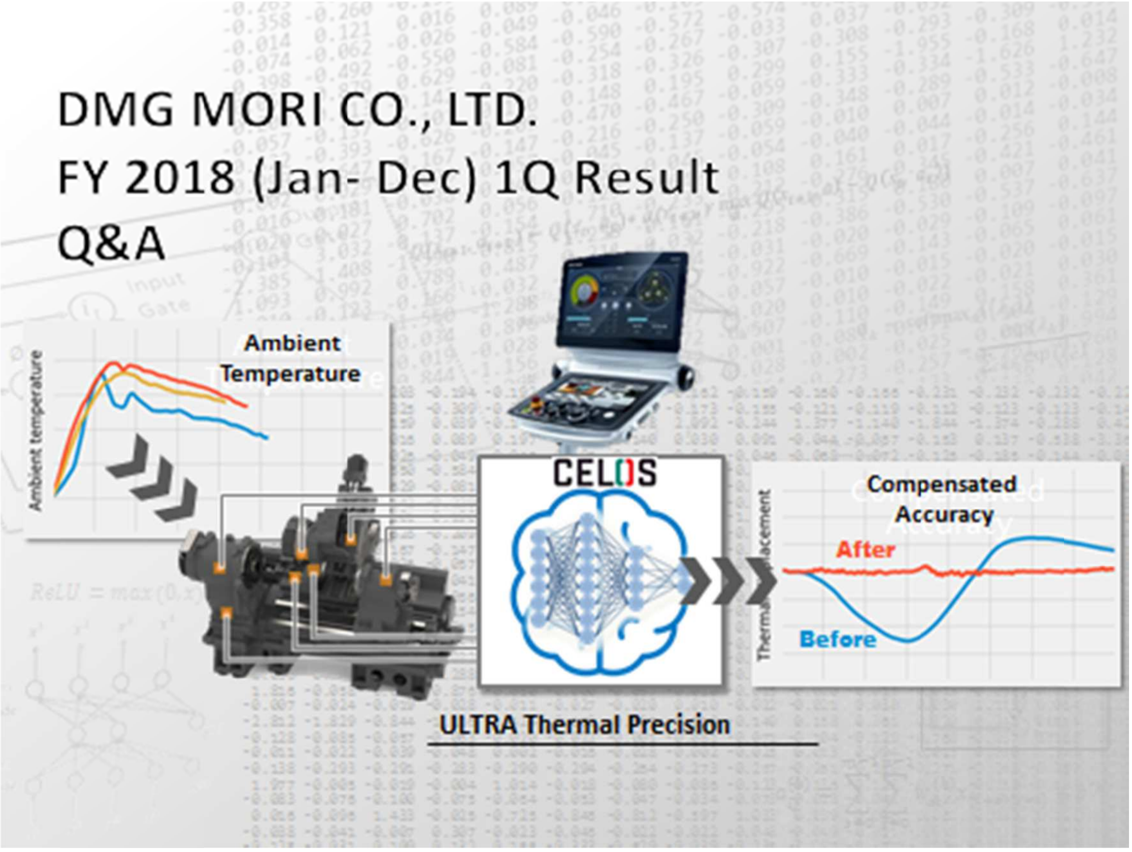

Dear Investors

We announced our financial results for the first quarter of FY2018 on May 8, 2018.

This document is a summary of Q&A to our results.

Agenda

・Management analysis

・Selected questions (including anticipated ones) and answers

Management analysis

＜Key messages＞

1. Continuously increasing demand for high value-adding machine tools in the global market, in pursuit of better productivity
2. Advanced automation, Connected Industries and AI
3. Steadily increasing average price thanks to market acceptance to list price raise
4. Q1 order intake boosted by 34% year-on-year, uplifting the annual forecast to JPY 470 bn.
5. Q1 free cash flow resulted positive

In addition to the industry-leading European countries and the US, China and other Asian markets show growing appetite for multi-axis machines and automation, in order to enhance manufacturing productivity and cover constant deficiency in skilled operators. The trend serves beneficially for the Q1 sales in 5-axis machines, DMQP, CELOS and Technology Cycles. At our biggest private show DMG MORI Open House Pfronten, held at DECKEL MAHO Pfronten in Germany from the end of January to early February, we marked the record-high order intake, around half of which is derived from the 5-axis machines' sales. In-house designed MATRIS became available to facilitate installation of automation systems, where machine tools and handling robot systems are modularized to shorten design and installation lead time, reduce introduction cost, and facilitate retrofit design change. We also upgraded the product lineup with the 3rd Generation horizontal machining centers with standardized speedMASTER spindles, as well as compact, high-accuracy and flexible ALX turning centers.

We raised the list price by 3% in average in January, in order to meet the boosting personal and procurement cost. Generally in the domestic machine tool industry, list price is barely revised upward if not accompanied by new product release. However, it is a common practice in AG as well as in the global market. Since we have brought additional values to the customers, including better product accuracy and quality, extended warranty coverage in spindles, varieties of multi-axis machines and higher productivity with automation, the recent price change is gradually accepted.

With the abovementioned measures, Q1 order intake was JPY 138.5 bn, up by 34% on year-on-year basis, even surpassing the peak standard of FY2017 3Q. This figure was also above our original commitment, which led us to uplift the annual forecast from JPY 450 bn to 470 bn, 4.8% above the result of FY2017. The favorable trend in global machine tool industry is likely to continue. At the upcoming events like Innovation Days in Iga and Chicago, the United States, IMTS in September (Chicago, the United States) and JIMTOF in November (Japan), we will stimulate and capture potential demands and try exceeding the planned order intake, with further advanced products, automation, Connected Industries and AI.

Operating profit resulted positively in JPY 6.1 bn, 52% up from last year, and the margin grew by 1.3 percentage points to 5.4%. Most importantly free cash flows turned JPY 4.7 bn black in Q1, which shows the fast-paced improvement in our financial structure. JPY 500 bn. or less is a new target for the year-end total asset, and accordingly we intend to enhance capital management and the overall company’s value.

Selected questions & answers

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Q：Tell us about your demand and order forecast by region and industry.

A： Orders of 2018 Q1 grew by 34% year-on-year and marked the highest on quarterly basis. We experienced strong demand in all the regions, with order intake improved by 83% in Japan, 43% in Americas, 31% in Europe, and 22% in Asia including China. Order intake growth rate was remarkably high across industries - 43% in general machinery, 30% in automotive, 59% in SMEs (small and medium-sized enterprises), 55% in aerospace, 21% in electronics including SPE (semiconductor production equipment), and 38% in medical industry.

Q：Tell us the main factors for upward revision of annual order forecast.

A：We uplifted annual order forecast from JPY 450 bn (up by 0.4% yoy) to JPY 470 bn (up by 4.9% yoy). Q1 order result exceeded our forecast of about JPY 120 bn by almost JPY 20 bn and reached JPY 138.5 bn. We incorporated this into the revised order intake plan. Q1 order intake in Europe and Japan was much higher than originally expected.

Q：How did China's recent development affect your business? Any negative factor expected due to slowing down of smartphone business?

A：DMG MORI's receive no orders related to manufacturing of smartphone housing. Accordingly, DMG MORI will not be affected by the fluctuation in smartphone consumption and investment in their production equipment. DMG MORI's business in China centers at transportation, aerospace, precision machinery, and die & mold industries. Moreover, almost 20% of our Chinese customers are now SMEs with strong interest in high-value production and automation systems. 40% of DMG MORI's machines sold in China are 5-axis machining centers, followed by 30% of horizontal machining centers and about 15% mill-turn machines. This order composition is in line with the Chinese government's policy to transform manufacturing in China to a more sophisticated one. We expect the current demand condition to continue for the time being.

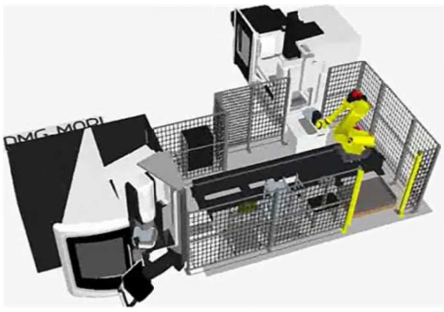
Example of Automation projects in China

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

Q：Which factors boosted average order price? Will it continue to rise?

A：Average price of orders rose from about JPY 33 million in 2017 to about JPY 36 million in 2018 Q1. This is because of increasing orders for high-end products such as multi-axis, integrated, and ultrasonic machines, as well as automation systems consisting of DMQP (DMG MORI Qualified Products) and software solutions, for example CELOS and Technology Cycles. We expect that the average price continue to rise in mid- to long-term, as demand for automation systems will grow steadily.

Q：Tell us about the status of order backlog.

A：The machinery order backlog at the end of March marked JPY 219 bn, up by JPY 29 bn. from the JPY 190 bn at the FY2017 year-end. As we divide the figure by the monthly machinery turnover average in Q1, we have backlog worth for around 8 months. With the expectedly soon-normalized production lead time and gradually increasing turnover, we are aiming to shorten the average lead time.

Q：How will extended production lead time affect the positioning of DMG MORI in the machine tool market?

A：DMG MORI assumes an advantageous position within the supply chain network, as we produce key components such as spindles and ball screws by ourselves. Nevertheless, delivery delay of some components from external suppliers caused extended production lead time during the second half of 2017 and the first quarter of 2018. This bottleneck, however, has been almost eliminated, and production and delivery will be normalized from 2018 Q2. Compared to peers, DMG MORI's lead time looks shorter, and this is one of our main competitive advantage at least to some extent.

Q：Tell us about the year-on-year profit and cost situation in 2018 Q1.

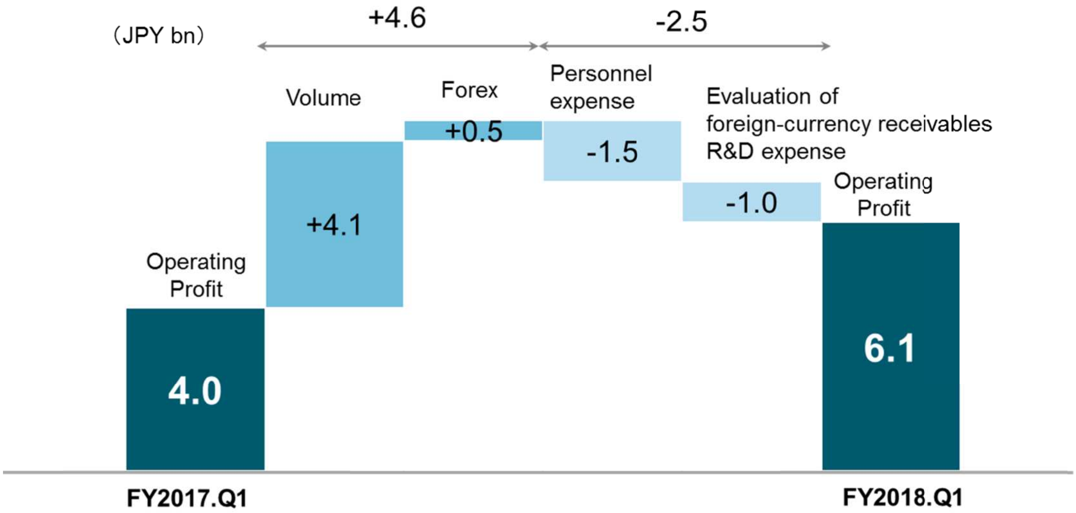
A : Sales revenue of 2018 Q1 increased by JPY 16.6 bn y-o-y, of which JPY 6.3 bn from currency effect (weak JPY against EUR) and JPY 10.3 bn from volume and average price increase.

2018 Q1's operating profit was JPY 6.1 bn, up by JPY 2.1 bn from JPY 4.0 bn y-o-y. Positive effects totaled to JPY 4.6 bn, consisting of JPY 4.1 bn from volume increase and JPY 0.5 bn from currency effect. Total cost increase was JPY 2.5 bn, of which JPY 1.5 bn came from expected personnel cost increase, and additional JPY 1.0 bn from devaluation of account receivables in the US and supplementary expenses for R&D. The result was JPY 2.1 bn profit increase.

2018 Q1 operating profit bridge chart

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

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



Q：Has price increase been accepted by the market? When do you expect to see results in PL?

A：In January 2018, we raised the list price of our products in average by 3% in accordance with increased purchasing price of components, personnel costs, etc. Price increase is accepted by the global market, because our customers appreciate higher machine accuracy and higher functionality, as well as automation and other value-adding solutions. Currently, we have accumulated order backlog for about 8 months. The effect of price increase will become visible in Q4 2018 or later.

Q：What is behind the higher effective tax rate and how does this affect annual tax payment?

A：In the first quarter, we faced foreign exchange losses in the accounts receivables issued in foreign currency. Since we didn’t consider the tax effect, the losses eventually pushed up the tax ratio. We believe that the impact is negligible on annual basis, although the future exchange rate might negatively affect the result. The annual tax ratio is expected to be around 30% as planned.

Q：Tell us how you are going to reduce total assets to JPY 500 bn by the end of 2018.

A：Total assets at the end of Q1 2018 was JPY 536.1 bn, JPY 31.3 bn less than JPY 567.4 bn at the end of December 2017. We are going to reduce total assets further to less than JPY 500 bn by the end of December 2018 through earlier collection of accounts receivables, reduction of inventories, working capital improvement by receiving more down payments, and sell-off of redundancy assets such as real estate properties in Winterthur, Switzerland. As we already impaired assets to be sold-off, PL will no longer be affected.

Q：How will US’s protective trade policy affect your business?

A：In the global machine tool market, only Japanese and European machine tool builders have the necessary capability to produce high-accuracy and high-functional machine tools. Our competitors’ production locations are mostly limited to Japan and Europe. We do not have any competitor from the US. That is why we expect little influence from the protective trade policy of the US government to our business. We rather expect competitive advantage, as we can increase production volume of our factory in the United States. Our concern is slowing down of economic growth due to US trade policy, leading to lower capex. However, current order intake in the global machine tool market is quite positive.

(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.