

DMG MORI CO., LTD.

FY 2020 Q1 (Jan-Mar) Results

IR Announcement

May 28, 2020

1. Business results of 2020 Q1

2. Business environment

3. Management strategies

- ✓ Lower BEP, expand credit line
- ✓ Accelerate digitization
- ✓ Promote advanced machining technologies

- ✓ Order intake JPY 78.3 bn (decrease by 34.3% year-on-year)
- ✓ Order amount by unit increased by 8% year-on-year
- ✓ Lower break-even-point (from JPY 350 bn to JPY 310-320 bn)
- ✓ Expanded credit line: JPY 340.4 bn at 30.04.2020 (JPY 285.3 bn at 31.03.)
- ✓ Accelerate digitization

Online seminars (for customers and employees' training)

Digital showroom, digital acceptance

Income Statement Summary

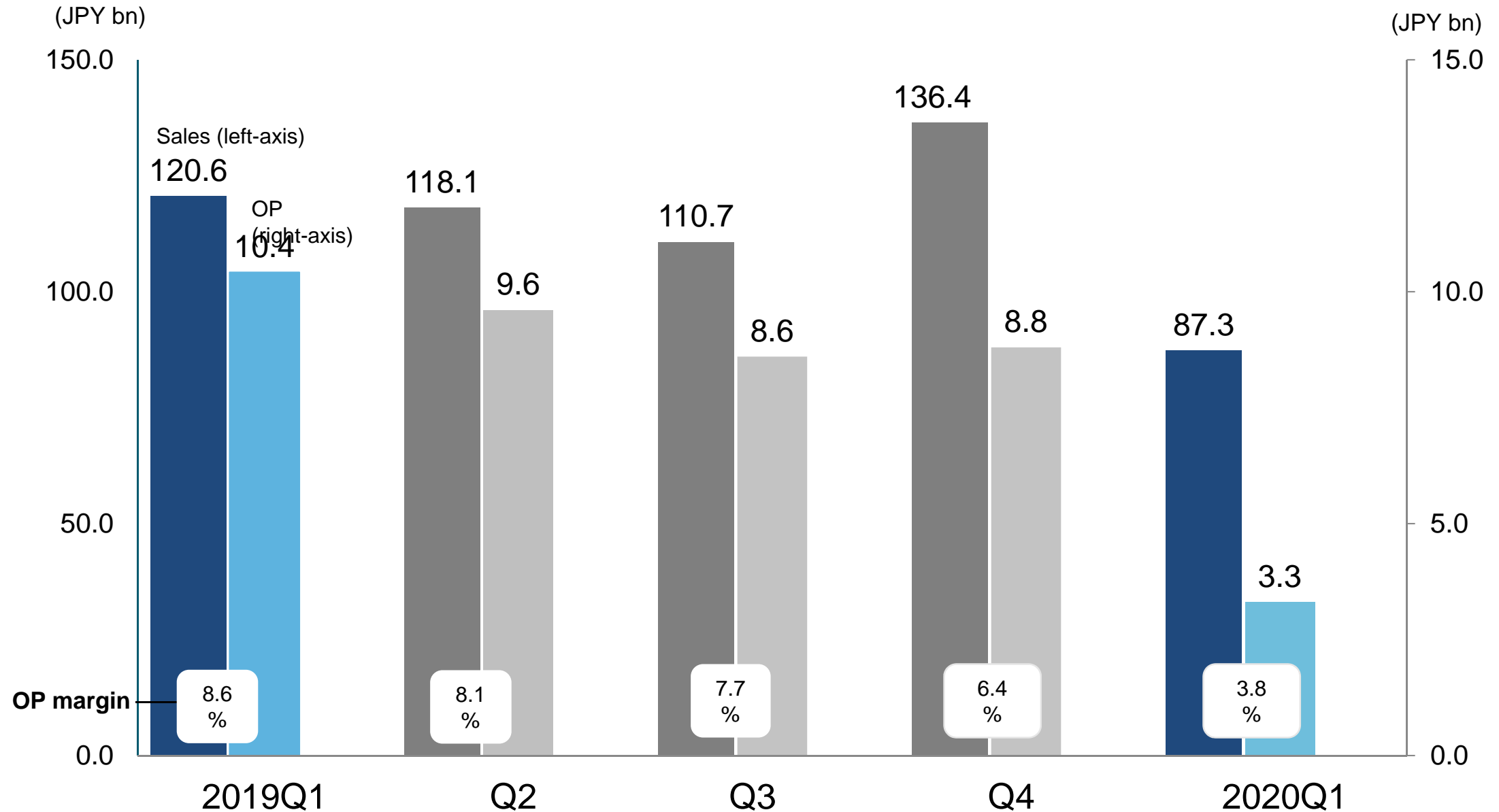
DMG MORI

(JPY bn)	Jan-Mar		Changes	Full year (Jan-Dec)		
	FY2019	FY2020	(%)	FY2019	FY2020 Plan (as of Feb 14)	FY2020 Plan (as of May 28)*
Company-wide order intake	119.1	78.3	-34.3	409.4	420.0	-
Sales revenue	120.6	87.3	-27.6	485.8	400.0	320.0~340.0
Operating profit	10.4	3.3	-68.6	37.3	20.0	5.0~10.0
% to sales revenue	8.6%	3.8%		7.7%	5.0%	-
Net financial costs	-1.6	-2.1		-5.9	-6.0	-
(thereof, economic compensation associated with DA)	(-0.9)	(-1.6)		(-3.5)	(-3.5)	-
Profit before taxes	8.8	1.3	-85.7	31.5	14.0	-
Net profit	6.4	0.1	-98.6	18.9	8.8	-
Net profit attributable to owners	6.2	0.1	-97.9	18.0	8.5	-
Depreciation & amortization with lease	5.5	5.9		23.1	23.0	23.0
Capital expenditure	3.1	3.1		21.2	19.0	15.0
USD/JPY	110.2	108.9		109.1	110	110
EUR/JPY	125.2	120.1		122.1	120	120

*The forecast of financial results for FY 2020 is based on the assumption that the restrictions on travel for business purposes in major regions, such as the EU, Americas, China and Southeast Asia, will be lifted, the development of vaccines against COVID-19 will advance, as well as no further disorder will be caused.

Quarterly financial results

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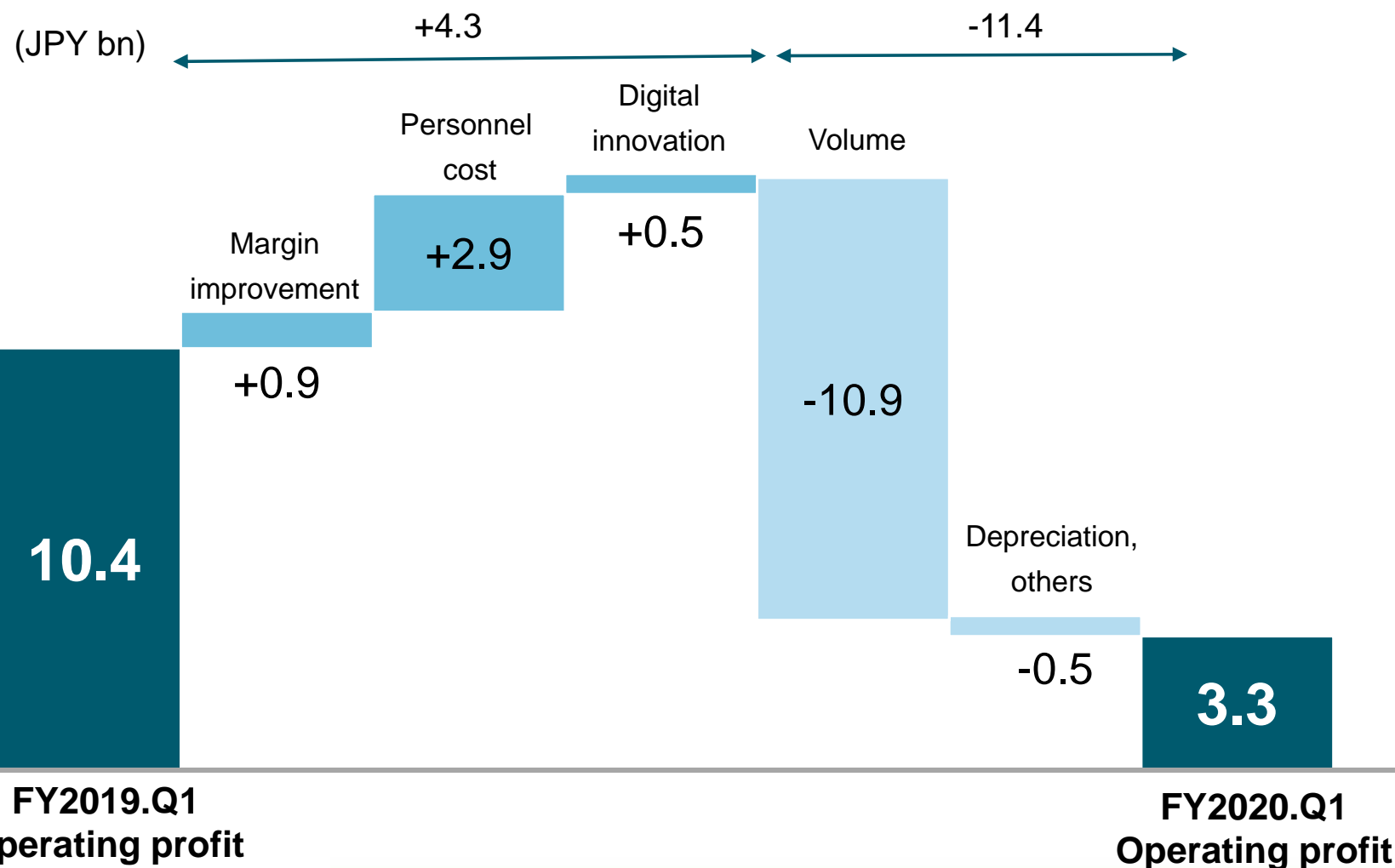


Operating profit bridge - FY2019 Q1 vs FY2020 Q1

DMG MORI

(JPY bn)	FY2019.Q1	FY2020.Q1	+/-
Sales	120.6	87.3	-33.3

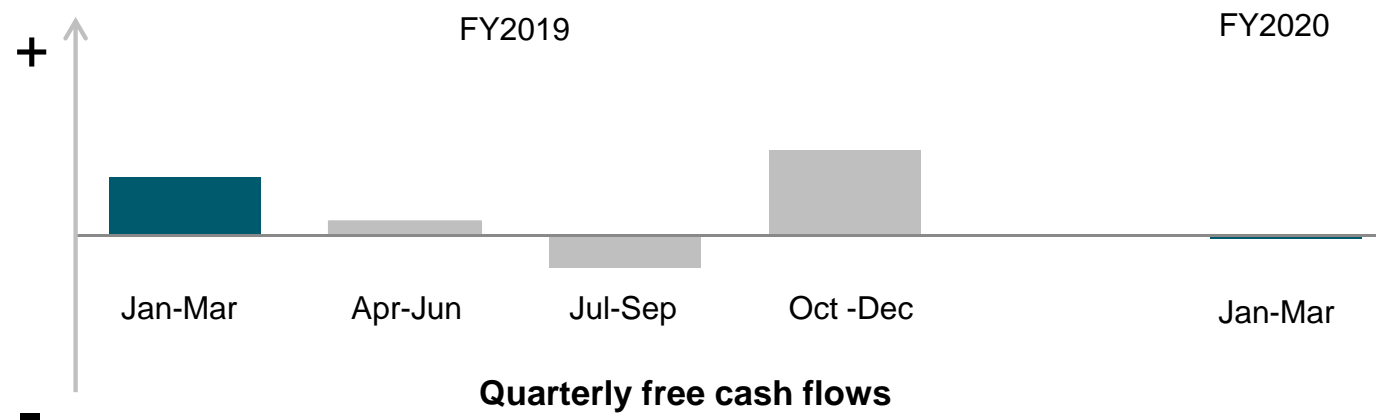
	<u>FY2019.Q1</u>	<u>FY2020.Q1</u>
USD/ JPY	110.2	108.9
EUR/JPY	125.2	120.1



Cash flows

DMG MORI

(JPY bn)	FY2019					FY2020
	Q1	Q2	Q3	Q4	FY	Q1
Cash flow from operation	13.0	3.8	4.3	22.5	43.6	2.5
Profit before taxes	8.8	8.2	7.1	7.4	31.5	1.3
Depreciation & amortization	5.5	5.3	5.9	6.4	23.1	5.9
+/- in working capital	3.5	-4.8	-5.1	2.2	-4.2	4.4
Others	-4.8	-4.9	-3.6	6.5	-6.8	-9.0
Cash flow from investments	-3.6	-1.6	-9.6	-8.7	-23.5	-3.1
(thereof, acquisition of fixed assets)	-3.1	-5.3	-4.3	-8.5	-21.2	-2.9
FCF	9.4	2.2	-5.2	13.7	20.1	-0.6



Assets

	JPY 524.6 bn	JPY 505.3 bn
Short-term Financial assets	33.2	28.9
Trade receivables	55.3	48.9
Inventories	120.9	120.0
Fixed assets	149.0	143.8
Goodwill	66.5	65.0
Intangibles	62.8	61.8
Other assets	36.9	36.9
	Dec 2019	Mar 2020

Liability & Equity

	JPY 524.6 bn	JPY 505.3 bn	
	54.9	55.1	Payables
	37.5	35.3	Advance payments
	108.7	114.5	Interest-bearing debts
	92.3	88.3	Obligation of AG share purchase
	103.4	97.6	Other Liabilities
	124.0	110.3	Shareholders' equity
			Shareholders' equity ratio: 21.8%
	Dec 2019	Mar 2020	

Decrease in shareholders' equity due to exchange rate adjustment : - JPY 28.1 bn (- JPY 19.2bn as of 31.12.2019) (Main cause of the loss was weak local currencies in emerging countries.)

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Consolidated order composition (by region)

DMG MORI

※Value basis

(JPY Mil.)

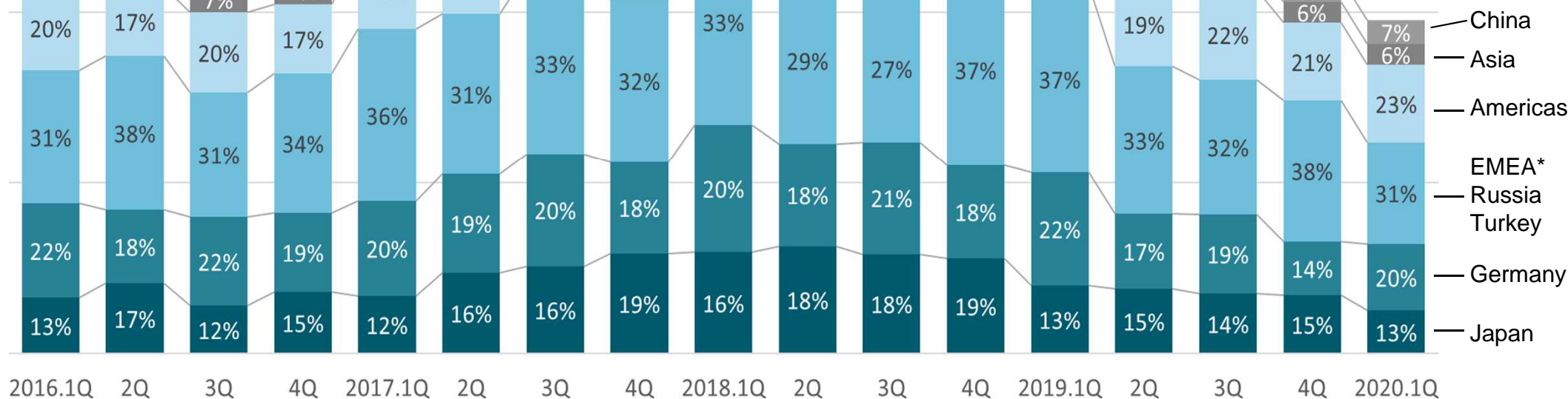
160,000

120,000

80,000

40,000

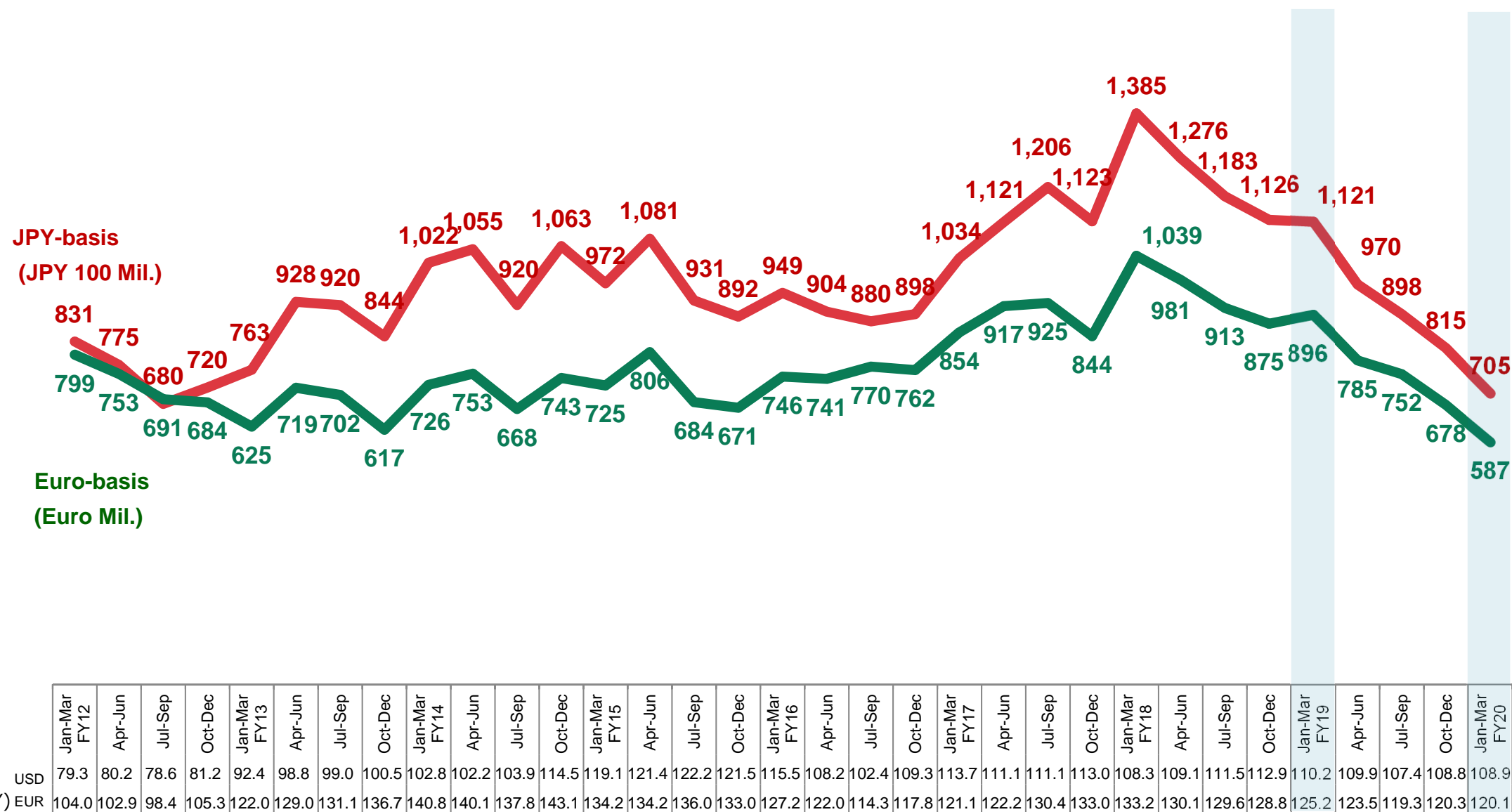
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*Europe, the Middle East and Africa

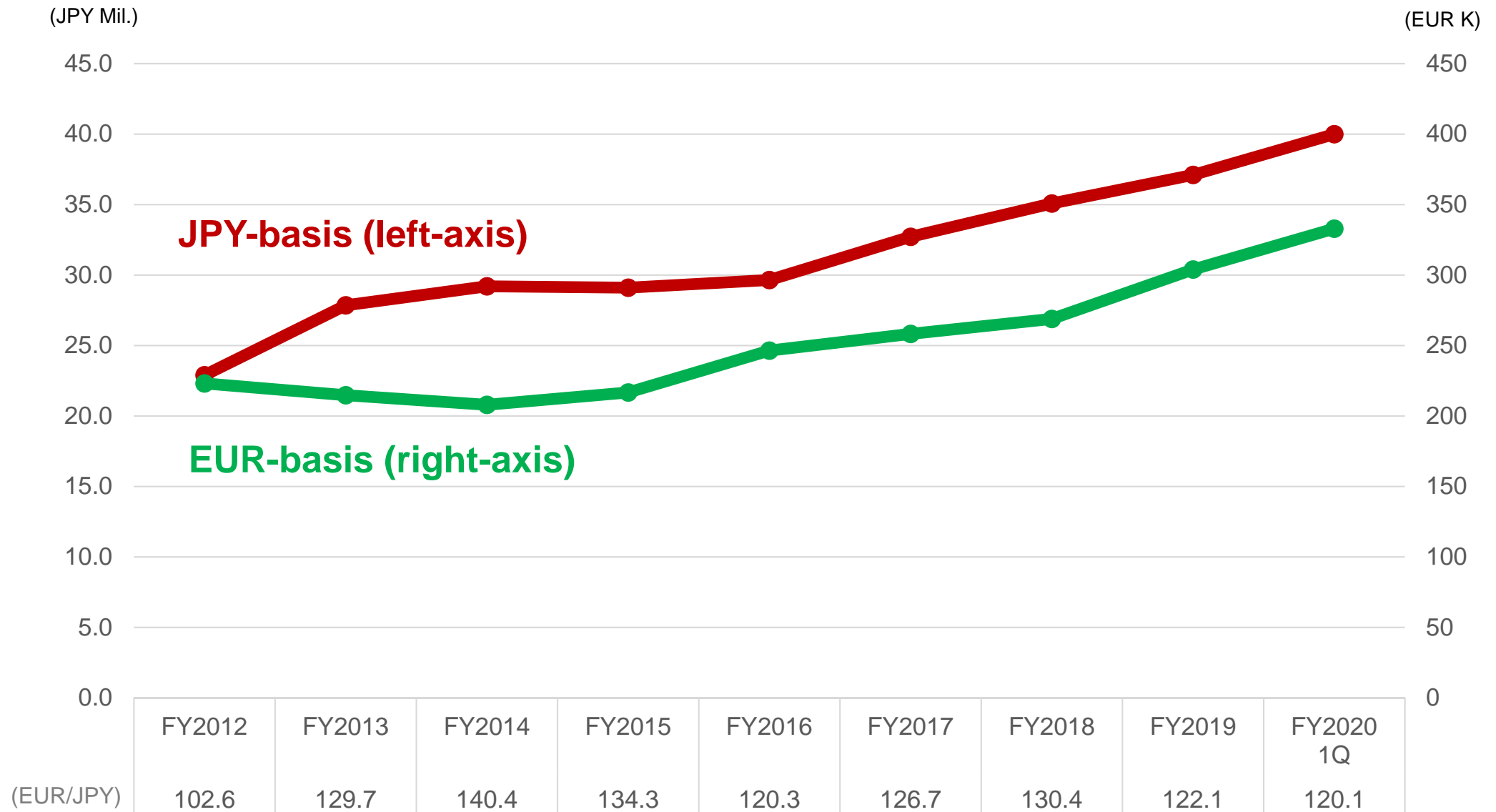
DMG MORI quarterly consolidated machine order intake

DMG MORI



Average order price per unit (machine body)

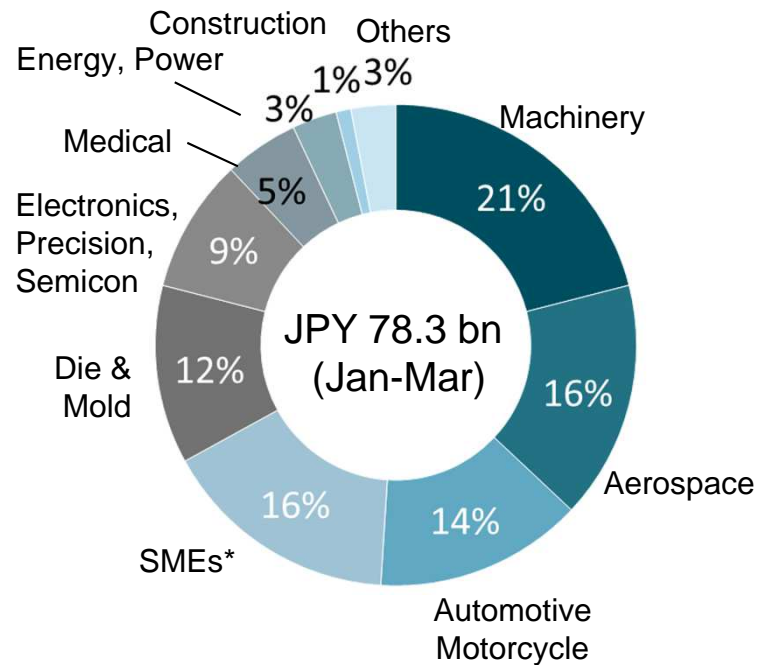
DMG MORI



※ Value basis

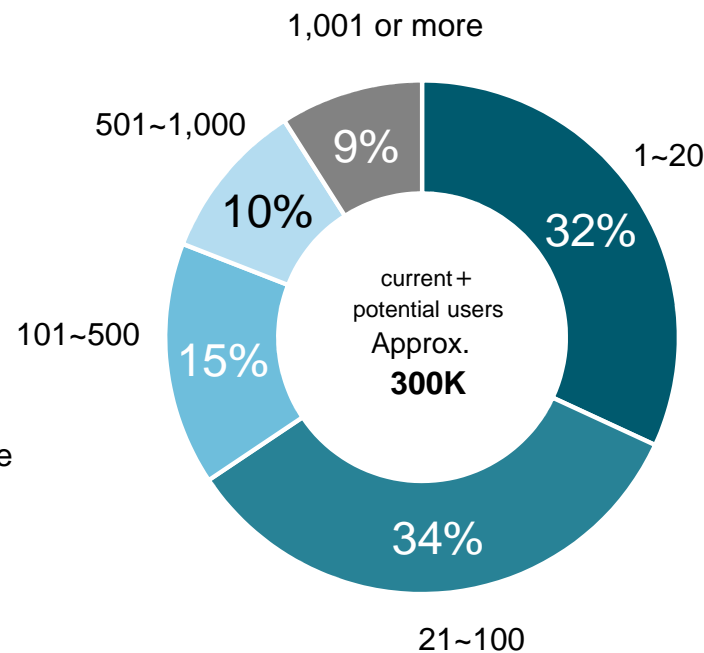
FY2020.Q1

by industry

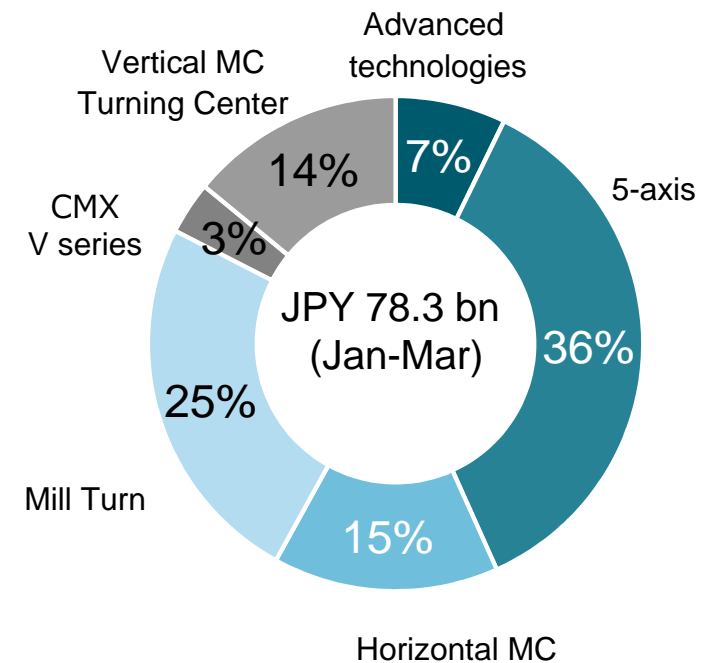


*Small and medium-sized enterprises

by customer's number of employees



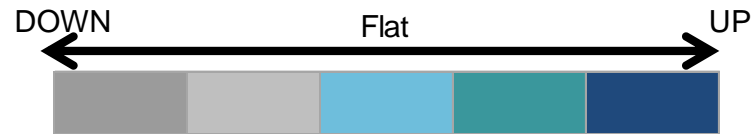
by product type



Demand by region & industry

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Region



Japan



Europe



North
Americas



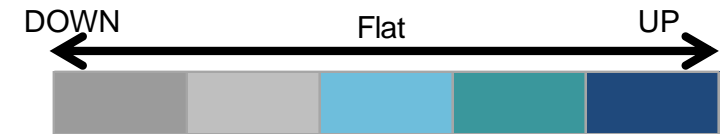
China



Asia
(excl. China)



Industry



Machinery



Automotive



SMEs



Aircraft



Die & Mold



Electronics



Energy



Medical

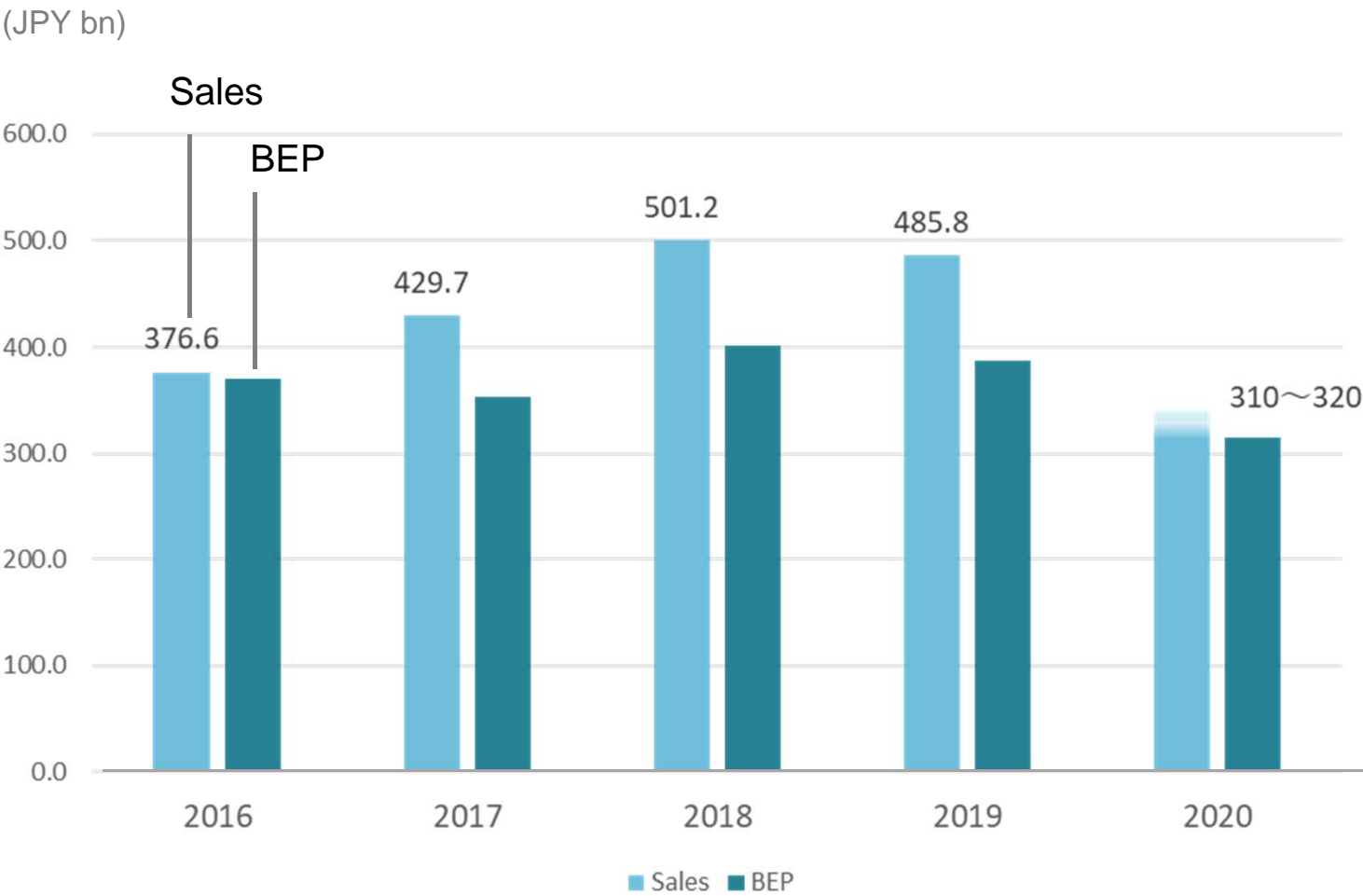


Construction
Machinery



1. Business results of 2020 Q1
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Lower BEP (break-even-point)



Profit increase by:	
Higher gross profit:	3 bn
Personnel cost:	13 bn
Digital innovation:	3 bn
Others:	1 bn
Total:	JPY 20 bn

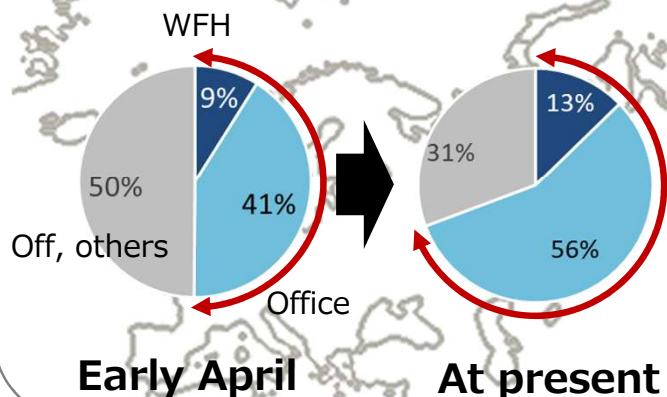
As of 30.04.2020 :

Cash	JPY 19.3 bn
Credit line (including AG share purchase)	JPY 340.4 bn
Loan (including additional acquisition of AG shares)	– JPY 82.2 bn
<hr/>	
Cash + remaining credit line	JPY 277.5 bn

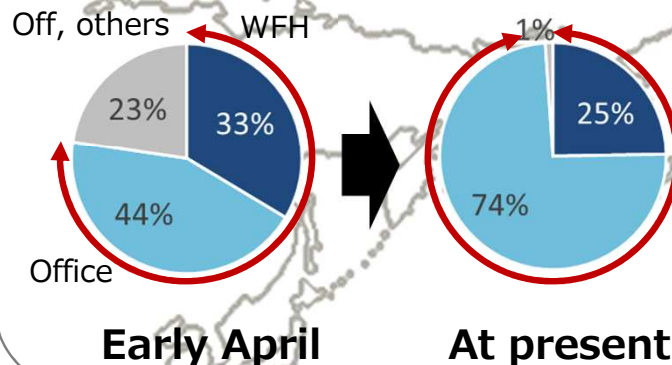
Impact of COVID-19 on business operation –Sales, Engineering and Service

DMG MORI

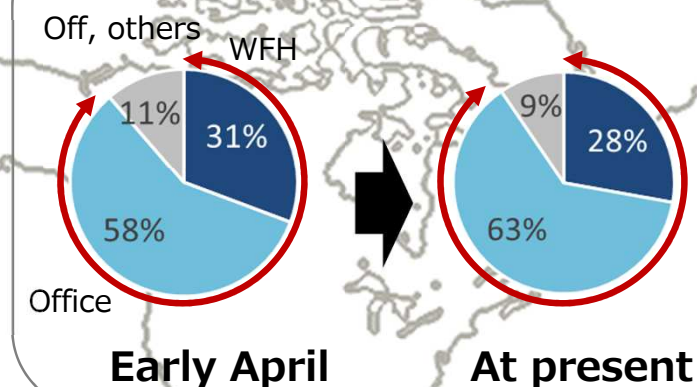
Germany



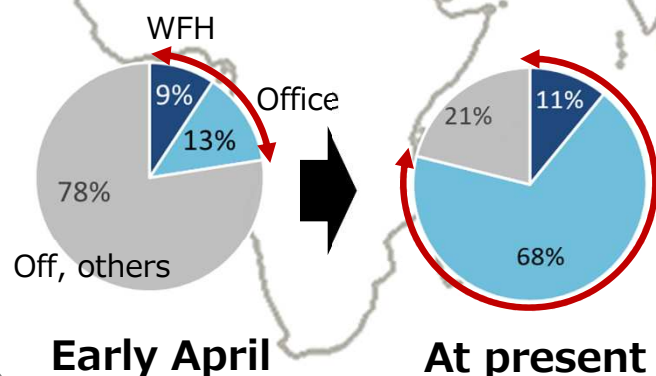
Japan (Tokyo)



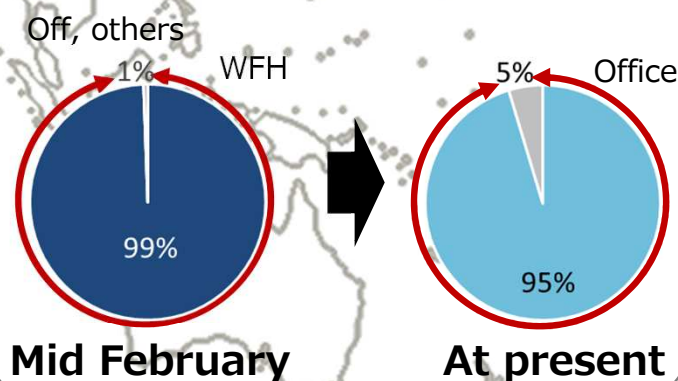
Asia



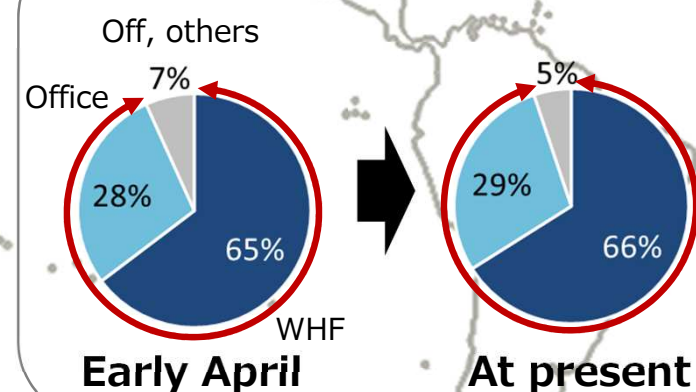
EMEA



China



North America

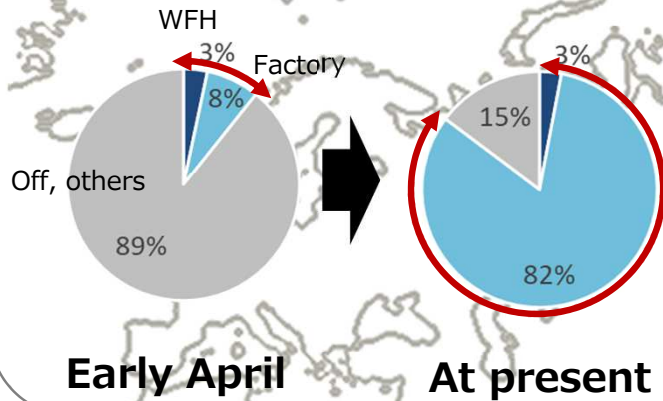


* Excluding factories

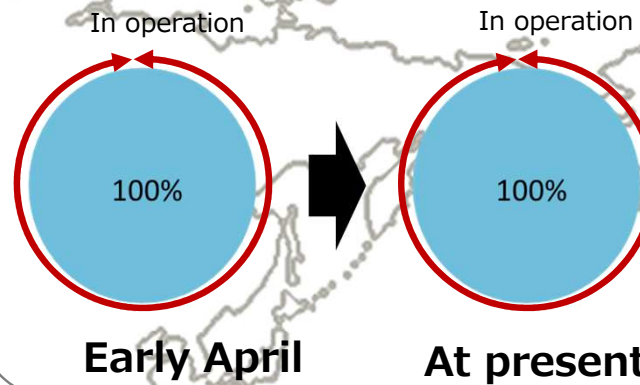
Impact of COVID-19 on business operation —Production

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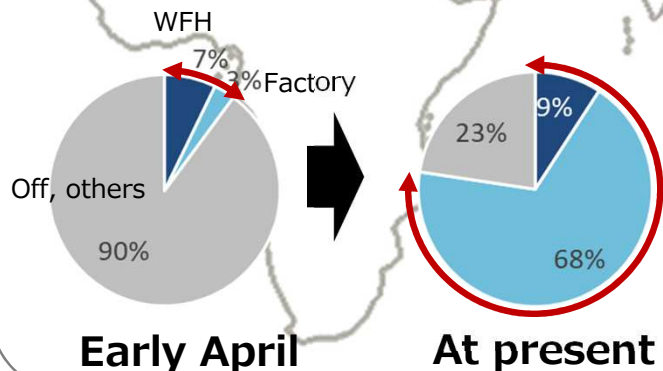
Germany



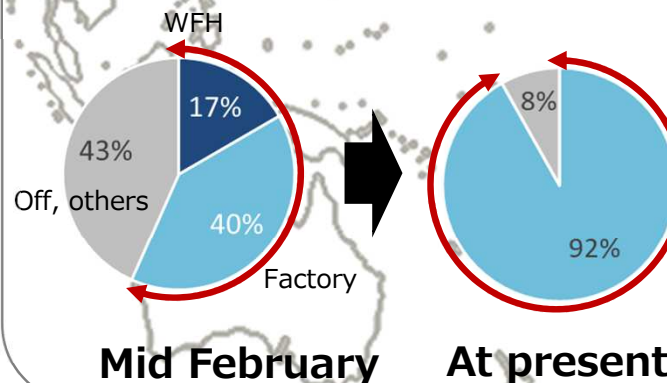
Japan



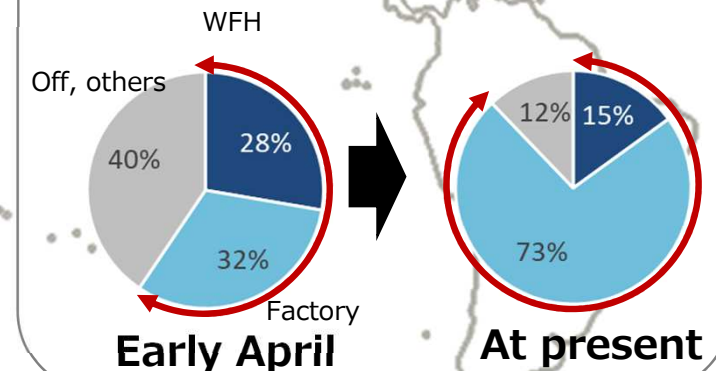
EMEA



China (Tianjin)



USA (Davis)



- ✓ No commuting by public transportation*
(Japan)
- ✓ Work from home
- ✓ Online meeting system
- ✓ Digital training by video

MEASURES AGAINST THE CORONA VIRUS

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Wash hands regularly with soap for at least 20-30 seconds.



Hände regelmäßig min. 20-30 Sekunden mit Seife waschen.

Avoid shaking hands.



Hände schütteln vermeiden.

Keep your hands away from your face.



Hände aus dem Gesicht fernhalten.

Cough and sneeze properly. Use tissues only once.



Richtig husten und niesen. Taschentücher nur einmal verwenden.

Keep your distance and avoid crowds.



Abstand halten & Menschenmengen meiden.

Wear a face mask for protection.



Mund- und Nasenschutz tragen.

Wear gloves if necessary. Change and wash them daily.

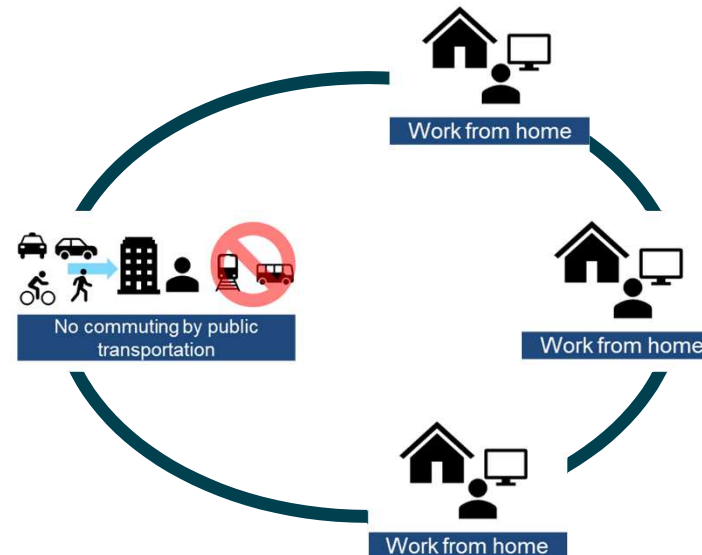
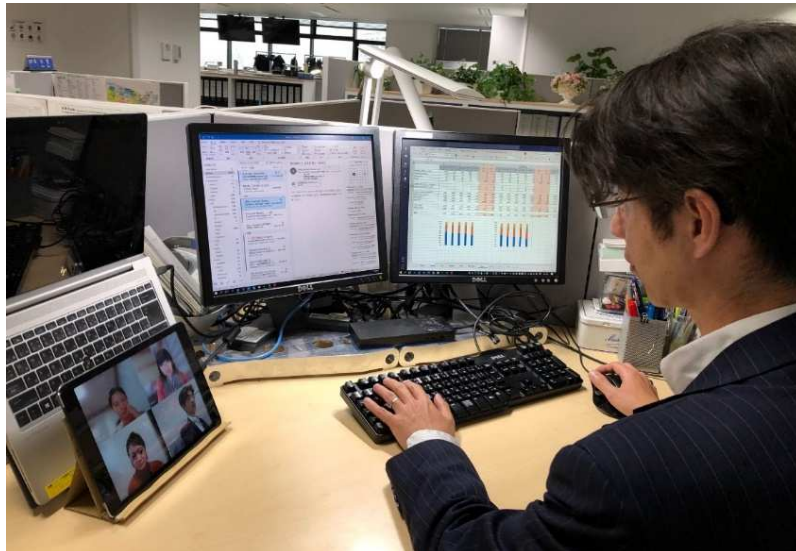


Bei Bedarf Handschuhe tragen. Diese täglich wechseln und waschen.

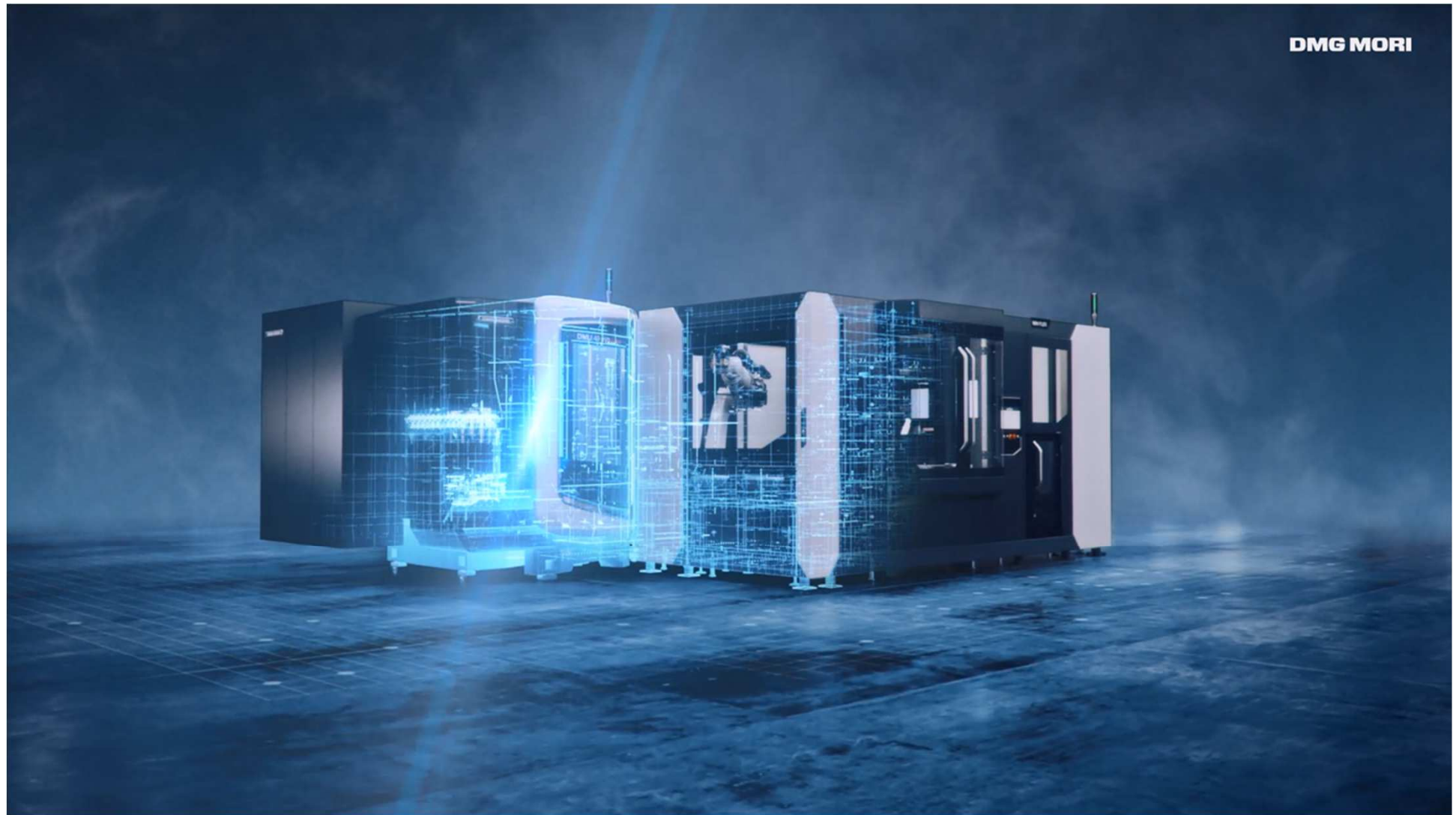
Meetings only by video conference.



Meetings nur per Video-Konferenz.



*As of end May 2020





Local 5G enables autonomous driving within factory

- ✓ Ultra-high speed, low delay
- ✓ Expanded connection capacity
- ✓ High security

AGV remote operation test

- ① Electric wave transmission test (reception level, interference)
- ② Transmission quality test (delay, throughput, packet error rate)
- ③ Application test (remote operation of AGV by local 5G)
 - Evaluation of communication stability
 - Remote monitoring of AGV's status

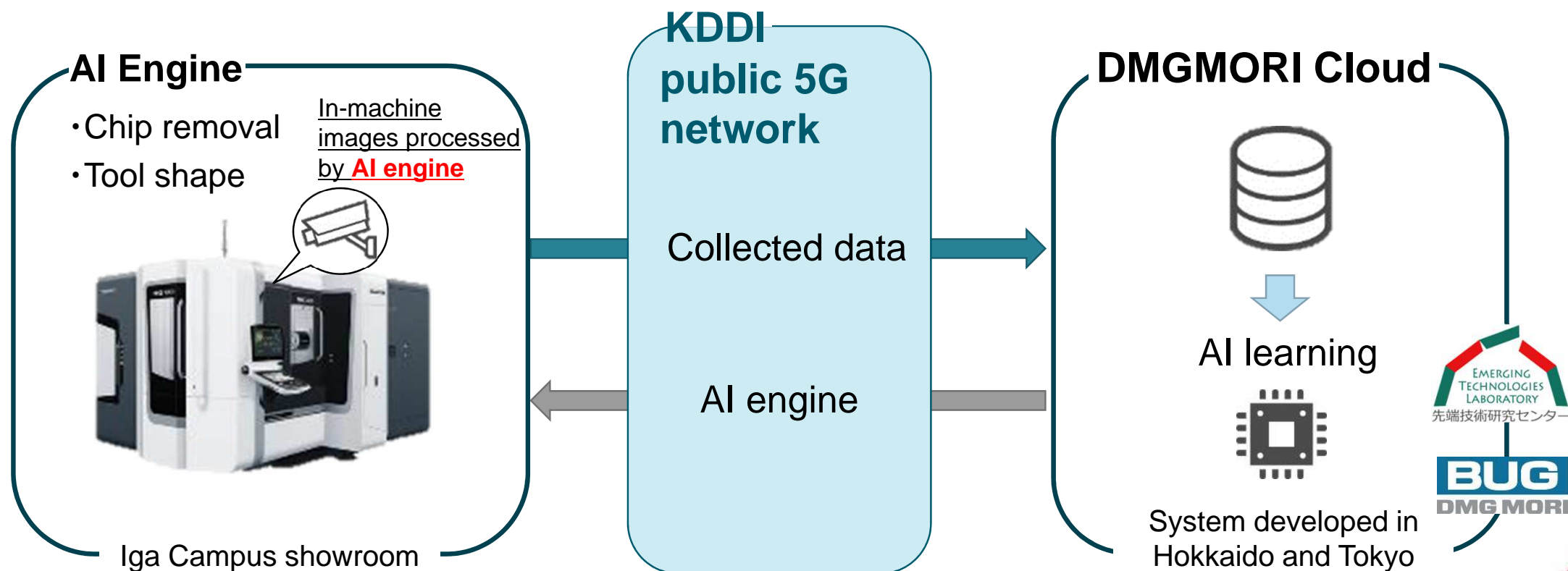




Facilitate customers' digital transformation (DX) with a public 5G network

5G networks integrated in DMG MORI to develop new solutions

- ◆ Apr. 2020- Iga Campus
- ◆ Jul. 2020- Tokyo Global Headquarters



TULIP: Software & hardware platform for digital training

- ✓ Easily create Apps: no-code, no programming knowledge required
- ✓ Effective training by interactive communication
- ✓ User friendly: create new Apps by easily modifiable templates
- ✓ Factory kit: basic kit for introducing TULIP

DMG MORI Academy

TULIP FOR EDUCATION



Factory kit



✓ my DMG MORI portal

Europe approx. 10,000 customers
 Japan approx. 6,500 customers
 Other region to be released



Target
40,000
 customers

Extra perk for registration

- ◆ The Nikkan Kogyo Shimbun (electronic version)
- ◆ SEISANZAI (Production Equipment) MARKETING Magazine (electronic version)

myDMG MORI CUSTOMER PORTAL

YOUR HISTORY **YOUR MACHINES** **YOUR DOCUMENTS**

myDMG MORI: new customer portal for integrated service optimization

SERVICE EXCELLENCE **DMG MORI MACHINES**

01 QUICK SUPPORT
 Every day, over 3,000 service technicians on call around the globe

02 MORE SERVICE
 24/7 availability - our DMG MORI service experts

03 MORE AVAILABILITY
 > 95% availability
 > 310,000 different original spare parts on stock

36-month warranty on all MASTER spindles

Over 6,000 spindles readily available worldwide

- ✓ Technology Fridays instead of Iga Innovation Days 2020
- ✓ Invite a small group of customers (less than 30) every Friday to Iga and Tokyo
- ✓ Topics: 5-axis & multi-axis, Automation, digitization
my DMG MORI, TULIP
Measurement, AM, New Technologies
Quarterly release of new models/technologies,
new seminars

Transfer by our limousine bus



■ **Iga campus**
Nagoya station
Shin-Osaka station
Kyoto station

■ **Tokyo GHQ**
Tokyo station

5-axis & multi-axis



digitization



Measurement



Automation



Additive Manufacturing

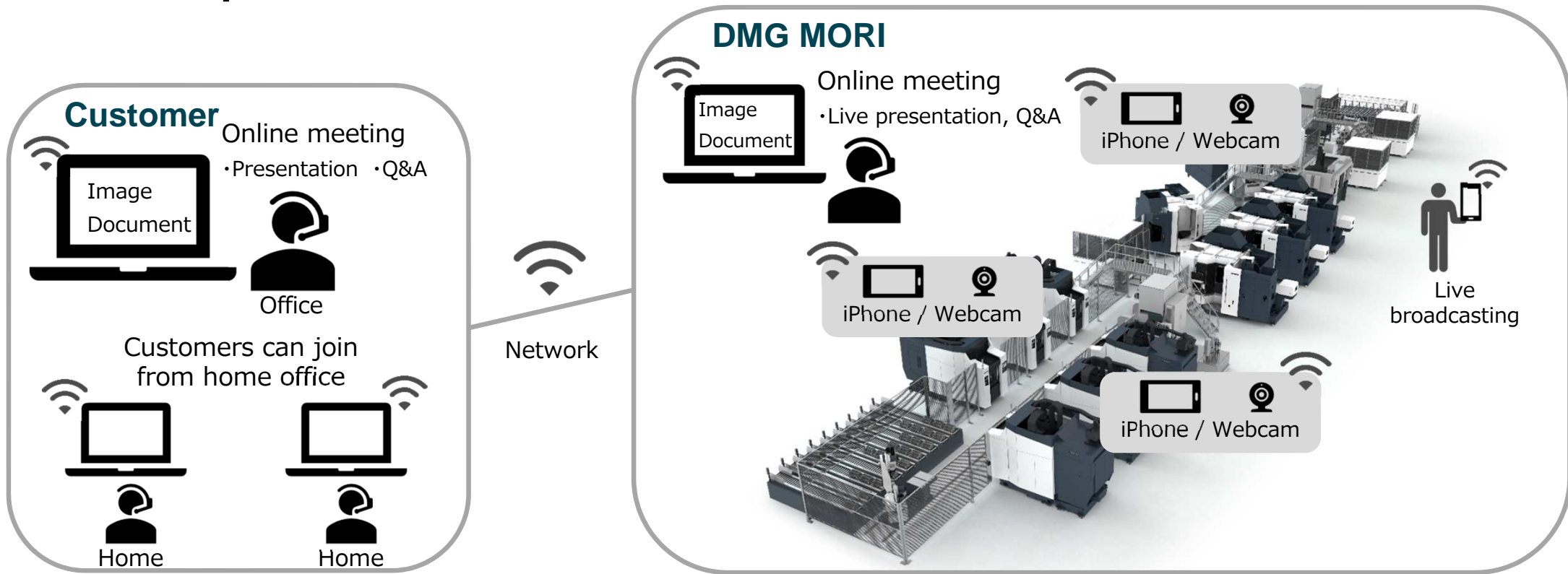


Excellence Centers



✓ Started “digital acceptance of machine tools” by online meeting system

■ Concept



 Visit virtual showroom



Coming Soon

DMU 340 Gantry

NLX 2500SY|700

Launch DMG MORI Digital Academy in summer 2020

- 1 E-learning –flexible & always available**
- 2 Machining practice in only 2 days ! (※1)**
- 3 Online learning support by trainers ! (※2)**

TECHNIUM



※1 : The current training requires 5 days with physical presence in Iga ※2 : Inquiries from website

The strengths of e-learning

Only 2 clicks from login to lesson start



Top screen



Current status
of lessons
taken



Lesson screen



Easy navigation, Lesson status and progress on one screen, "Quiz" and "Final test" to check comprehension

TECHNIUM



✓ Online seminars <Webinars>

Suggest Digital Manufacturing Package (DMP) and digital services
Localized webinars for customers & employees



Topology optimization, light weight,
larger surface, better function

Powder-nozzle



LASERTEC 125 *3D hybrid*



Ring nozzle for higher cooling capacity
(ULTRASONIC 80 eVo standard component)

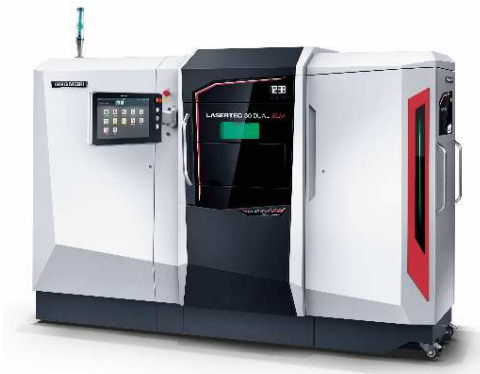
27%
LESS
WEIGHT

33%
LESS
COST



ULTRASONIC 80 eVo

Powder-bed



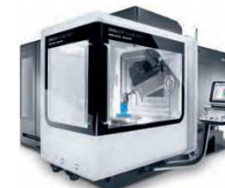
LASERTEC 30 DUAL *SLM*



Grinding nozzle (no assembly needed)
(DMU 80 P duoBLOCK standard component)

56%
LESS
WEIGHT

60%
LESS
COST



DMU 80 P duoBLOCK



Leverage alliance with NIKON to develop on-machine measuring systems

DMG MORI



DMG MORI

Technological alliance

Provide technologies related to measurement and cameras
Provide laser scanners

Sales alliance

Provide global sales network



Non-contact laser scanner
LC15Dx



Laser metal 3D printer
Lasermeister 101A



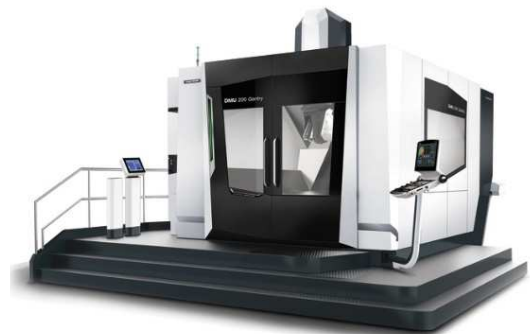
Simultaneous 5-axis machine
DMU 50, etc.



NTX series



NHX series



DMU Gantry series

April 10, 2020

- Signed a cooperation agreement with Hyogo Prefecture on the development of human resources for Monozukuri (manufacturing)



Hyogo Prefecture

Cooperation Plan:

- Contribution to the development of human resources for Monozukuri through the lending of machine tools
- Promotion of advanced machining technologies through the 5-axis machining consortium
- Workshop on cutting-edge machining operation with companies in Hyogo Prefecture



NLX 2000 | 500 and another two models for Hyogo Prefectural Monodzukuri Institute

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.