

DMG MORI CO., LTD.

FY 2019 (Jan-Dec) Results

IR Announcement

February 14, 2020

1. FY2019 Financial Summary

2. Business Environment

3. Key topics

- ✓ Open House Pfronten (Feb 11th-15th)
- ✓ R&D : Automation & Digitization
- ✓ Production : Efficient in-house production & TULIP
- ✓ SSEP : 5-axis machine promotion & digital service
- ✓ SDGs (Carbon footprint neutral & Trainings)

FY2019 (Jan-Dec) Results

- ✓ Consolidated order intake JPY 409.4 bn. (-22.9% year-on-year)
- ✓ Sales JPY 485.8 bn. (-3.1% y-o-y), operating profit JPY 37.3 bn (+3.0% y-o-y)
- ✓ Diverse customer base: the aerospace industry's share expanded to 16% (equivalent to the automobile industry's)
- ✓ Average unit price increased by 6% y-o-y, with the recent trend for 5-axis machines, process integration, and system solutions, and boosting sales to the aerospace customers
- ✓ Continuously growing repair/service order intake with larger installation base (+3% y-o-y)
- ✓ Free cash flows JPY 20.1 bn., net debt JPY 75.5 bn. (JPY 82.8 bn. at the end of 2018)

FY2020 (Jan-Dec) Plan

- ✓ Consolidated order intake JPY 420.0 bn. (+3% y-o-y)
- ✓ Sales JPY 400.0 bn. (-13% y-o-y, excluding energy business), operating profit JPY 20.0 bn. (-46% y-o-y)
(Sales of energy business: JPY 26.6 bn. in 2019 to 0 in 2020)
- ✓ Efficient production and financial structure with build-to-order manufacturing system
- ✓ Free cash flows : JPY 13.0 bn.
Annual dividend per share : JPY 60 (JPY 60 in 2019)
Net-debt at the year-end : JPY 70.0 bn. or less

Income Statement Summary

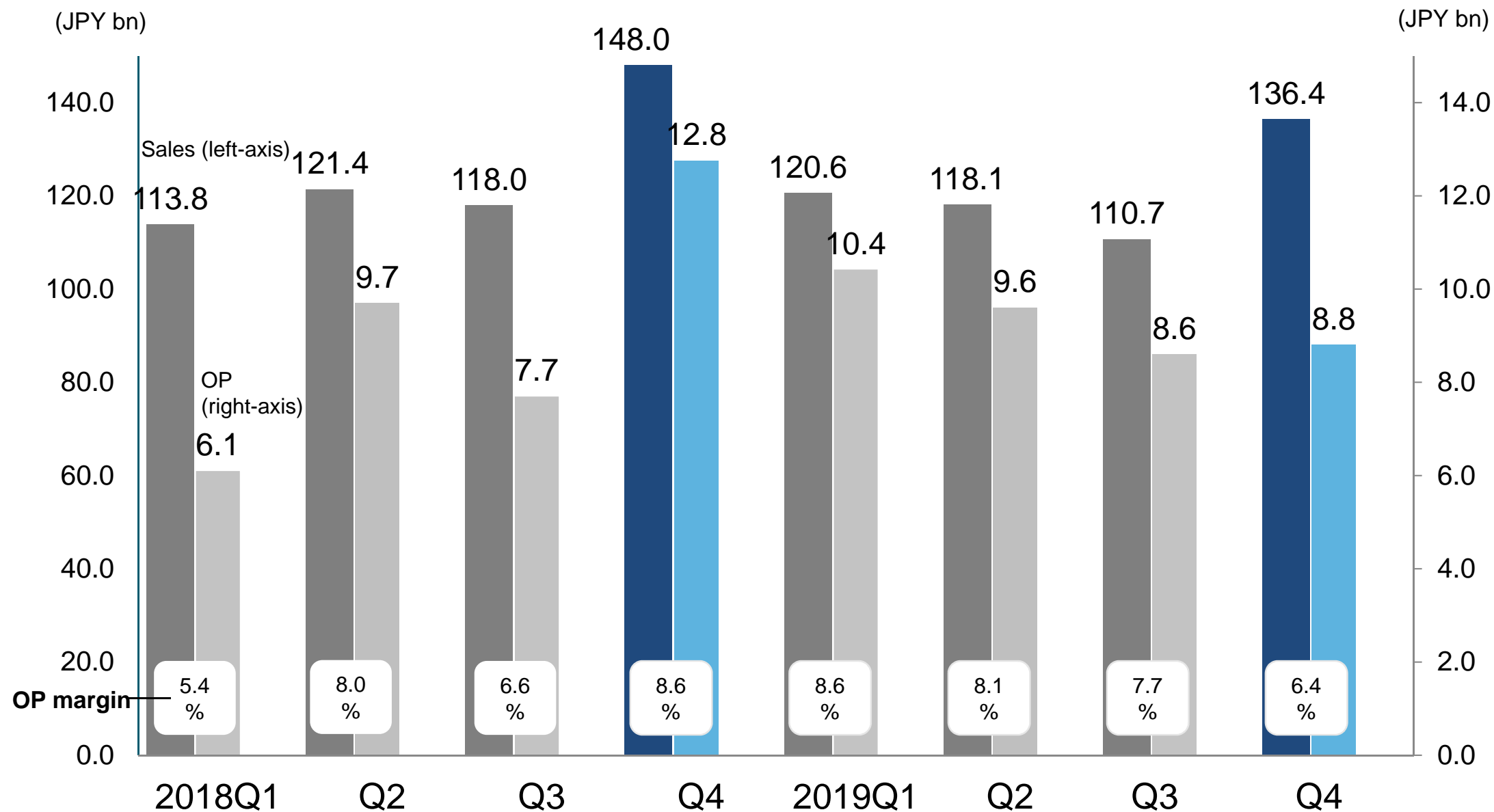
DMG MORI

(JPY bn)	FY2018	FY2019	Changes (%)	FY2019 Original	FY2020 Plan	Changes (%)
Company-wide order intake	531.2	409.4	-22.9	—	420.0	+2.6
Sales revenue	501.2	485.8	-3.1	485.0	400.0	-17.7
Sales revenue (excluding energy business)*	487.3	459.2	-5.8	—	400.0	-12.9
Operating profit	36.3	37.3	+3.0	37.0	20.0	-46.4
% to sales revenue	7.2%	7.7%		7.6%	5.0%	
Net financial costs	-5.2	-5.9		-6.0	-6.0	
(thereof, economic compensation associated with DA)	(-2.5)	(-3.5)		(-3.5)	(-3.5)	
Profit before taxes	31.3	31.5	+0.6	31.0	14.0	-55.5
Net profit	19.4	18.9	-2.6	20.5	8.8	-53.3
Net profit attributable to owners	18.5	18.0	-2.8	19.5	8.5	-52.8
Depreciation & amortization with lease	—	23.1		23.3	23.0	
D&A without lease	18.5	18.4		18.5	18.5	
Capital expenditure	19.3	21.2		19.0	19.0	
USD/JPY	110.4	109.1		109.0	110	
EUR/JPY	130.4	122.1		122.0	120	

*Energy business is sold in end Jun 2019

Quarterly financial results

DMG MORI

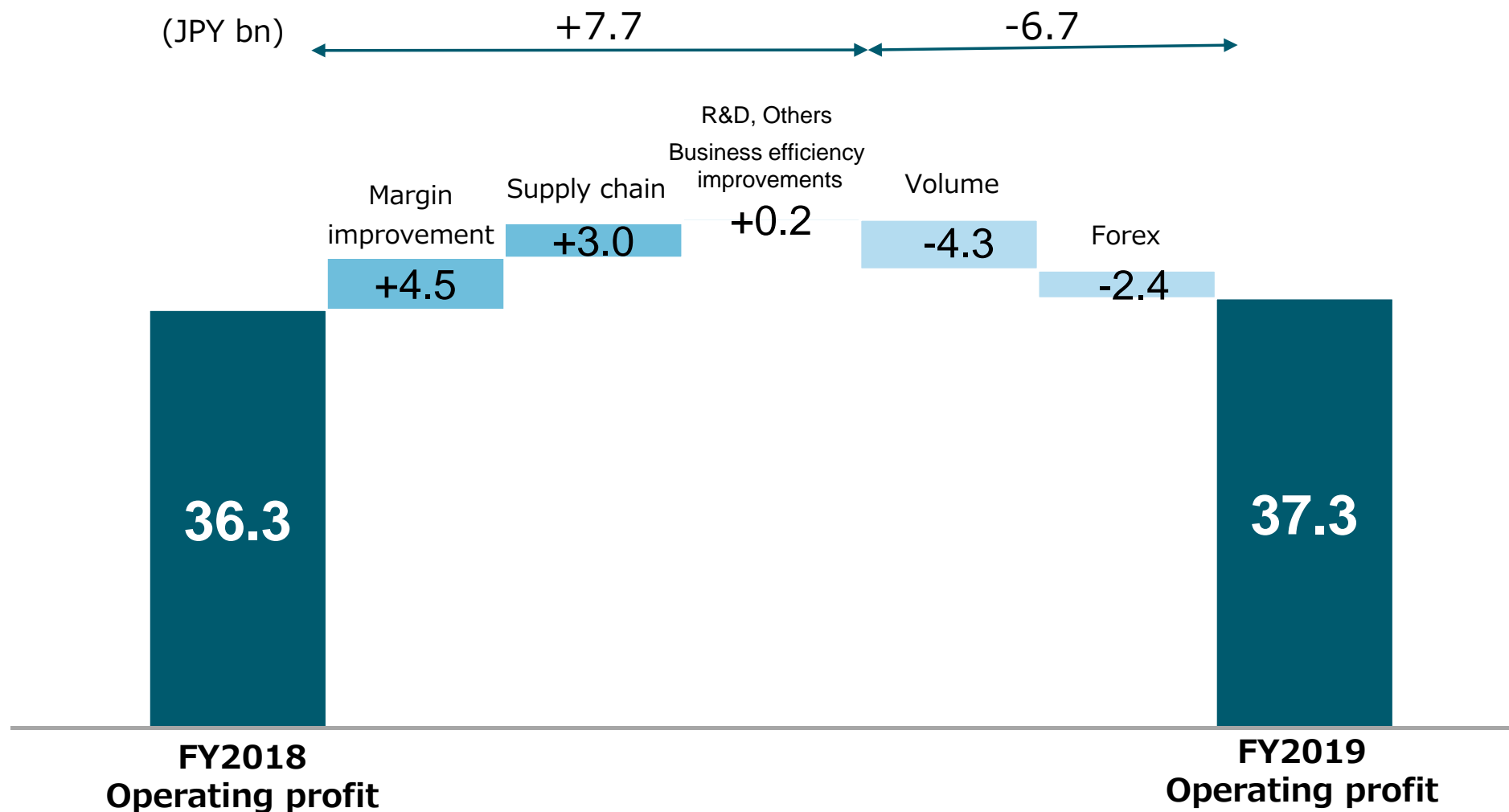


2019 Result / Operating profit bridge -2018 vs 2019

DMG MORI

(JPY bn)	FY2018	FY2019	+/-
Sales	501.2	485.8	-15.4
Sales excluding energy business	487.3	459.2	-28.1

	<u>FY2018</u>	<u>FY2019</u>
USD/JPY	110.4	109.1
EUR/JPY	130.4	122.1

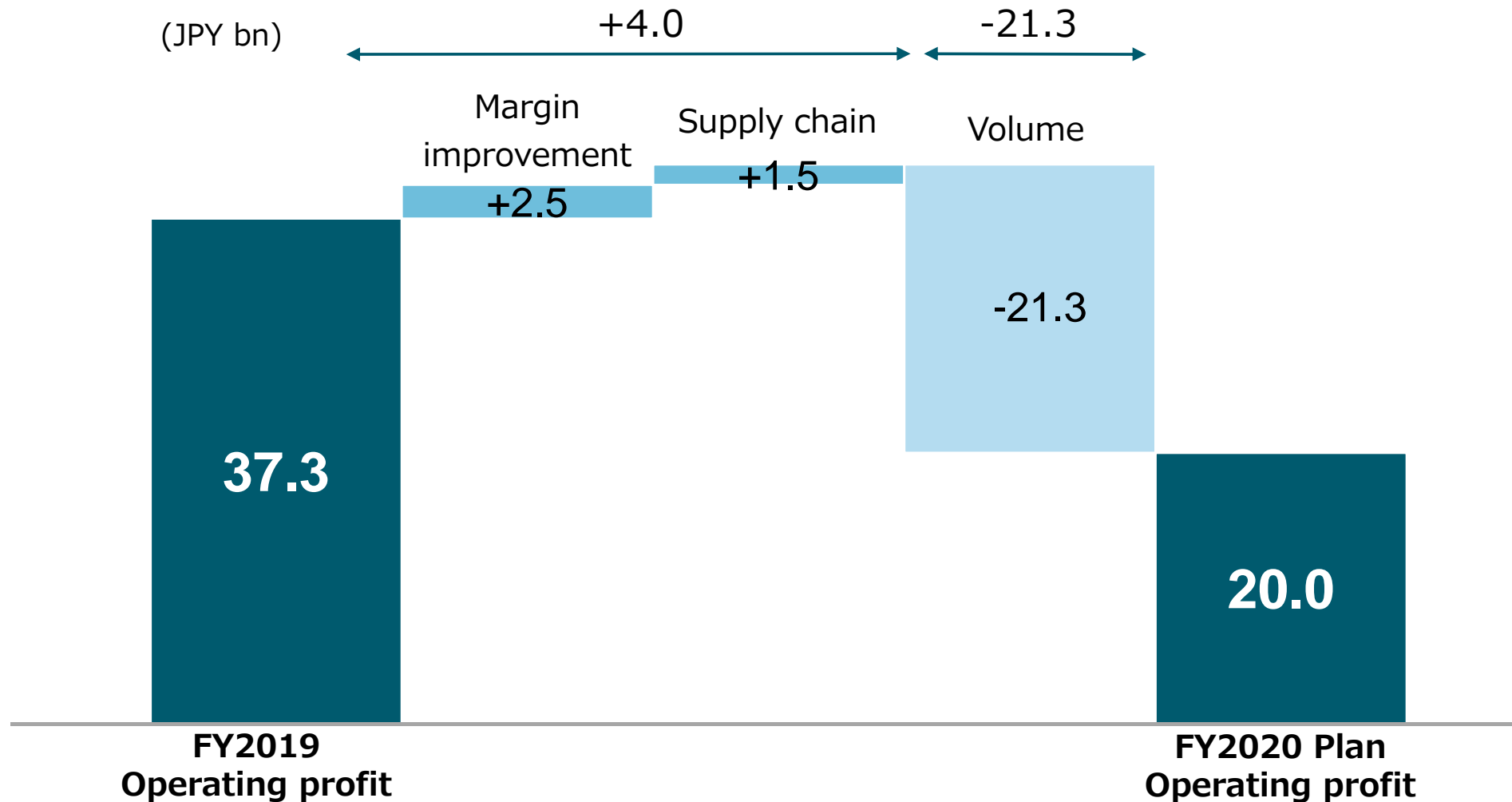


2020 Plan / Operating profit bridge -2019 vs 2020

DMG MORI

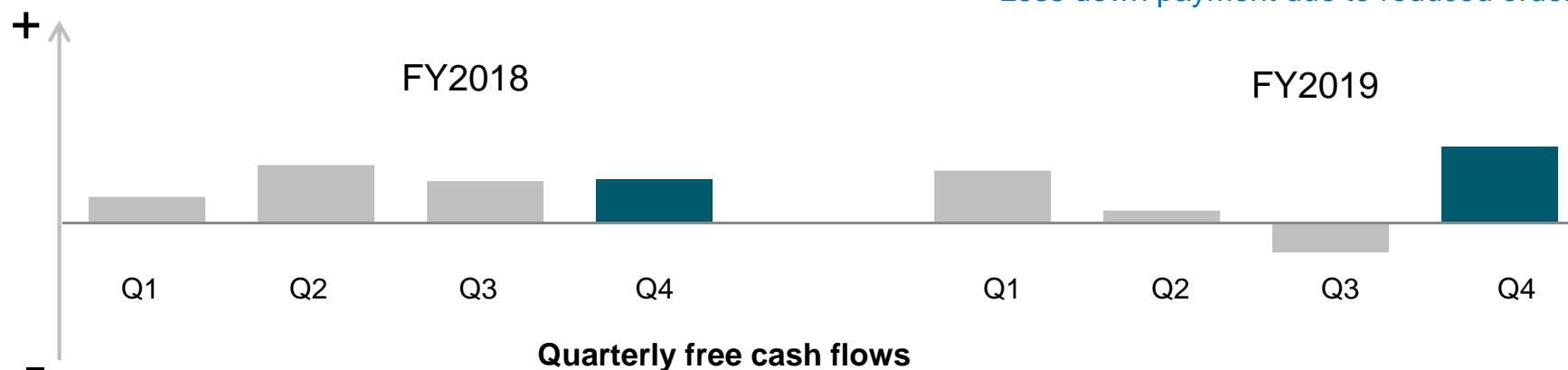
(JPY bn)	FY2019	FY2020E	+/-
Sales	485.8	400.0	-85.8
Sales excluding energy business	459.2	400.0	-59.2

	<u>FY2019</u>	<u>FY2020E</u>
USD/JPY	109.1	110.0
EUR/JPY	122.1	120.0



(JPY bn.)	FY2018					FY2019				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Cash flow from operation	7.8	13.5	10.5	17.5	49.4	13.0	3.8	4.3	22.5	43.6
Profit before taxes	5.0	8.7	6.5	11.2	31.3	8.8	8.2	7.1	7.4	31.5
Depreciation & amortization	4.5	4.5	4.5	5.0	18.5	5.5	5.3	5.9	6.4	23.1
+/- in working capital	5.8	1.8	-0.3	-2.7	4.6	3.5	-4.8	-5.1	2.2	-4.2
Others	-7.5	-1.5	-0.1	4.0	-5.0	-4.8	-4.9	-3.6	6.5	-6.8
Cash flow from investments	-3.2	-3.1	-3.0	-9.7	-19.0	-3.6	-1.6	-9.6	-8.7	-23.5
(thereof, acquisition of fixed assets)	-3.0	-3.7	-3.2	-9.3	-19.3	-3.1	-5.3	-4.3	-8.5	-21.2
FCF	4.7	10.3	7.5	7.8	30.4	9.4	2.2	-5.2	13.7	20.1

Less down payment due to reduced order intake



Financial position summary

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

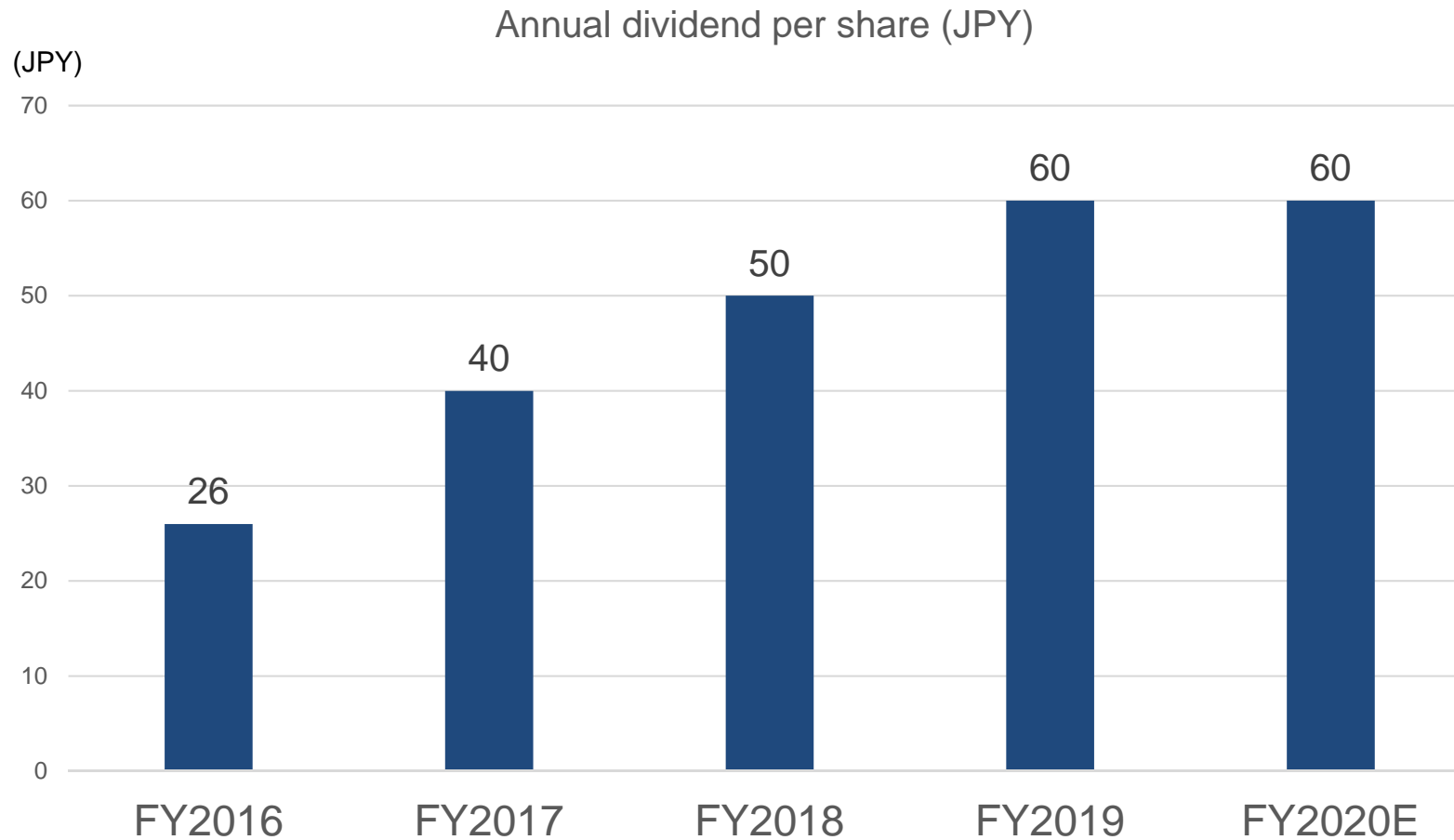
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Assets

Liability & Equity

	JPY 528.4 bn	JPY 524.6 bn	JPY 528.4 bn	JPY 524.6 bn		Net Debt
Short-term Financial assets	34.2	33.2	56.8	54.9	Payables	(Interest-bearing debt – Short-term financial asset)
Trade receivables	69.4	55.3	61.7	37.5	Advance payments	(JPY bn)
Inventories	130.7	120.9	117.0	108.7	Interest-bearing debts	Ended Dec 2018 82.8
Fixed assets (Reflected new standard for lease)	128.7	149.0	94.7	92.3	Obligation of AG share purchase	Ended Dec 2019 75.5
Goodwill	68.9	66.5	84.0	103.4	Other Liabilities (New standard for lease:15.5)	Ending Dec 2020 70.0 or less
Intangibles	65.4	62.8	111.1	124.0	Shareholders' equity	
Other assets	31.1	36.9			Shareholders' equity ratio: 23.6%	
	Dec 2018	Dec 2019	Dec 2018	Dec 2019		

Target: stable increase in line with the free cash flows' performance



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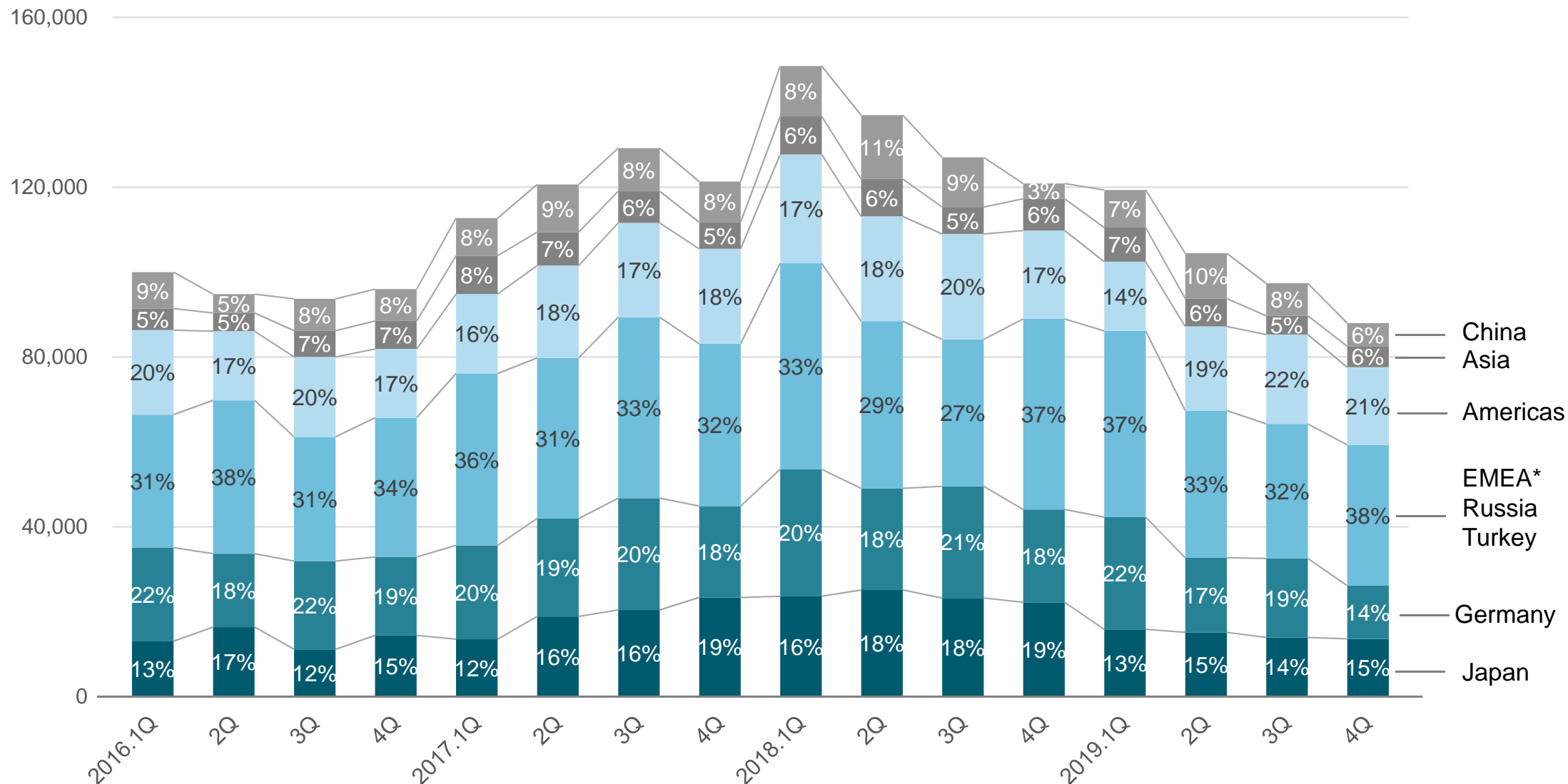
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Consolidated order composition (by region)

DMG MORI

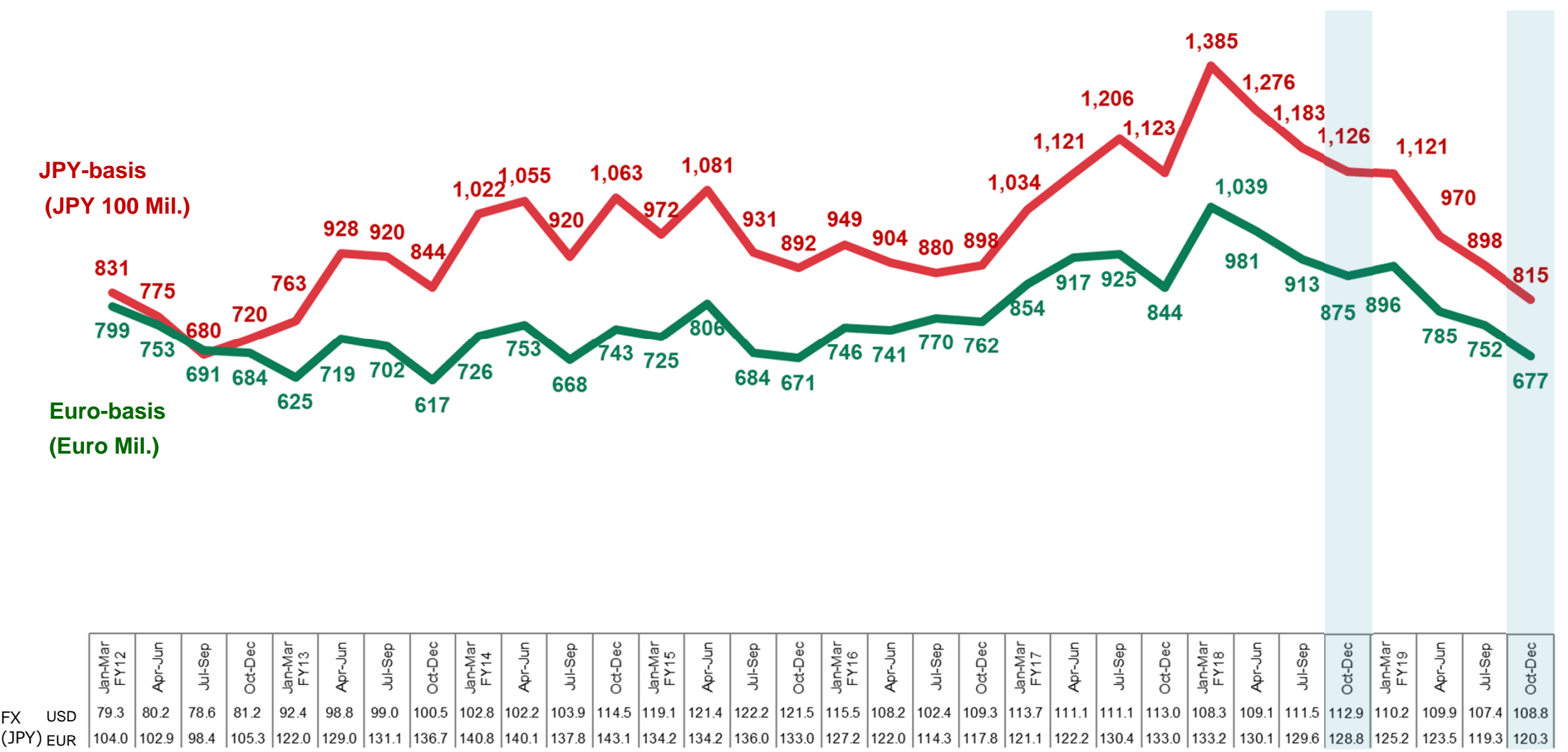
※Value basis

(JPY Mil.)

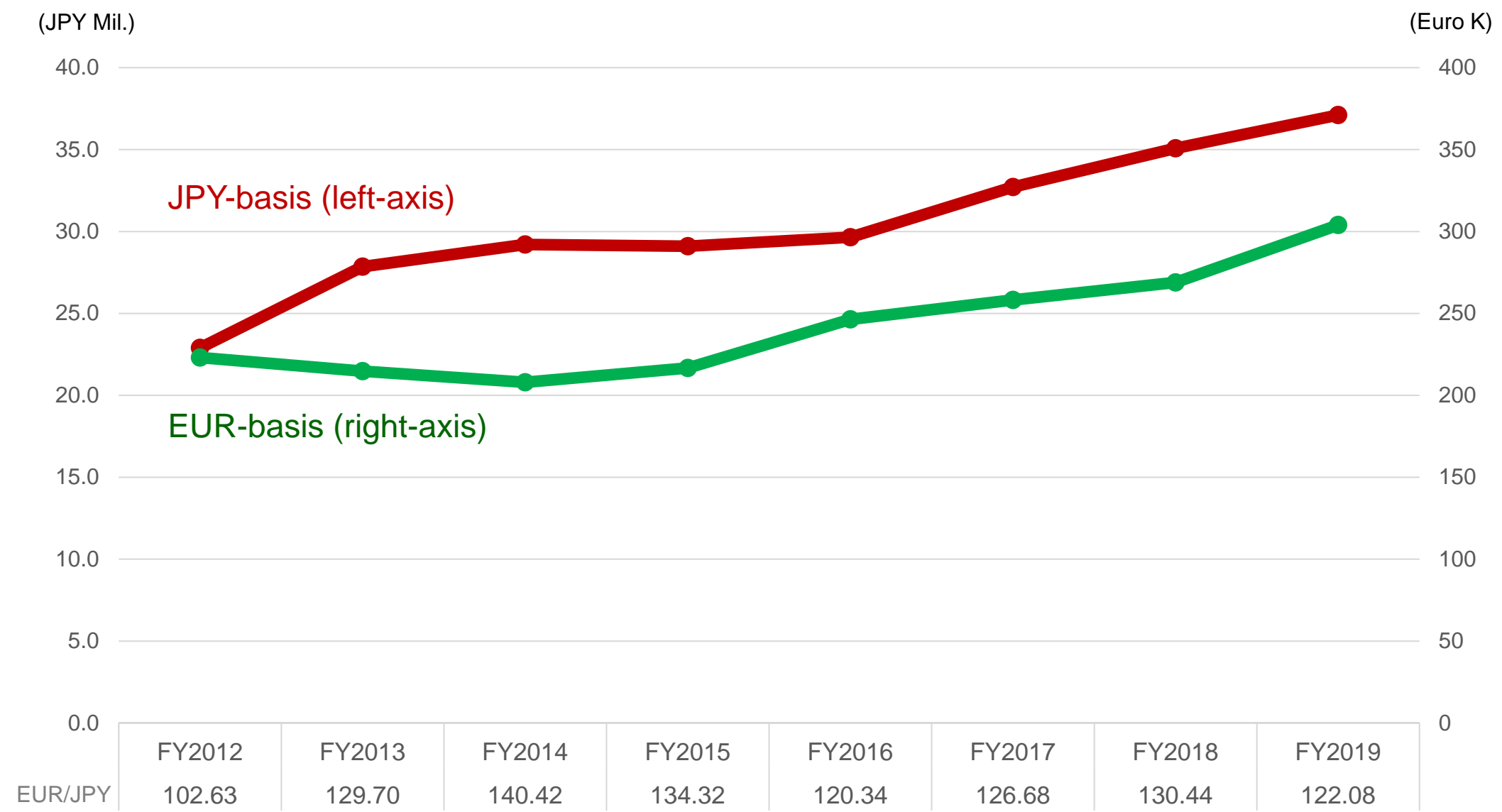


*Europe, the Middle East and Africa

DMG MORI quarterly consolidated machine order intake **DMG MORI**



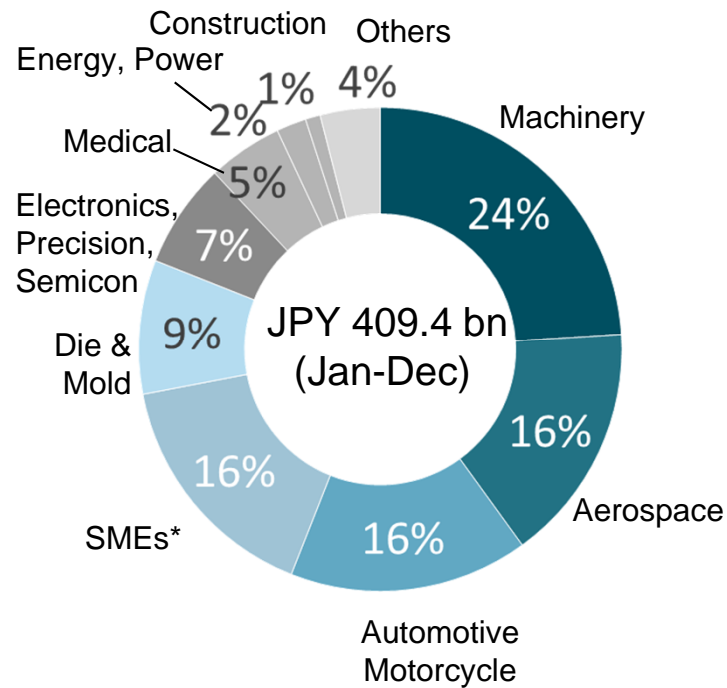
Average order price per unit (machine body)



※Value basis

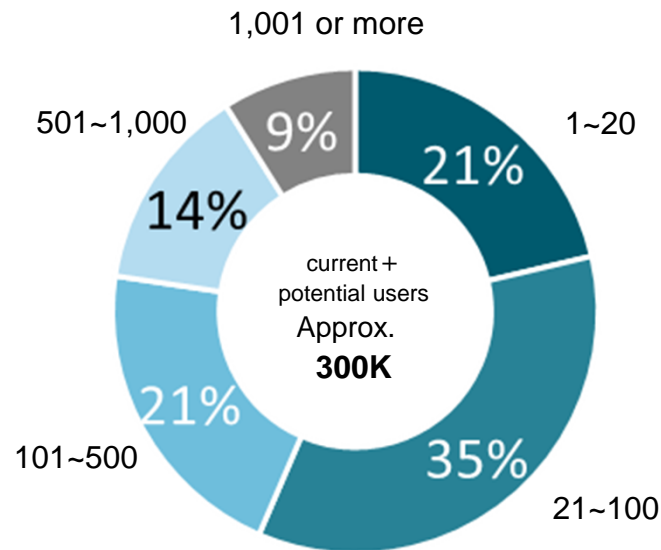
FY2019 Full year

by industry

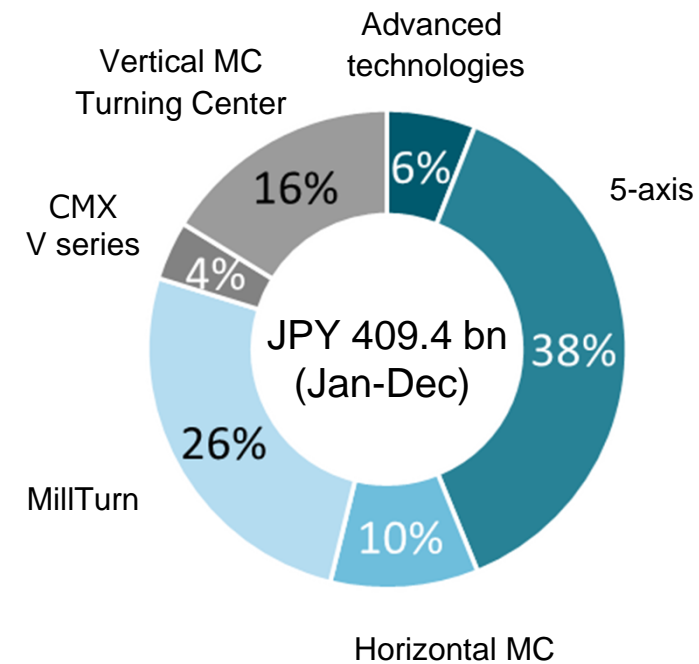


*Small and medium-sized enterprises

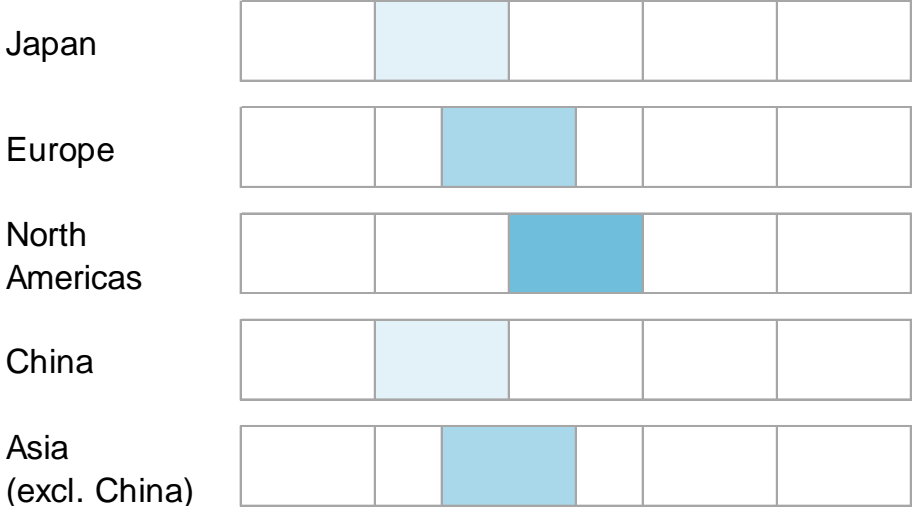
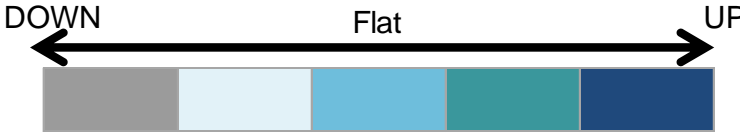
by customer's number of employee



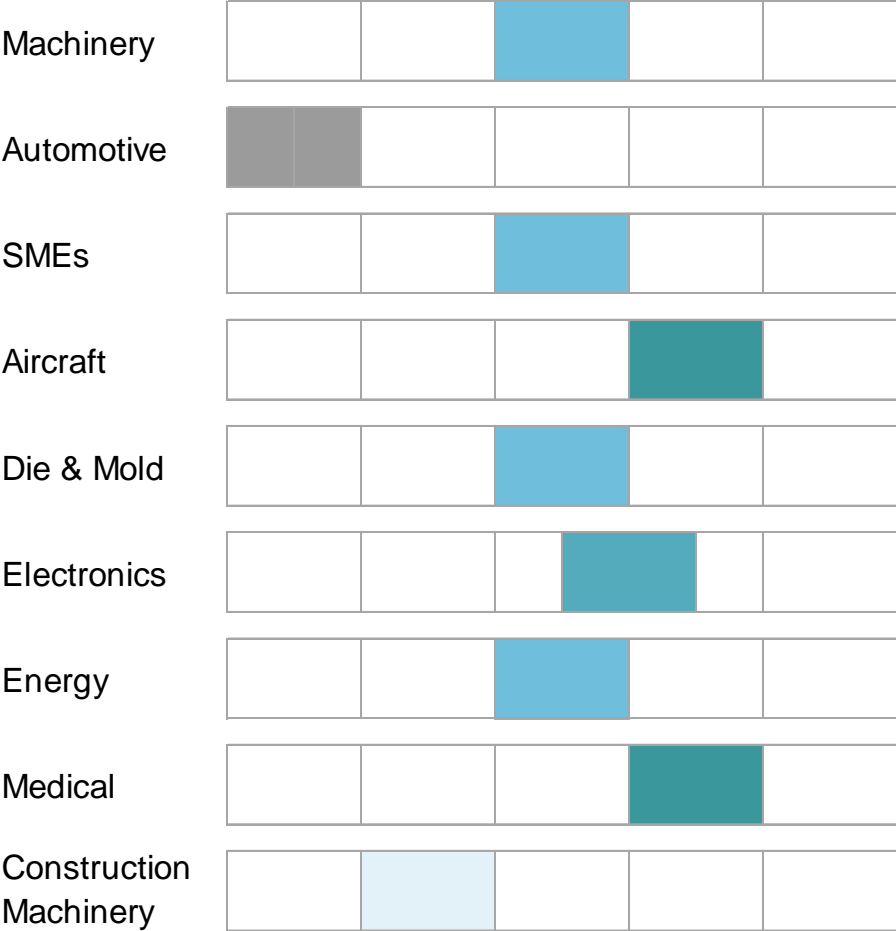
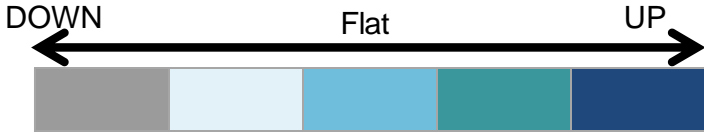
by product type



Region



Industry



1. FY2019 Financial Summary

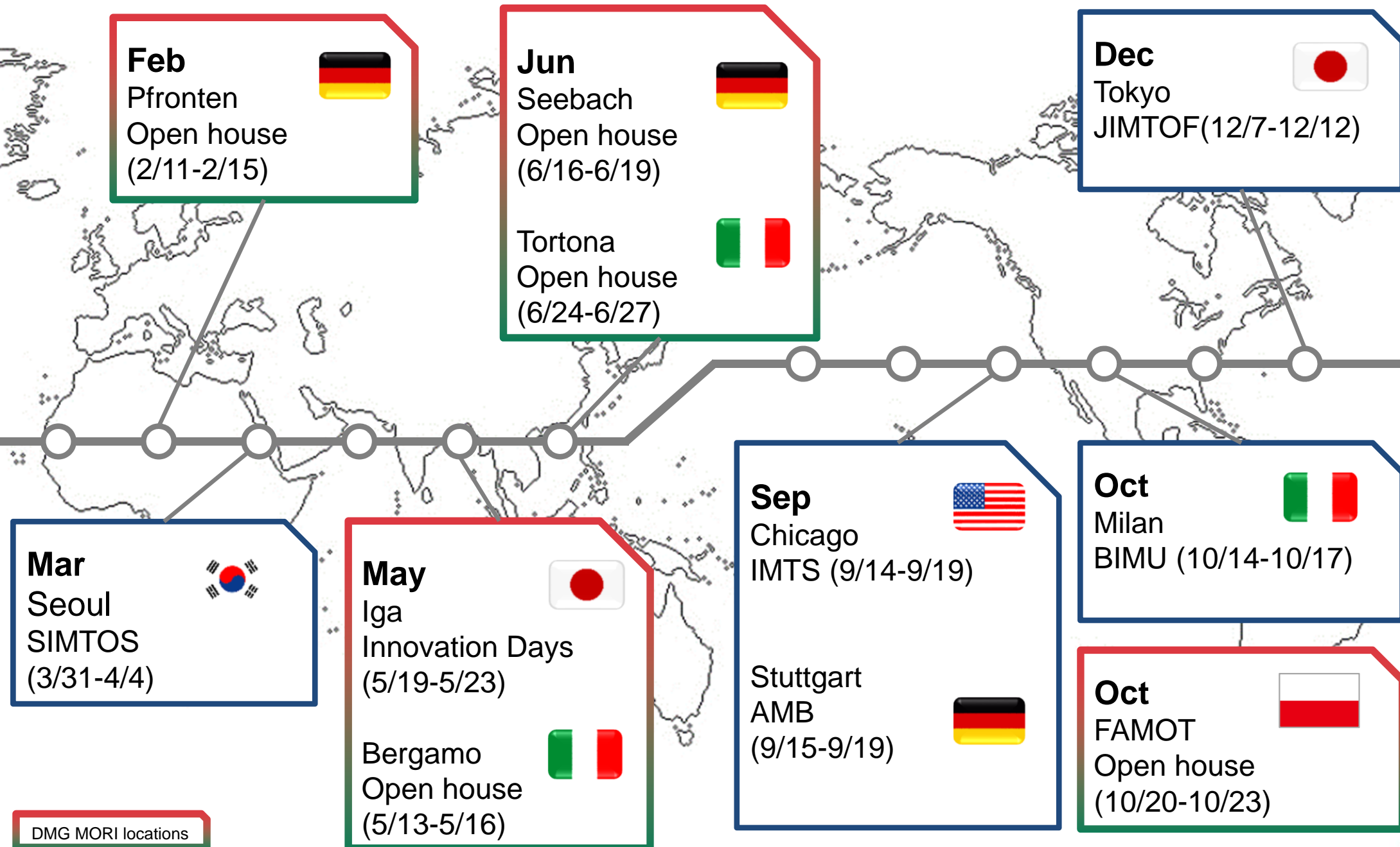
2. Business Environment

3. Key topics

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Major events in 2020 (incl. DMG MORI locations)

DMG MORI





Digital Factory



Automation



World premiere

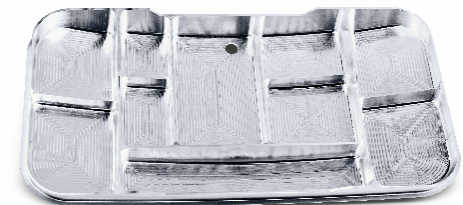


Additive manufacturing

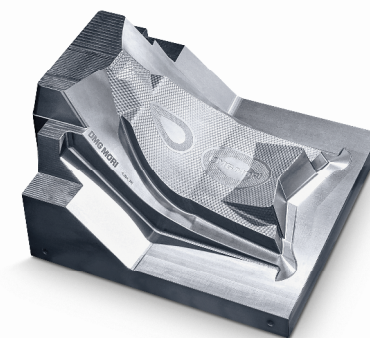
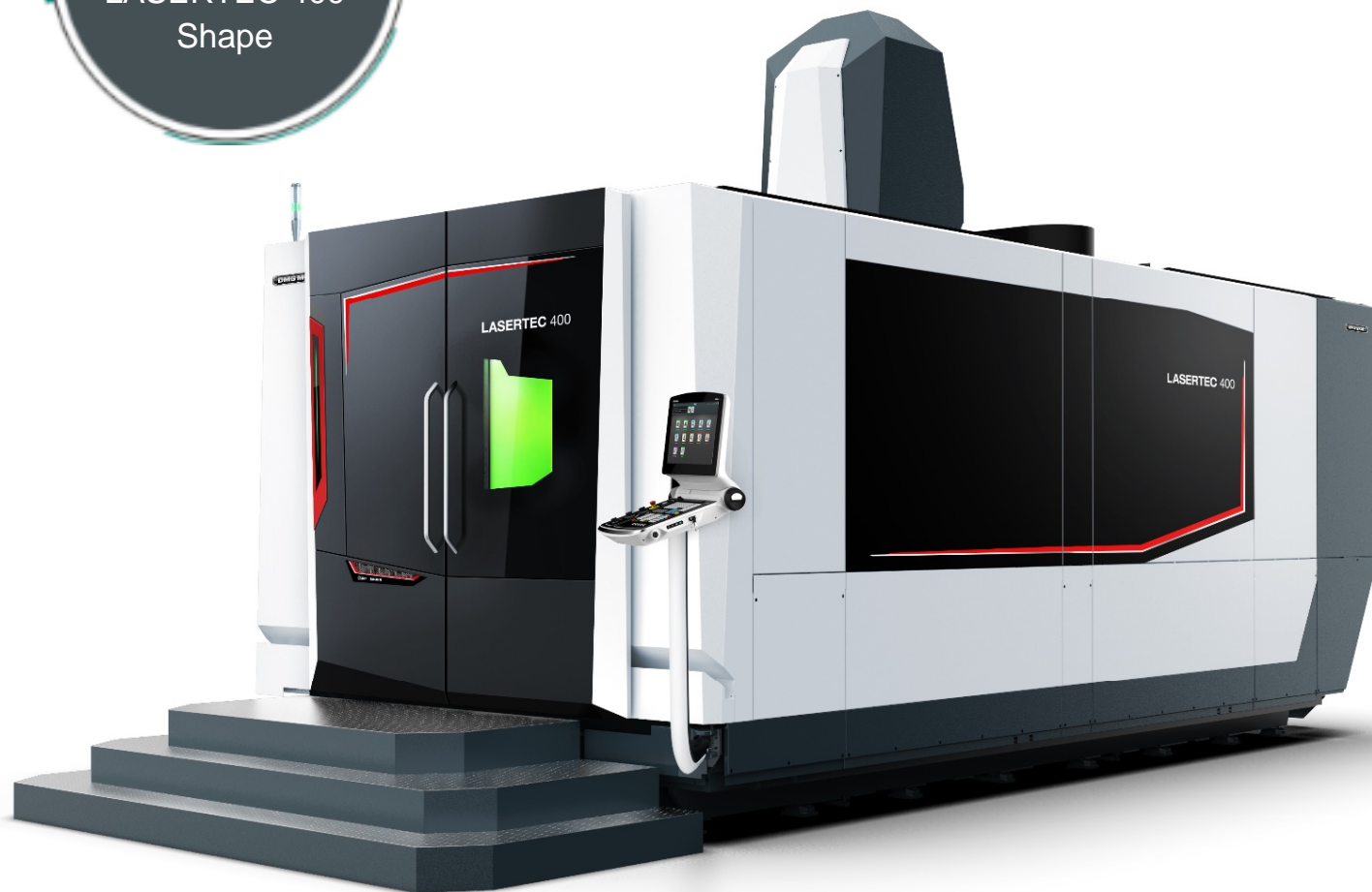




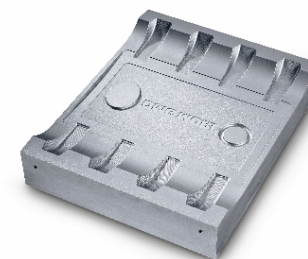
Work : Electric motor housing
(Automotive)
Work size : 280 x 300 x 450 mm



Work : Access Door
(Aerospace)
Work size : 560mm x 290mm x 60mm



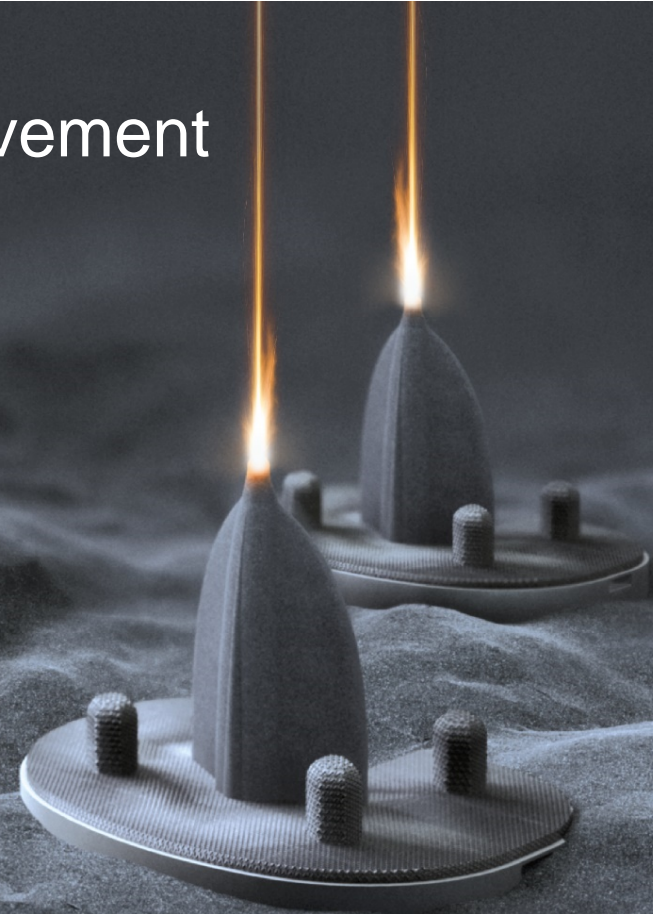
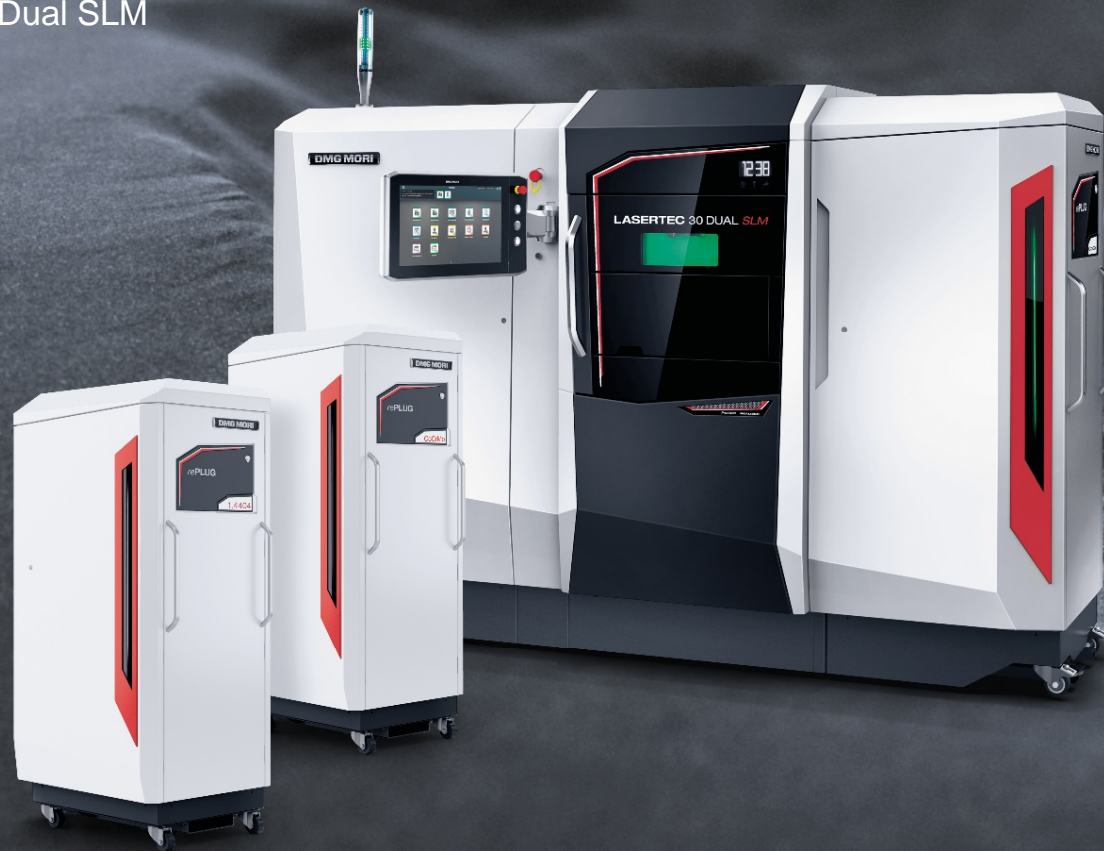
Work : Reflector
(Die and Mold /Automotive)
Work size : 400×500×300mm



Work : Motor cover
(Die and Mold /Automotive)
Work size: 400×320×60mm



80% productivity improvement



AM Lab & Fab

Build-to-order production starts from Q3

DMG MORI



✓ Promotion of automation

4 SEGMENTS
12 PRODUCT LINES
52 PRODUCTS

WORKPIECE HANDLING

GANTRY LOADER



GX / GX T



SR

Robot



IMTR



Robo2Go vision

NEW!



WH Cell



MATRIS



WH Flex

NEW!

PALLET HANDLING

ROUND STORAGE SYSTEMS



PH



AWC



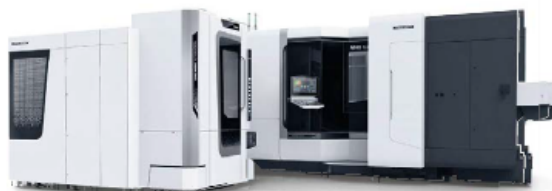
RPS



PH Cell

NEW!

LINEAR STORAGE SYSTEMS



CPP



LPP



PH-AGV

NEW!

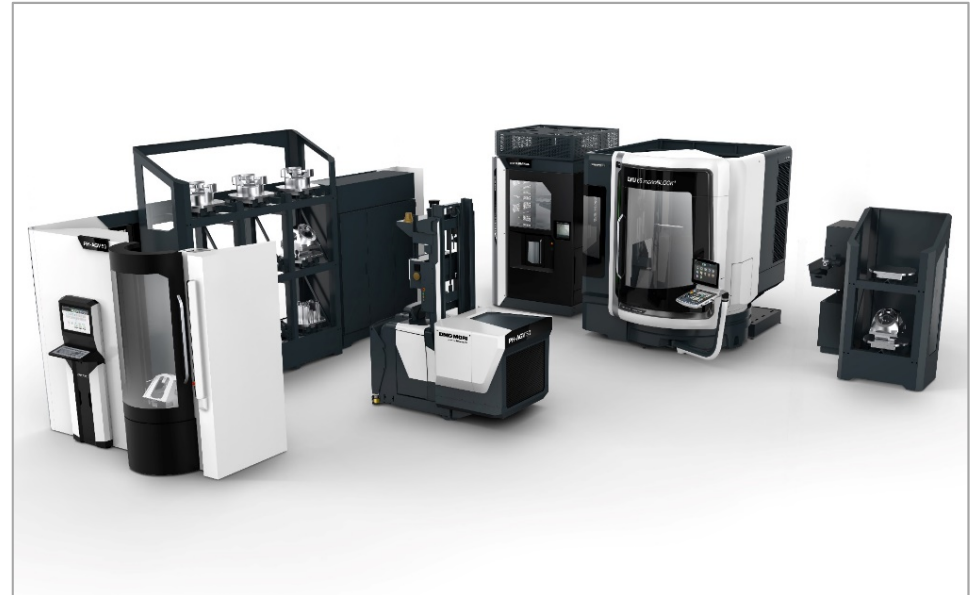
✓ Automation – Work handling

DMU 200 Gantry with WH210



✓ Automation – Pallet handling

PH-AGV 50



✓ DMG MORI FABTECH introduced robot welding system by TRUMPF

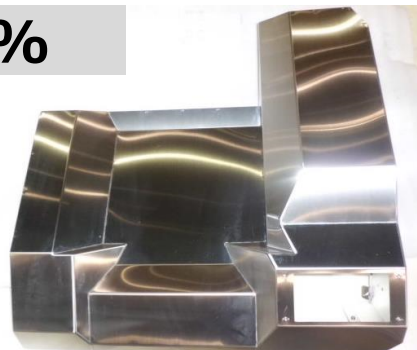
Robot welding system



Used for welding of NTX2000Ge2 lower turret's cover

⚠ Lead time down by 80%

	Lead time
Manual welding	100 min.
Robot welding	20 min.



✓ Iga Campus introduced TULIP



Purpose

Digitization of all the processes to improve operability, skill, and quality



- All DMG MORI plants' processes to be digitized
- Agile development for faster digital conversion
- Employees trained before introduction

Workbench+TULIP



Sample in assembly process

1-9 PUMP1

Standard Time		Target (min)	Actual (min)
		1	

Parts used	Operation method	Completed	Supplementation
⑨			

No.	Parts Number	Parts Name	Q
9	P30894	Different diameter joint 3/4 - 1/2	1

Tool	Torque(Nm)		Measured value (Nm)
	lower limit	upper limit	
#30 Spanner	132.4	161.8	

Pause Call

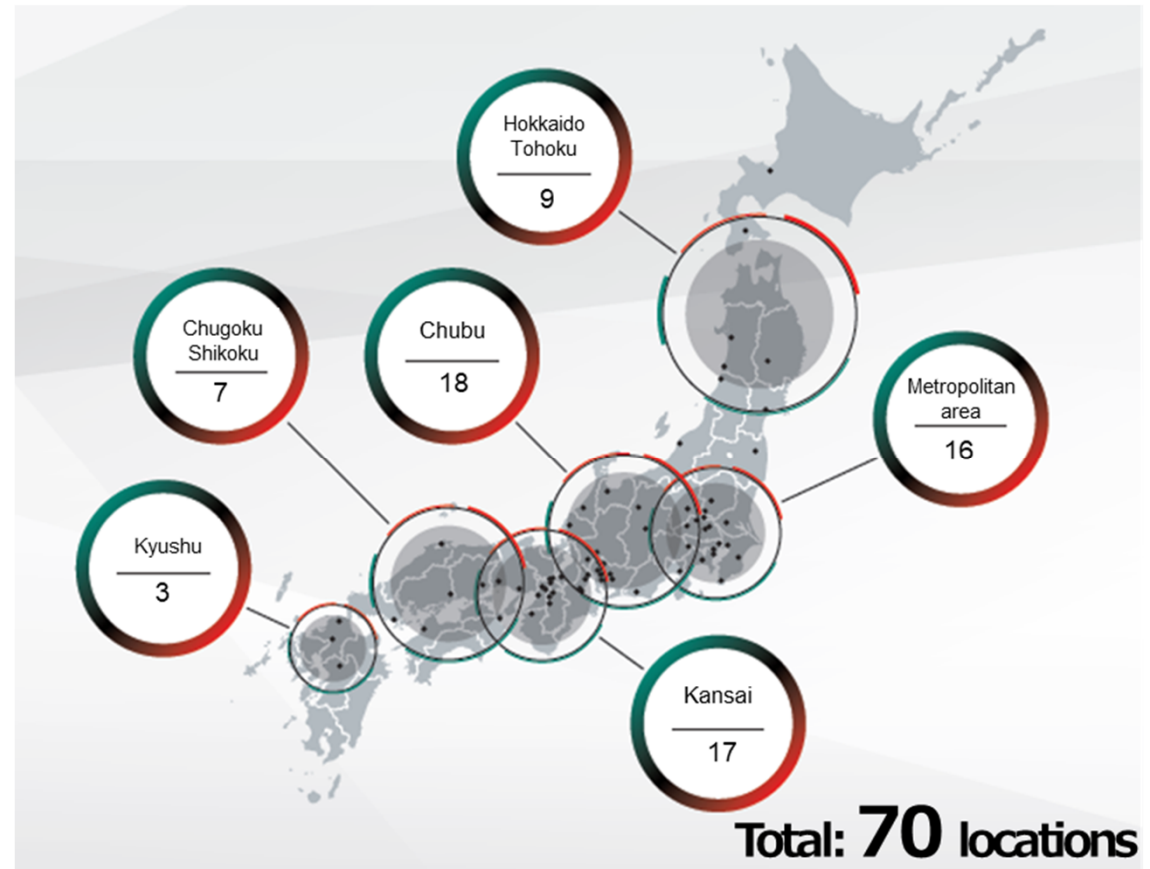
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✓ Promotion of 5-axis machines

- ✓ 1-year anniversary of 5-axis Technology Research & Study Group
- ✓ 788 private lessons (Aug 2, 2018-Dec 31, 2019) for 2,277 operators

5-axis machine's share in order intake	2018	2019
Japan	13%	→ 20%
Global	34%	→ 38%



- ✓ *my* DMG MORI portal 5,000 customers registered since the release at EMO in Sep 2019
40,000 customers to be registered in total (target)

WERKBLiQ Upgrade
INTEGRATED SOLUTION
FOR THE DIGITAL SHOPFLOOR

myDMG MORI

- Centrally **MANAGE** documents
- Precisely **CONTROL** service
- Sustainably **IMPLEMENT** maintenance
- LEARN** continuously through analyses

Carbon footprint zero by 2020 in Europe
Japan following the Europe's lead



1. Use renewable energy



2. Reduce carbon footprint



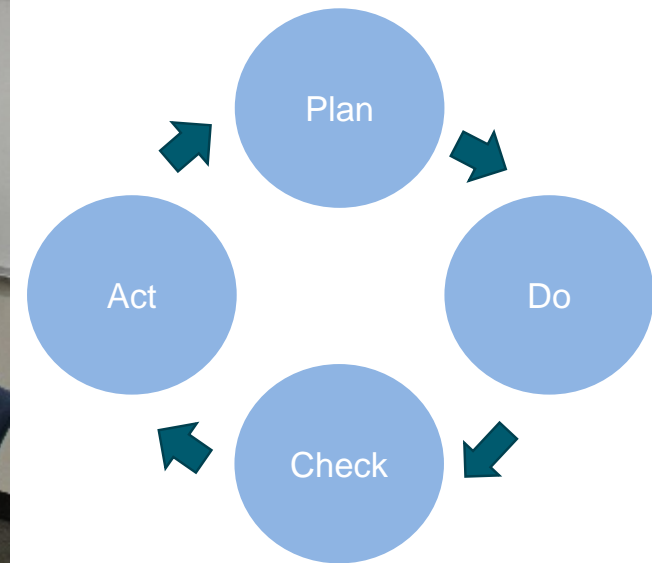
3. Launch carbon projects
(DMG MORI Forest)



- ✓ No. of trainees in 2019: Approx. 330 customers
 1,600 employees
- ✓ Train over 100 young application engineers
- ✓ 81 units available for training



- ✓ 7 teams competed at the final (out of 85 teams enrolled)
- ✓ Visualized challenges and defined solutions



Select a
theme

Understand
current
status

Set goals

Analyze
main factors

Plan, carry out,
and measure
impact of a
solution

Standardize
the solution

Review

- ✓ Maximum office hours: 10 hours
Minimum interval between two working days: 12 hours (Jan 2020-)
- ✓ Maximum annual working hours in 2020: 1,998 hours
- ✓ Employees more likely to use all the paid-days off

【Change in rules】

(-Dec 2019)

max. 12 hrs at office

Minimum interval: 12 hrs

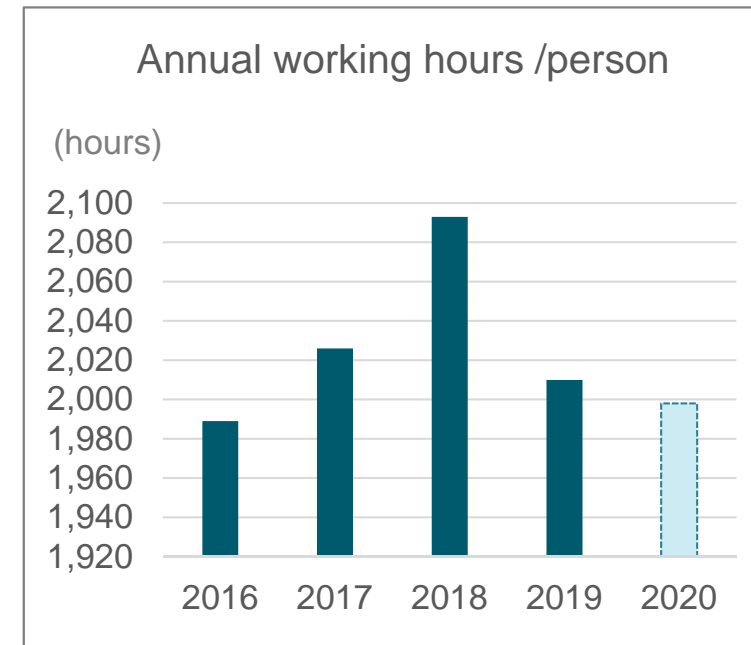
max. 12 hrs

(Jan 2020-)

max. 10 hrs

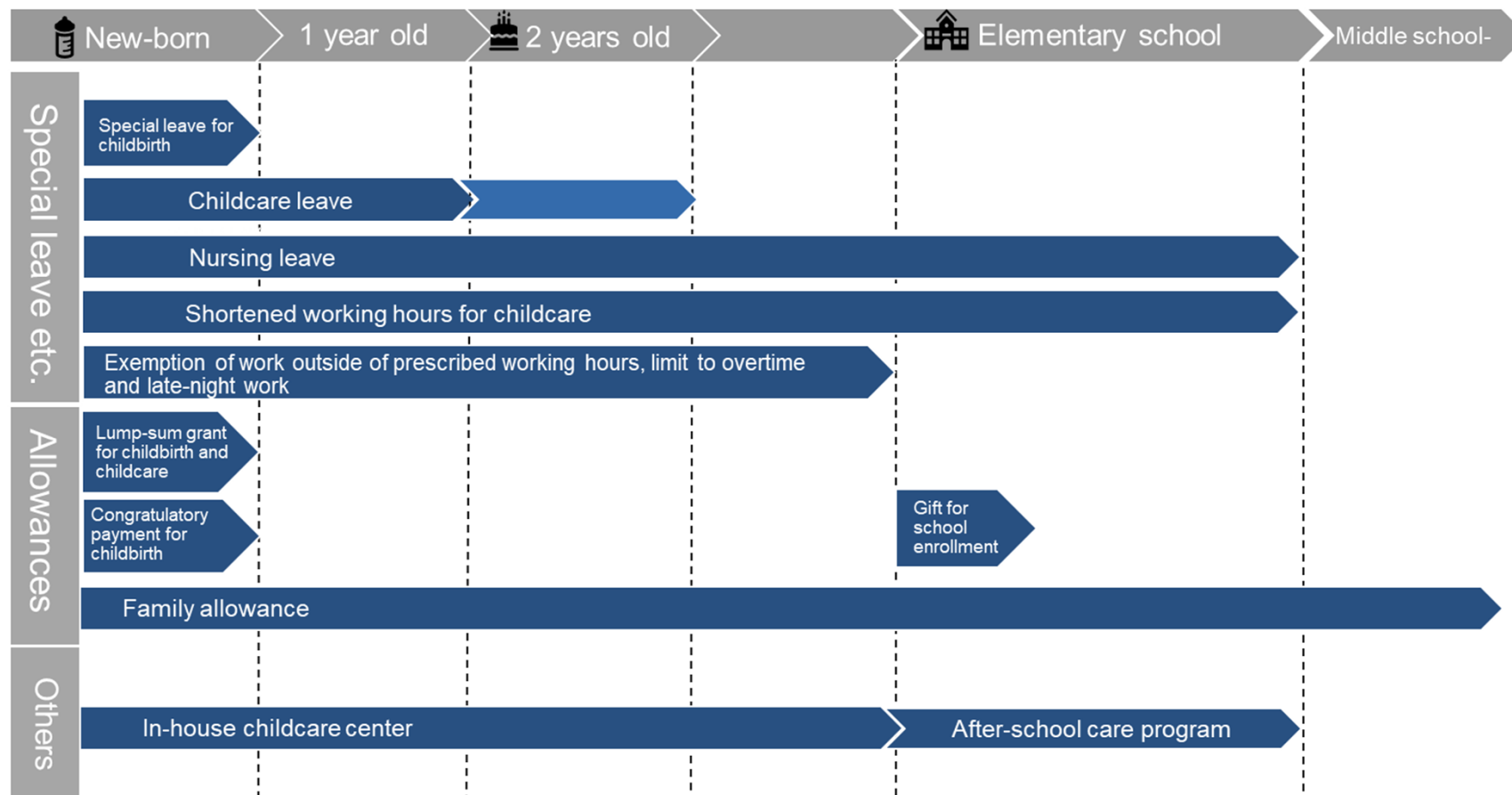
Minimum interval: 12 hrs

max. 10 hrs



- ✓ Started in Jan 2020
- ✓ For fathers with a child/children younger than 1 year old
- ✓ The first 20 days of the paternal leave counted as paid-days off

Child-care support available for male employees



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.