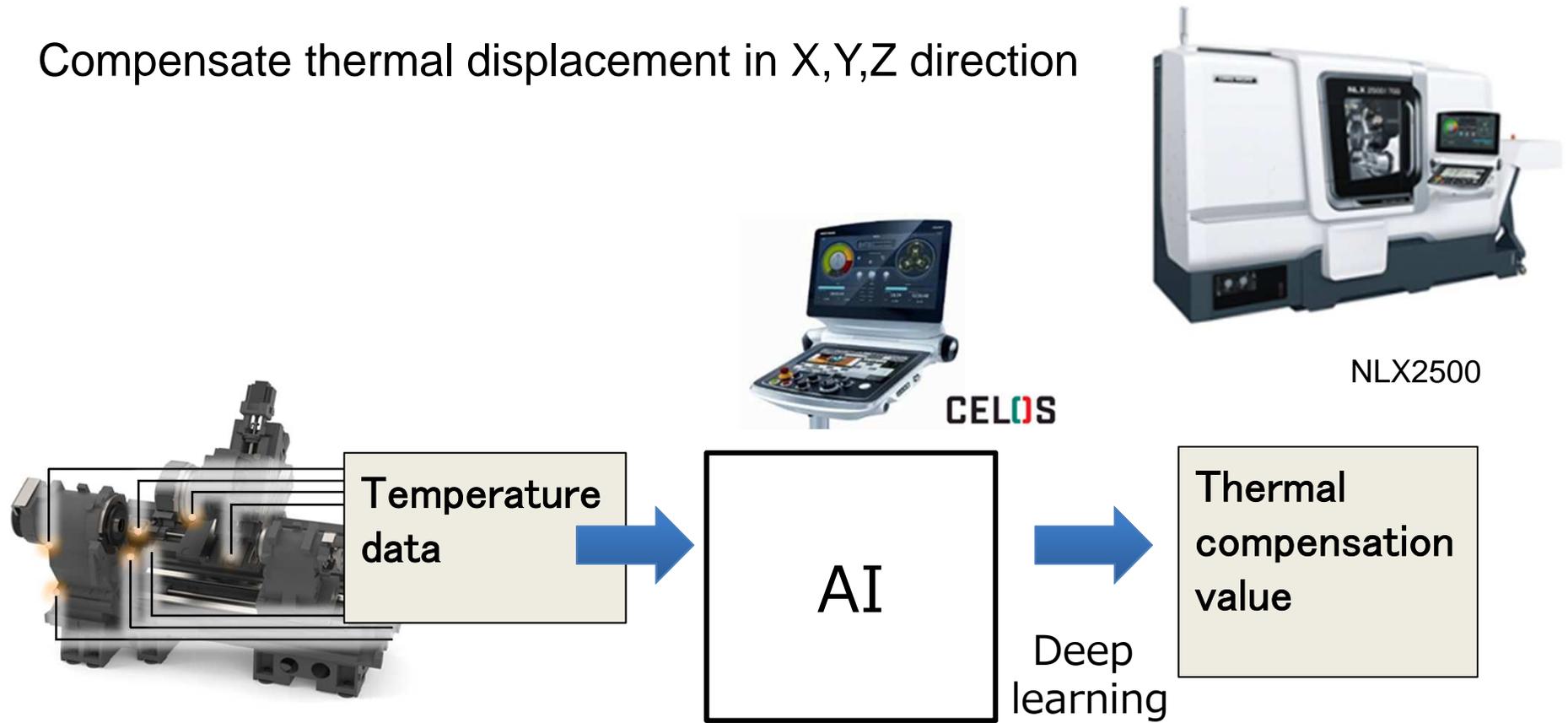


Surface texturing for plastic bottle mold

# AI thermal compensation

- Iga Innovation Days (May)

Compensate thermal displacement in X,Y,Z direction



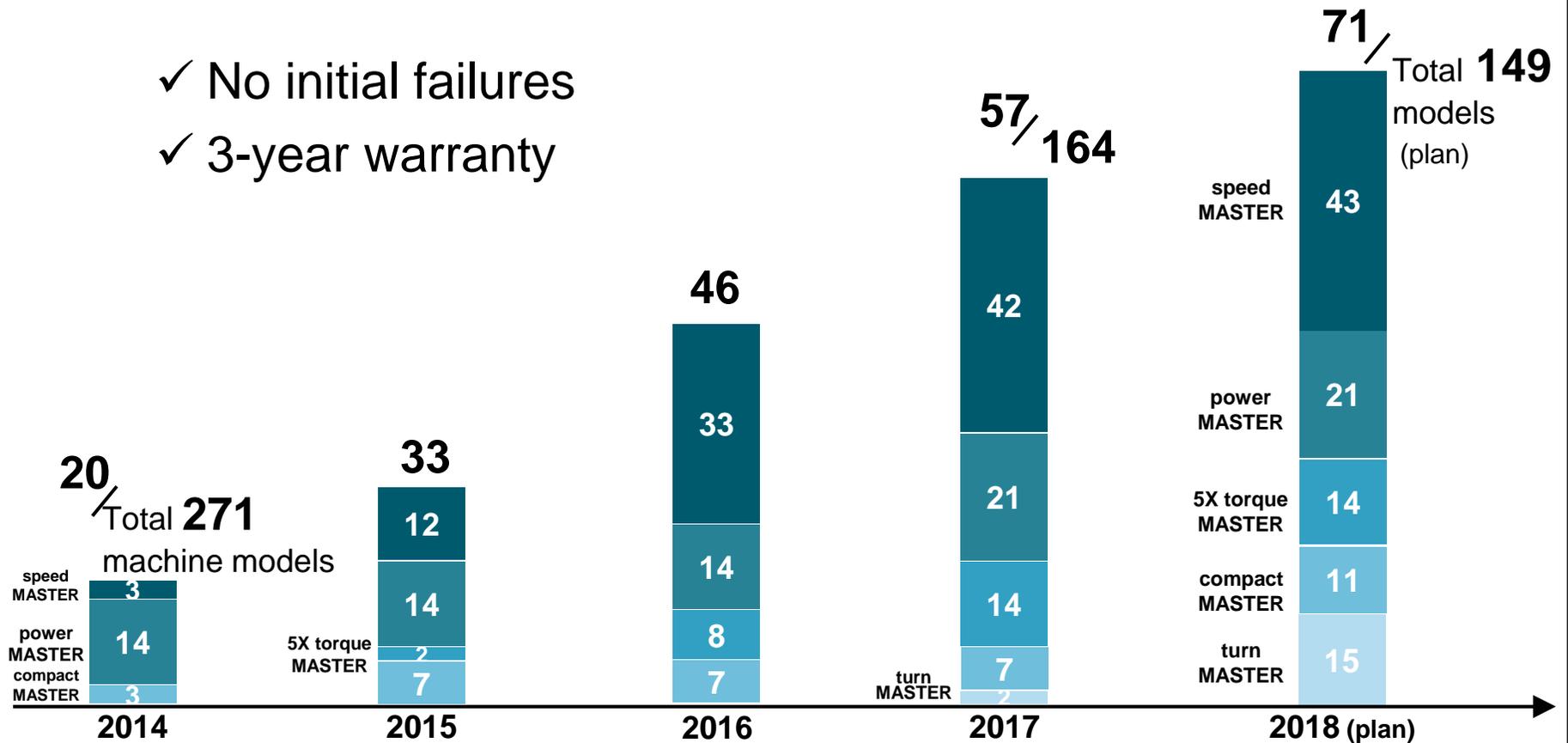
# Extended application of in-house MASTER series

**MASTER  
spindle  
series**



speedMASTER   powerMASTER   5X torqueMASTER   compactMASTER   turnMASTER

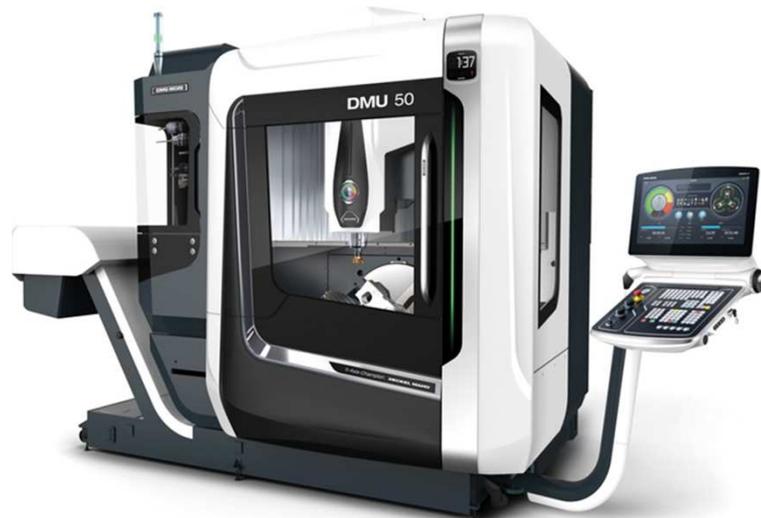
- ✓ No initial failures
- ✓ 3-year warranty



# Partnership and cooperation agreement with Nara and Mie Prefecture - For cultivating technology and skilled operators

## Planned cooperation fields

- ✓ Support local machining industry
- ✓ Contribute to R&D and operator development by lending machines
- ✓ Promote Connected Industries



DMU 50 3rd Gen. to be lent to labs and technical high schools



Mie Prefectural Governor (right) and Dr. Mori, at the conclusion ceremony



Nara Prefectural Governor (right) and Dr. Mori, at the conclusion ceremony

# DMG MORI Childcare Centers (Apr 2018-)

Target: Pre-school children of permanent employees

- ✓ Highest-level education
- ✓ Nutrition education and eating manner

	Iga	Nara	Nagoya	Tokyo	Total
Capacity	50	50	10	10	120
Users	24	10	2	4	40

Iga plant



# Germany's best Training Company

## - HR development in DMG MORI AG

“Germany's best Training Company” awarded by Capital \*

\*German business magazine

AG accepts 359 apprentices (as of Dec 2017)



# 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.