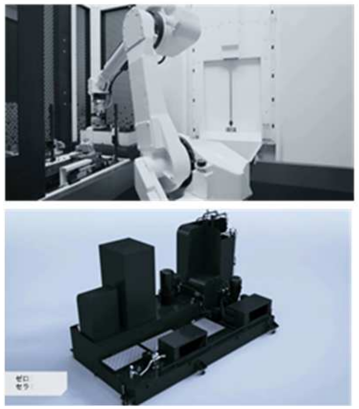
DMG MORI CO., LTD.

FY 2018 Results

IR Announcement

February 12, 2019



Multi-axis
5-axis
MillTurn

Big data
Analysis/
Utilization

Development
through learning

Single chuck
Automation

IoT
Sensing
Measurement

DMG MORI

Industry4.0 / IoT

Automation

Peripheral equipment(DMQP)

Multi-axis
5-axis
MillTurn

Single chuck

Measurement

Key messages

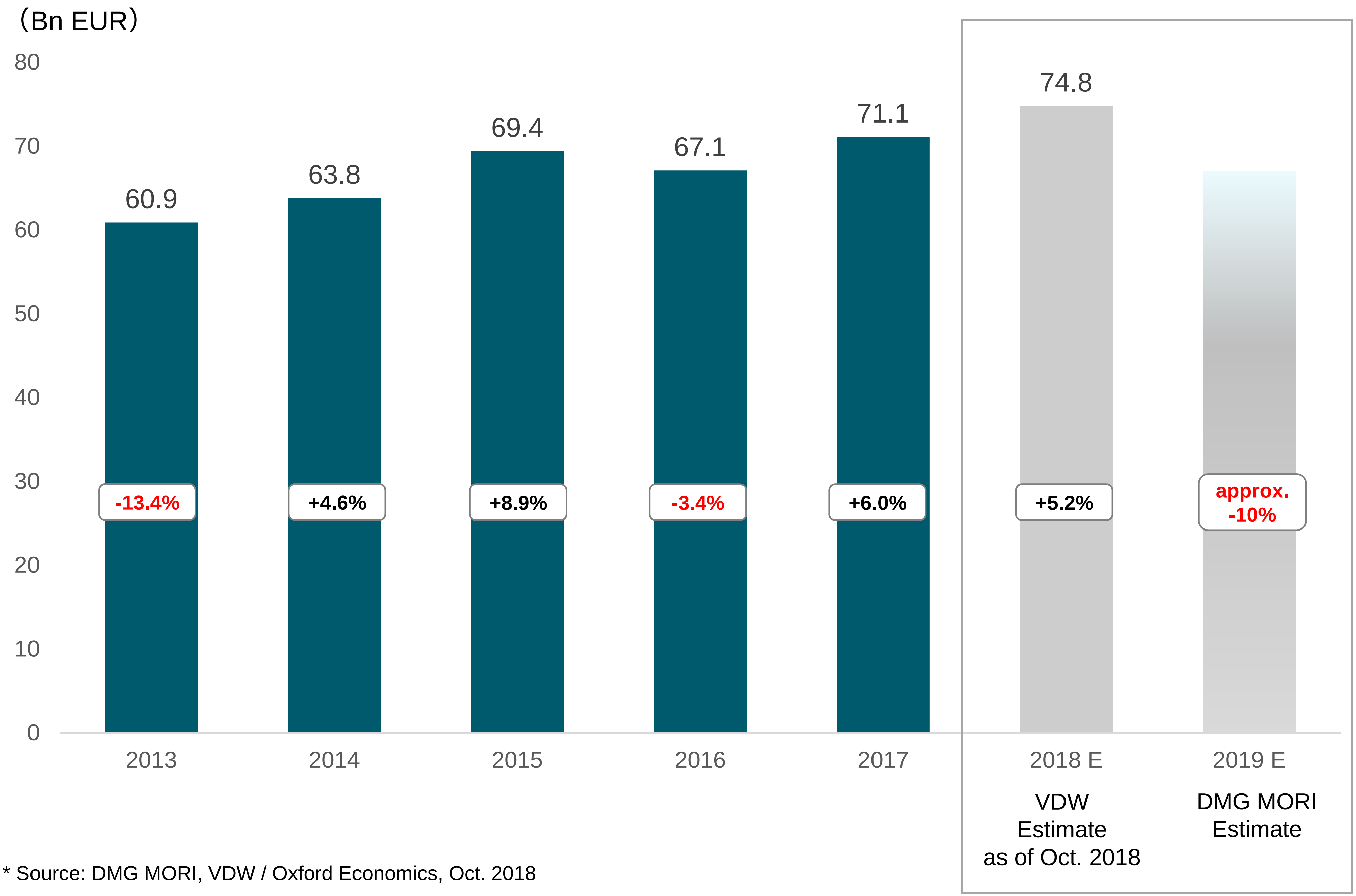
DMG MORI

	2018	2019
Revenues	Y501.2bn （+16.7%）	Y500.0bn
Operating profit	Y36.3bn （+23.4%）	Y36.0bn
Themes	Automation 5-axis/ Multi-axis Software Advanced technologies (Ultrasonic, AM)	+ The company system Stringent management of profit and business operation Training of managers
Financials	FCF Y30.4bn Net debt Y82.8bn	FCF Y30bn or more Net debt Y65bn or less
Dividend	Y50/year	Y60/year
FX	USD/JPY 110.4 EUR/JPY 130.4	USD/JPY 110 EUR/JPY 125

Agenda

1. Business environment
2. Automation/IoT
3. Our sales strength
4. Acceleration of digitization
5. CSR activities
6. Financials

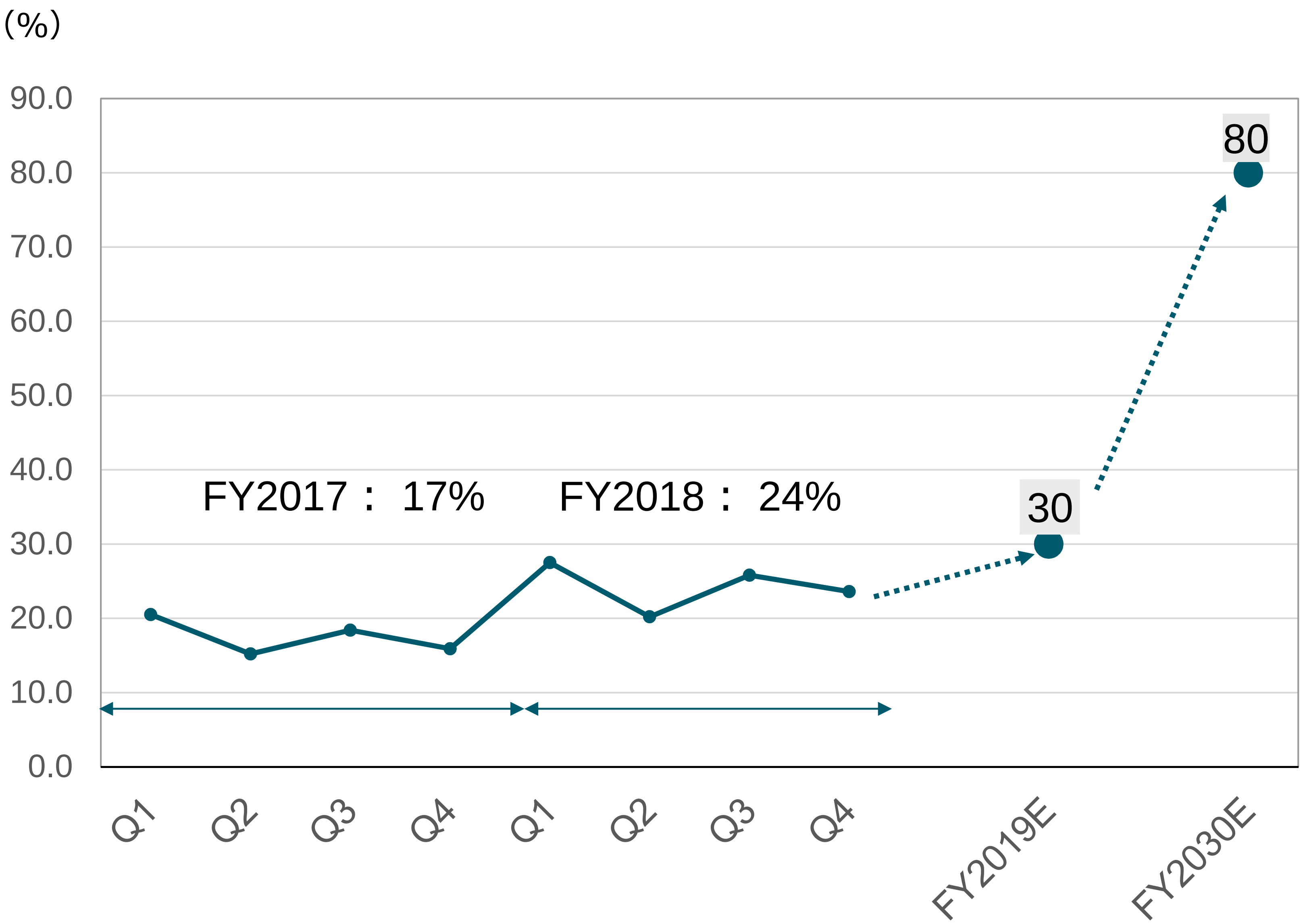
Worldwide machine tool consumption outlook



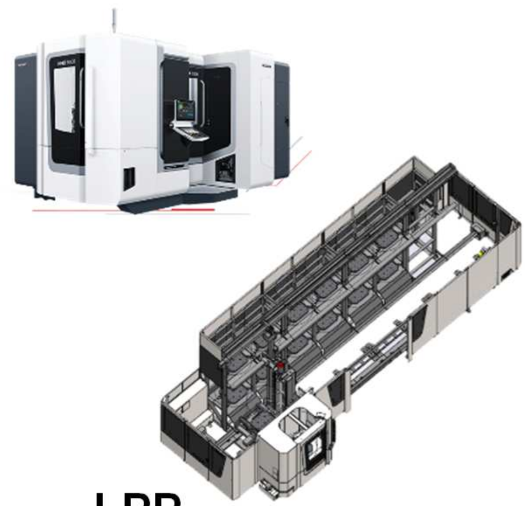
* Source: DMG MORI, VDW / Oxford Economics, Oct. 2018

Ratio of order intake with automation system

DMG MORI



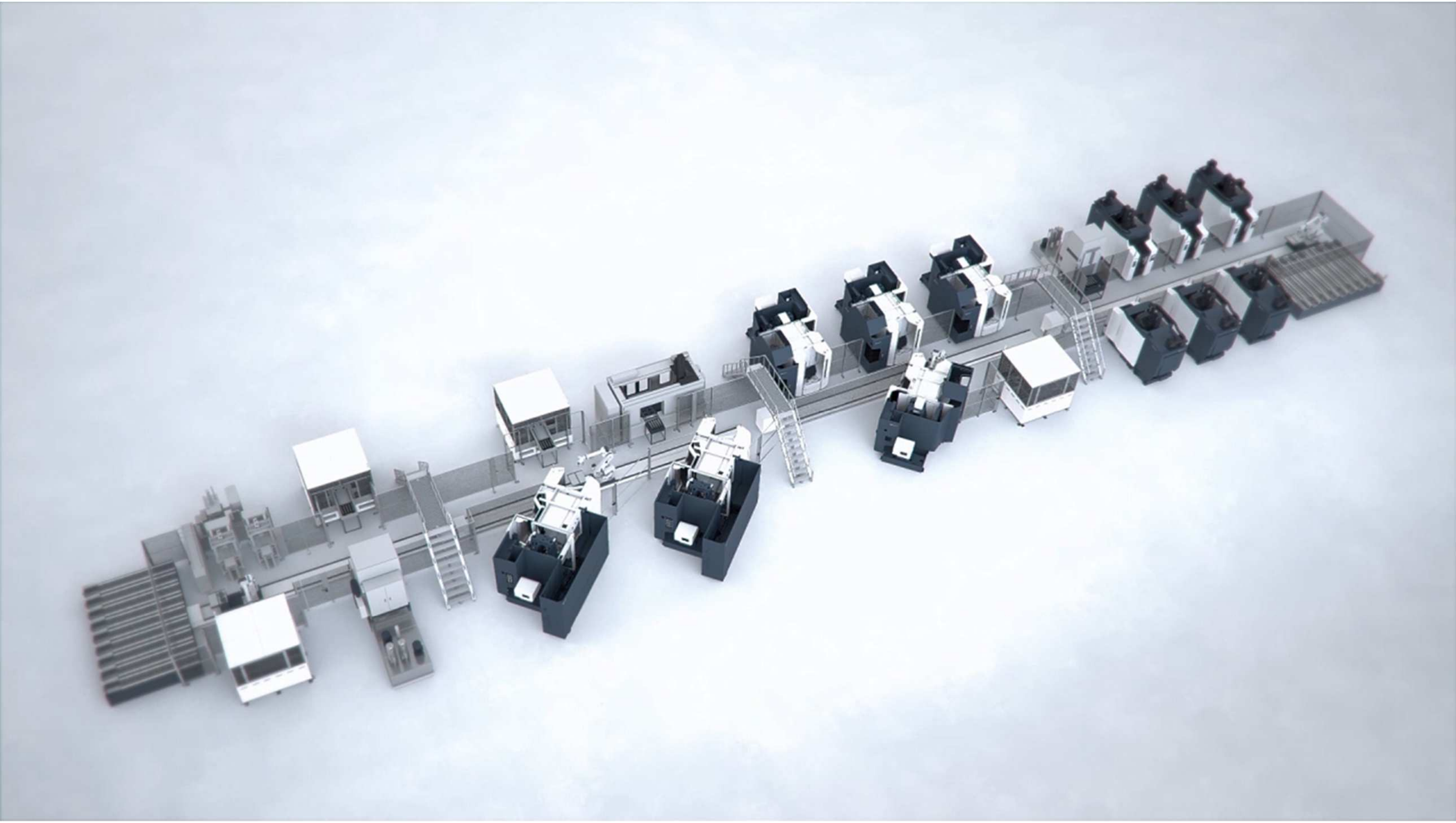
RPS
NHX 4000 3rd Gen.



LPP
NHX 6300 2nd Gen.

Large scale automation system

DMG MORI



Automated carrier system (D-CARRY)

DMG MORI

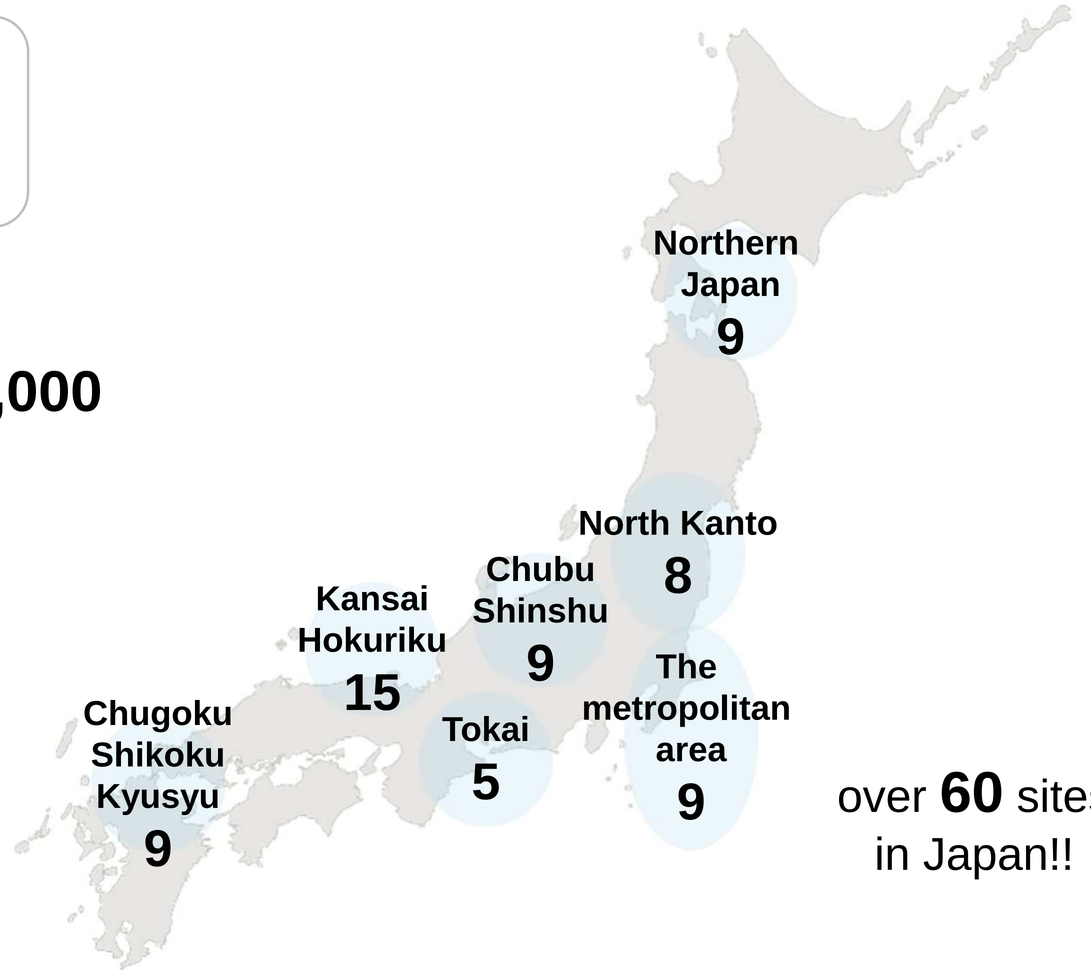
DMU 50 3rd Generation "5-axis technology research group"

✓ 

70machines ✖ Private lessons **30**times ✖ **5** participants

||

5-axis machine operators **more than 10,000**



over **60** sites in Japan!!

Rising interest to XXL 5-axis machines（Japan）

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Improvement of customers' convenience by Apps

DMG MORI

Messenger

WERKBLiQ

CELOS

Smart factory by CELOS

MESSENGER：
Availability monitoring of the whole plant

Feedback

Job Creation / Process Planning → **Machining Preparation** → **Machining / Measuring**

CELOS PC-Version

SERVICE AGENT:
Efficient regular maintenance

JOB MANAGER:
Accumulation of machining know-how

JOB SCHEDULER:
Job assignement and instruction

Machine

JOB SCHEDULER:
Job instruction check

JOB ASSISTANT:
Utilization of machining know-how

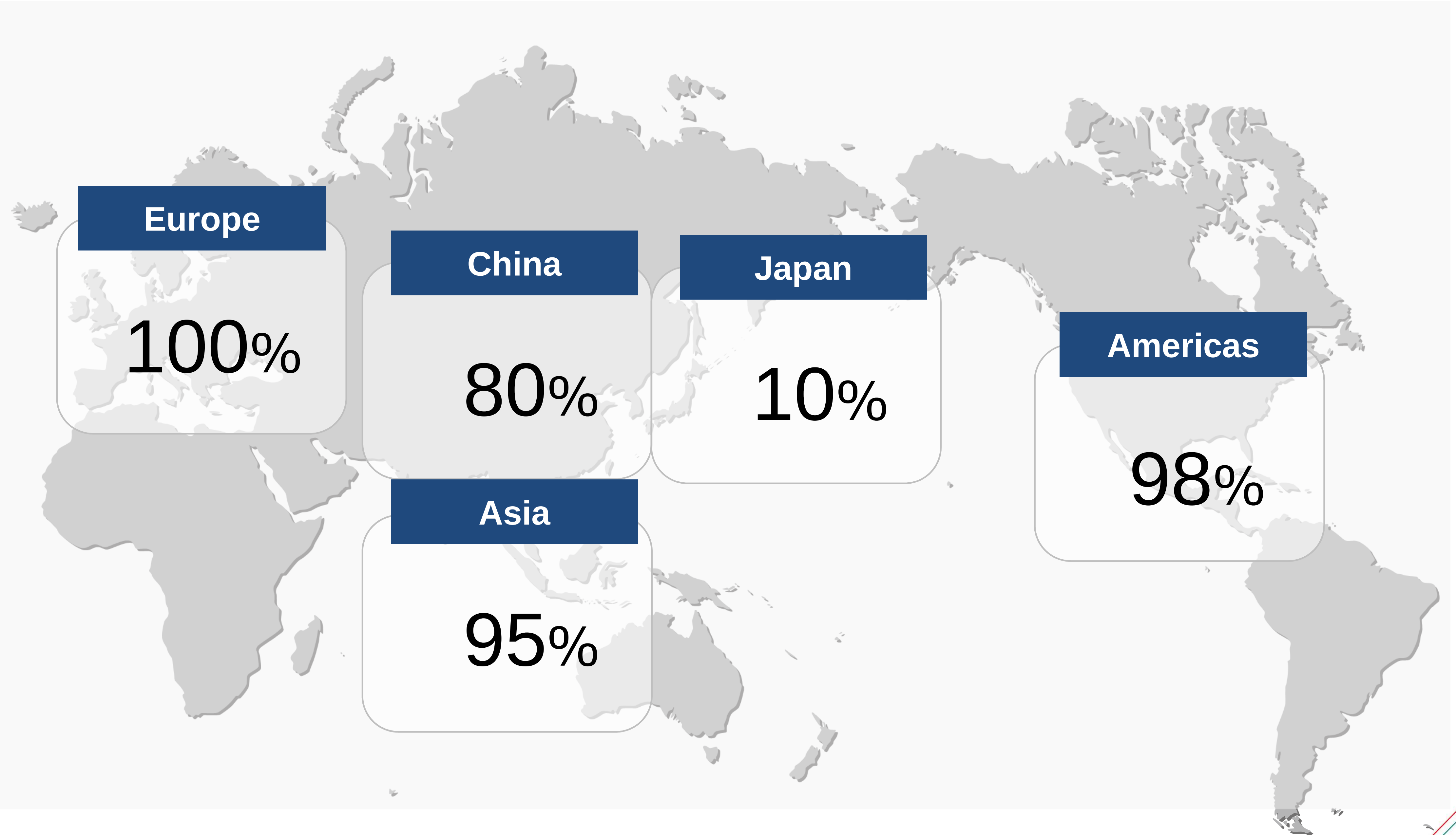
DOCUMENTS:
Search for manuals

Machine

JOB ASSISTANT:
Feedback from operators

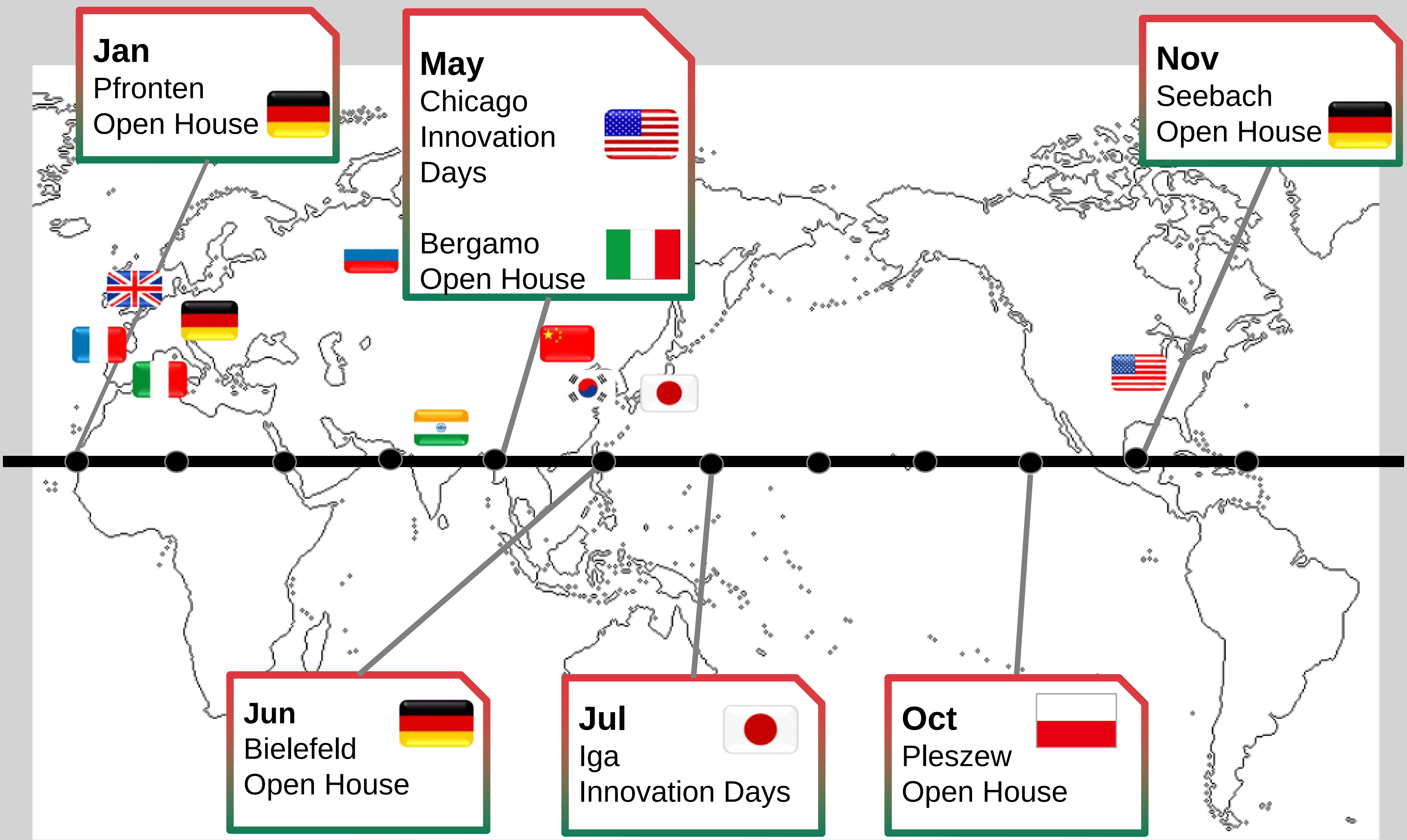
CAD-CAM VIEW:
Drawings check and measurement result input

NET SERVICE:
Remote support for downtime reduction


Europe
100%
China
80%
Japan
10%
Americas
98%
Asia
95%

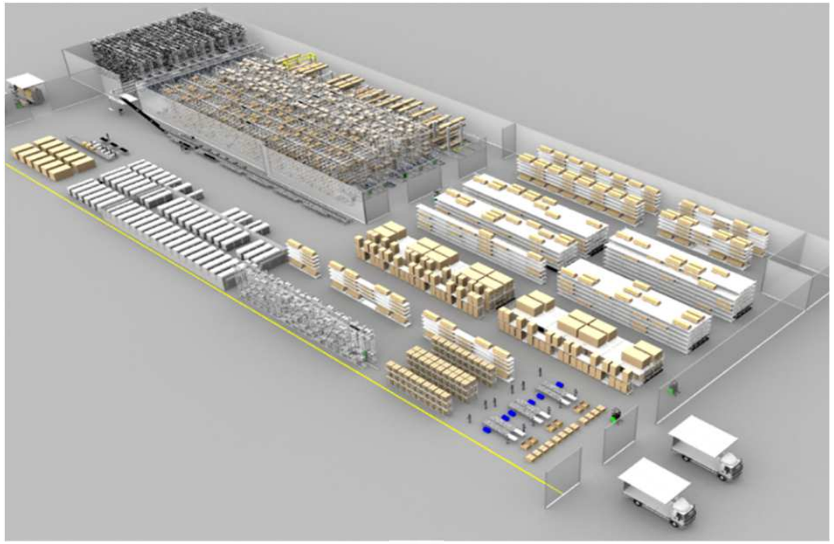
Main events in 2019

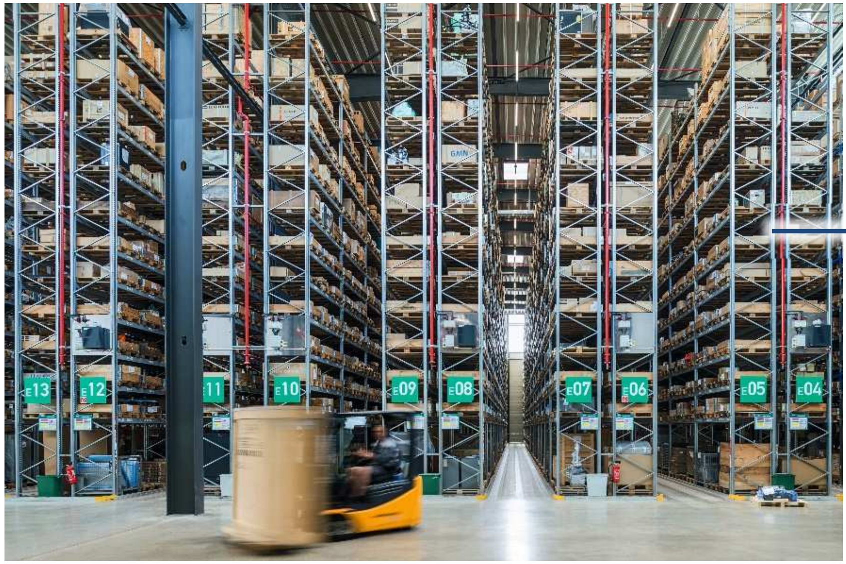
DMG MORI



Global Parts Center

Iga
(Japan)





Geretsried
(Germany)

Shipment within 24hours:**95**%

Further service enhancement with **AI**

Dallas
(USA)

DMG MORI

SUSTAINABLE DEVELOPMENT GOALS

	Related goals	Challenges	Efforts
Corporate Governance Environment		■ Reduce CO2 emissions from customers' factories ■ Reduce CO2 emission from manufacturing processes	■ Less energy consumption by GREENmode ■ Emission monitoring at production sites ■ Used machines sales ■ Reuse of coolant
Risk Management		■ Prevent production of weapons of mass destructions	■ Ensure usage of our products for peace based on stringent export control regulations
Create jobs and training opportunities		■ Empowerment of women ■ Create jobs at locations ■ Prevent long working hours and improve productivity	■ Women-friendly workplace ■ Diverse workforce ■ Work & life balance, productivity improvement
Social contributions		■ Give opportunities for high-quality technical education ■ Promote innovation and efficient ressource usage	■ Contributions to the DMG MORI Scholarship Found ■ Supporting universities and technical colleges ■ R&D through collaborations with scientific institutions

Organization chart（Jan 2019-）

DMG MORI

- CO Executive Board — DMG MORI Board of Directors
- Supervisory Board
- Executive Board

- **CO Headquarters DMG MORI CO., Ltd.**
  - **R&D Company**
    - New Products
    - Elemental Techn.
    - Software
    - Electrical Circuit & Control
    - Central Quality (PPR)
    - IP
    - Manual
    - Development Management
  - **Production Company**
    - Iga
    - Nara
    - Davis
    - Tianjin
    - Purchasing
    - ODS/ Innovative Machining
    - Watanabe Seikosho
  - **SSEP Company**
    - Japan
    - North America
    - South America
    - Asia
    - Israel
    - Iga Parts Center
    - Dallas Parts Center
    - Service
    - Solution Center
    - Engineering
    - TECHNIUM
  - **Group Company**
    - Taiyo Koki
    - Magnescale
    - SAKI
- **AG Headquarters DMG MORI AG**
  - **Sales & Service**
    - Management/HD
    - Germany/ Austria
    - EMEA
    - China
    - India
    - Services
  - **Production Plants**
    - DECKEL MAHO Pfronten
    - DECKEL MAHO Pfronten
    - GILDEMEISTER Drehmaschinen
    - GILDEMEISTER Italiana
    - FAMOT Pleszew
    - Ulyanovsk MT
    - GRAZIANO Tortona
    - SAUER
    - REALIZER
    - Software Solutions
    - ISTOS
    - WERKBLiQ
    - GILDEMEISTER Beteiligungen

Income statement summary

DMG MORI

(JPY bn)	2017	2018	Changes (%)	2019 Forecast
Sales revenue	429.7	**501.2**	＋16.7	**500.0**
Operating profit	29.4	**36.3**	+23.4	**36.0**
% to sales revenue	6.8%	**7.2%**		**7.2%**
Net financial costs	-4.7	**-5.2**		**-6.0**
(thereof, economic compensation associated with DA)	(-2.1)	**(-2.5)**		**(-3.5)**
Profit before taxes	24.8	**31.3**	+26.1	**30.0**
Net profit	15.7	**19.4**	+23.6	**20.0**
Net profit attributable to owners	15.3	**18.5**	+21.3	**19.0**

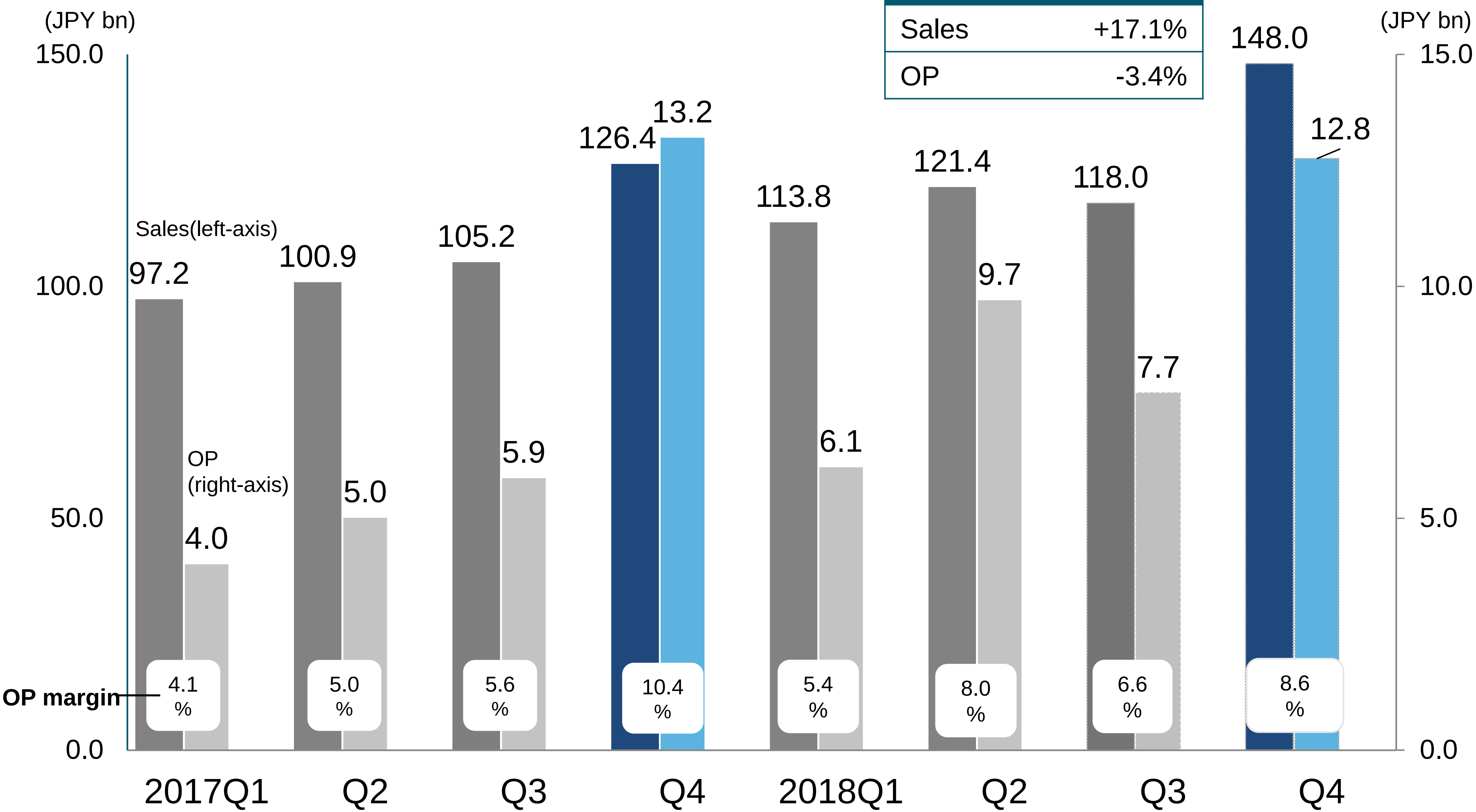
Depreciation & amortization	18.3	**18.5**		**18.5**
Capital expenditure	9.4	**19.3**		**19.0**
（thereof, intangibles）	3.5	**5.5**		

USD/JPY	112.2	**110.4**		**110.0**
EUR/JPY	126.7	**130.4**		**125.0**

Quarterly financial results

DMG MORI

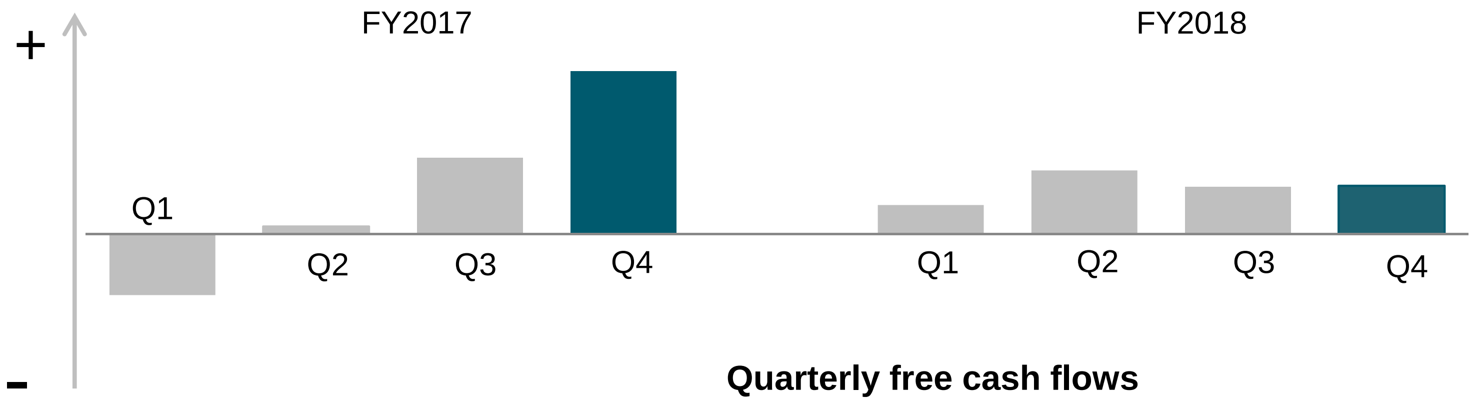
2018Q4	YoY
Sales	+17.1%
OP	-3.4%



Cash flows

DMG MORI

(JPY bn)	FY2017					FY2018				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Cash flow from operation	**-7.8**	**3.2**	**12.3**	**23.8**	**31.4**	**7.8**	**13.5**	**10.5**	**17.5**	**49.4**
Profit before taxes	2.9	4.0	4.7	13.1	24.8	5.0	8.7	6.5	11.2	31.3
Depreciation & amortization	4.4	4.5	4.5	5.0	18.3	4.5	4.5	4.5	5.0	18.5
+/- in working capital	-6.9	2.3	4.2	4.6	4.1	5.8	1.8	-0.3	-2.7	4.6
Others	-8.2	-7.6	-1.1	1.1	-15.8	-7.5	-1.5	-0.1	4.0	-5.0
Cash flow from investments	**-2.1**	**-2.0**	**0.0**	**2.6**	**-1.4**	**-3.2**	**-3.1**	**-3.0**	**-9.7**	**-19.0**
(thereof, acquisition of fixed assets)	-1.6	-2.2	-2.6	-3.0	-9.4	-3.0	-3.7	-3.2	-9.3	-19.3
FCF	**-9.9**	**1.2**	**12.3**	**26.4**	**30.0**	**4.6**	**10.4**	**7.5**	**7.8**	**30.4**



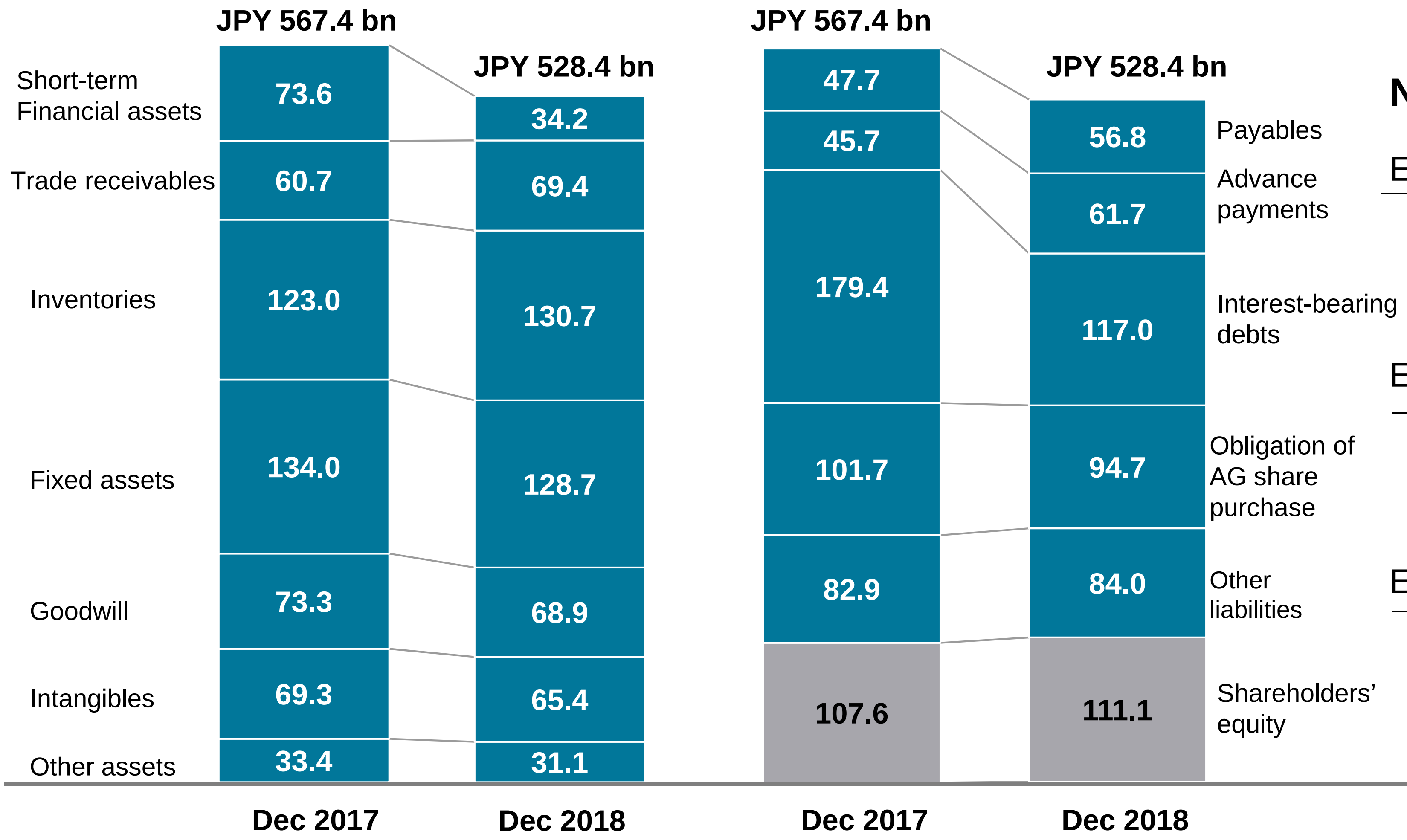
Quarterly free cash flows

Optimization of total assets for better capital efficiency - financial position summary

DMG MORI

Assets

Liability & Equity



Net Debt (Interest-bearing debt – Short-term financial asset

(JPY bn)

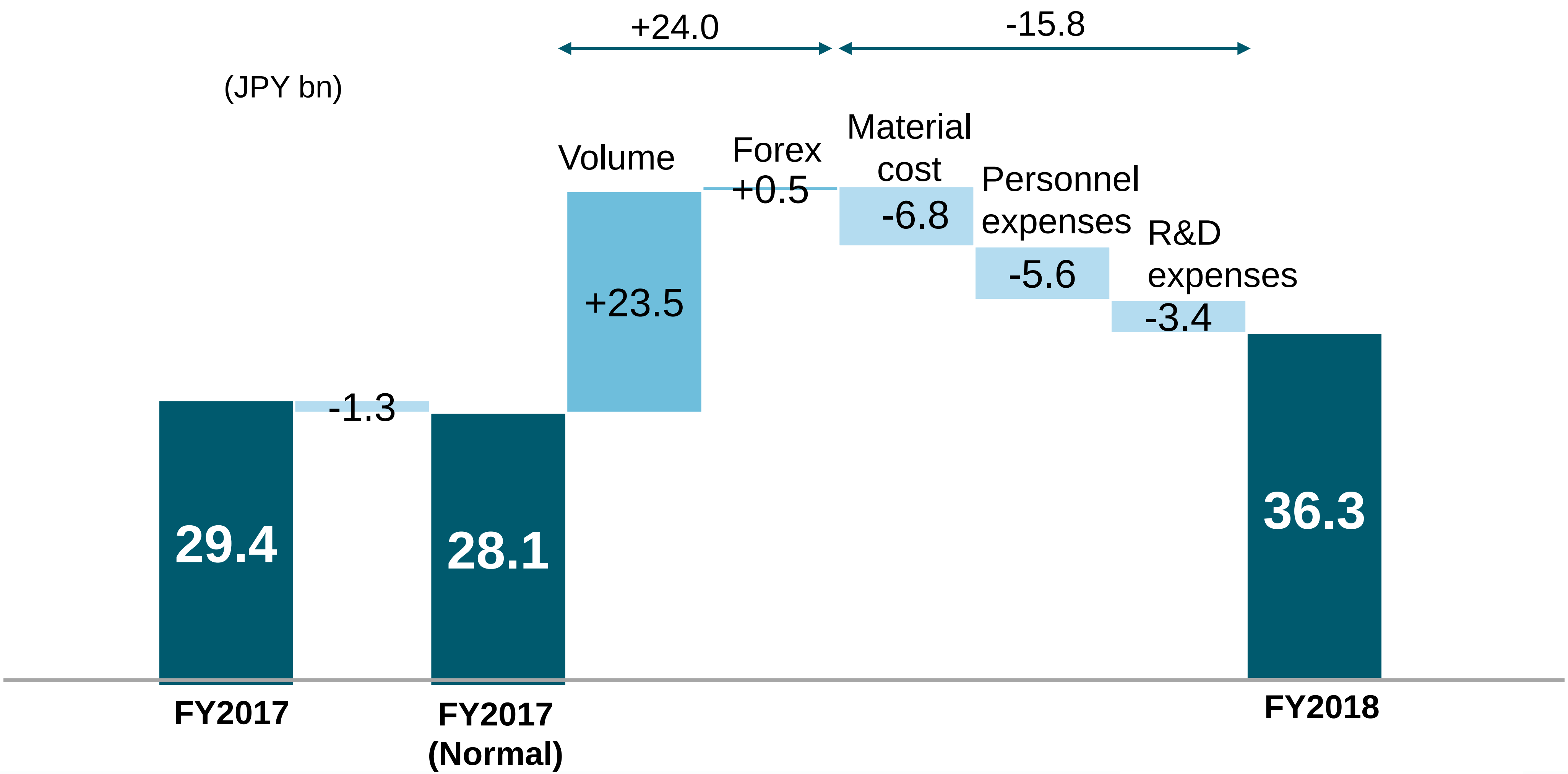
Ended Dec 2017	**105.7**
Ended Dec 2018	**82.8**
Ending Dec 2019	65 or less

	Dec 2017	Dec 2018
Total assets of AG(Mio EUR)	2,234	2,381
EUR/JPY closing rate	135.0	127.0

Operating profit bridge - 2017 vs 2018

(JPY bn)	FY2017	FY2018	+/-
Sales	429.7	501.2	+71.5
Other than forex			+64.5
Forex			+7.0

	FY2017	FY2018
USD/JPY	112.2	110.4
EUR/JPY	126.7	130.4

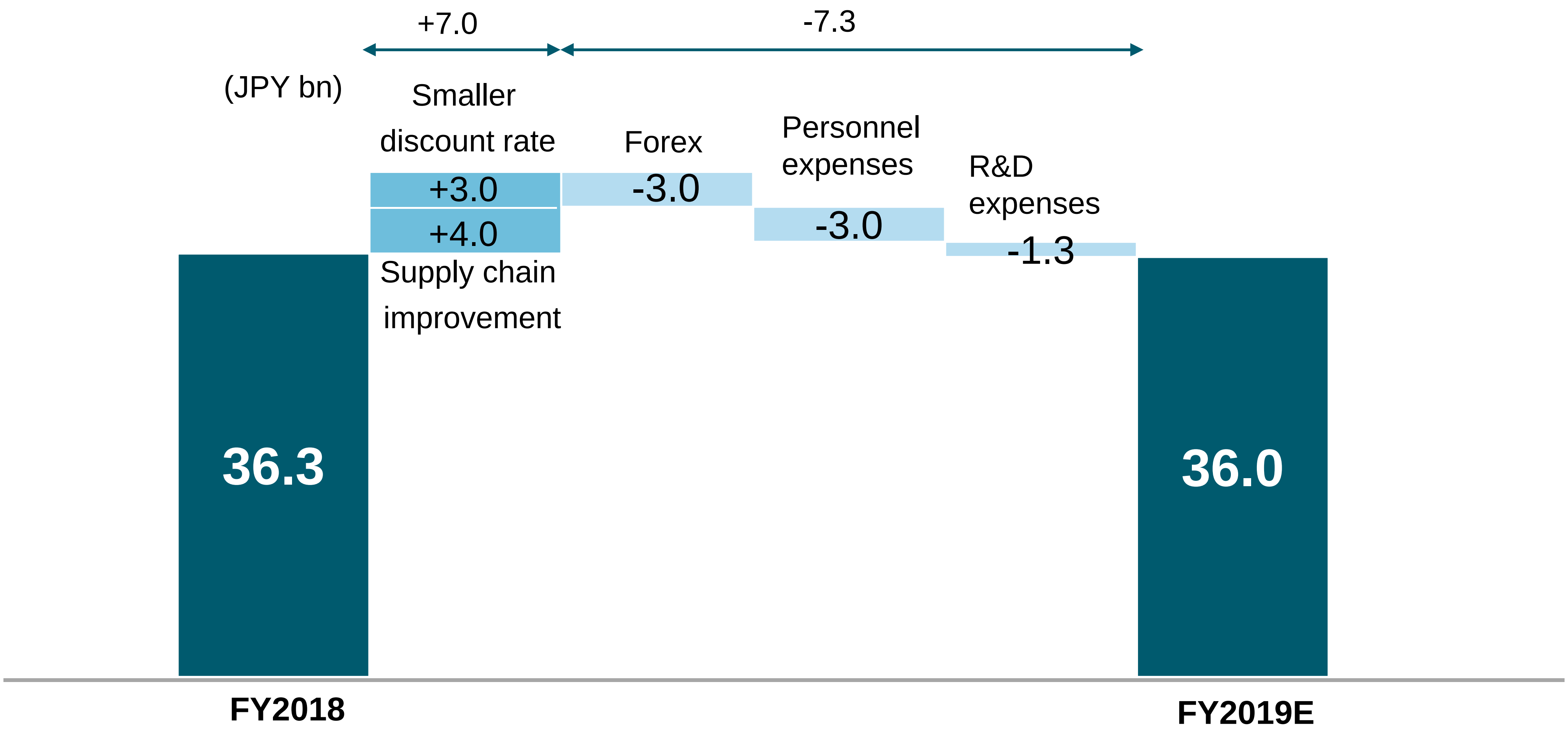


Operating profit bridge - 2018 vs 2019E

DMG MORI

(JPY bn)	FY2018	FY2019E	+/-
Sales	501.2	500.0	-1.2

	FY2018	FY2019E
USD/JPY	110.4	110.0
EUR/JPY	130.4	125.0

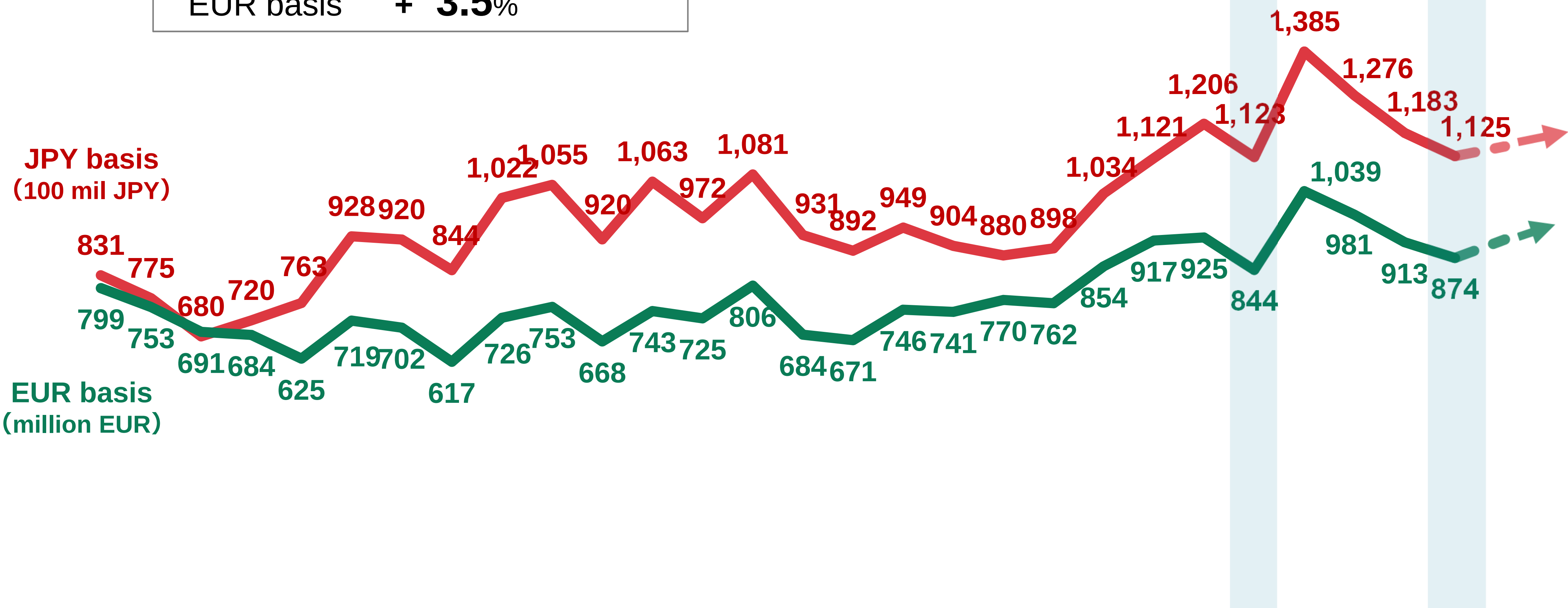


DMG MORI quarterly consolidated order intake

vs FY2017 Oct-Dec

JPY basis **+ 0.2**%

EUR basis **+ 3.5**%

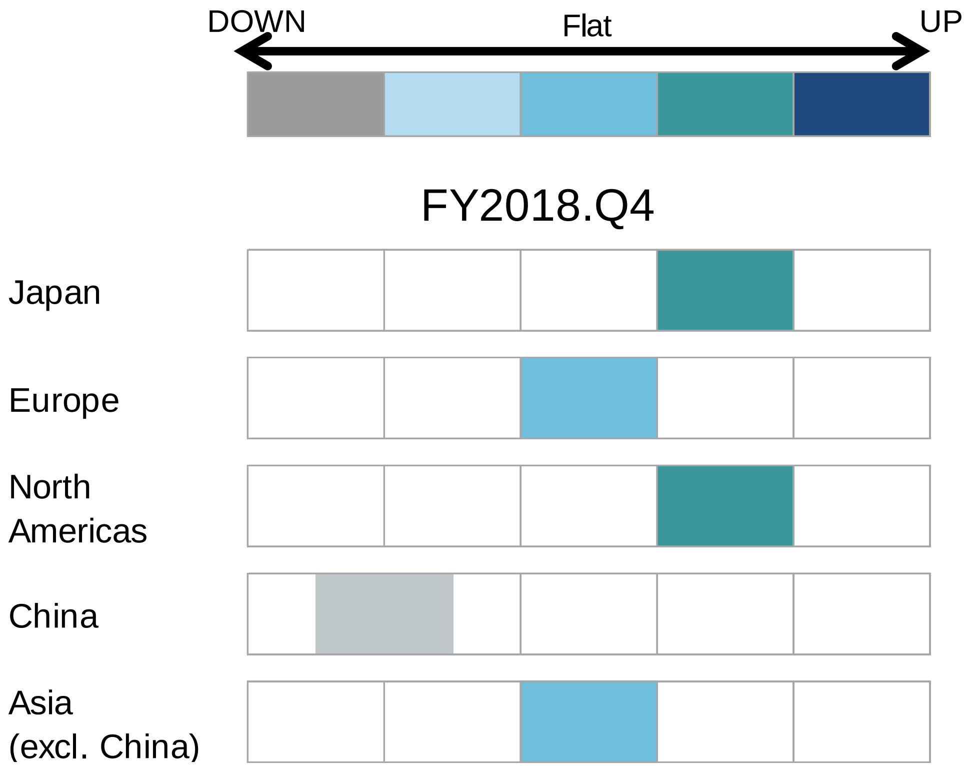


FX (JPY)		Jan-Mar FY12	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY13	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY14	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY15	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY16	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY17	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY18	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar FY19E
	USD	79.3	80.2	78.6	81.2	92.4	98.8	99.0	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.5	115.5	108.2	102.4	109.3	113.7	111.1	111.1	113.0	108.3	109.08	111.47	112.9	110
	EUR	104.0	102.9	98.4	105.3	122.0	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2	134.2	136.0	133.0	127.2	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.07	129.63	128.8	125

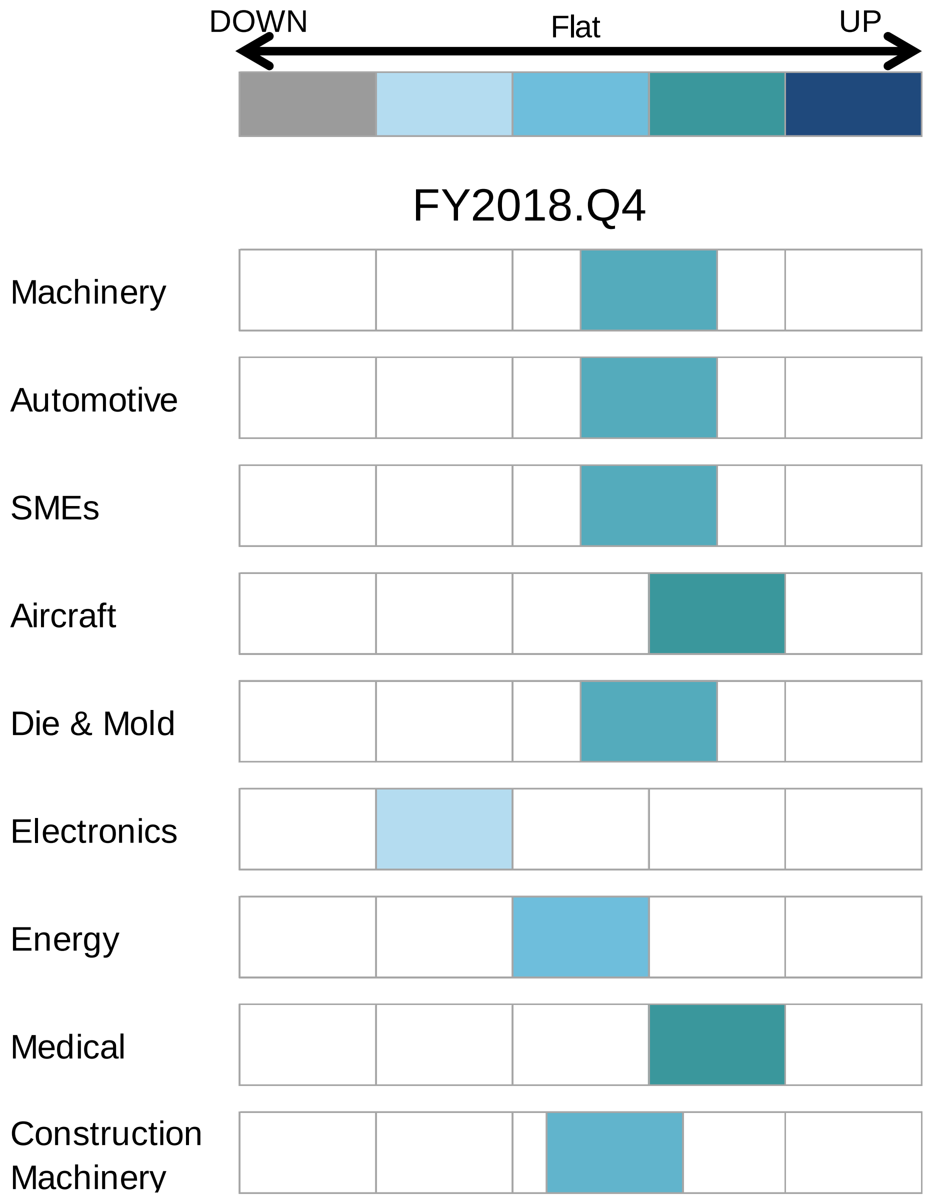
Demand by region & industry

DMG MORI

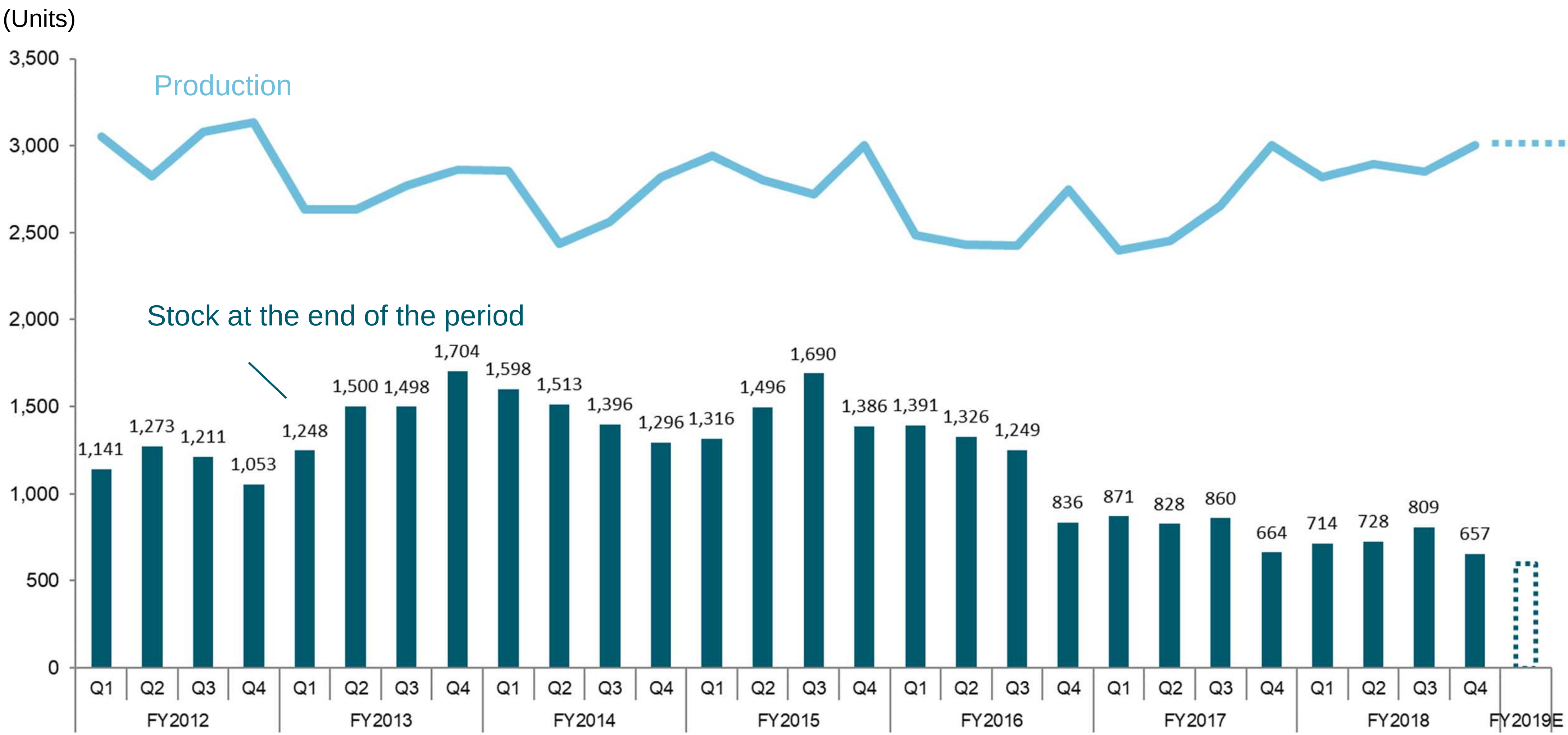
Region



Industry

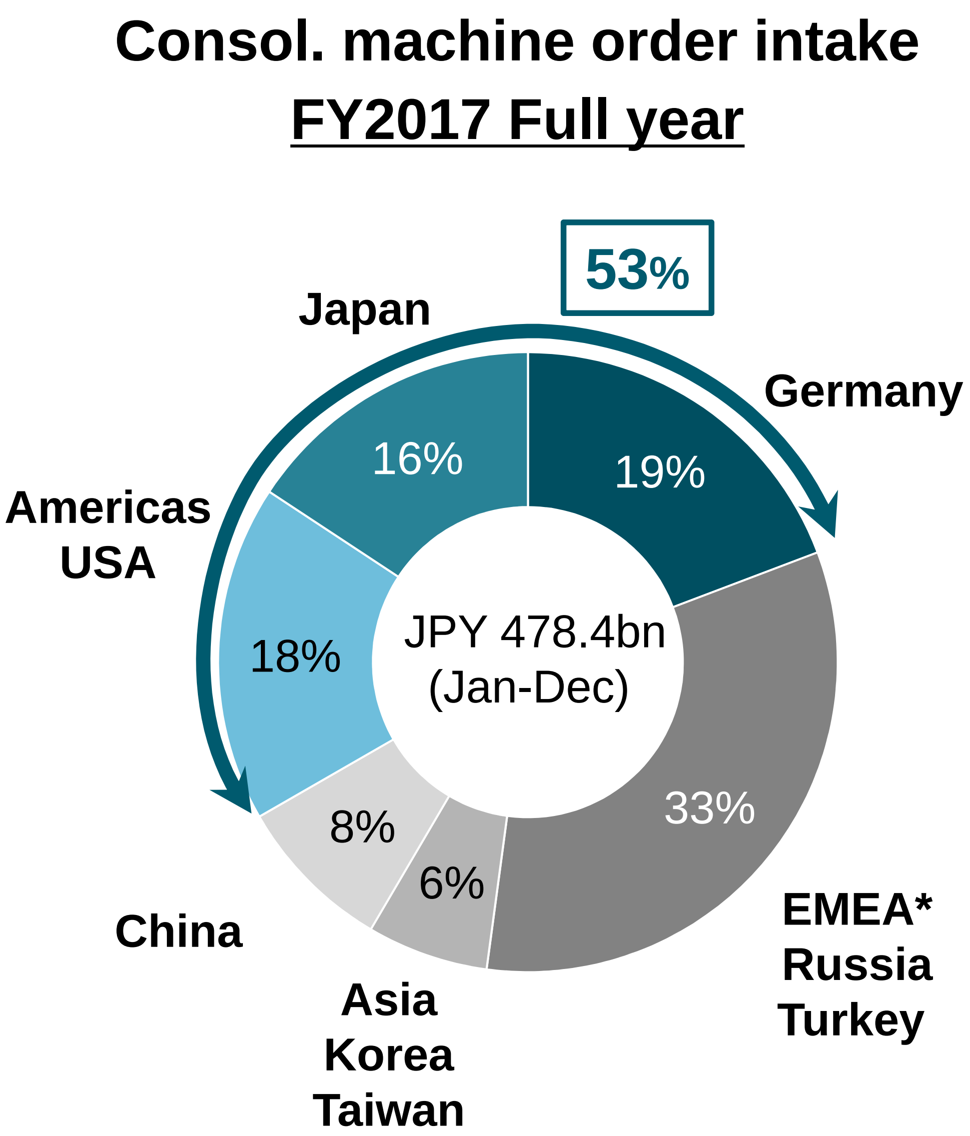


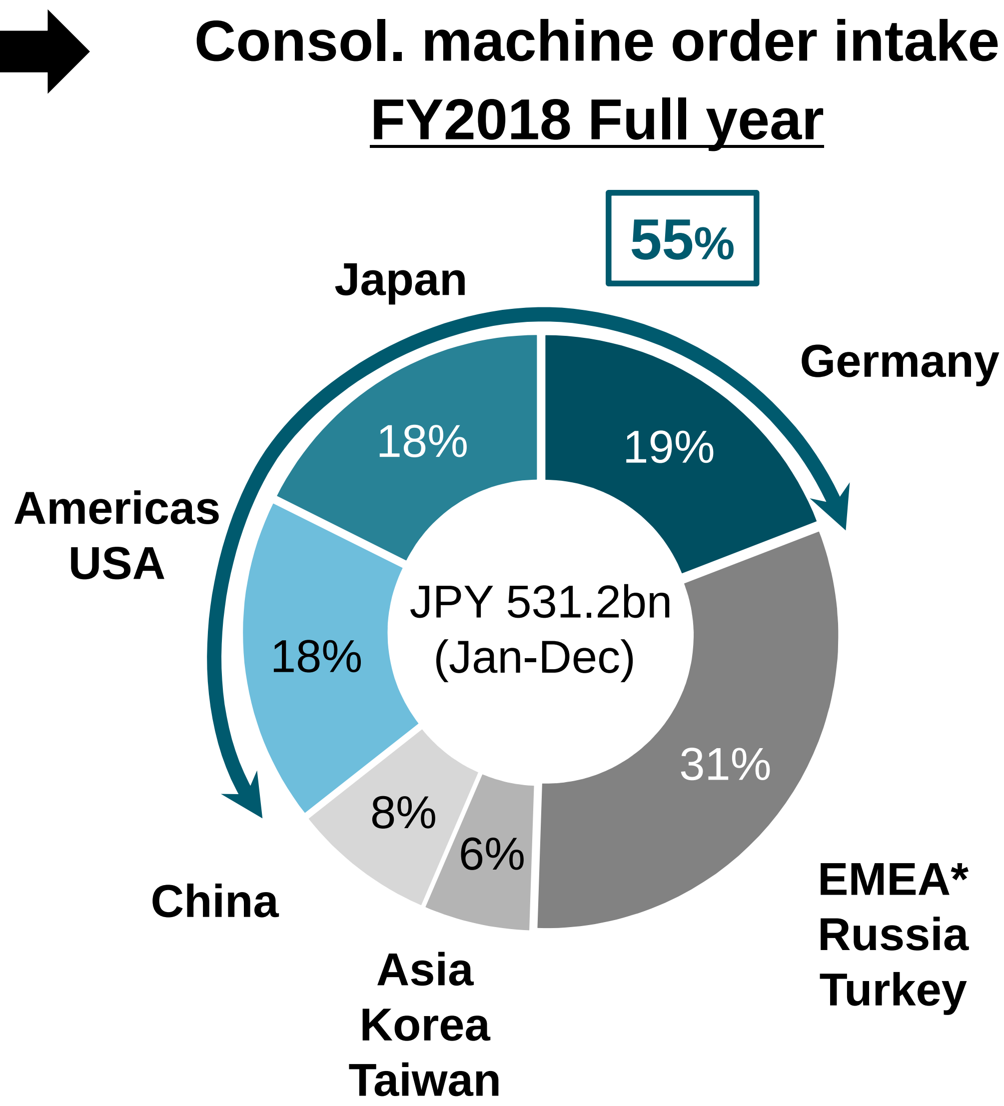
Consolidated stock and production



Order composition (by region)

Value basis



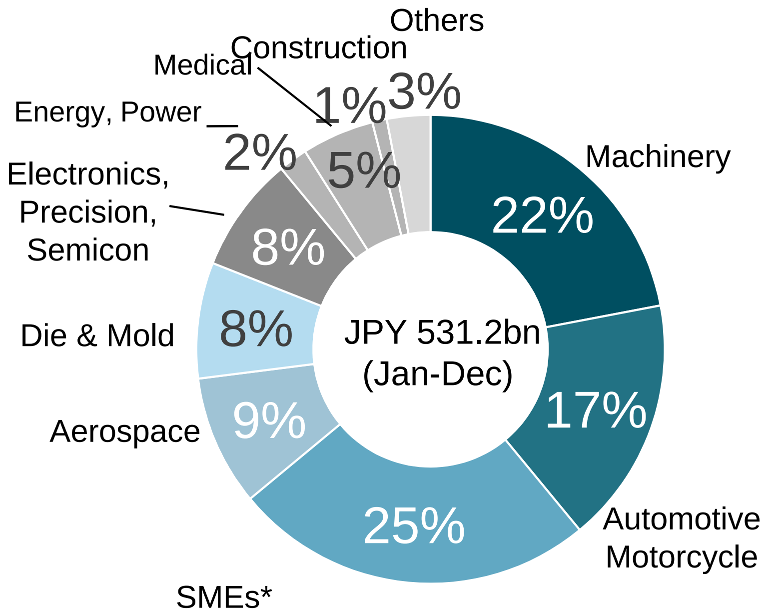


*Europe, the Middle East and Africa

Value basis

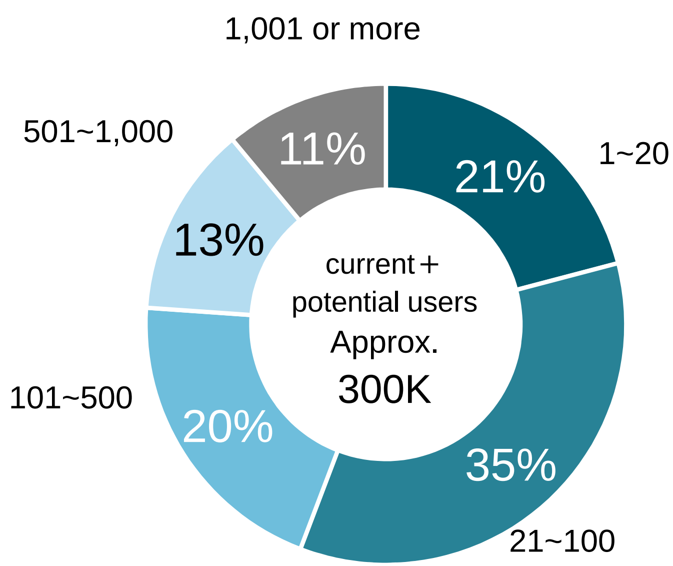
FY2018 Full year

by industry

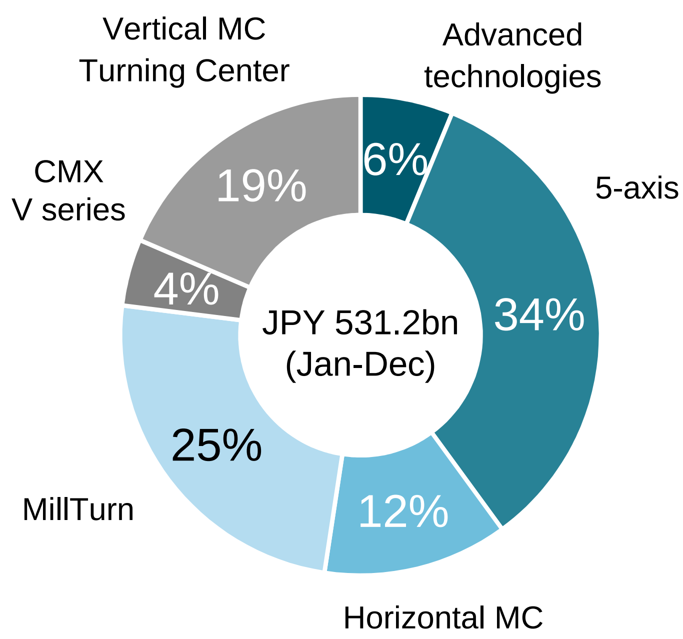


*Small and medium-sized enterprises

by customer's number of employee



by product type



DISCLAIMER

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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.