

DMG MORI CO., LTD.

FY 2020 Q3 (Jan-Sep) Results

IR Announcement

November 6, 2020

1. Q3 Financial Summary
2. Business Environment
3. Enhancement of digital and real marketing
4. ESG/CSR efforts

- ✓ Company-wide order intake: JPY 206.5 bn. (-36% y-o-y) , recovered since Q2
- ✓ Average order price per unit: +4% Y-o-Y
- ✓ Europe: Digital event /China: Open House Tianjin Online (Oct)
- ✓ Japan: DMG MORI Online Technology Days = DX (11/16-27)
Technology Fridays = real
- ✓ Hybrid capital: JPY 37 bn. as of 8/31 (28% in equity ratio as of 9/30)
Additional JPY 33 bn. on 10/29 (36% in equity ratio as of 10/31)
- ✓ CO₂ neutral products from 2021

Income Statement Summary

DMG MORI

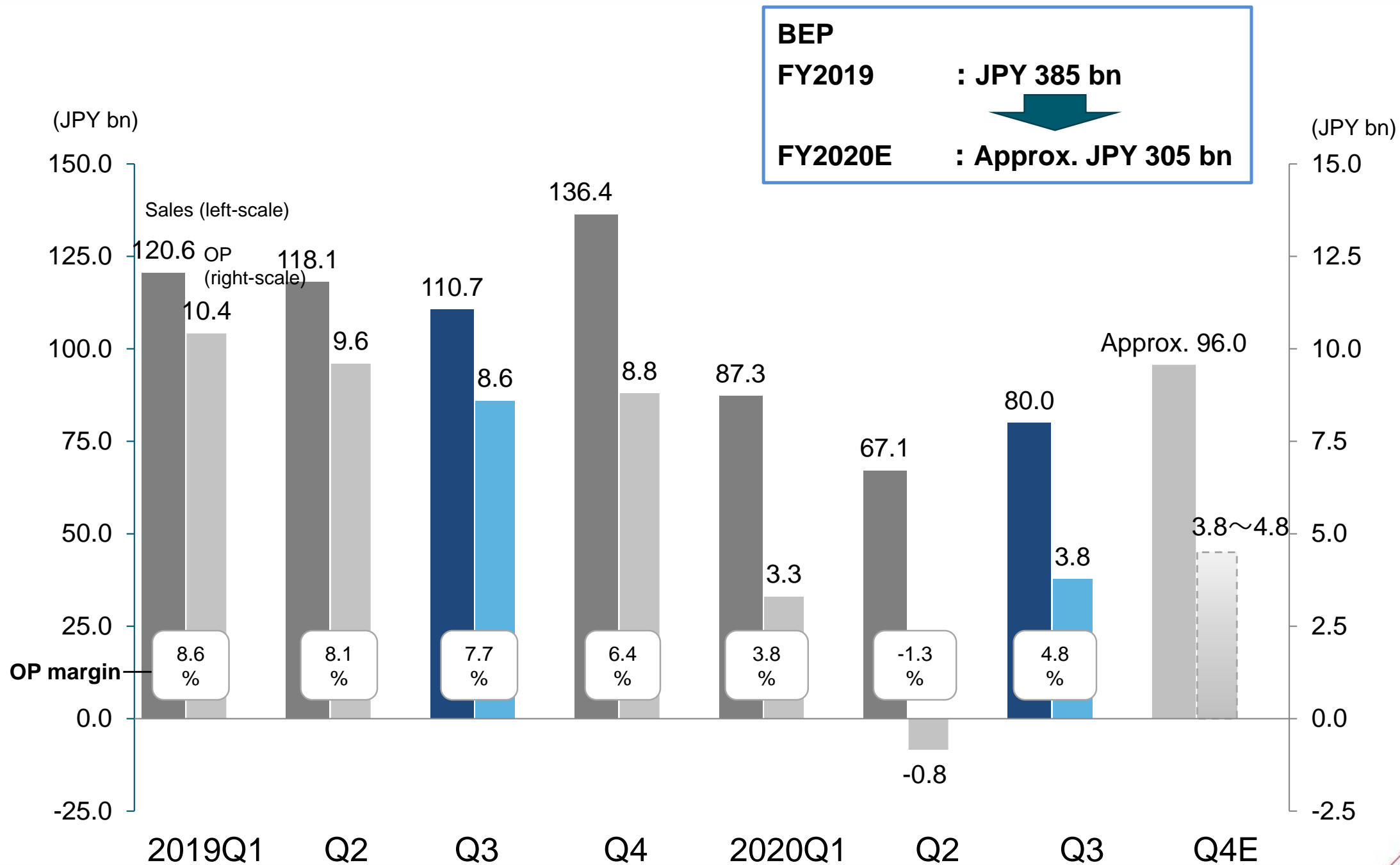
(JPY bn)	Jan-Sep		Changes (%)	Full year (Jan-Dec)	
	FY2019	FY2020		FY2019	FY2020 Plan
Company-wide order intake	321.1	206.5	-35.7%	409.4	-
Sales revenue	349.3	234.4	-32.9%	485.8	330.0
Operating profit	28.6	6.2	-78.2%	37.3	10.0~11.0
% to sales revenue	8.2%	2.7%		7.7%	3.0%~3.3%
Net financial costs	-4.4	-4.0		-5.9	-5.0
(thereof, economic compensation associated with DA)*	(-2.6)	(-2.6)		(-3.5)	(-3.1)
Profit before taxes	24.2	2.3	-90.6%	31.5	5.0
Net profit	15.6	0		18.9	1.5~3.0
Net profit attributable to owners	15.3	0		18.0	1.5~3.0
Depreciation & amortization including lease	16.8	17.4		23.1	23.5
Capital expenditure	13.0	10.6		21.2	15.0
Dividend (JPY/per share)	30	10		60	20
USD/JPY	109.2	107.6		109.1	107
EUR/JPY	122.7	120.9		122.1	121

*Domination Profit and Loss Transfer Agreement

2020 Q4(Oct – Dec) assumption: USD/JPY 105
EUR/JPY 120

Quarterly financial results

DMG MORI

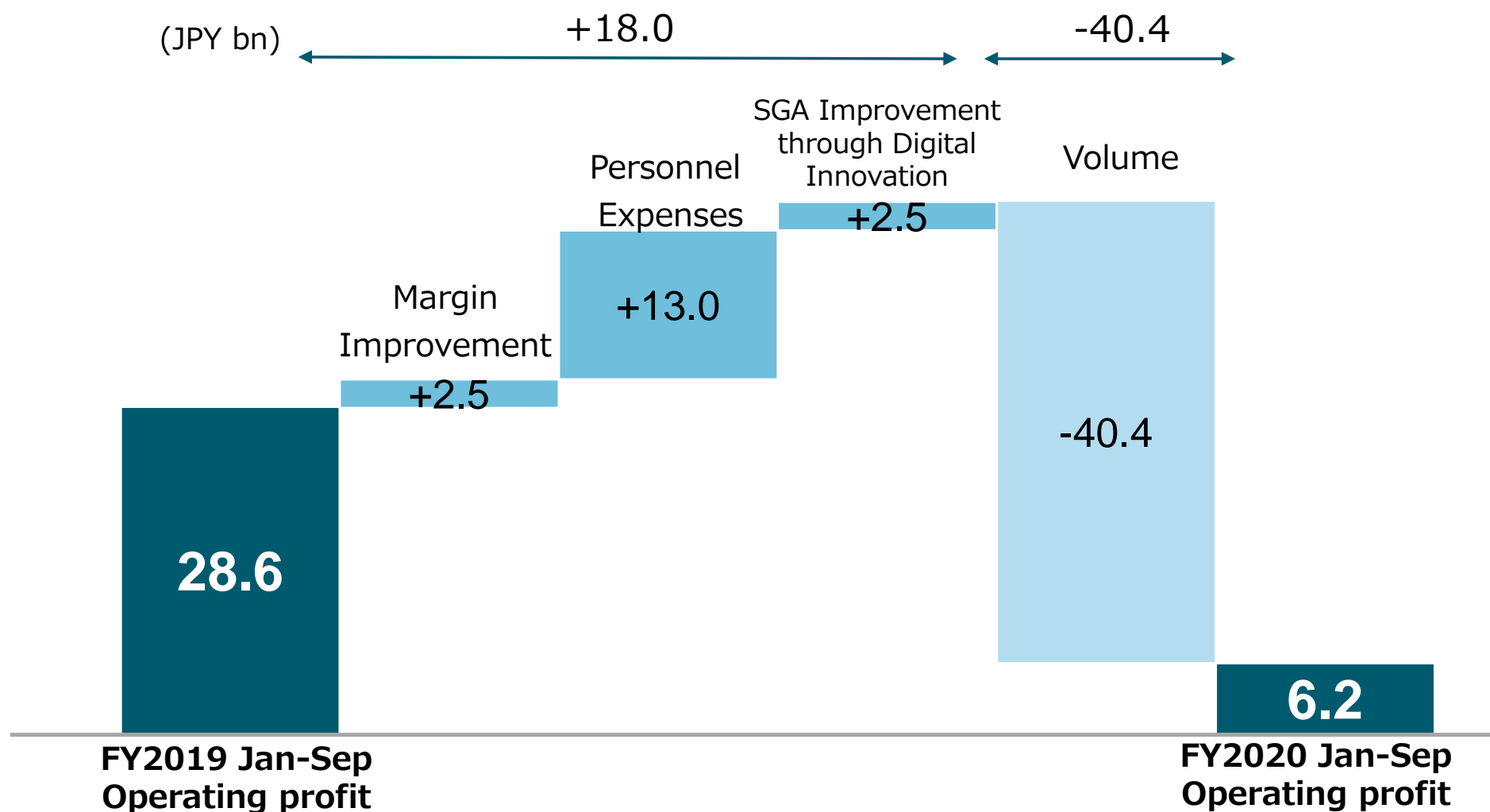


Operating profit bridge FY2019 Q3 (Jan-Sep) vs FY2020 Q3 (Jan-Sep)

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(JPY bn)	FY2019.1-9	FY2020.1-9	Change
Sales	349.3	234.4	-115.0

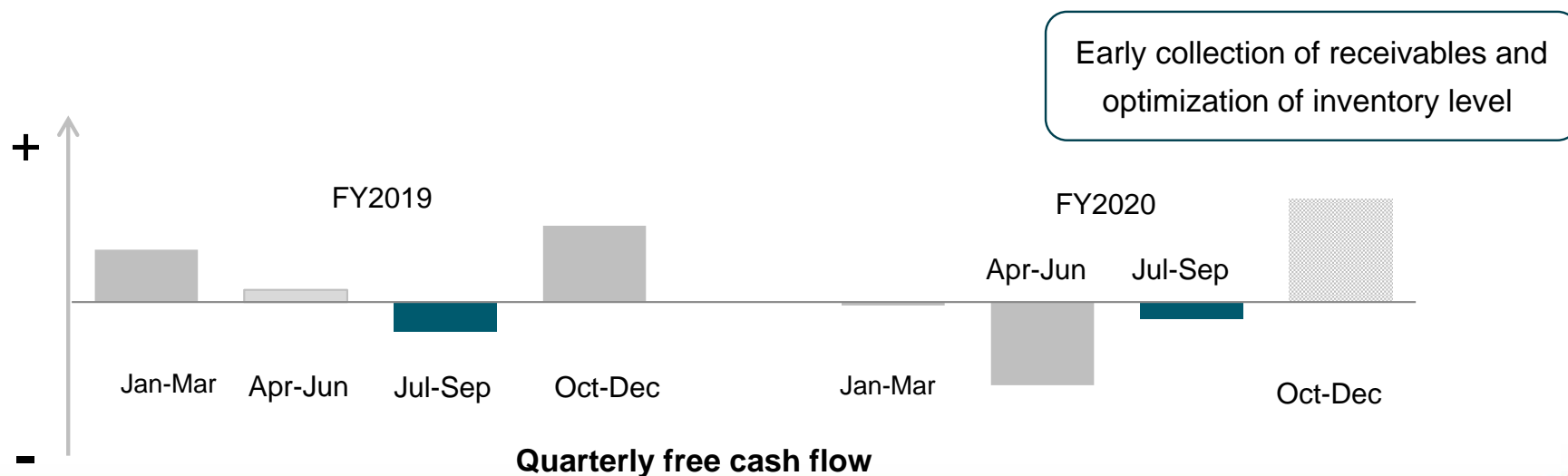
	FY2019.Jan-Sep	FY2020.Jan-Sep
USD/JPY	109.2	107.6
EUR/JPY	122.7	120.9



Cash Flows

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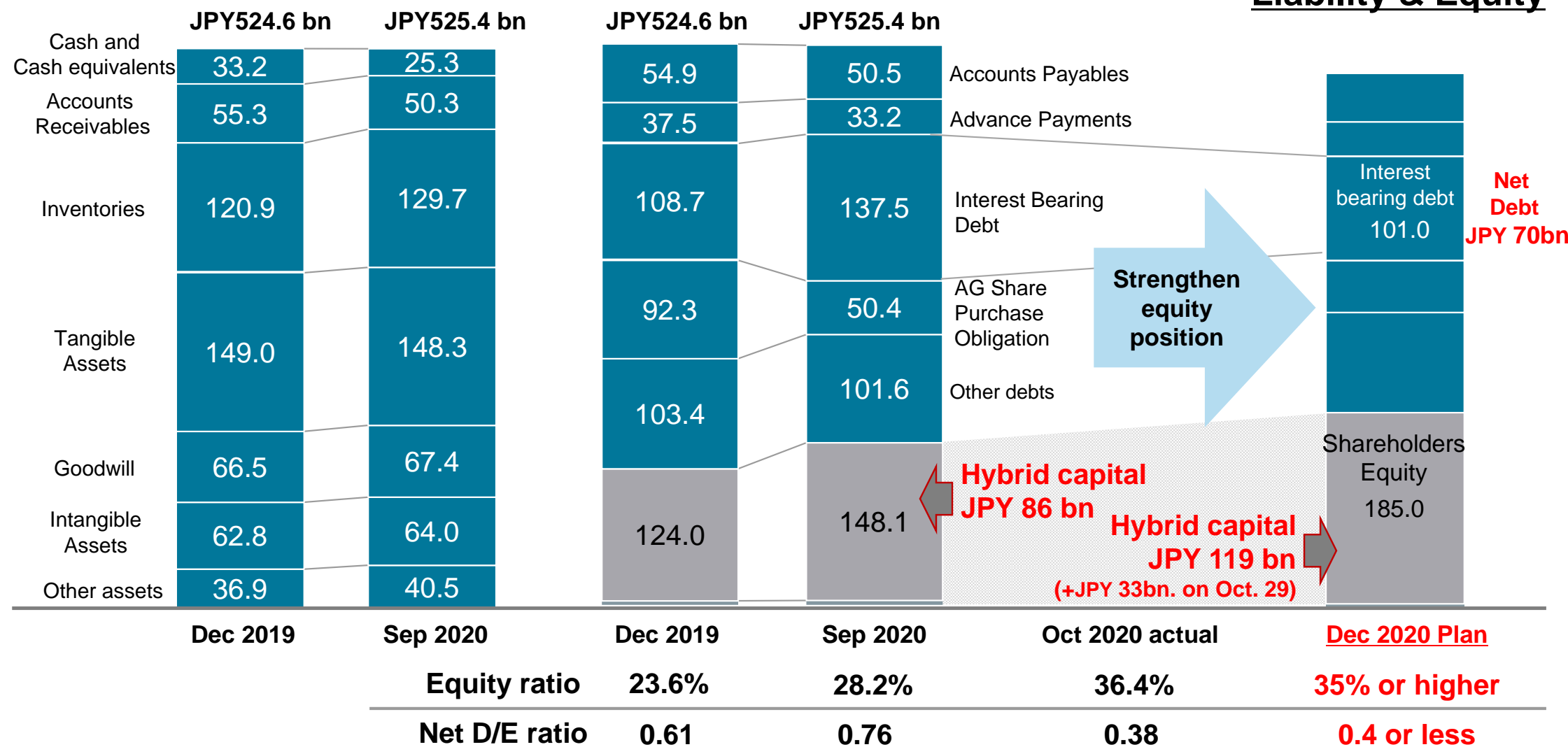
(JPY bn)	FY2019					FY2020				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4 (Plan)	FY (Plan)
Operating cash flow	13.0	3.8	4.3	22.5	43.6	2.5	-10.9	-0.5	23.9	15.0
Profit before taxes	8.8	8.2	7.1	7.4	31.5	1.3	-1.8	2.8	2.7	5.0
Depreciation & amortization	5.5	5.3	5.9	6.4	23.1	5.9	5.7	5.8	6.1	23.5
Change in working capital	3.5	-4.8	-5.1	2.2	-4.2	4.4	-10.6	-5.4	7.2	-4.5
Others	-4.8	-4.9	-3.6	6.5	-6.8	-9.0	-4.2	-3.7	7.9	-9.0
Investment cash flow	-3.6	-1.6	-9.6	-8.7	-23.5	-3.1	-3.9	-2.5	-5.5	-15.0
(thereof, acquisition of fixed assets)	-3.1	-5.3	-4.3	-8.5	-21.2	-2.9	-4.1	-3.5	-	-
Free cash flow	9.4	2.2	-5.2	13.7	20.1	-0.6	-14.9	-3.1	18.4	0



Assets

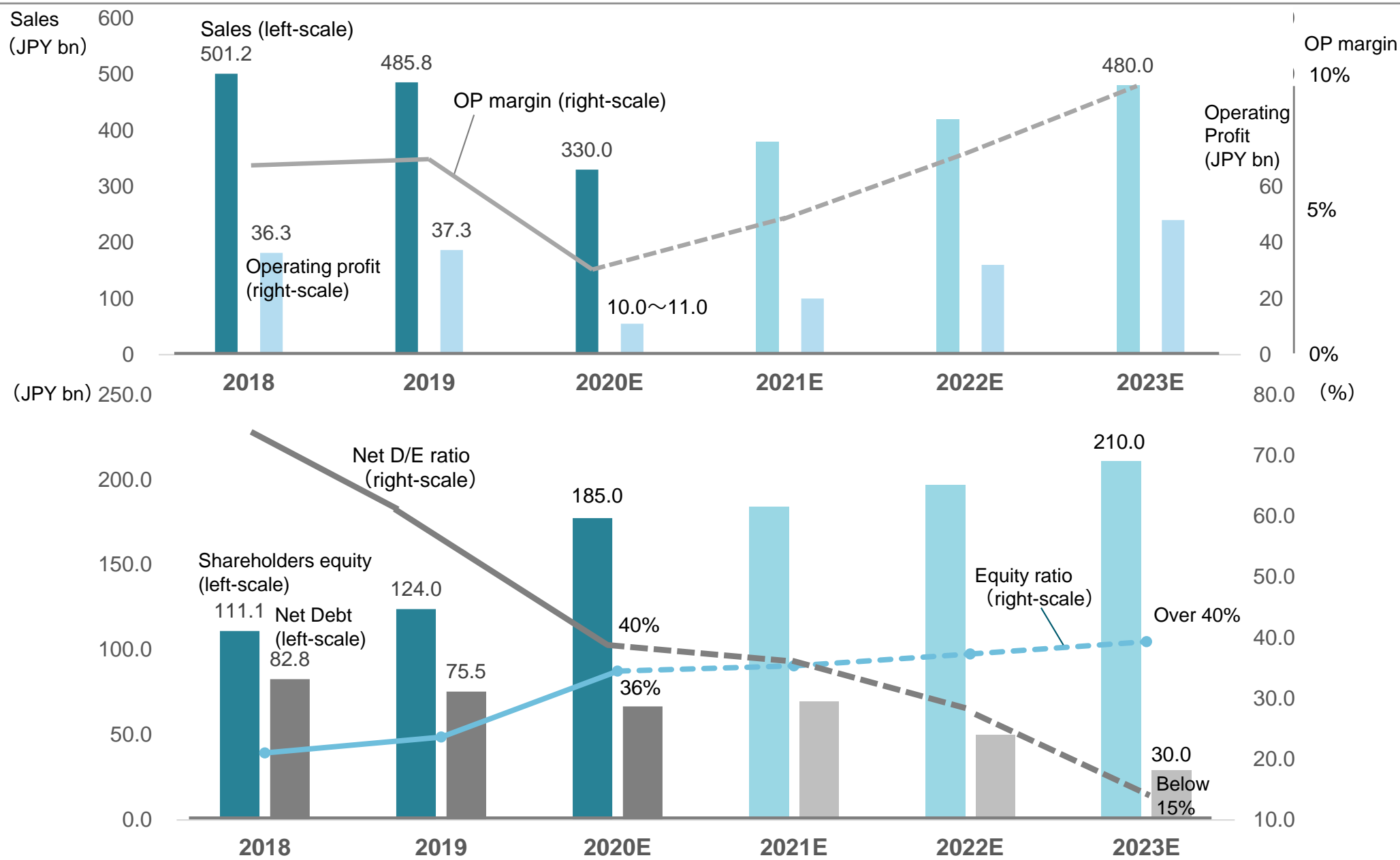
Liability & Equity

Liability & Equity



*** Annual expenses on JPY 7 bn hybrid capital (+1.2 bn) – Non-operating expense reduction (-1.2 bn in DPLTA cost) = virtually no additional annual cost**

Business outlook for next three years



If no additional share purchase follows the verdict on the court case brought by minority AG shareholders reg. purchase price and recurring fixed dividend

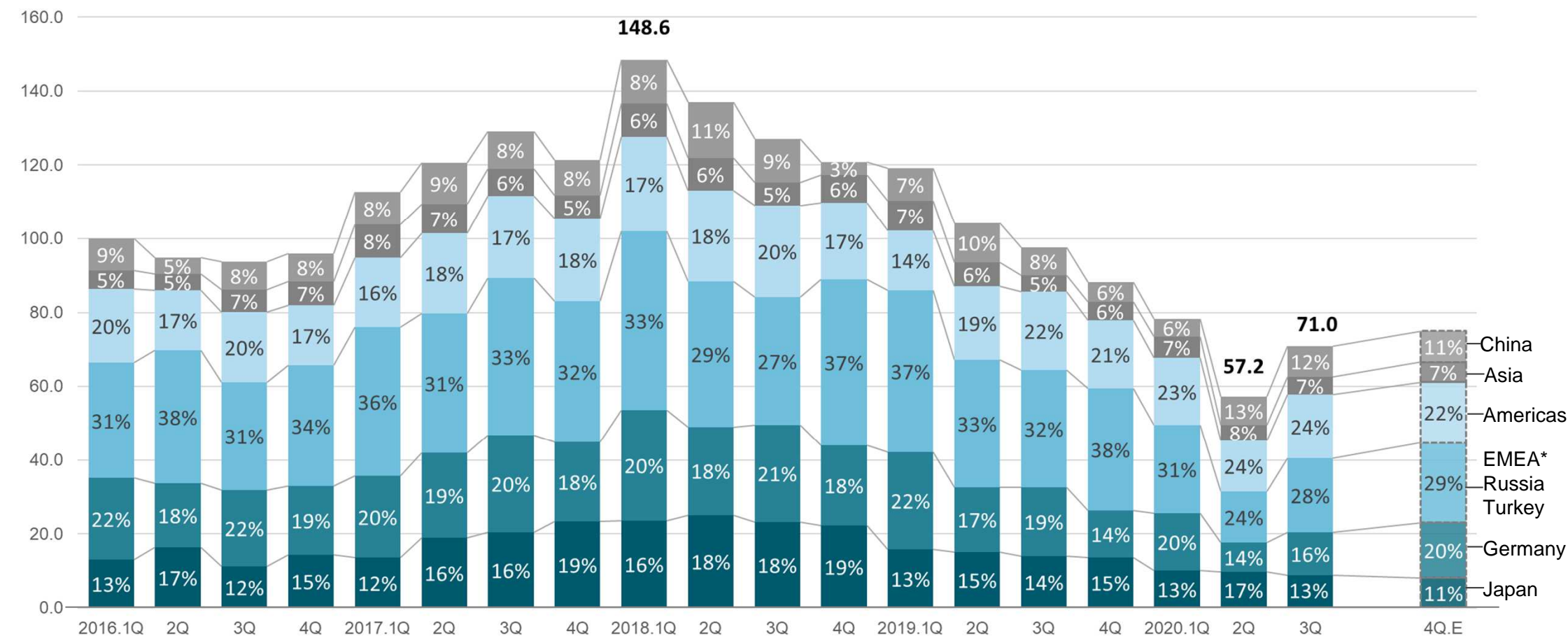
Another 5% percentage points (approx.) increase in equity ratio

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Consolidated order composition (by region)

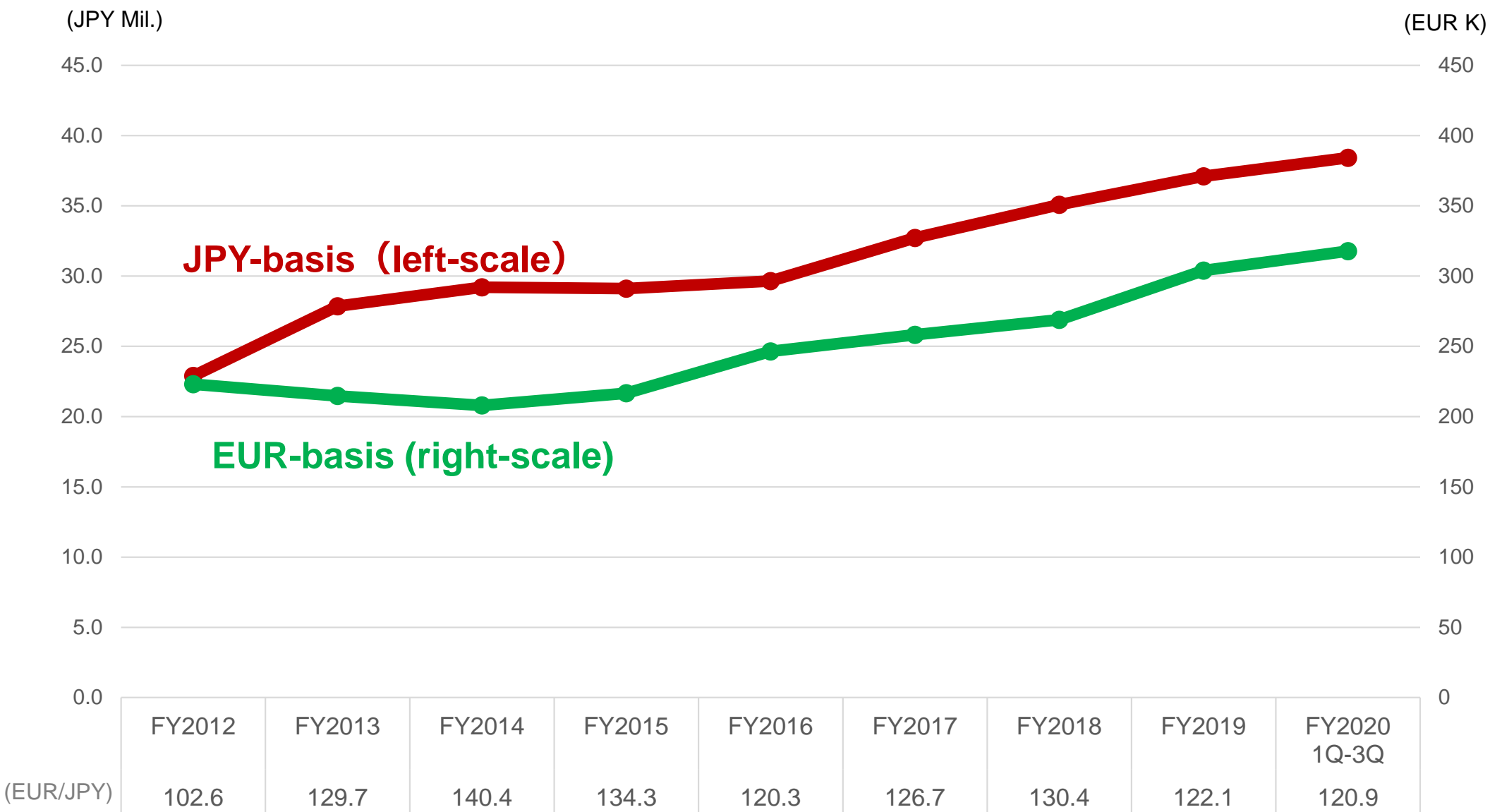
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(JPY bn)



*Europe, the Middle East and Africa

Average order price per unit (machine body)

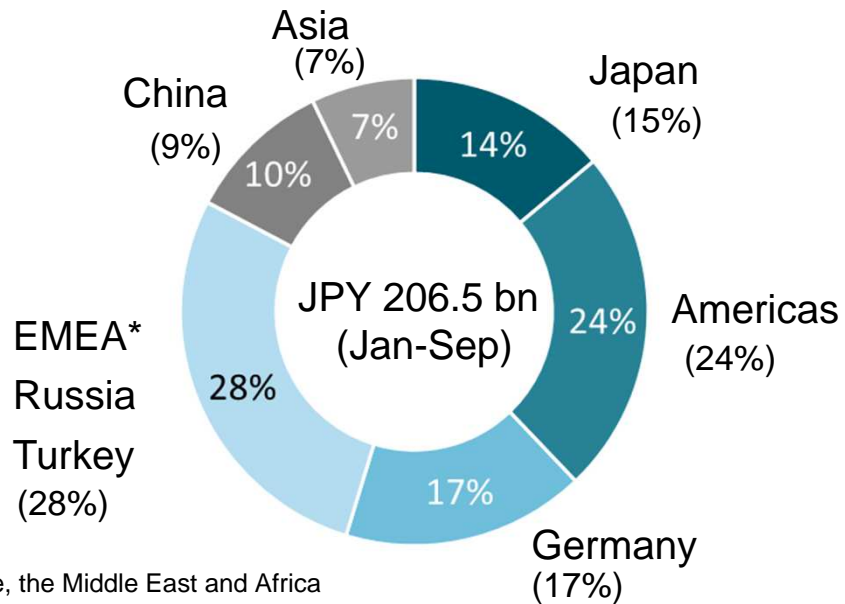


Order composition (Jan-Sep)

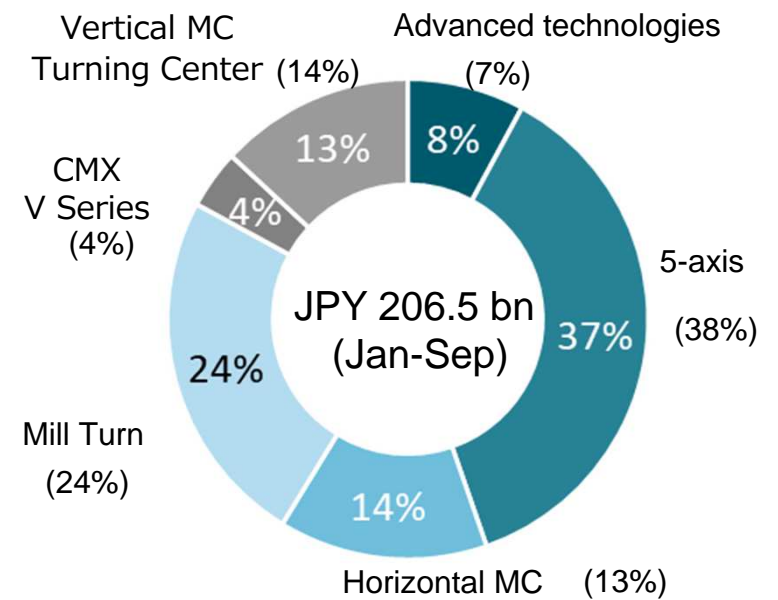
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by region

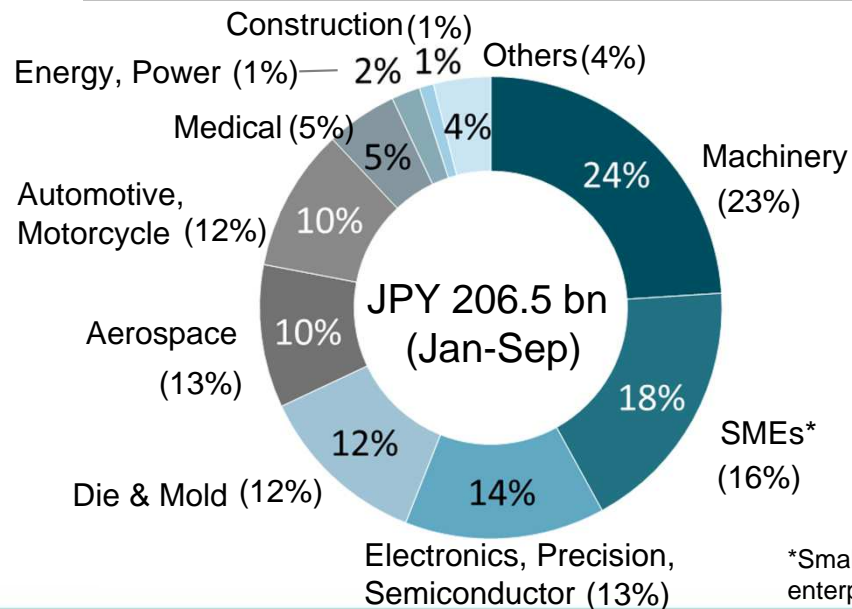
(%in brackets: H1 2020)



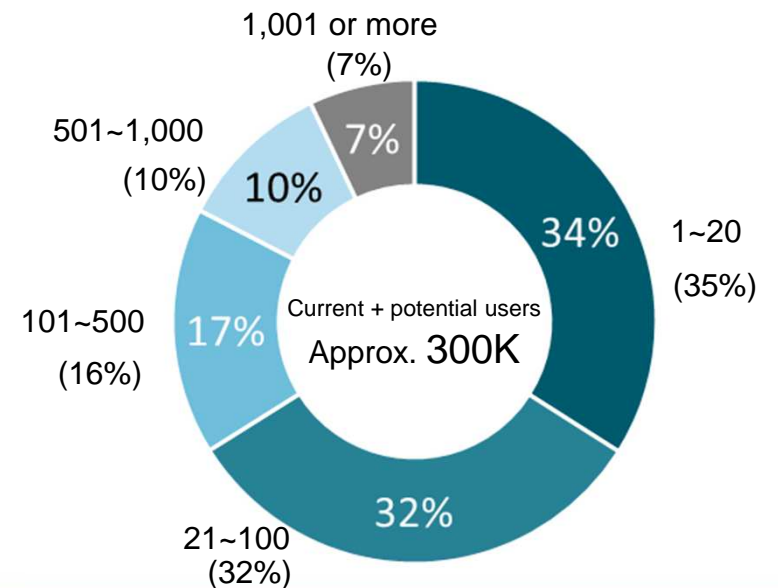
by product type



by industry



by customer's employee number



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- ✓ Virtual platform to digitally experience DMG MORI products and solutions (Oct 6th-9th)
- ✓ Live demo of latest technology, mutual communication via live chat
- ✓ Digital Showroom: 17 products incl. new DMF 200|8, automation solutions



- ✓ Held online on Oct 16th
- ✓ Contents: Plant overview, NHX series, CMX Vc series Automation solutions etc.
- ✓ Page views: Approx. 61,400
- ✓ Online chat with customers



Automation solutions



Plant tour



Products manufactured in Tianjin



Application engineering



DMG MORI Online Technology Days (1) Factory in Japan ⇒ For JIMTOF and Worldwide

DMG MORI

✓ JIMTOF2020 Online

Date: Nov 16th(Mon) 10am – 27th(Fri) 5pm
Archive available between:
Nov 27th(Fri) 5pm – Dec 11th(Fri) 5pm



※Image for illustrative purpose only.
※One Area per company.

JIMTOF2020 Online website:
<http://www.jimtof.org/online/en/booth.html>

✓ DMG MORI Online Technology Days

Date: Nov 16th(Mon) 10am – 27th(Fri) 5pm

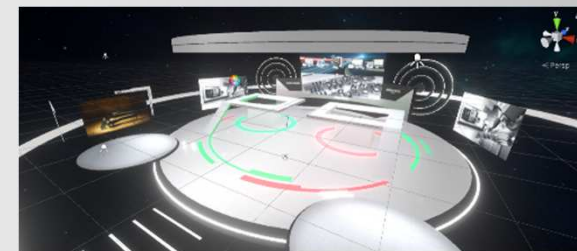
Digital Twin Showroom



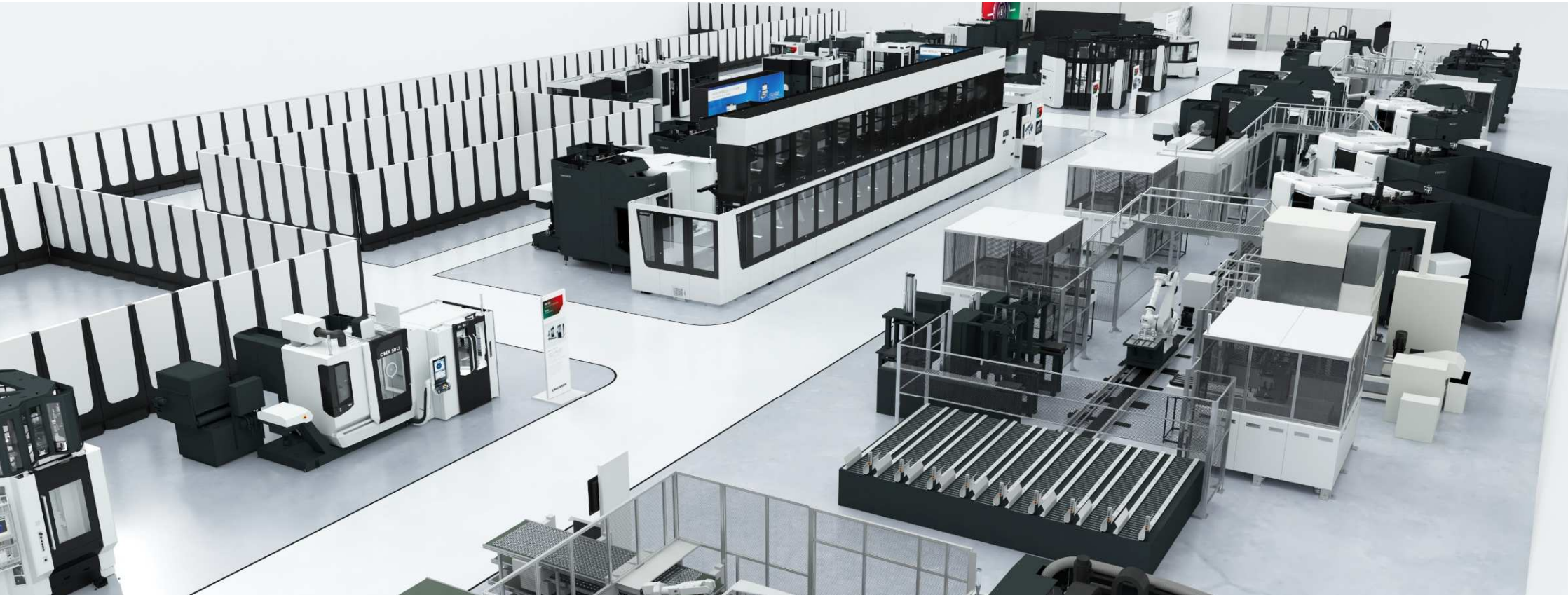
Online Seminars



Stage for New products Online technical consultation



✓ Newly established System Solution Center 30 units / 16 systems



✓ Guide by digital human at Digital Twin Showroom

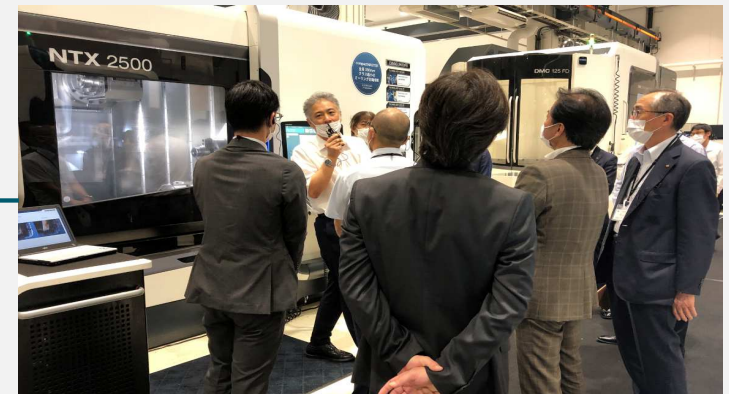
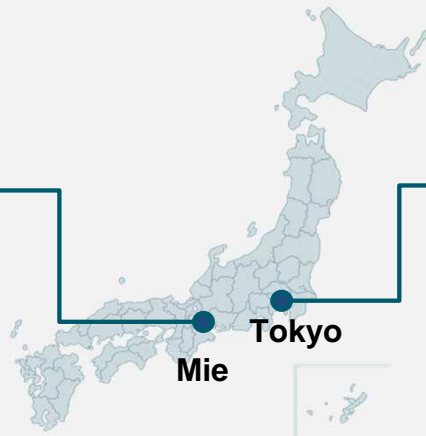


✓ Exclusive weekly events at Iga and Tokyo

✓ 5-axis machines, Process integration
Automation, Digitization
Weekly seminars
Demonstration, Factory tour



Iga Campus



Tokyo Global HQs

550 visitors / **18** shows

(as of Oct.)

350 visitors / **18** shows

(as of Oct.)

myDMG MORI

 Web-based service for
DMG MORI machine owners



Registered accounts

Europe approx. 17,000

Japan approx. 11,000

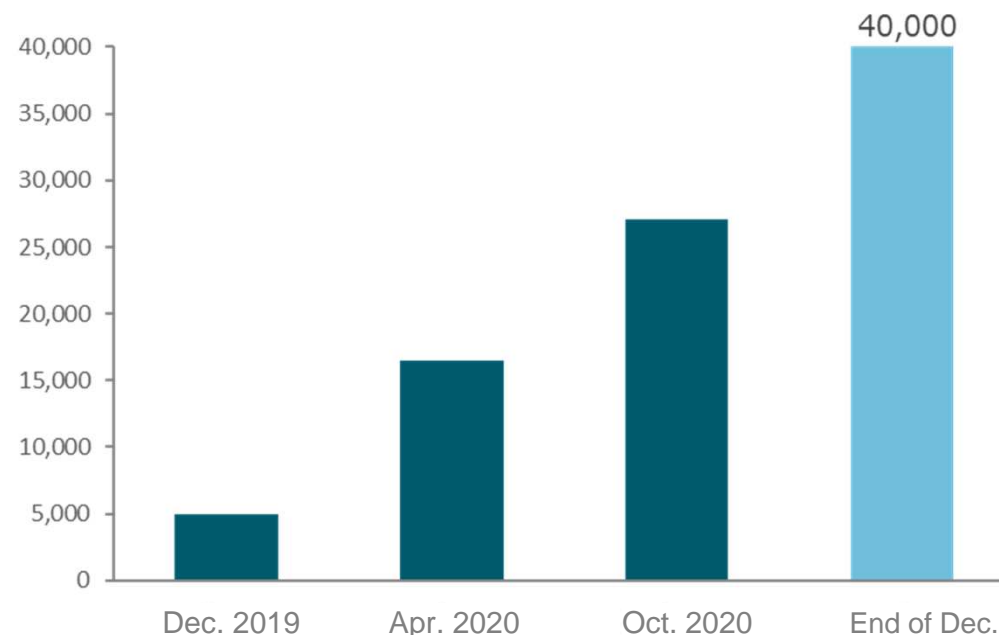
Americas approx. 1,000 (start from Sep.)

Asia approx. 1,000 (start from Sep.)
(India, Singapore, Malaysia, Australia)



End of Dec
40,000
users

China DMG MORI WeChat CLUB approx. 7,000

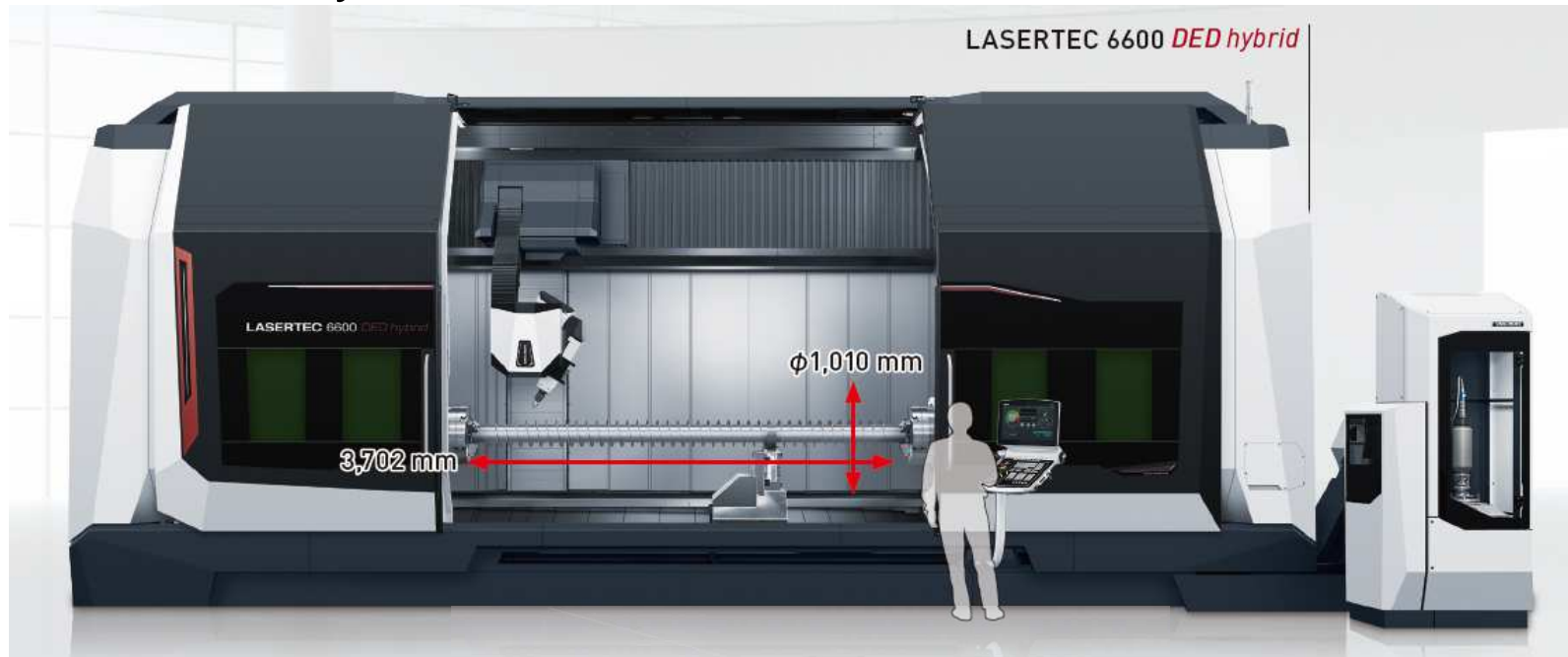


✔ Launched monoBLOCK Excellence Factory

- A new plant of 4,000 m² inside DECKEL MAHO Pfronten
- Production capacity: 1,000 monoBLOCK per year
- Introduced AGV and Tulip to increase productivity by 30%



- ✓ Large build area (max. workpiece size: $\Phi 1,010 \times 3,702$ mm)
- ✓ Integration of additive manufacturing and machining
- ✓ Great maintainability



DED : Direct Energy Deposition

Sample workpieces



Aerospace

Rocket nozzle



General Machinery

Roller (coating)



Vacuum Technology

Flange, Pipe (coating)

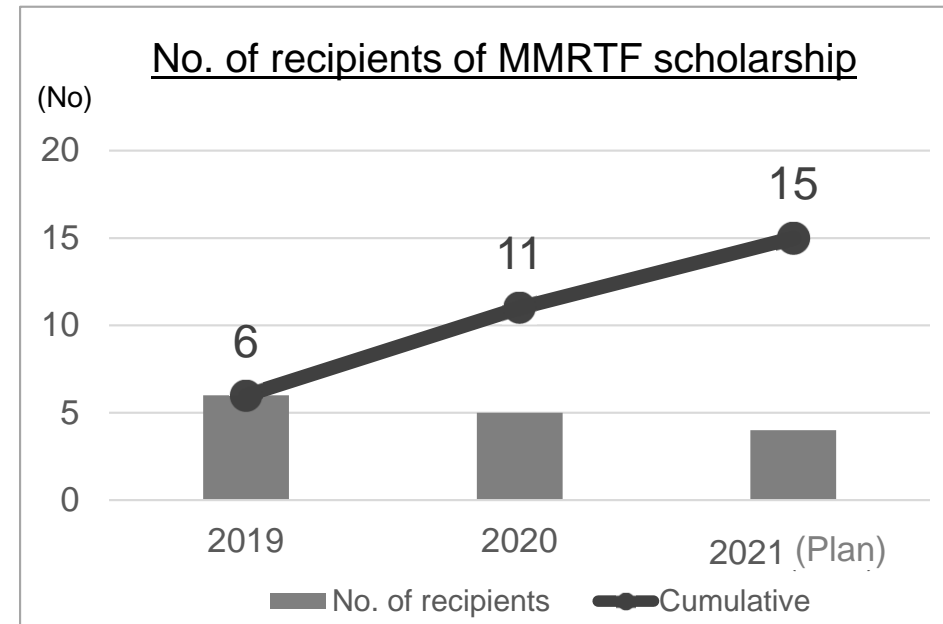
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◆ Talent development

- “Digital Design & Manufacturing Laboratory” Precision Measurement and Machining Research Consortium, Kyoto University
by Dr. Matsubara Atsushi, Department of Micro Engineering, Graduate School of Engineering, Kyoto University
- Shishu-kan (Graduate School of Advanced Integrated Studies in Human Survivability), Kyoto University
- Grant-type scholarship to doctoral students
- Japanese-German Center Berlin “Young Leaders Forum”



一般財団法人 森記念製造技術研究財団
Mori Manufacturing Research and Technology Foundation



The Cutting Dream Contest



DMG MORI

Held by DMG MORI since 2004

Purpose: improving and exchanging technology and techniques throughout the machining industry

Participants: companies, schools and research institutions engaged in machining with machine tools



✓ 55 entry workpieces introduced at DMG MORI Online Technology Days

✓ Announcement of this year's award winners (11/10)



The Cutting Dream Contest area



DMG MORI Online Technology Days

Mahoroba Farm in Iga MAHOROBA

DMG MORI VINEYARDS

- Utilization of abandoned fields
- Creating jobs for people with disabilities (started recruiting 5 people)



Alliance with “SAKA NO TOCHU Co., Ltd.”

- Support small farmers in Japan
- Good and healthy food at employees' canteens in Iga, Nara, and Nagoya



Iga Campus Fireworks festival

- Together with local communities



Development around Shindo Station

Planting 500 cherry blossom trees in Yamato Koriyama city (Nara) and Iga city (Mie)



Sponsoring piano concerts

Mr. Adolfo Barabino
(Italy)



Mr. Kyohei Sorita
(Japan)



Carbon neutrality project



DMG MORI

2021

2022

CO₂ neutral from Scope 1 to Scope 3 upstream ✓

DMG MORI AG : Jan 2021

DMG MORI CO : End of Mar. 2021

✂ Scope 1 to Scope 3 upstream

- CO₂ direct/indirect emission in own facilities
- CO₂ emission from raw material procurement

CO₂ neutrality throughout the supply chain ✓

Within 2022

(Company-wide)

✂ Scope 3 downstream

- CO₂ emission in users



100 % CLIMATE NEUTRAL MACHINE MANUFACTURING

MACHINE UTILIZATION

NEUTRAL PRODUCT CARBON FOOTPRINT ✓



**NEUTRAL COMPANY
CARBON FOOTPRINT** ✓



**MORE EFFICIENT
ENERGY AND EMISSIONS
MACHINE OPERATION**



**TECHNOLOGY
EXCELLENCE FOR
GREEN TECHNOLOGIES**

SUPPLIERS + DMG MORI

CUSTOMERS

Iga Campus: Combined Heat-and-Power (CHP) system

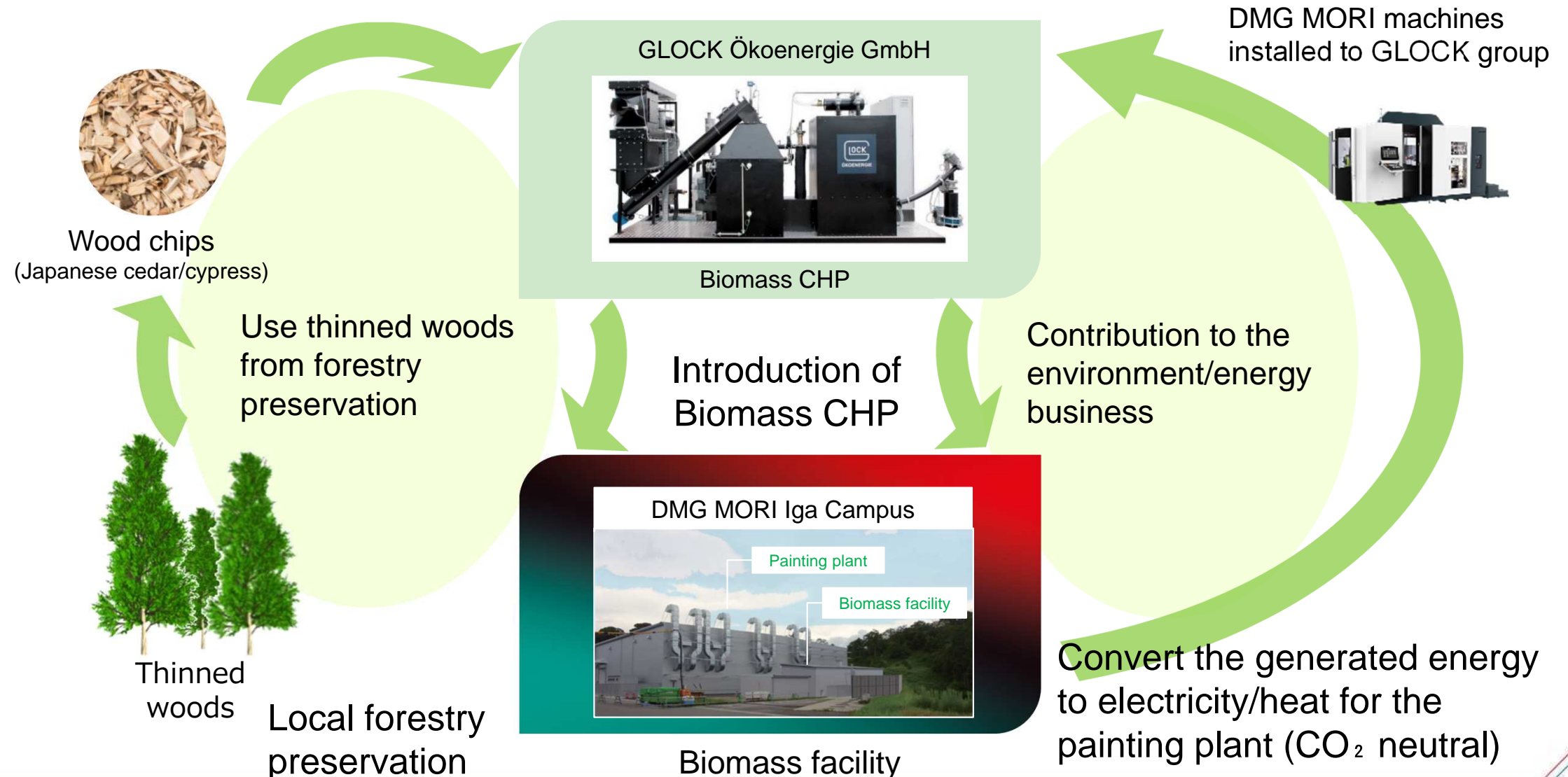


DMG MORI

- ✓ Use biomass energy (net zero CO₂ emission)
- ✓ Biomass facility established in Iga Campus in 2021

Biomass: plant/animal material used for energy production (excl. fossil fuels)

CHP : Combined Heat and Power



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.