DMG MORI CO., LTD.
FY 2020 H1 (Jan-Jun) Results
IR Announcement
August 27, 2020
1. Financial results FY2020 H1 (Jan-Jun)

2. Business Environment

3. Accelerate Digitization
FY2020 H1 highlights

✓ JPY 135.5 bn. in company-wide order intake (YonY -39.3%)

✓ Average order price per unit grew by 5.5% from the last fiscal year

✓ Accelerated digitization
  
  Published Digital Twin Showroom in July
  Enhanced DMG MORI Webinar

✓ Technology Friday

✓ Strengthen financial position through perpetual subordinated loans and subordinated bonds (announced on August 27)
# Income Statement Summary

<table>
<thead>
<tr>
<th></th>
<th>Jan-June FY2019</th>
<th>Changes (%)</th>
<th>Jan-June FY2020</th>
<th>Changes (%)</th>
<th>Full year FY2019</th>
<th>Full year FY2020 Plan (Jan-Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide order intake</td>
<td>223.4</td>
<td>-39.3%</td>
<td>135.5</td>
<td></td>
<td>409.4</td>
<td>-</td>
</tr>
<tr>
<td>Sales revenue</td>
<td>238.6</td>
<td>-35.3%</td>
<td>154.3</td>
<td></td>
<td>485.8</td>
<td>330.0〜340.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>20.0</td>
<td>-87.9%</td>
<td>2.4</td>
<td></td>
<td>37.3</td>
<td>7.0〜10.0</td>
</tr>
<tr>
<td>% to sales revenue</td>
<td>8.4%</td>
<td></td>
<td>1.6%</td>
<td></td>
<td>7.7%</td>
<td>-</td>
</tr>
<tr>
<td>Net financial costs</td>
<td>-3.0</td>
<td></td>
<td>-3.0</td>
<td></td>
<td>-5.9</td>
<td>-5.0</td>
</tr>
<tr>
<td>(thereof, economic compensation associated with DA)*</td>
<td>(-1.8)</td>
<td></td>
<td>(-2.1)</td>
<td></td>
<td>(-3.5)</td>
<td>-</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>17.0</td>
<td></td>
<td>-0.6</td>
<td></td>
<td>31.5</td>
<td>2.0〜5.0</td>
</tr>
<tr>
<td>Net profit</td>
<td>11.1</td>
<td></td>
<td>-2.2</td>
<td></td>
<td>18.9</td>
<td>1.0〜3.0</td>
</tr>
<tr>
<td>Net profit attributable to owners</td>
<td>10.7</td>
<td></td>
<td>-2.2</td>
<td></td>
<td>18.0</td>
<td>1.0〜3.0</td>
</tr>
<tr>
<td>Depreciation &amp; amortization including lease</td>
<td>10.8</td>
<td></td>
<td>11.6</td>
<td></td>
<td>23.1</td>
<td>23.5</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>8.4</td>
<td></td>
<td>7.0</td>
<td></td>
<td>21.2</td>
<td>15.0</td>
</tr>
<tr>
<td>Dividend (JPY/per share)</td>
<td>30</td>
<td></td>
<td>10</td>
<td></td>
<td>60</td>
<td>20〜30</td>
</tr>
<tr>
<td>USD/JPY</td>
<td>110.1</td>
<td></td>
<td>108.3</td>
<td></td>
<td>109.1</td>
<td>110</td>
</tr>
<tr>
<td>EUR/JPY</td>
<td>124.3</td>
<td></td>
<td>119.3</td>
<td></td>
<td>122.1</td>
<td>120</td>
</tr>
</tbody>
</table>

*Domination Profit and Loss Transfer Agreement
**Quarterly financial results**

BEP
FY2019: JPY385 bn
FY2020E: Approx. JPY300 bn
(2Q yearly conversion basis)

**Q2: Acceptance delayed**
Delivered/installed machines outside Japan (worth approx. JPY 10 bn) waiting for acceptance 80-90% of the payment collected upon delivery.
## Operating profit bridge - FY2019 H1 vs FY2020 H1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>238.6</td>
<td>154.3</td>
<td>-84.3</td>
</tr>
</tbody>
</table>

### Foreign exchange rates

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY2019.H1</th>
<th>FY2020.H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/JPY</td>
<td>110.1</td>
<td>108.3</td>
</tr>
<tr>
<td>EUR/JPY</td>
<td>124.3</td>
<td>119.3</td>
</tr>
</tbody>
</table>

### Contribution to operating profit

- **Operating profit**
  - FY2019 H1: 20.0
  - FY2020 H1: 2.4
  - Change: -17.6

- **Volume**: -28.7
- **Digital Innovation**: +9.0
- **Personnel Expenses**: +1.2
- **Margin Improvement**: +1.5
- **Depreciation**: -0.6
## Cash flows

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th></th>
<th></th>
<th></th>
<th>FY</th>
<th>FY2020</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>FY</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>13.0</td>
<td>3.8</td>
<td>4.3</td>
<td>22.5</td>
<td>43.6</td>
<td>2.5</td>
<td>-10.9</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>8.8</td>
<td>8.2</td>
<td>7.1</td>
<td>7.4</td>
<td>31.5</td>
<td>1.3</td>
<td>-1.8</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>5.5</td>
<td>5.3</td>
<td>5.9</td>
<td>6.4</td>
<td>23.1</td>
<td>5.9</td>
<td>5.7</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>3.5</td>
<td>-4.8</td>
<td>-5.1</td>
<td>2.2</td>
<td>-4.2</td>
<td>4.4</td>
<td>-10.6</td>
</tr>
<tr>
<td>Others</td>
<td>-4.8</td>
<td>-4.9</td>
<td>-3.6</td>
<td>6.5</td>
<td>-6.8</td>
<td>-9.0</td>
<td>-4.2</td>
</tr>
<tr>
<td>Investment cash flow</td>
<td>-3.6</td>
<td>-1.6</td>
<td>-9.6</td>
<td>-8.7</td>
<td>-23.5</td>
<td>-3.1</td>
<td>-3.9</td>
</tr>
<tr>
<td>(thereof, acquisition of fixed assets)</td>
<td>-3.1</td>
<td>-5.3</td>
<td>-4.3</td>
<td>-8.5</td>
<td>-21.2</td>
<td>-2.9</td>
<td>-4.1</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>9.4</td>
<td>2.2</td>
<td>-5.2</td>
<td>13.7</td>
<td>20.1</td>
<td>-0.6</td>
<td>-14.9</td>
</tr>
</tbody>
</table>

Mainly due to sharp decline in accounts payable

### Quarterly free cash flow

- **FY2019**
  - Jan-Mar: 2.0
  - Apr-Jun: 3.8
  - Jul-Sep: 4.3
  - Oct-Dec: 22.5

- **FY2020**
  - Jan-Mar: 15.0
  - Apr-Jun: 2.5
  - Jul-Sep: -10.9
  - Oct-Dec: 43.6
  - Nov-Feb: 2.0
  - Mar-Jun: -14.9
## BS summary: Strengthen structure by hybrid capital

### Assets

<table>
<thead>
<tr>
<th></th>
<th>Dec 2019</th>
<th>June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash equivalents</td>
<td>33.2</td>
<td>23.5</td>
</tr>
<tr>
<td>Accounts Receivables</td>
<td>55.3</td>
<td>44.5</td>
</tr>
<tr>
<td>Inventories</td>
<td>120.9</td>
<td>123.4</td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>149.0</td>
<td>145.1</td>
</tr>
<tr>
<td>Goodwill</td>
<td>66.5</td>
<td>65.8</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>62.8</td>
<td>62.8</td>
</tr>
<tr>
<td>Other assets</td>
<td>36.9</td>
<td>38.1</td>
</tr>
</tbody>
</table>

### Liability & Equity

<table>
<thead>
<tr>
<th></th>
<th>Dec 2019</th>
<th>June 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance Payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Bearing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debts (Note)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Equity

- **Equity Ratio**: 23.6% (Dec 2019), 22.2% (June 2020)
- **Net D/E Ratio**: 0.61 (Dec 2019), 1.26 (June 2020)

Note: Main reason for increase in interest bearing debt was due to additional share purchase in AG.

**Dec 2020 Plan**

- Equity Ratio: Over 35%
- Net D/E Ratio: Below 0.5
Comparison between financial crisis in 2008 and 2020

**Sales**

- FY06: 1,723 (Mar 2008: 5,012)
- FY07: 2,023 (Mar 2008: 4,858)
- FY08: 1,572
- FY09: 664 (Dec 2019: 3,300-3,400)

**Operating profit or loss**

- FY06: 250 (FY07: 313, FY08: 363, FY09: 373)

**Order amount by region**

- **Mar 2008**
  - Asia: 6%
  - China: 8%
  - Japan, Korea: 38%
  - Europe: 29%

- **Dec 2019**
  - Asia: 6%
  - China: 14%
  - Japan: 18%
  - Americas: 18%

**Order amount by industry**

- **Mar 2008**
  - Medical: 23%
  - Automotive: 23%
  - Valves, joints: 4%
  - Energy: 5%
  - Die & Mold: 5%

- **Dec 2019**
  - Medical: 5%
  - Machinery: 24%
  - Die & Mold: 9%
  - SMEs: 16%

**Order amount by product**

- **Mar 2008**
  - Horizontal MC: 25%
  - Vertical MC, Others: 13%
  - Turning Center, Vertical MC, Others: 47%

- **Dec 2019**
  - Horizontal MC: 11%
  - Advanced Technologies: 5%
  - Turning Center, Vertical MC, Others: 47%
Business outlook for next three years

The order backlog at the beginning of the period includes the annual sales plan for stable businesses such as S&P.
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Consolidated order composition (by region)

*Europe, the Middle East and Africa

<table>
<thead>
<tr>
<th>Region</th>
<th>3Q (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>70〜75</td>
</tr>
<tr>
<td>Germany</td>
<td>78.3</td>
</tr>
<tr>
<td>EMEA*</td>
<td>88.3</td>
</tr>
<tr>
<td>Russia</td>
<td>57.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>12%</td>
</tr>
<tr>
<td>Americas</td>
<td>26%</td>
</tr>
<tr>
<td>Asia</td>
<td>17%</td>
</tr>
<tr>
<td>China</td>
<td>14%</td>
</tr>
<tr>
<td>Germany</td>
<td>14%</td>
</tr>
<tr>
<td>Japan</td>
<td>17%</td>
</tr>
<tr>
<td>EMEA*</td>
<td>12%</td>
</tr>
</tbody>
</table>

*Europe, the Middle East and Africa
Average order price per unit (machine body)

<table>
<thead>
<tr>
<th>Year</th>
<th>JPY Order Price (JPY Mil.)</th>
<th>EUR Order Price (EUR K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>102.6</td>
<td>129.7</td>
</tr>
<tr>
<td>FY2013</td>
<td>129.7</td>
<td>140.4</td>
</tr>
<tr>
<td>FY2014</td>
<td>140.4</td>
<td>134.3</td>
</tr>
<tr>
<td>FY2015</td>
<td>134.3</td>
<td>120.3</td>
</tr>
<tr>
<td>FY2016</td>
<td>120.3</td>
<td>126.7</td>
</tr>
<tr>
<td>FY2017</td>
<td>126.7</td>
<td>130.4</td>
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<tr>
<td>FY2018</td>
<td>130.4</td>
<td>122.1</td>
</tr>
<tr>
<td>FY2019</td>
<td>122.1</td>
<td>119.3</td>
</tr>
</tbody>
</table>

JPY-basis (left-axis)

EUR-basis (right-axis)
Order composition (Jan-June)

**by region**

- Japan: 15% (13%)
- Americas: 24% (23%)
- China: 9% (7%)
- Germany: 17% (20%)
- EMEA*: 28% (31%)

*Europe, the Middle East and Africa

**by product type**

- Advanced technologies: 7% (36%)
- CMX V Series: 4% (3%)
- Mill Turn: 13% (25%)
- Vertical MC Turning Center: 14% (14%)
- Horizontal MC: 38% (15%)

**by industry**

- Machinery: 23% (21%)
- Medical: 5% (5%)
- SMEs*: 16% (16%)
- Automotive, Motorcycle: 12% (14%)
- Construction: 1% (1%)
- Energy, Power: 1% (3%)
- Others: 4% (3%)
- Aerospace: 12% (16%)
- Electronics, Precision, Semiconductor: 12% (9%)
- Die & Mold: 13% (12%)

*Small and medium-sized enterprises

**by customer’s employee number**

- 1,001 or more: 9% (1%)
- 501~1,000: 10% (10%)
- 101~500: 16% (15%)
- 21~100: 32% (34%)
- 1~20: 35% (2%)
- Current + potential users: Approx. 300K

※Small and medium-sized enterprises

※in brackets: Q1 2020

JPY 135.5 bn. (Jan-Jun)
### Demand by region & industry

#### by region

<table>
<thead>
<tr>
<th>Region</th>
<th>DOWN</th>
<th>Flat</th>
<th>UP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>North Americas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia (excl. China)</td>
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</tbody>
</table>

#### by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>DOWN</th>
<th>Flat</th>
<th>UP</th>
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</thead>
<tbody>
<tr>
<td>Machinery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
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<td></td>
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<tr>
<td>SMEs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aircraft</td>
<td></td>
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</tr>
<tr>
<td>Die &amp; Mold</td>
<td></td>
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<tr>
<td>Electronics</td>
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<td>Energy</td>
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<tr>
<td>Medical</td>
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<tr>
<td>Construction Machinery</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

[IR CONFERENCE 2020/8/27]
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Now available: Iga Digital Twin Showroom

☑️ Full-CG Iga Global Solution Center with 4K image quality

- 45 machine tools
- Application forms to DMG MORI webinars
- A wide variety of peripherals (DMQP available on EC website)

https://www.dmgmori.co.jp/sp/dtsr/
https://youtu.be/yT94Pq-sDuw
Technology Fridays

☐ Open house at Iga/Tokyo for a limited number of visitors every Friday

☐ Highlights:
  5-axis machines, process integration, automation, digitization
  *my* DMG MORI, TULIP
  Measurement, AM & other new technology
  Quarterly update on exhibited machines, technology and seminar contents

IR CONFERENCE 2020/8/27
AM Lab & Fab @Iga Global Solution Center
+ The facility overview available on Digital Twin Showroom
+ Order intake since August and full-scale launch by the end of 2020

AM Lab & Fab @Tokyo Digital Innovation Center
+ Equipped with the latest model LASERTEC 30 DUAL SLM
+ Full-scale launch by the end of 2020
5G collaboration

Wi-Fi ➞ 5G

AI engine with unique algorithm for mutual learning among machines

AI R&D base

DMG MORI cloud

AGV robots for factories

- Ultra high-speed, less latency
- Multiple simultaneous connections
- High security

Public 5G network

Local 5G network
Comparison: 5G vs Wi-Fi
Digital showroom: AUTOMATION SOLUTIONS

TULIP: Production digitization and process improvement

- Digitization of processes before/after machining (setup, assembly, QC etc.)
- Available for customers with full-scale promotion and trial licenses

**Point 01**  
Focus on floor shop  
Bottom-up digital solutions

**Point 02**  
No programming  
Easy app development

**Point 03**  
Templates for apps  
Customizable as required

TULIP starter kit
my DMG MORI

Web-based service for DMG MORI machine owners

Registered accounts

Europe   approx. 14,000
Japan    approx. 10,000
Americas trial ver. available
Asia (Singapore, Malaysia, Australia) trial ver. available
China    DMG MORI WeChat CLUB approx. 4,000

Target 40,000

- Dec 2019: 5,000
- Apr 2020: 16,500
- Jul 2020: 24,000
- Target: 40,000
DMG MORI Webinars

- **Japan: Additive Manufacturing**
- **US: Aerospace**
- **Europe: World Premiere**
- **Indonesia: Digital factory**
- **Thailand: Die & Mold**
- **China: DMG MORI training**

Webinars for new products and technology available worldwide.
Active utilization of e-Learning

- Lessons available anytime, anywhere
- Shorter lectures and less impact on work
- Progress and test results accessible

Before
Classroom lessons + Practices

5 days

After
Practices
e-Learning

2 days
Shorter
DMG MORI SAILING TEAM

Oct 2018

Started the team with Kojiro Shiraishi, a marine adventurer

Sep 2019

Built the state-of-the-art IMOCA60-class yacht “DMG MORI Global One”

Jul 4- 5, 2020

(10 days)

Finished 10th at the “Vendée Arctique Les Sables d’Olonne” and won a ticket for the “Vendée Globe2020”

Nov 8 2020-

(approx. 70-80 days)

Join and complete the solo, non-stop, round-the-world race without assistance “Vendée Globe2020”

The ship sailed at Vendée Arctique Les Sables d’Olonne
Disclaimer

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.