

DMG MORI CO., LTD.

FY 2019 Q3 (Jan-Sep) Results

IR Announcement

November 7, 2019

1. Q3 Financial Summary

2. Business Environment

3. Key Activities

- ✓ EMO (September)
- ✓ Expansion of Automation Lineup
- ✓ Progress of Digitization
- ✓ Additive Manufacturing
- ✓ Strengthening Cooperation with Customers

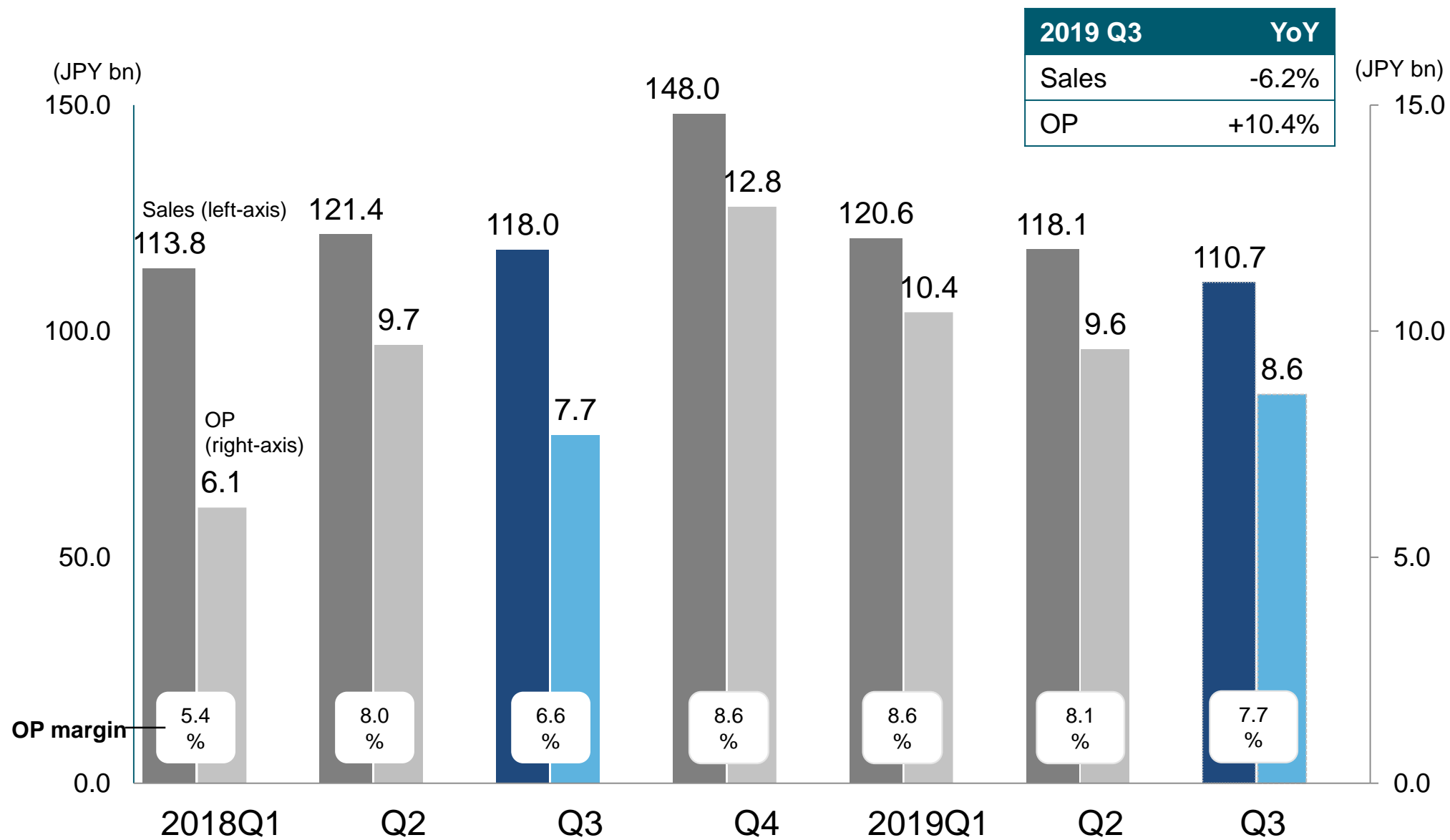
- ✓ Jan-Sep consolidated order intake JPY 321.1 bn. (-22% year-on-year)
- ✓ Jan-Sep sales JPY 349.3 bn. (-1% y-o-y); operating profit JPY 28.6 bn. (+22% y-o-y)
- ✓ Promotion of Automation & Digitization at EMO 2019 (September)
- ✓ Order intake value/machine +6% (y-o-y) by 5-axis, Multi-axis and systems
- ✓ Order intake for service & spare parts continue growing (+7% y-o-y)
- ✓ “my DMG MORI” - web-based information sharing to better connect with customers
- ✓ Transition to full build-to-order manufacturing system
- ✓ Revised full-year forecast: Sales JPY 485.0 bn. (from JPY 500.0 bn.); operating profit JPY 37.0 bn. (from JPY 36.0 bn.)
- ✓ Jan-Sep free cash flows JPY 6.4 bn.;
net-debt around JPY 75.0 bn. at year end (JPY 82.8 bn. at end of FY2018)

Income Statement Summary

DMG MORI

(JPY bn)	Q3 (Jan-Sep)		Changes	Full year (Jan-Dec)		
	2018	2019	(%)	FY2018	FY2019 E Revised	2019 E Original
Company-wide order intake	412.2	321.1	-22.1	531.2	—	—
Sales revenue	353.2	349.3	-1.1	501.2	485.0	500.0
Operating profit	23.5	28.6	+21.9	36.3	37.0	36.0
% to sales revenue	6.7%	8.2%		7.2%	7.6%	7.2%
Net financial costs	-3.6	-4.4		-5.2	-6.0	-6.0
(thereof, economic compensation associated with DA)	(-1.6)	(-2.6)		(-2.5)	(-3.5)	(-3.5)
Profit before taxes	20.1	24.2	+20.5	31.3	31.0	30.0
Net profit	13.7	15.6	+14.0	19.4	20.5	20.0
Net profit attributable to owners	13.4	15.3	+14.4	18.5	19.5	19.0
Depreciation & amortization with lease	—	16.8		—	23.3	23.3
D&A without lease	13.5	13.0		18.5	18.5	18.5
Capital expenditure	10.0	14.8		19.3	19.0	19.0
USD/JPY	109.6	109.2		110.4	109.0	110.0
EUR/JPY	131.0	122.7		130.4	122.0	122.2

2019 Q4 : USD/JPY:110, EUR/JPY:120

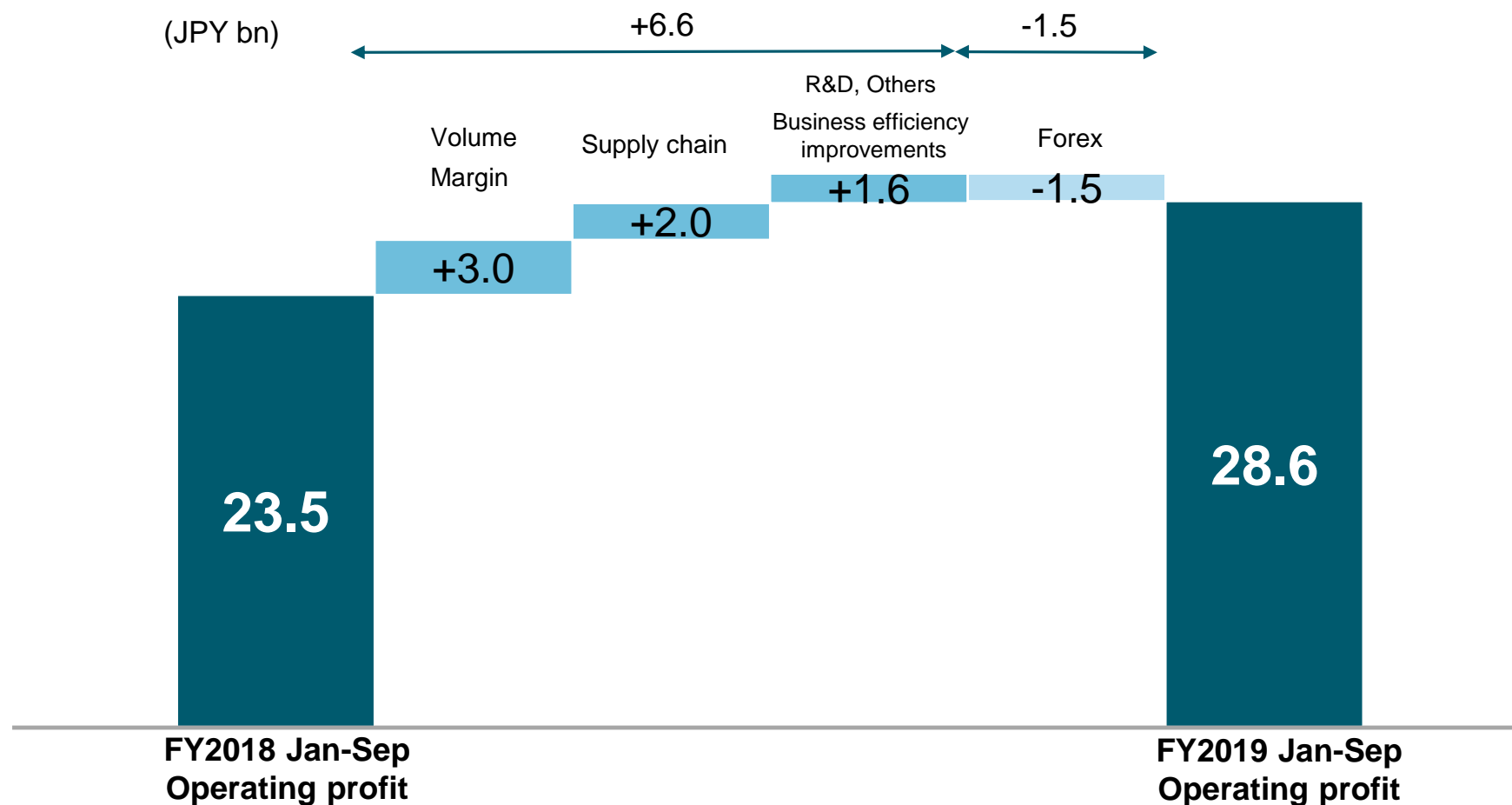


Operating profit bridge 2018 Q3(Jan-Sep) vs 2019 Q3 (Jan-Sep)

DMG MORI

(JPY bn)	FY2018.1-9	FY2019. 1-9	+/-
Sales	353.2	349.3	-3.9

	FY2018.Jan-Sep	FY2019.Jan-Sep
USD/JPY	109.6	109.2
EUR/JPY	131.0	122.7

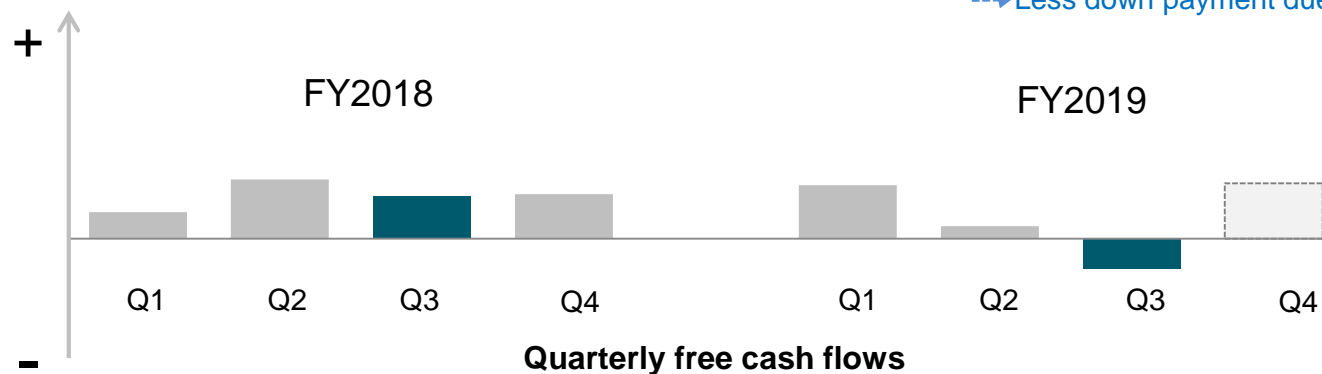


Cash flows

DMG MORI

(JPY bn)	FY2018					FY2019				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4.E	FY.E
Cash flow from operation	7.8	13.5	10.5	17.5	49.4	13.0	3.8	4.3	14.9	36.0
Profit before taxes	5.0	8.7	6.5	11.2	31.3	8.8	8.2	7.1	6.9	31.0
Depreciation & amortization	4.5	4.5	4.5	5.0	18.5	5.5	5.3	5.9	6.6	23.3
+/- in working capital	5.8	1.8	-0.3	-2.7	4.6	3.5	-4.8	-5.1	5.4	-1.0
Others	-7.5	-1.5	-0.1	4.0	-5.0	-4.8	-4.9	-3.6	-4.0	-17.3
Cash flow from investments	-3.2	-3.1	-3.0	-9.7	-19.0	-3.6	-1.6	-9.6	-4.2	-19.0
(thereof, acquisition of fixed assets)	-3.0	-3.7	-3.2	-9.3	-19.3	-3.1	-5.3	-4.3	—	—
FCF	4.7	10.3	7.5	7.8	30.4	9.4	2.2	-5.2	10.7	17.0

→ Less down payment due to reduced order intake



Financial position summary

-Increase of total asset due to application of lease account standards **DMG MORI**

Assets

Liability & Equity

		JPY 528.4 bn	JPY 536.1 bn			JPY 528.4 bn	JPY 536.1 bn		
Short-term Financial assets		34.2	25.8			56.8	63.6	Payables	
Trade receivables		69.4	58.6			61.7	55.9	Advance payments	
Inventories		130.7	145.3			117.0	111.7	Interest-bearing debts	
Fixed assets (Reflected new standard for lease)		128.7	142.9			94.7	88.1	Obligation of AG share purchase	
Goodwill		68.9	64.1			84.0	97.5	Other Liabilities (New standard for lease:14.9)	
Intangibles		65.4	60.4			111.1	116.0	Shareholders' equity	
Other assets		31.1	39.0						
		Dec 2018	Sep 2019			Dec 2018	Sep 2019		
		Total assets of AG(EUR Mil.)				2,440	2,598		
		EUR/JPY closing rate				127.0	118.0		

Net Debt		(Interest-bearing debt – Short-term financial asset)
Ended Dec 2017		105.7
		↓
Ended Dec 2018		82.8
		↓
Ended Sep 2019		85.9
		↓
Ending Dec 2019		75.0

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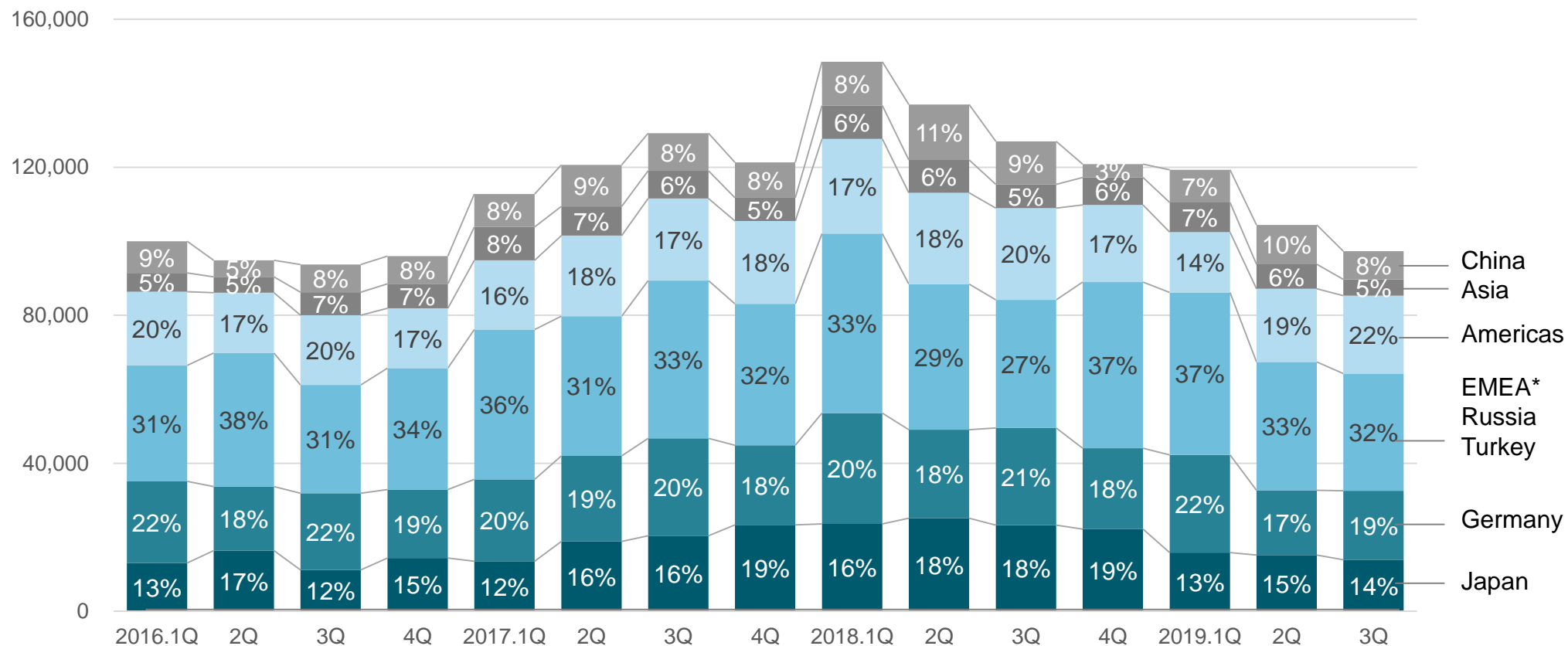
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Consolidated order composition (by region)

DMG MORI

※Value basis

(JPY Mil.)



*Europe, the Middle East and Africa

Machine tools existing in the market

2 times of productivity, etc.

1 Mil. units

DMG MORI's share 10%

DMG MORI
machines in operation
100 K units

Machine Tools potential
replacement market size

500 K units

Y1980

Y1990

Y2000

Y2010

Y2020

Y2030

Average order price per unit

10 JPY Mil.

20 JPY Mil.

37 JPY Mil.

50 JPY Mil.



NC Lathe

3-axis



Vertical MC

3-axis

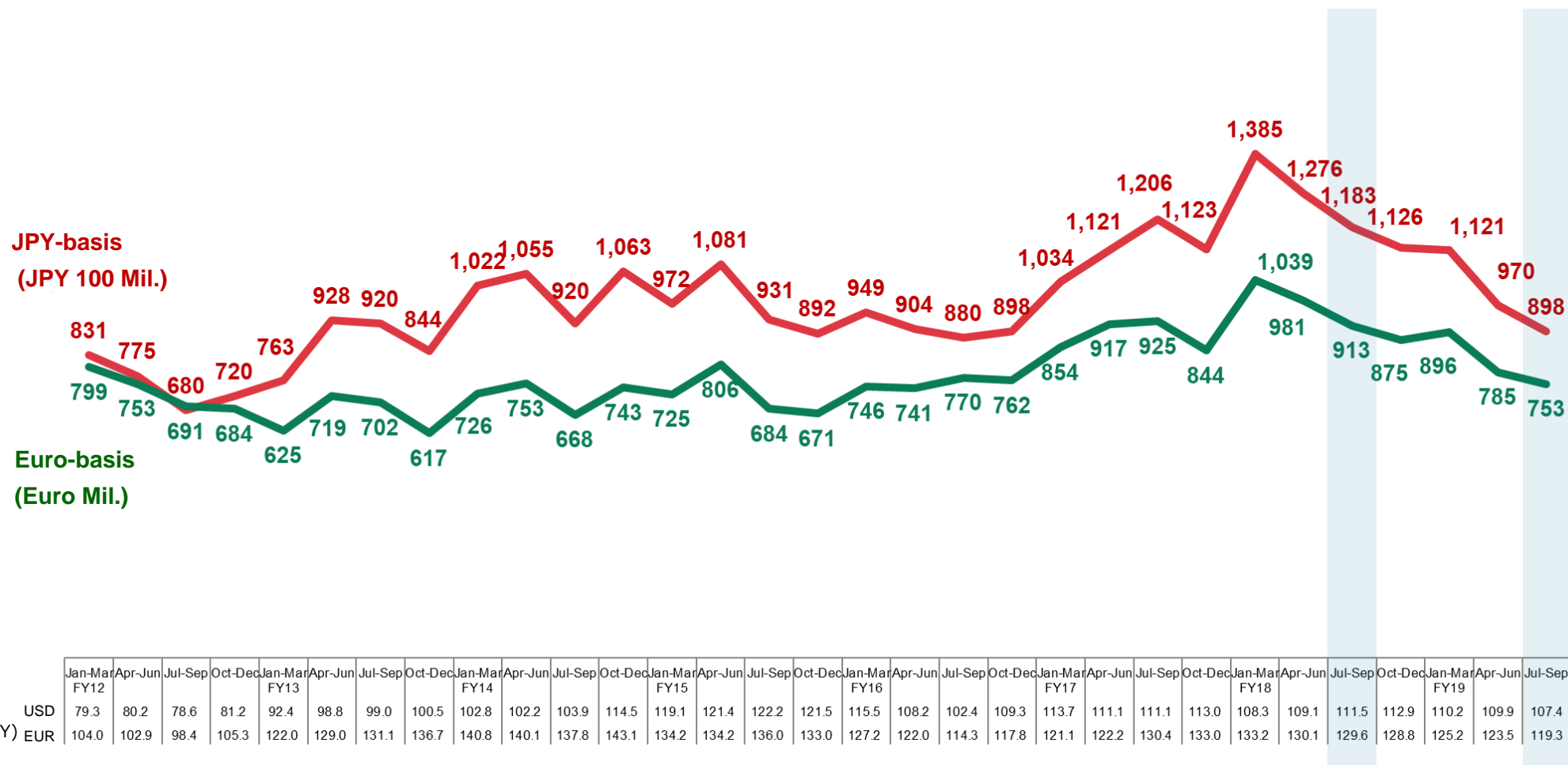


Horizontal MC

4-axis

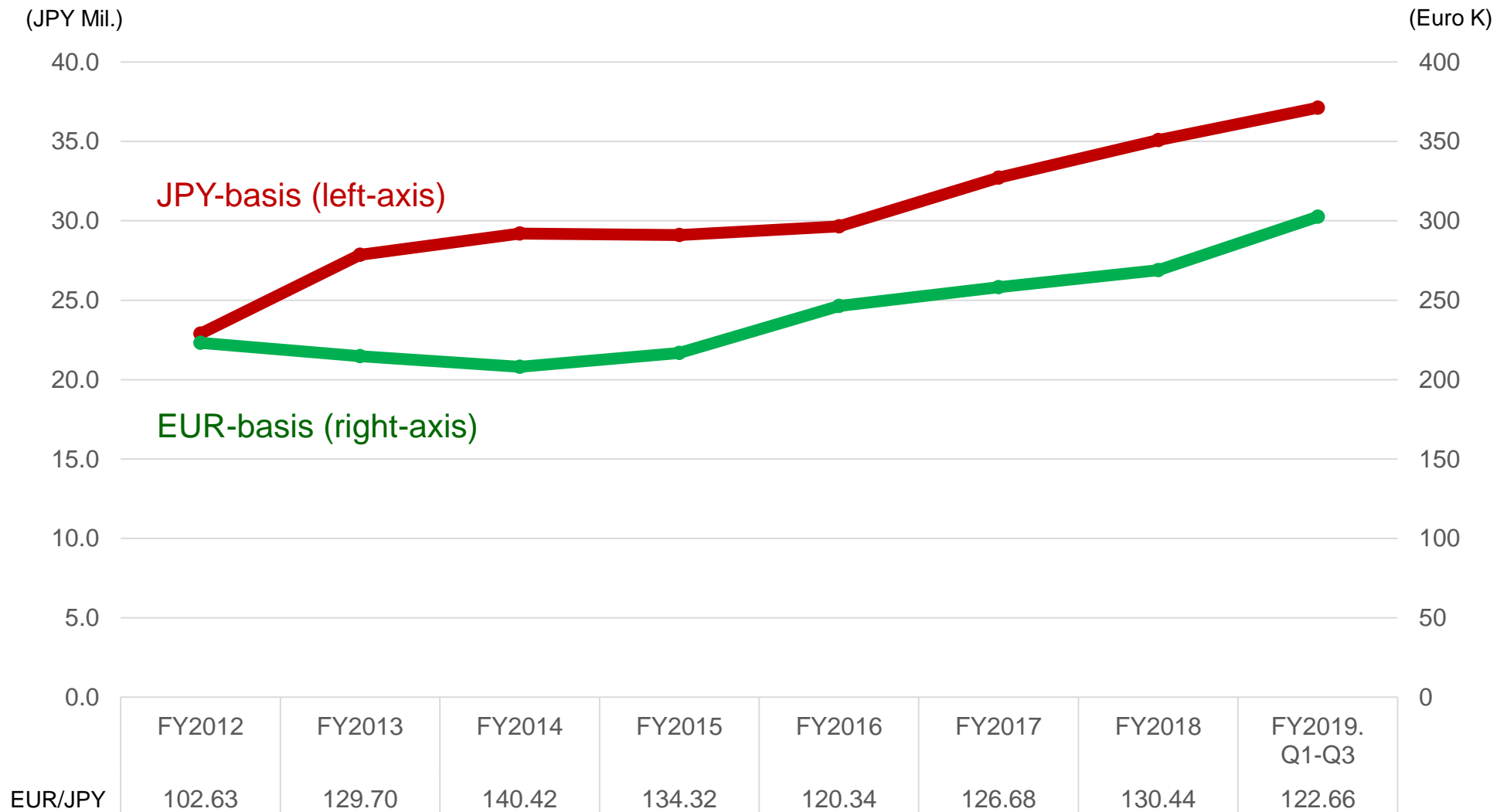


5-axis
Multi-axis
Automation



Average order price per unit (machine body)

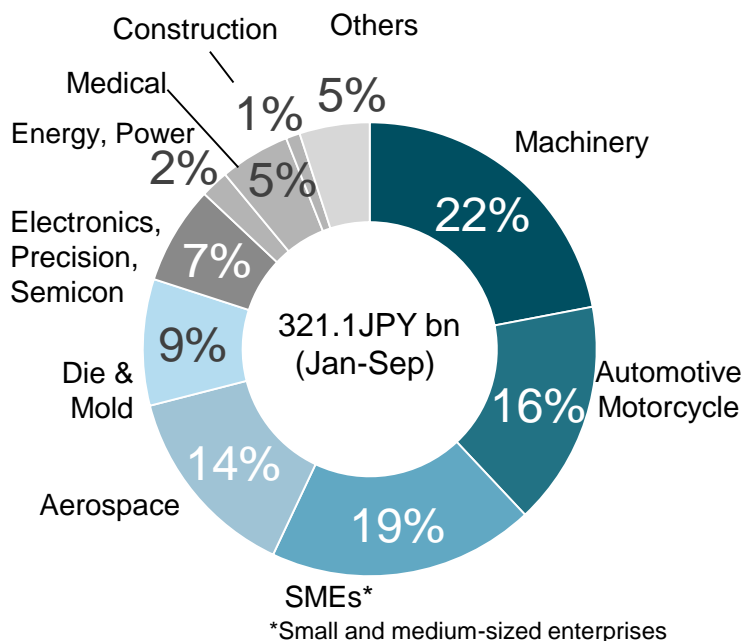
DMG MORI



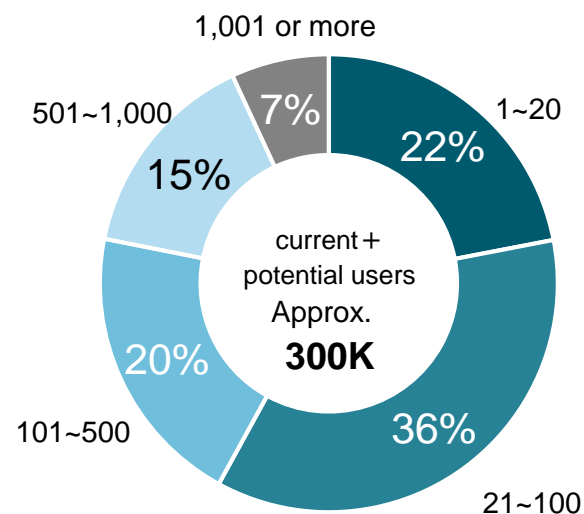
※Value basis

FY2019 Q3 (Jan-Sep)

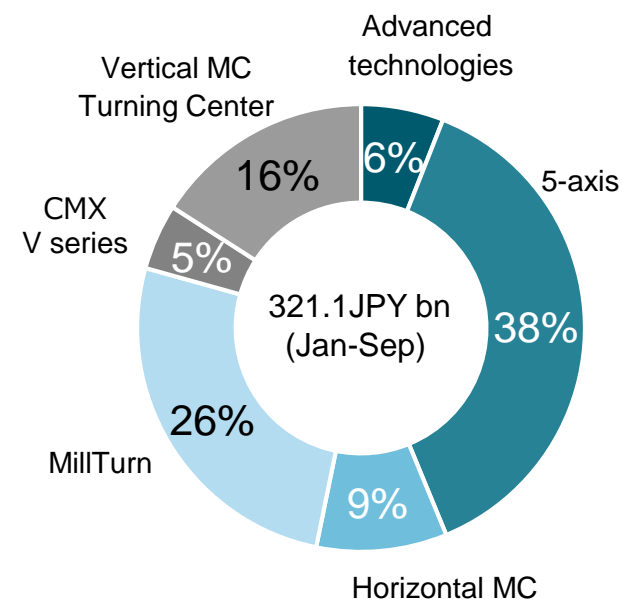
by industry



by customer's number of employee



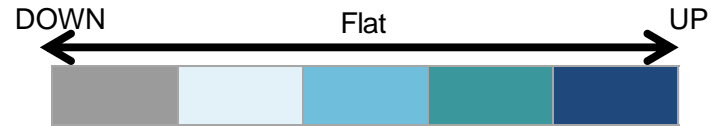
by product type



Demand by region & industry

DMG MORI

Region



FY2019.Q3

Japan



Europe



North
Americas



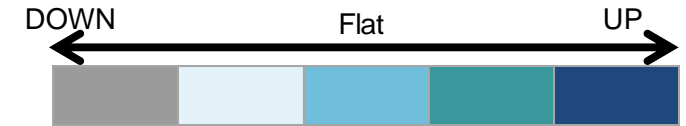
China



Asia
(excl. China)



Industry



FY2019.Q3

Machinery



Automotive



SMEs



Aircraft



Die & Mold



Electronics



Energy



Medical



Construction
Machinery

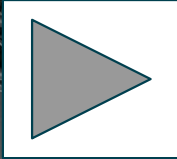


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Hannover Fairgrounds
DMG MORI in Hall 2(>10,000m²)
Visitors >15,000

45

High tech
machines

29

Automation
solutions

>30

Digital
innovation

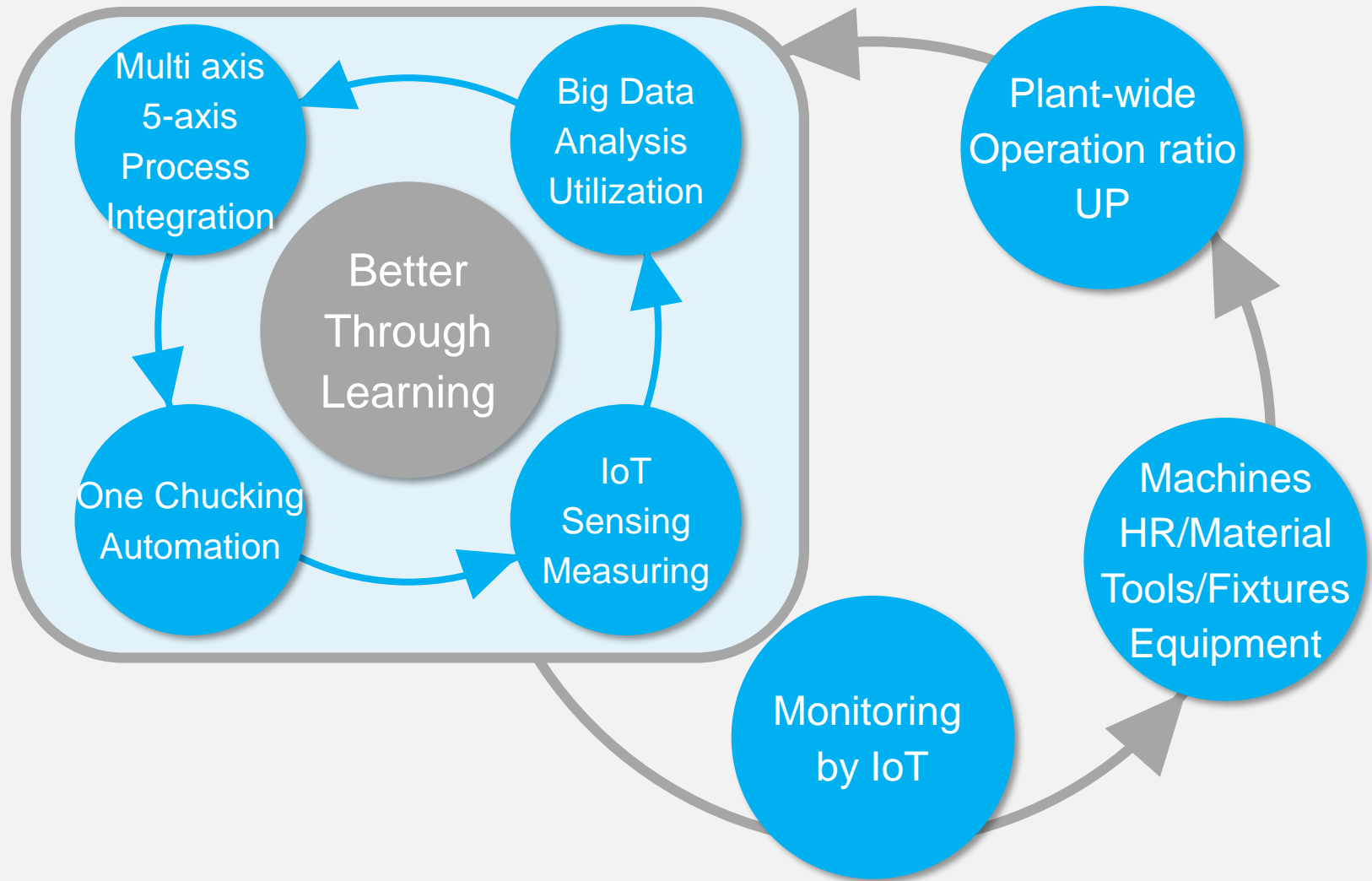
AM

Additive
Manufacturing

Dynamic. Excellence

- + Automation**
- + Digitization**
- + Additive Manufacturing**
- + Technology Excellence**
- + DMQP**

- + First Quality**
- + Service Excellence**
- + Processes / ERP**
- + Employees**
- + Sustainability / SDGs**



DMG MORI AUTOMATION

4 SEGMENTS
12 PRODUCT LINES
51 PRODUCTS

WORKPIECE HANDLING

GANTRY LOADER



GX / GX T

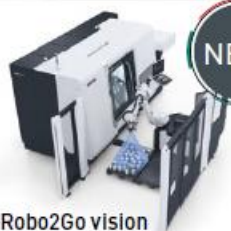


SR

ROBOT



IMTR



Robo2Go vision



WH Cell



MATRIS



WH Flex



PALLET HANDLING

ROUND STORAGE SYSTEMS



PH



AWC



RPS

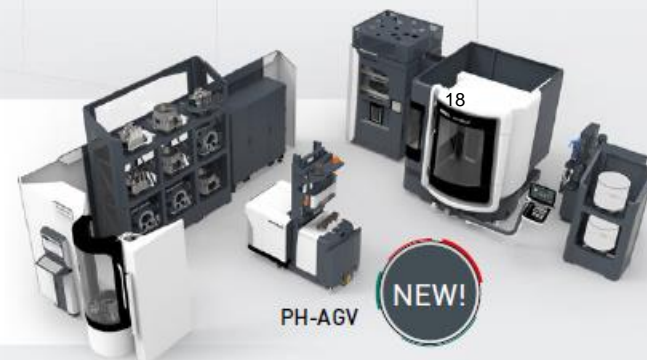
LINEAR STORAGE SYSTEMS



CPP

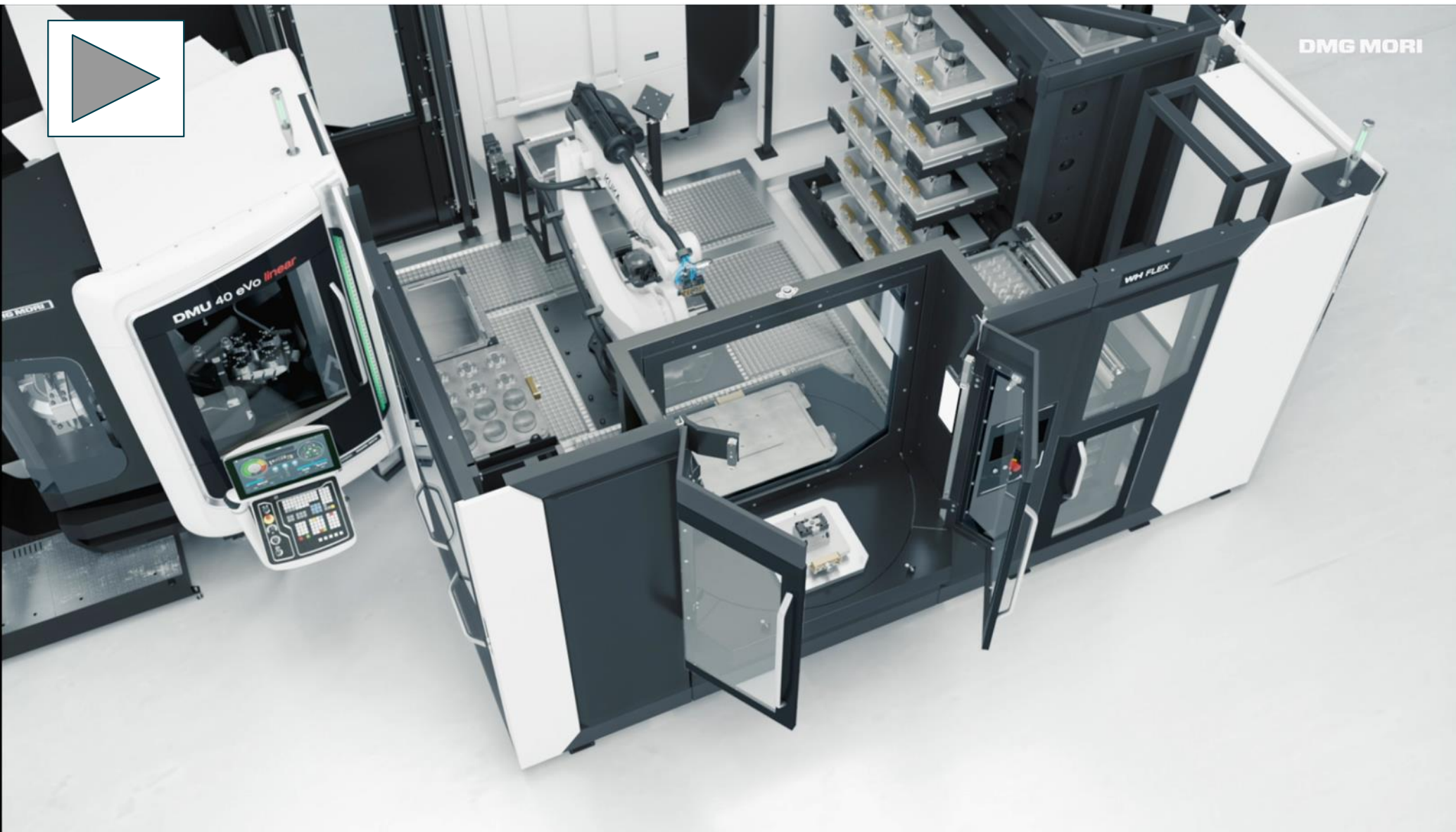


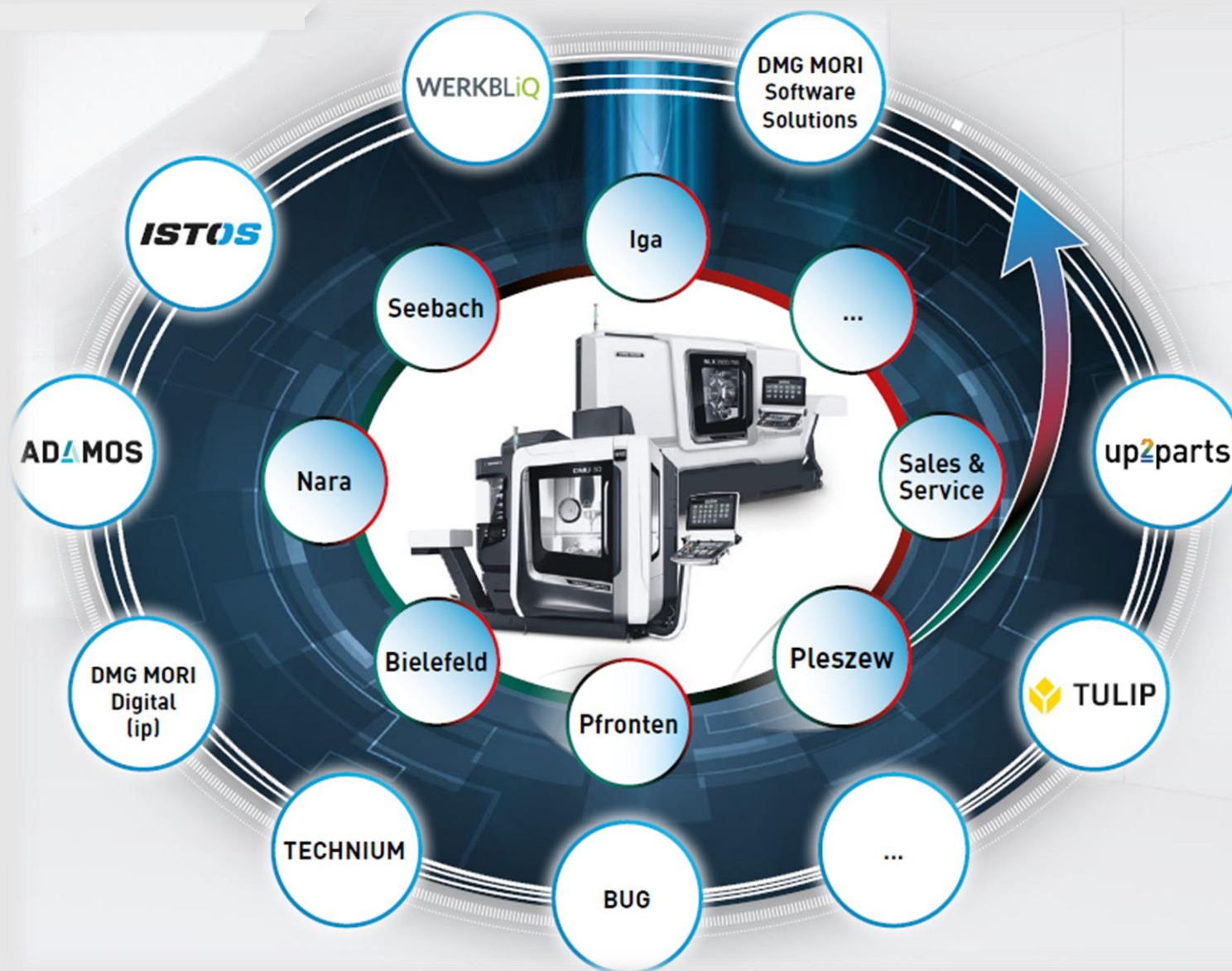
LPP



PH-AGV







my DMG MORI CUSTOMER PORTAL



YOUR HISTORY *YOUR MACHINES*

my DMG MORI

YOUR DOCUMENTS *YOUR SERVICE REQUESTS*

CUSTOMER PORTAL

TULIP – “BUILD YOUR OWN APP”

In use at Pfronten Plant



**25% faster
cycle time**

**90% reduction
training time**

**98% improvement
Nonstop ratio**

TULIP: HQ in Boston, 70 employees
Established in 2014 by engineers of the MIT Media Lab
(Massachusetts Institute of Technology).

Powder-nozzle



LASERTEC 65 *3D hybrid*

Powder-bed



LASERTEC 30 *SLM* 2nd Generation

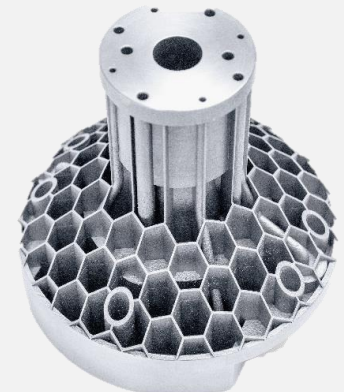
Complex shapes

Create complex shape beyond the horizons of cutting operation
(Bio-Inspired/Tribology Design)



Weight reduction

60%





Czech: Technology Center (new)

August 27-30 (Opening Day)



Poland: FAMOT Plant Open House

October 22-25

Official opening of the new XXL
machining hall;

36% larger exhibition space (1,274 m²)

Integrated Digitization



Theme: Connect! Open Innovation

Date: August 30-31

Place: Plant of NAKAHARA WORKS CO., LTD.
(463 Otami, Naka-ku, Okayama-city, Okayama Prefecture)

Machines: 8 machines from NAKAHARA WORKS, 2 machines from DMG MORI



Production launch: CMX 600 Vi (Vertical MC) at Lakshmi Machine Works, India

DMG MORI

- ① Production partner: Lakshmi Machine Works Limited, India
- ② Production plan : CMX 600 Vi - 10 units per month



CMX 600 Vi



— Date —
29 October 2019 | Tue.

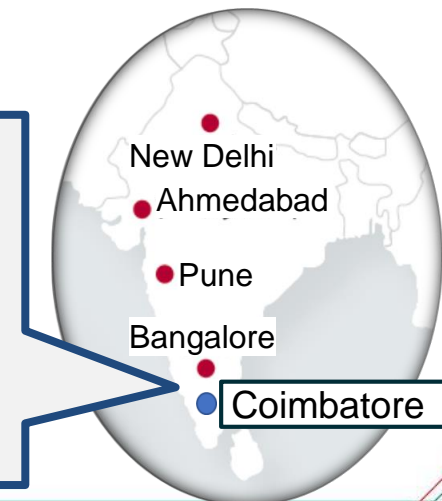
DMG MORI



<Lakshmi Machine Works Limited>

Location : Arasur, Coimbatore - 641 407 Tamil Nadu,
India

Established in: 1988





Technical alliance

Offer the measurement and camera technologies

Sales alliance

Share the global sales network to sell optical processing machines



- Apply measurement and camera technologies of NIKON on DMG MORI's machine tools to jointly develop more sophisticated products
- Utilize DMG MORI's global sales network to sell NIKON's optical processing machines

Face-to-face meetings accelerate global development



Event information

Times held 6th time

Place Bielefeld (Germany)

Members 260 members
15 workshops

Results

- Intergration of machine models and standardization
- Promotion of CAM/Digital Programming
- Expansion of peripheral equipment (DMQP)
- Advancement of Digital Twin
- Progress in Automation

+ Award Ceremony during EMO



Awarded companies

ALGRA S.p.A.	(Italy)	CKD Corporation	(Japan)
Compa S.A.	(Rumania)	RYOWA Corporation	(Japan)
FESTO AG & Co. KG (Germany)			
Hartmetall-Werkzeugfabrik Paul Horn GmbH (Germany)			
CNC-Technik MACK GmbH & Co. KG (Germany)			

+ Submitted creations: 60

+ New “Advanced Machining Category” (starting this year)



Industrial parts machining:
Gold Prize
Shishido Seiko, Ltd.
“Syringe (manual injector)”



Prototype & test cut machining:
Gold Prize
KYOCERA Corporation Fine Ceramics HQ
“Ceramic shaftless screw”



Advanced machining:
AM Technology Prize
Tamachi Industries Co., Ltd.
“The biggest part SLM can make”



Academic research:
Gold Prize
Hyogo Prefectural Kobe
Advanced Institute of Technology
“Screw of Reuleaux Triangle”



Molding (Free form machining):
Gold Prize
Circle & Square Co., Ltd.
“Jumping spider”



DMG MORI 5-Axis Grand Prize
NAGAYAMA Industry, Inc.
“Lamp holder”

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.