

DMG MORI CO., LTD.

FY 2019 Q1 (Jan-Mar) Results

IR Announcement

May 8, 2019

1. FY2019 Q1 (Jan-Mar) financial results

2. Business environment

3. Topics

- ✓ Pfronten open house (Jan, DE), IMTEX(Jan, IN), CIMT(Apr, CN)
- ✓ Automation and digitization
- ✓ Enhancement of Additive Manufacturing
- ✓ Human resources strategy

- ✓ Order intake JPY119.1 bn (down 19.9% y-o-y, almost flat q-o-q)
- ✓ Sales revenue JPY 120.6 bn (up 5.9% y-o-y),
Operating profit JPY 10.4 bn (up 70.9% y-o-y)
- ✓ Acceleration of automation in Pfronten open house (Jan, DE), IMTEX(Jan, IN), CIMT(Apr, CN)
- ✓ Increased value delivery to customers; Order value per unit increased by 6% compared with the previous year
- ✓ Progress in faster delivery of repair parts and restoration
- ✓ Continued surplus in FCF and decrease of Net Debt to JPY 77.8 bn
(Dec 2018 : JPY 82.8 bn)

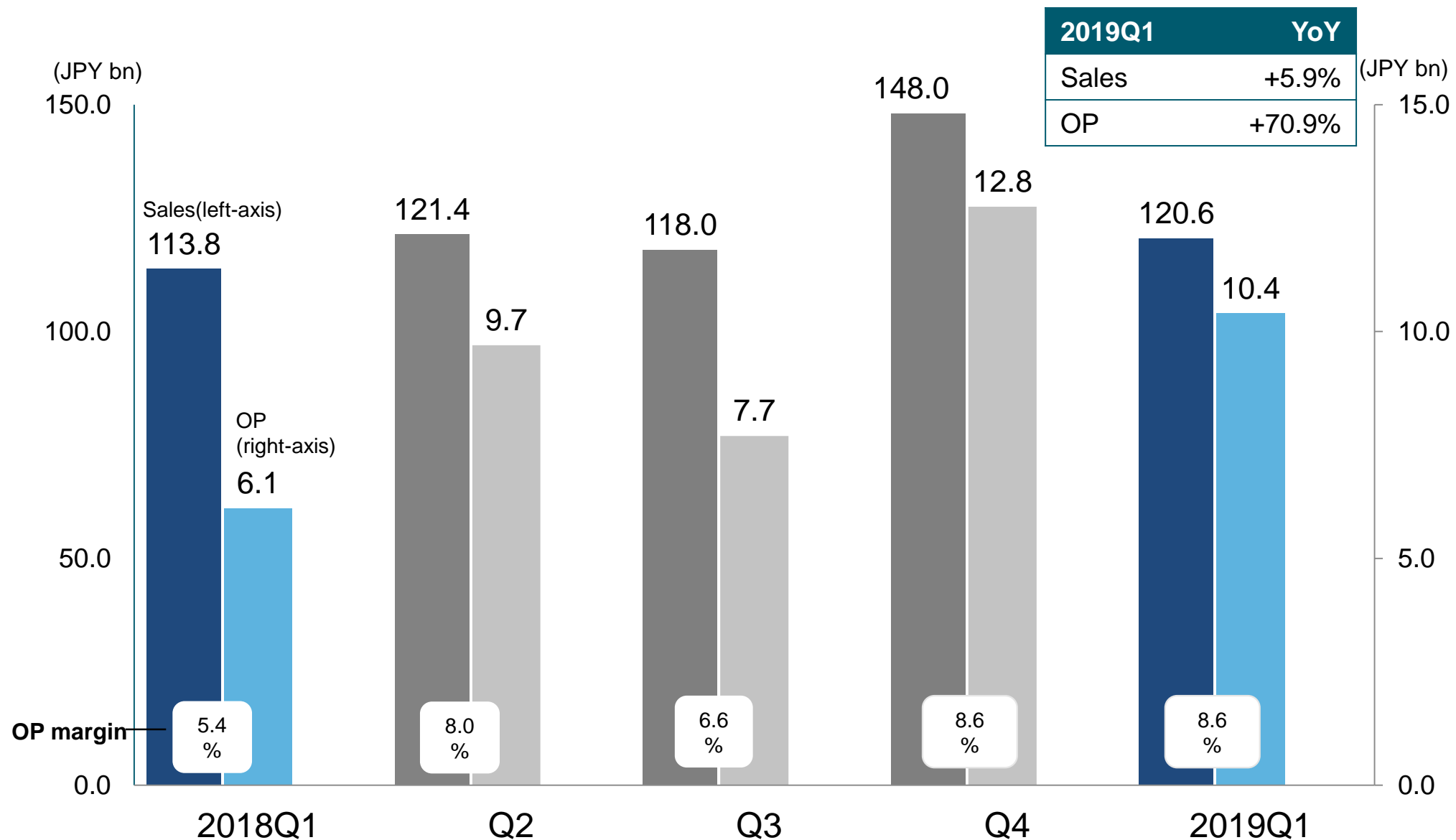
Income statement summary

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(JPY bn)	Q1 (Jan-Mar)		Changes	Full-year	
	2018	2019	(%)	FY2018	FY2019 E
Company-wide order intake	148.6	119.1	-19.9	531.2	—
Sales revenue	113.8	120.6	+5.9	501.2	500.0
Operating profit	6.1	10.4	+70.9	36.3	36.0
% to sales revenue	5.4%	8.6%		7.2%	7.2%
Net financial costs	-1.2	-1.6		-5.2	-6.0
(thereof, economic compensation associated with DA)	(-0.5)	(-0.9)		(-2.5)	(-3.5)
Profit before taxes	5.0	8.8	+78.6	31.3	30.0
Net profit	2.9	6.4	+116.8	19.4	20.0
Net profit attributable to owners	2.8	6.2	+120.6	18.5	19.0
Depreciation & amortization with lease	—	5.5		—	23.3
D&A without lease	4.5	4.3		18.5	18.5
Capital expenditure	3.0	3.1		19.3	19.0
(thereof, intangibles)	0.9	0.7		5.5	
USD/JPY	108.3	110.2		110.4	110.0
EUR/JPY	133.2	125.2		130.4	125.0

Quarterly financial results

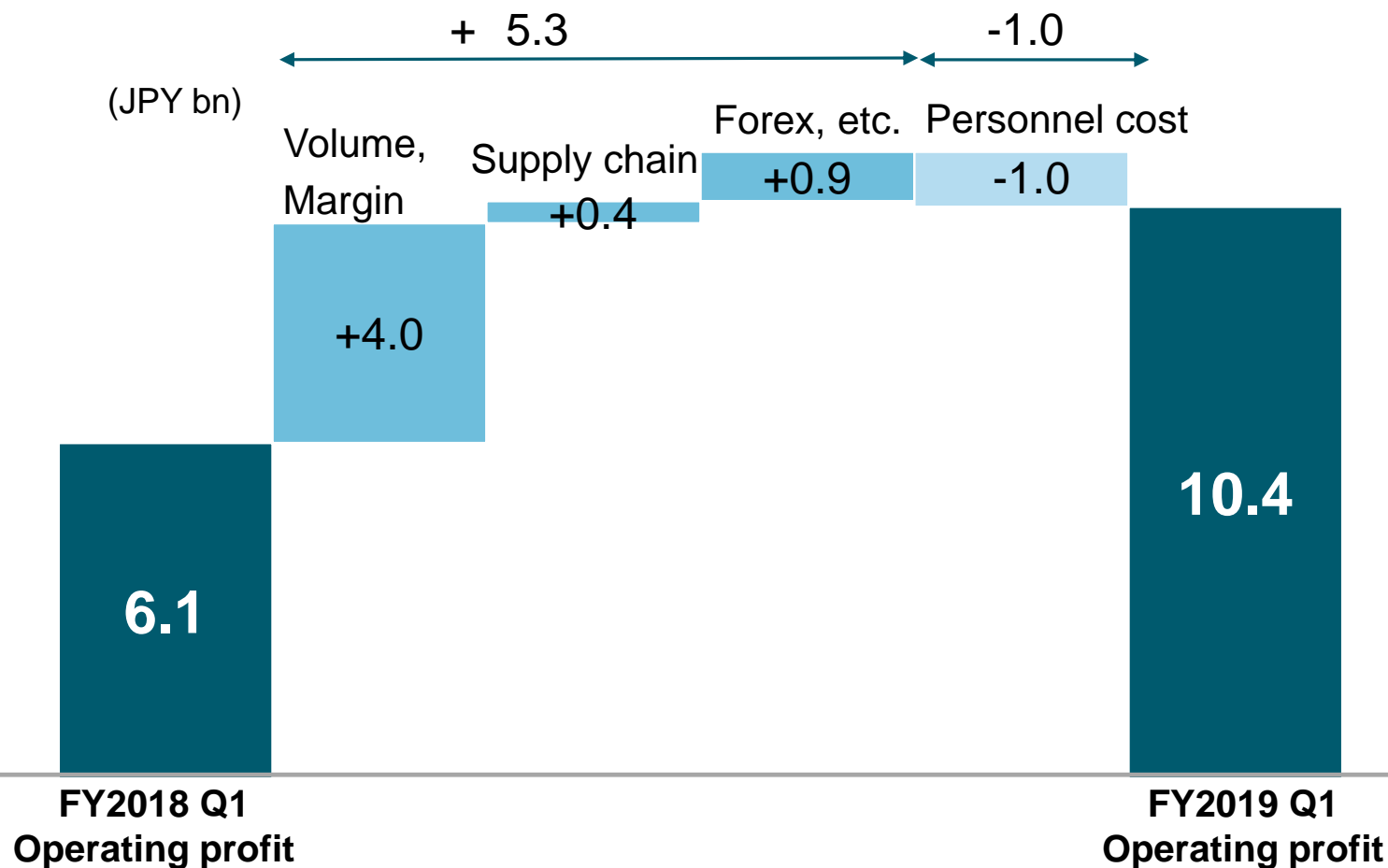
DMG MORI



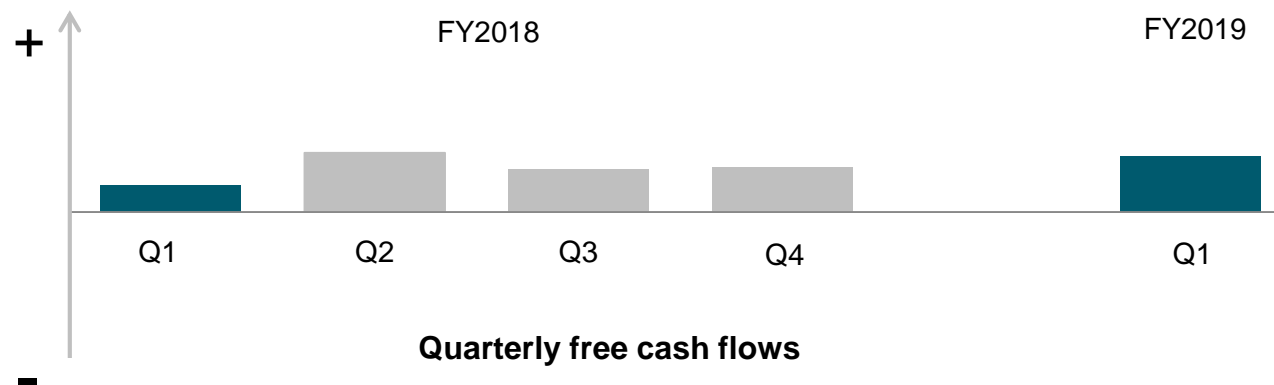
Operating profit bridge -2018 Q1 vs 2019 Q1

(JPY bn)	FY2018.Q1	FY2019.Q1	+/-
Sales	113.8	120.6	+6.8

	<u>FY2018 Q1</u>	<u>FY2019 Q1</u>
USD/JPY	108.3	110.2
EUR/JPY	133.2	125.2



(JPY bn)	FY2018					FY2019
	Q1	Q2	Q3	Q4	FY	Q1
Cash flow from operation	7.8	13.5	10.5	17.5	49.4	13.0
Profit before taxes	5.0	8.7	6.5	11.2	31.3	8.8
Depreciation & amortization	4.5	4.5	4.5	5.0	18.5	5.5
+/- in working capital	5.8	1.8	-0.3	-2.7	4.6	3.5
Others	-7.5	-1.5	-0.1	4.0	-5.0	-4.8
Cash flow from investments	-3.2	-3.1	-3.0	-9.7	-19.0	-3.6
(thereof, acquisition of fixed assets)	-3.0	-3.7	-3.2	-9.3	-19.3	-3.1
FCF	4.7	10.4	7.5	7.8	30.4	9.4



Financial position summary

-Increase of total asset due to application of lease account standards

DMG MORI

Assets

Liability & Equity

		JPY 528.4 bn	JPY 538.0 bn	JPY 528.4 bn	JPY 538.0 bn
Short-term Financial assets	34.2		24.5	56.8	65.1
Trade receivables	69.4		65.1	61.7	61.4
Inventories	130.7		139.3	117.0	102.3
Fixed assets	128.7		139.6	94.7	93.7
Goodwill	68.9		67.6	84.0	97.1
Intangibles	65.4		64.2		
Other assets	31.1		37.7		
		Dec 2018	Mar 2019	Dec 2018	Mar 2019
		Total assets of AG(Mio EUR)		2,381	2,425
		EUR/JPY closing rate		127.0	124.6

Payables	56.8		65.1	Payables	
Advance payments	61.7		61.4	Advance payments	
Interest-bearing debts	117.0		102.3	Interest-bearing debts	
Obligation of AG share purchase	94.7		93.7	Obligation of AG share purchase	
Other Liabilities (New standard for lease)	84.0		97.1	Other Liabilities (New standard for lease)	
Shareholders' equity	111.1		115.2	Shareholders' equity	
Hybrid equity				Hybrid equity	
		Dec 2018	Mar 2019	Dec 2018	Mar 2019

Net Debt	(Interest-bearing debt – Short-term financial asset)		
Ended Dec 2017	105.7		
Ended Dec 2018	82.8		
Ended Mar 2019	77.8		
Ending Dec 2019	below 65.0		

On-balance processing of operating lease, real estate rent contracts

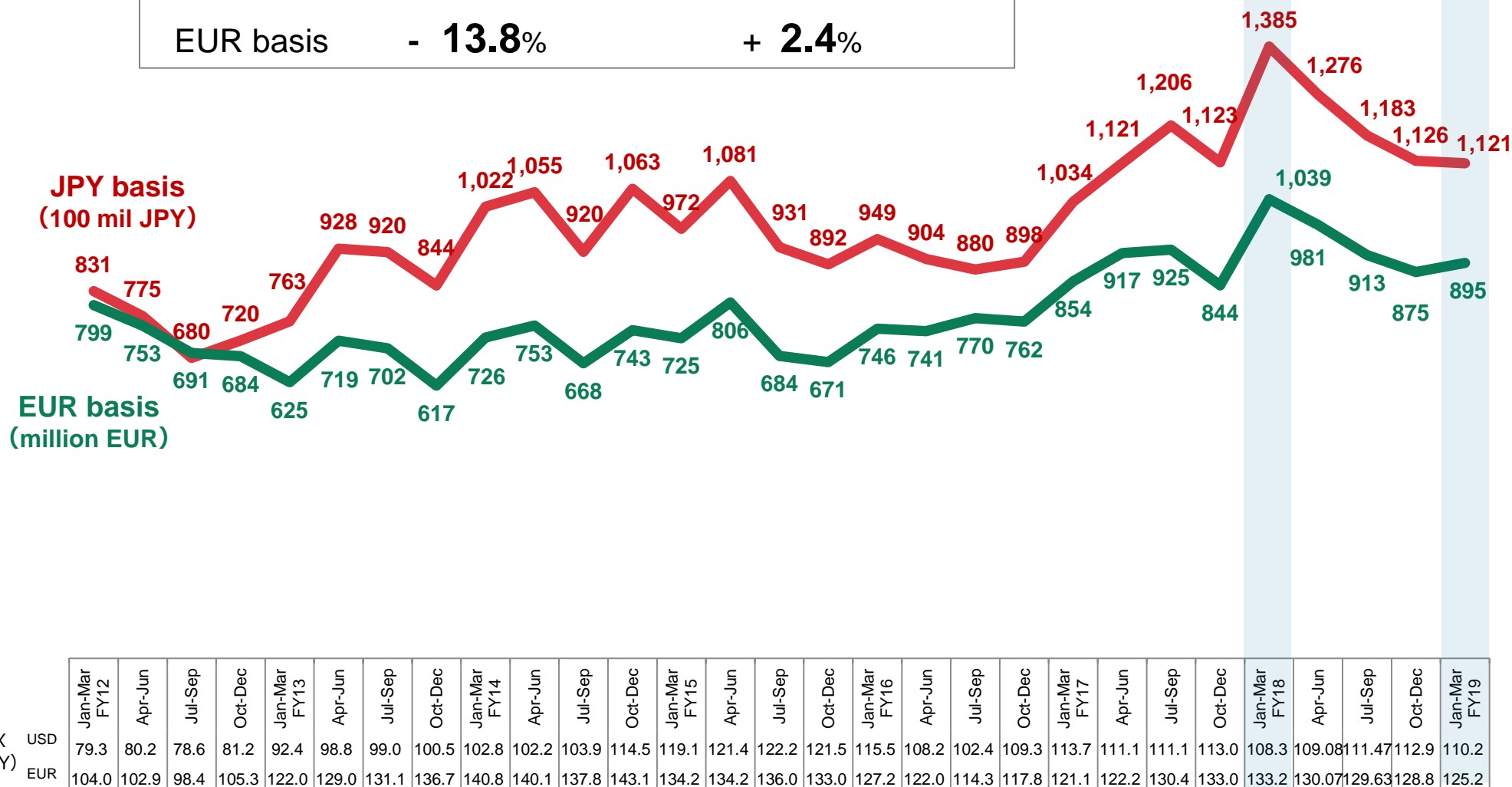
(JPY bn)

	Increase	Decrease	Impact (Est.)
B/S	<div> Right-of-use asset +19.3 (Amount of finance-leased asset recorded before the application 2.6) </div>		+16.7
P/L	<div> D&A expense +1.2 Interest expense +0.1 </div>	<div> Rent -1.3 </div>	Negligible

vs FY2018 Jan-Mar vs FY2018 Oct-Dec

JPY basis - **19.1%** - **0.5%**

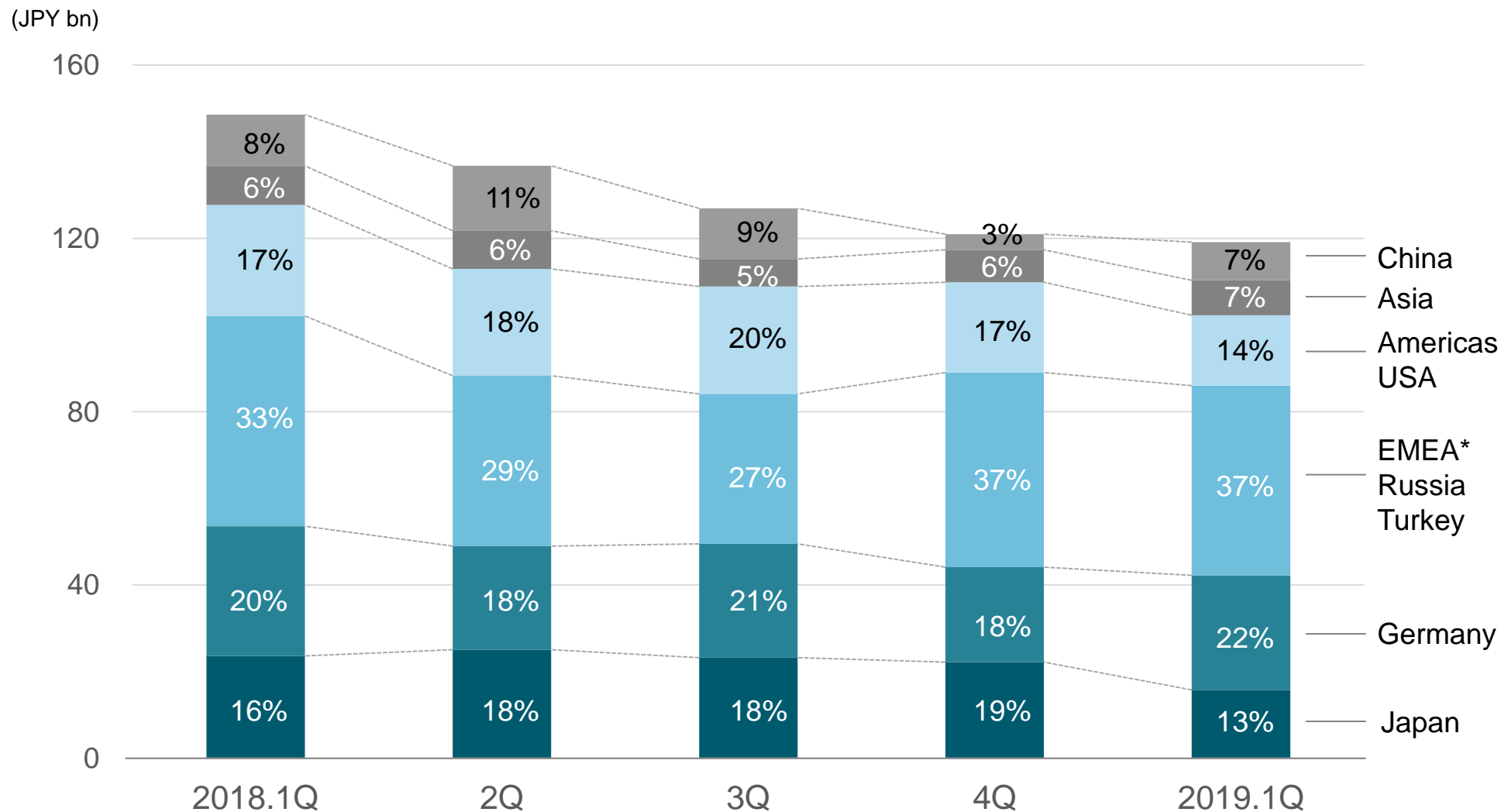
EUR basis - **13.8%** + **2.4%**



Cons. order composition (by region)

DMG MORI

Value basis

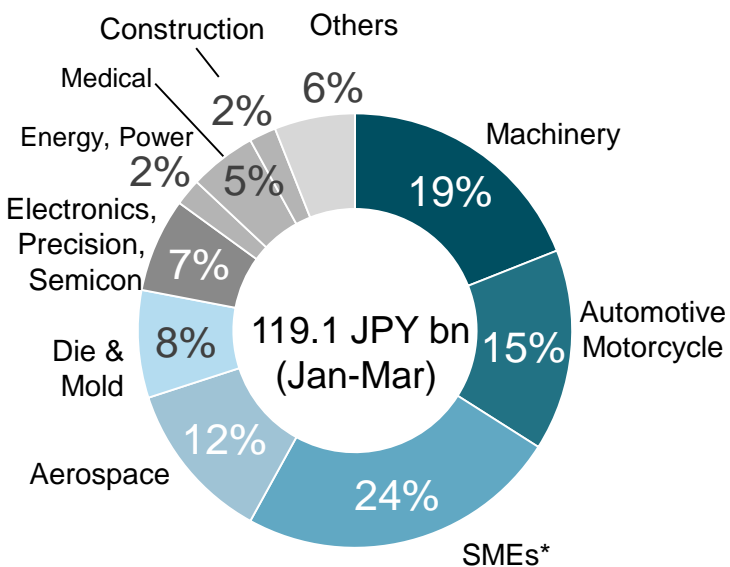


*Europe, the Middle East and Africa

Value basis

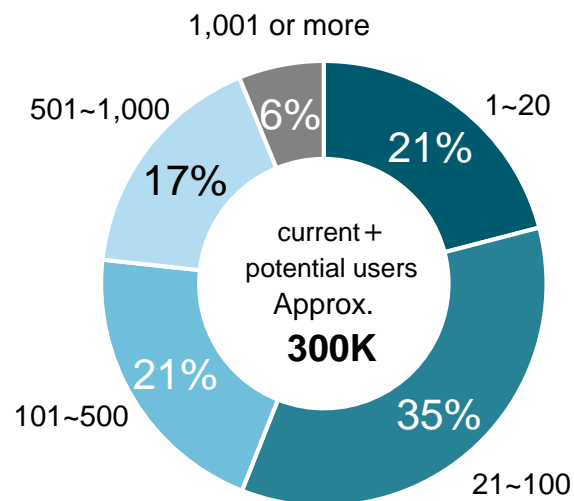
FY2019.Q1

by industry

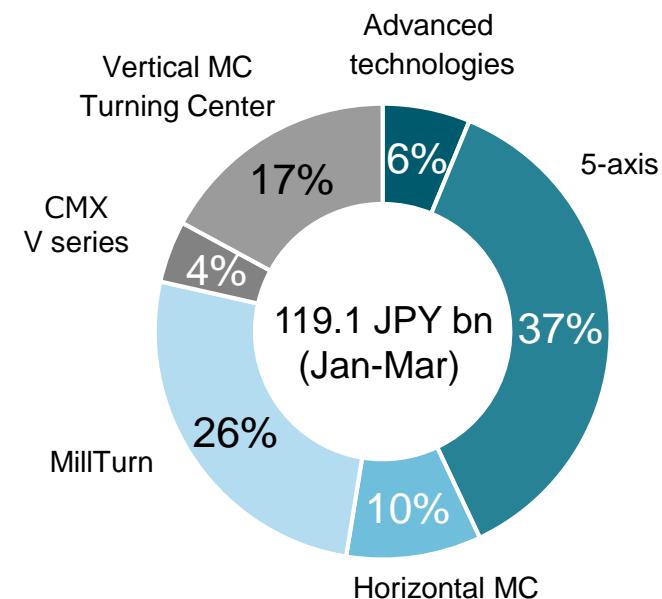


*Small and medium-sized enterprises

by customer's number of employee



by product type



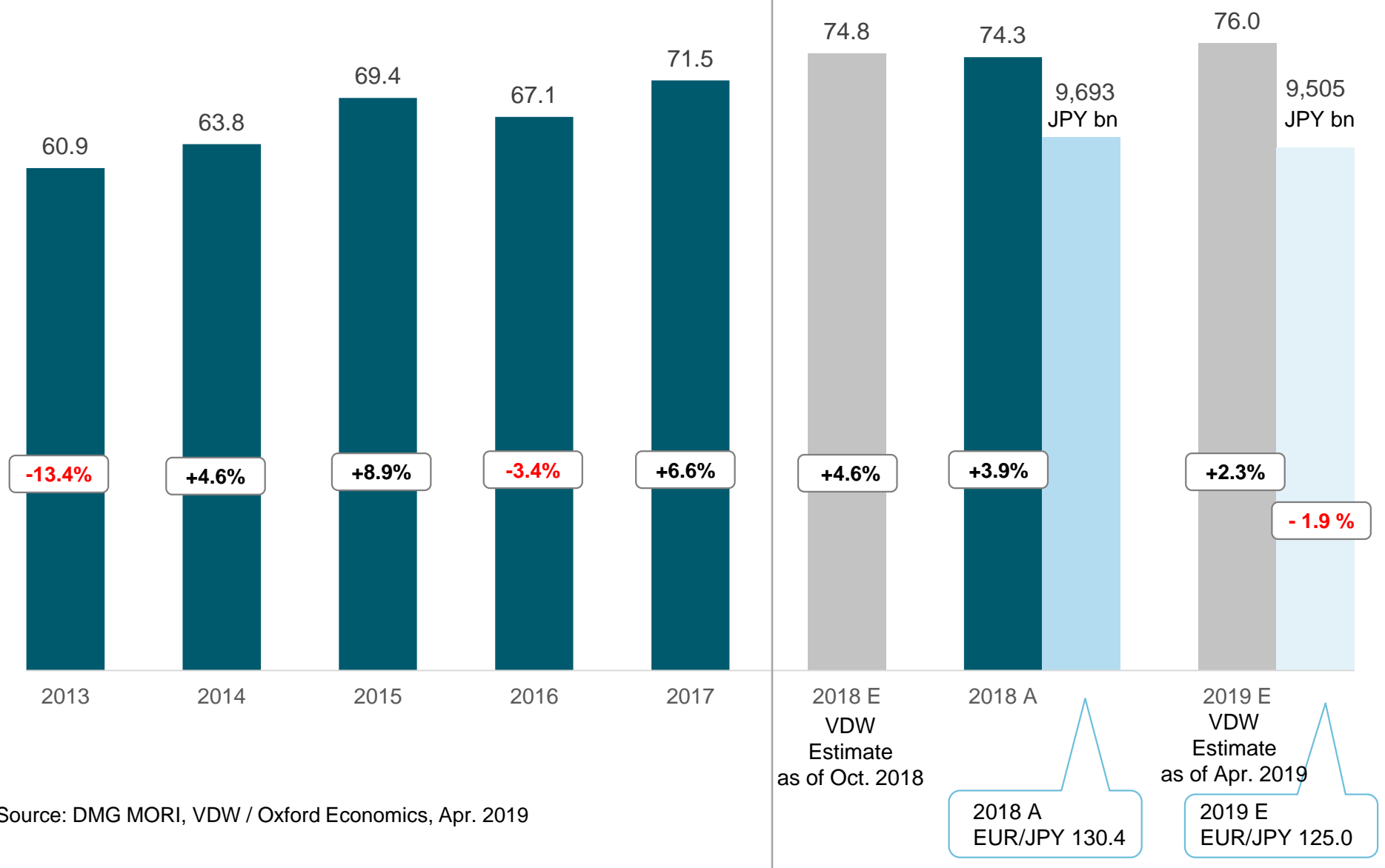
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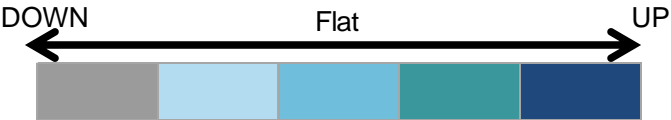
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(EUR bn)

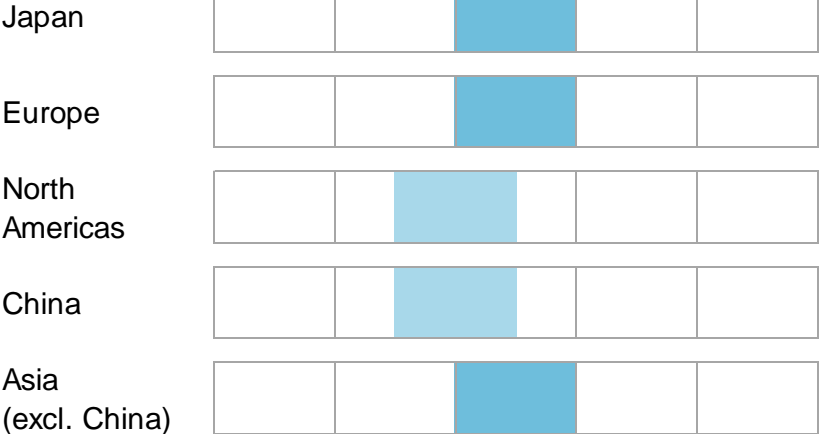


* Source: DMG MORI, VDW / Oxford Economics, Apr. 2019

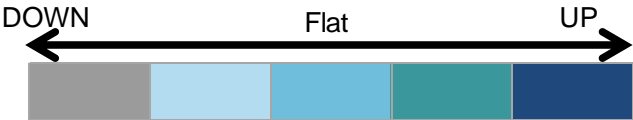
Region



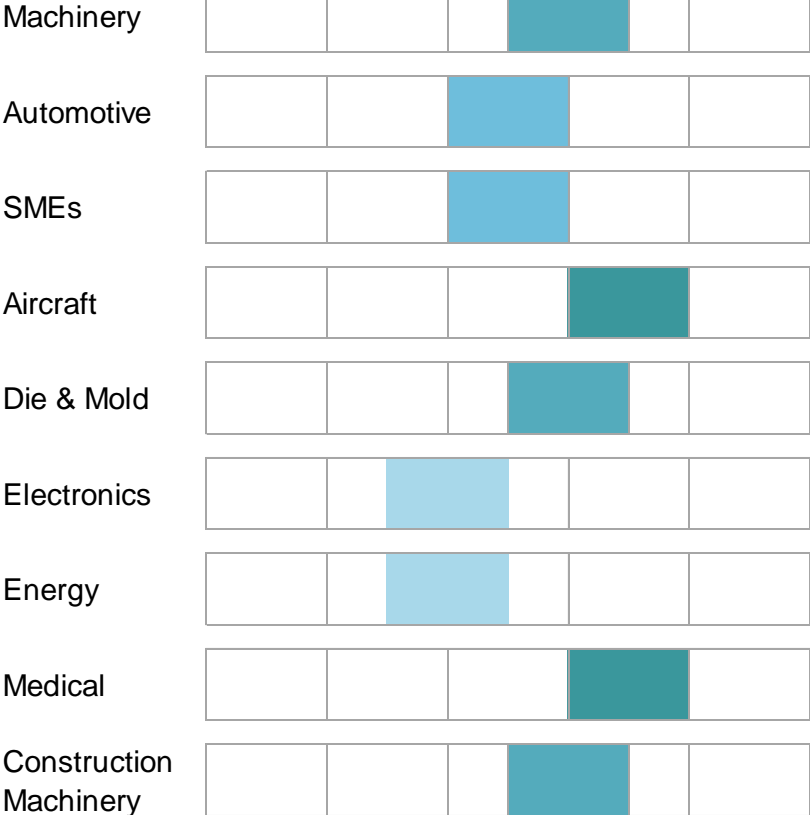
FY2019.Q1



Industry



FY2019.Q1



1. FY2019 Q1 (Jan-Mar) financial results

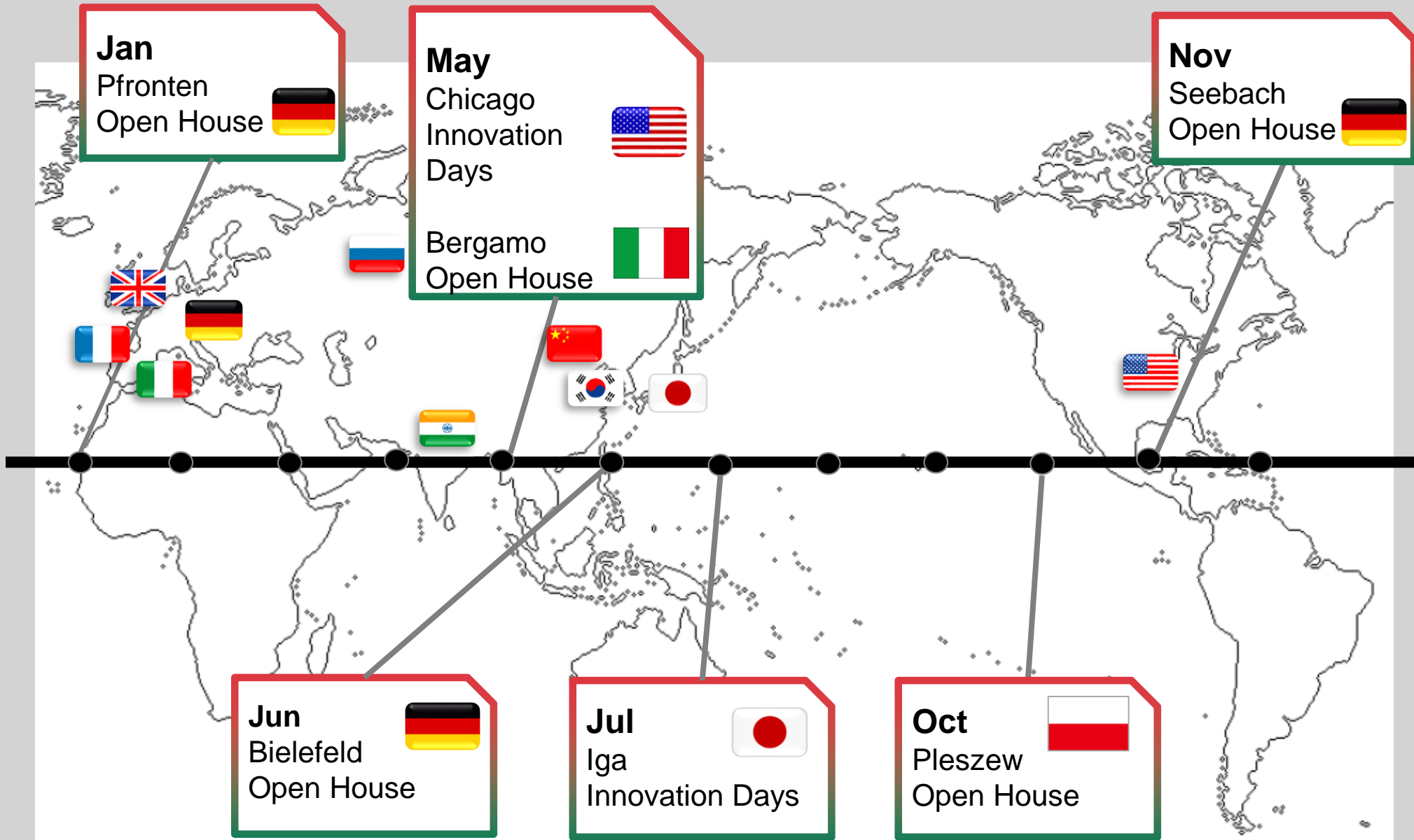
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Main events at DMG MORI locations in 2019

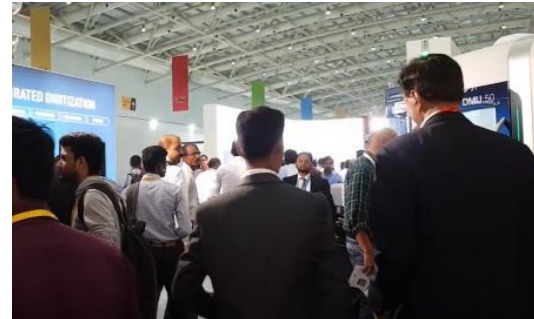
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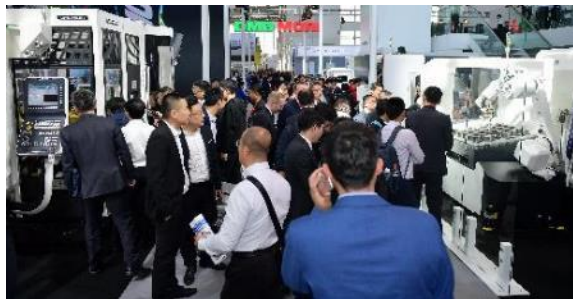
1/22-26 Pfronten Open House
Presentation of the latest technology to around
8,000 people at our own site



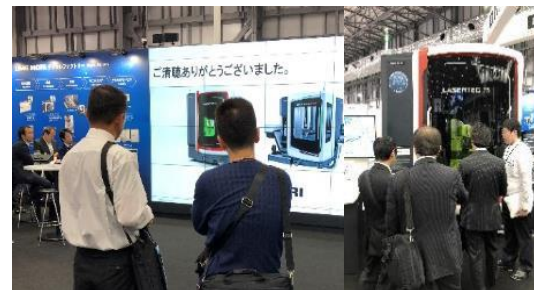
1/23-28 IMTEX(Bangalore)
Strong demand from aerospace industry



4/15-20 CIMT(Beijing)
Demand mining for automation and high-end
machine

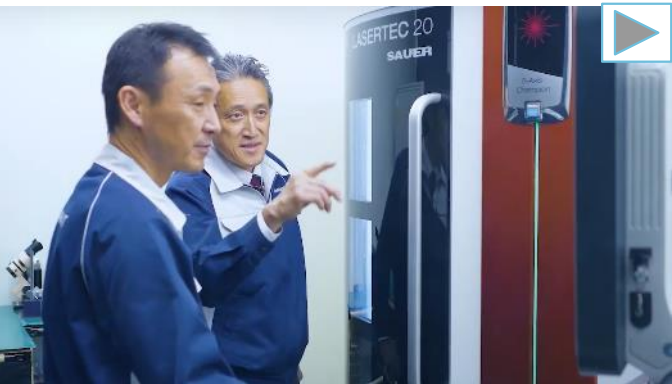


4/17-20 INTERMOLD 2019 (Tokyo)
Fusion of processing technology in die & mold
(5-axis, Laser)



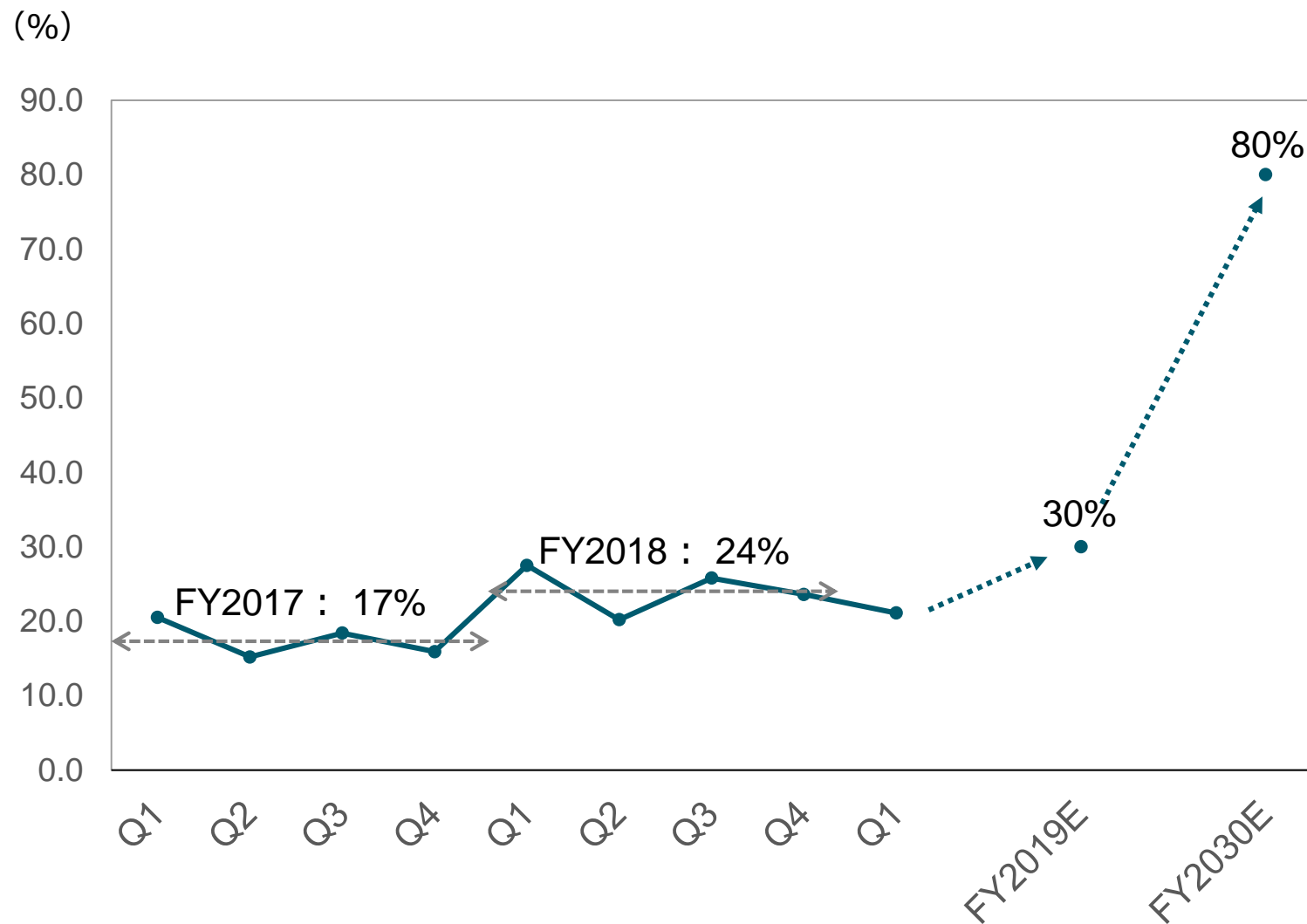
Media strategy for mutual benefit -Customers & DMG MORI

DMG MORI





GX7 + ALX 2500
Gantry Loader System



Robo2Go 2nd Gen



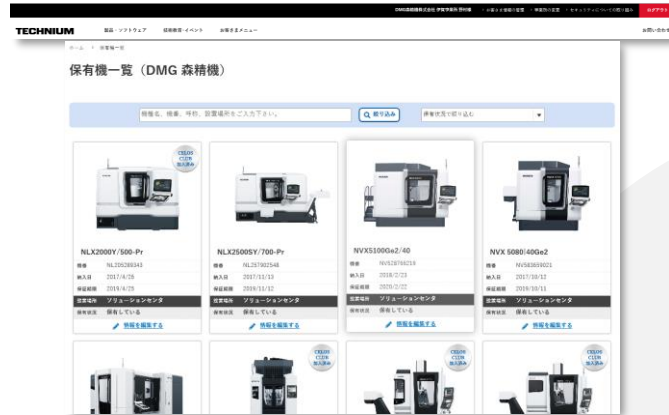
GX 7
Gantry loader



RPS21
Rotary pallet storage system

TECHNIUM

Owners' Website (Owned machine information)



Private account service

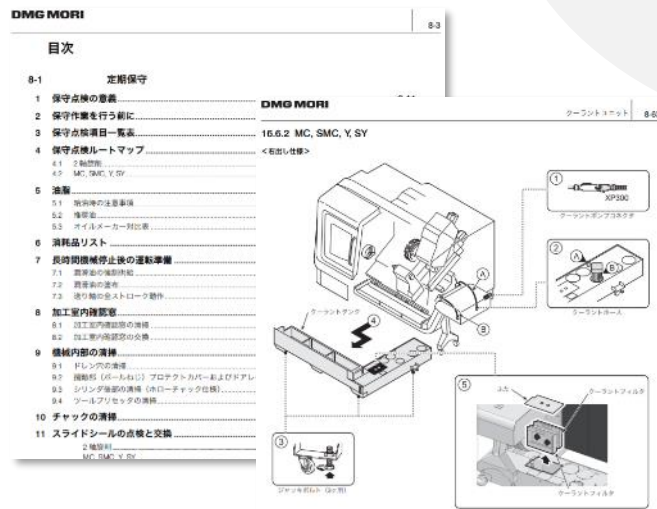
Training service

CELOS



Acceleration of global digital service through collaboration

e-manuals



WERKBLiQ

Predictive maintenance



ADDITIVE MANUFACTURING

with powder bed and powder nozzle
from one single source = DMG MORI



LASERTEC 12 SLM

LASERTEC 30 SLM
2nd Generation



rePLUG

Additive Manufacturing Excellence Center in Bielefeld

- + Ramp-Up support for our customers
- + Manufacturing of own components



Raise in starting monthly salary on Apr 1st, 2019

Ranks at #5 popularity among new graduates in 2020 in the machinery and plant sector

(JPY)

Academic background	Until Mar 2019	After Apr 2019
Doctor	316,200	340,000
Master	234,700	260,000
Univ. graduate	218,400	250,000
Junior college Technical college	202,100	220,000
High school	185,800	190,000

NIKKEI・マイナビ2020		東 海	
●機械・プラント		順位	企 業
1	三菱重工業	1	トヨタ自動車
2	クボタ	2	一重工業
3	IHI	3	デンソー
4	アisin/アisin	4	アイシン・エイ・ダブリュ
5	DMG森精機	5	アイシン精機
6	ダイキン工業	6	豊島製作所 (Pasco)
7	アマダグループ	7	ブラザー工業
8	日本精工	8	リゾートトラスト
9	コマツ	9	中部電力
10	日鉄エンジニアリング	10	ブラザー販売
		11	中部国際空港
		12	フジパナグループ本社
		13	豊田通商
		14	名古屋鉄道
		15	井村屋グループ
		16	豊田自動織機
		17	ミツカングループ
		18	スズキ
		19	名鉄観光サービス
		20	スギ薬局 (スギ薬局グループ)
		21	オリバー
		22	豊島
		23	トヨタホーム
		24	中京テレビ放送
		25	DMG森精機
		26	興和
		27	愛知銀行
		28	ヤマハ
		29	ヤマハ発動機
		30	ネクステージ

* Source: Nihon Keizai Shimbun Morning Paper (Apr 9, 2019)

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.