

**DMG MORI CO., LTD.**

**FY 2021 Q1(Jan-Mar) Results**

**IR Announcement**

**May 12, 2021**

1. FY2021 Q1 Financial Summary
2. Business Environment
3. Focus Topics
  - ① Stronger presence in China
  - ② Increased efforts in Marketing (Digital/Real)
  - ③ Promotion of Digitization (*my* DMG MORI)
4. Progress of Sustainable Management

## FY 2021 Q1 highlights

**DMG MORI**

- ✓ Consolidated order intake: JPY 101.4 bn. (+29.5% y-o-y), higher than the original plan of JPY 85.0 bn.
- ✓ Machine order backlog: JPY 124.0 bn. (JPY 96.0 bn. at the end of FY2020)
- ✓ First quarter to achieve positive y/y development for operating income
- ✓ Great success at China International Machine Tool show in Beijing (CIMT)
- ✓ Increased production capacity in China to meet growing demand for process integration and automation
  - 2nd plant in China to be constructed near Shanghai (completion: end of FY2022)
  - Expansion of Tianjin Factory (completion: FY2024)
- ✓ Carbon neutrality: assured by a third-party organization; roadmap to 2030 formulated
- ✓ Full-year business forecast revised upward

## FY2021 Q1 Income statement summary

**DMG MORI**

- Consolidated OI surpassed JPY 100.0 bn. for the first time in 7 quarters (since FY 2019 Q2)
- Operating income showed positive y/y trend despite lower sales revenue. Significant improvement in net profit as well

(JPY bn)	FY2019 Q1	FY2020 Q1	FY2021 Q1	Changes (%)
<b>Consolidated order intake</b>	119.1	78.3	<b>101.4</b>	+29.5%
<b>Sales revenue</b>	120.6	87.3	<b>81.1</b>	-7.0%
<b>Operating profit</b>	10.4	3.3	<b>4.0</b>	+21.8%
% to sales revenue	8.6%	3.8%	4.9%	
<b>Net financial costs</b>	-1.6	-2.1	<b>-0.9</b>	
(thereof, economic compensation associated with DA*)	(-0.9)	(-1.6)	(-0.5)	
<b>Profit before taxes</b>	8.8	1.3	<b>3.1</b>	2.5x
<b>Net profit</b>	6.4	0.1	<b>1.8</b>	
<b>Net profit attributable to owners of the parent</b>	6.2	0.1	<b>1.8</b>	
Attributable to owners of hybrid capital	0.3	0.3	<b>0.5</b>	
Attributable to common stockholders	5.9	-0.1	<b>1.3</b>	Turned to black
<b>EPS (Yen) •Basic</b>	48.74	-1.13	<b>10.38</b>	
Depreciation & amortization including lease	5.5	5.9	<b>5.5</b>	
Capital expenditure	3.1	3.1	<b>4.4</b>	
USD/JPY	110.2	108.9	<b>105.9</b>	
EUR/JPY	125.2	120.1	<b>127.7</b>	

\*Domination Profit and Loss Transfer Agreement



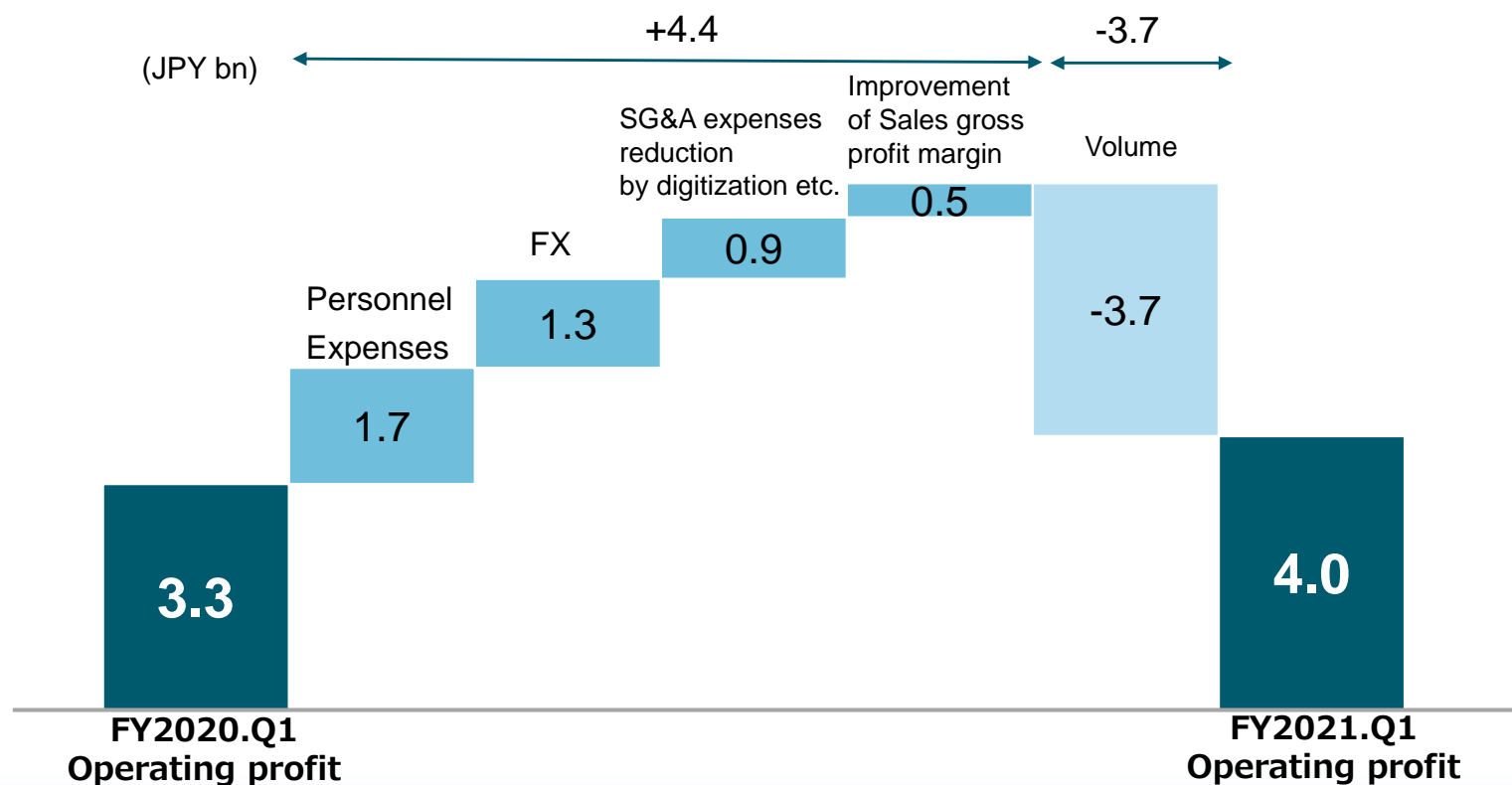
## Operating income bridge FY2020 Q1 vs FY2021 Q1

**DMG MORI**

- Gross margin grew continuously thanks to value-based proposals to customers
- FX revaluation gain at the end of March due to weaker yen

(JPY bn)	FY2020Q1	FY2021Q1	Change
Sales revenue	87.3	81.1	-6.2

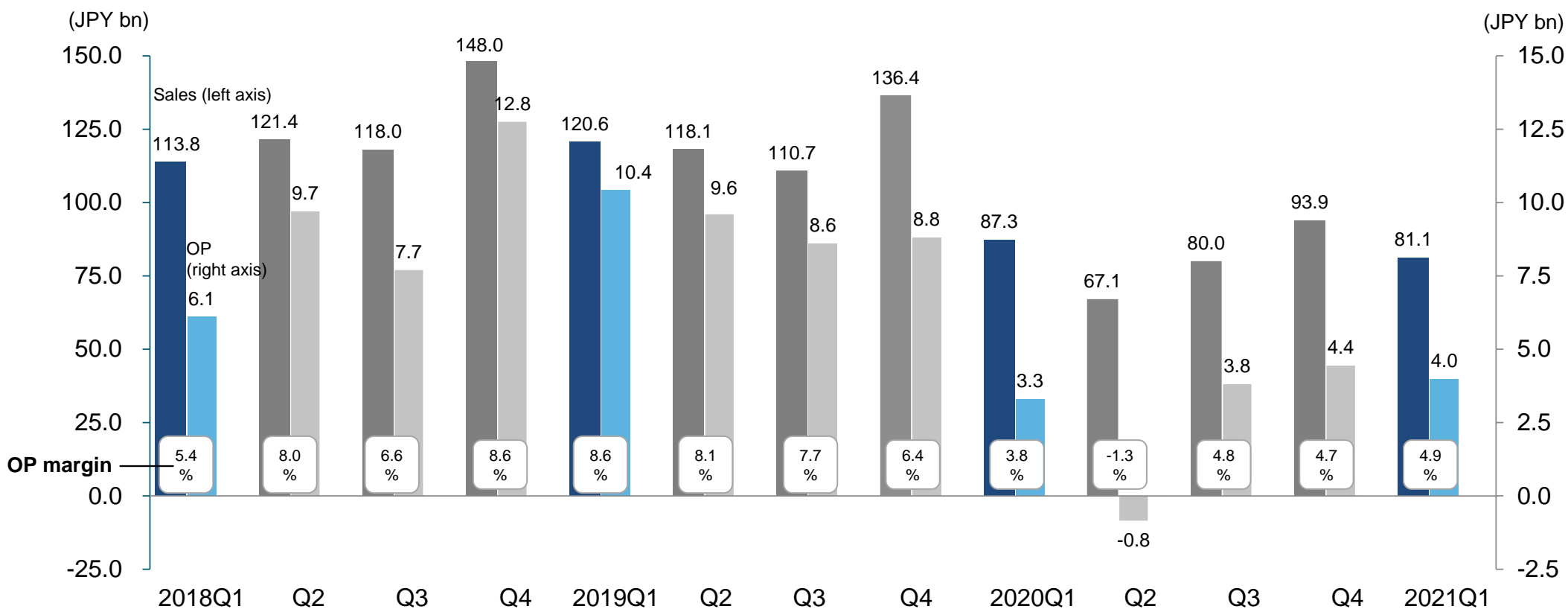
	FY2020Q1	FY2021Q1
USD/JPY	108.9	105.9
EUR/JPY	120.1	127.7



## Quartely financial results

**DMG MORI**

- Operating income margin has been improving since FY2020 Q3
- Annualized break-even point for Q1 was around the same level as FY2020

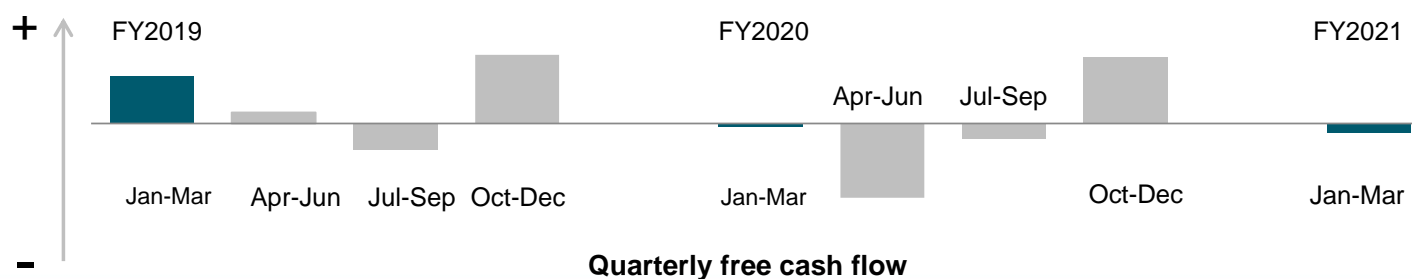


# Cash flows

**DMG MORI**

- Down payment had a positive impact. In preparation for an expected higher sales in the 2nd half, investment in inventories increased
- Free cash flows for the full year is planned at JPY 10.0 bn. or higher, driven by higher profitability and down payment

(JPY bn)	2019					2020					2021		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1		FY (Plan)
<b>Operating cash flow</b>	<b>13.0</b>	<b>3.8</b>	<b>4.3</b>	<b>22.5</b>	<b>43.6</b>	<b>2.5</b>	<b>-10.9</b>	<b>-0.5</b>	<b>22.6</b>	<b>13.6</b>	<b>2.6</b>		<b>25.0</b>
Profit before taxes	8.8	8.2	7.1	7.4	31.5	1.3	-1.8	2.8	2.8	5.1	3.1		9.5
Depreciation & amortization	5.5	5.3	5.9	6.4	23.1	5.9	5.7	5.8	6.7	24.1	5.5		23.5
Change in working capital	3.5	-4.8	-5.1	2.2	-4.2	4.4	-10.6	-5.4	14.0	2.2	-3.5		5.0
Others	-4.8	-4.9	-3.6	6.5	-6.8	-9.0	-4.2	-3.7	-0.9	-17.8	-2.5		-13.0
<b>Investment cash flow</b>	<b>-3.6</b>	<b>-1.6</b>	<b>-9.6</b>	<b>-8.7</b>	<b>-23.5</b>	<b>-3.1</b>	<b>-3.9</b>	<b>-2.5</b>	<b>-9.3</b>	<b>-18.9</b>	<b>-4.5</b>		<b>-15.0</b>
(thereof, acquisition of tangible and intangible fixed assets)	-3.1	-5.3	-4.3	-8.5	-21.2	-2.9	-4.1	-3.5	-9.6	-20.1	-4.4		
<b>Free cash flow</b>	<b>9.4</b>	<b>2.2</b>	<b>-5.2</b>	<b>13.7</b>	<b>20.1</b>	<b>-0.6</b>	<b>-14.9</b>	<b>-3.1</b>	<b>13.3</b>	<b>-5.2</b>	<b>-1.8</b>		<b>10.0</b>



# DMG MORI

- ## Assets

## Liability & Equity

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## FY2021 full-year forecast

**DMG MORI**

- Full-year order intake forecast was revised upward to around JPY 400 bn., 43% increase y-o-y
- Based on Q1 OI increase, full-year revenue and profit forecasts were revised upward

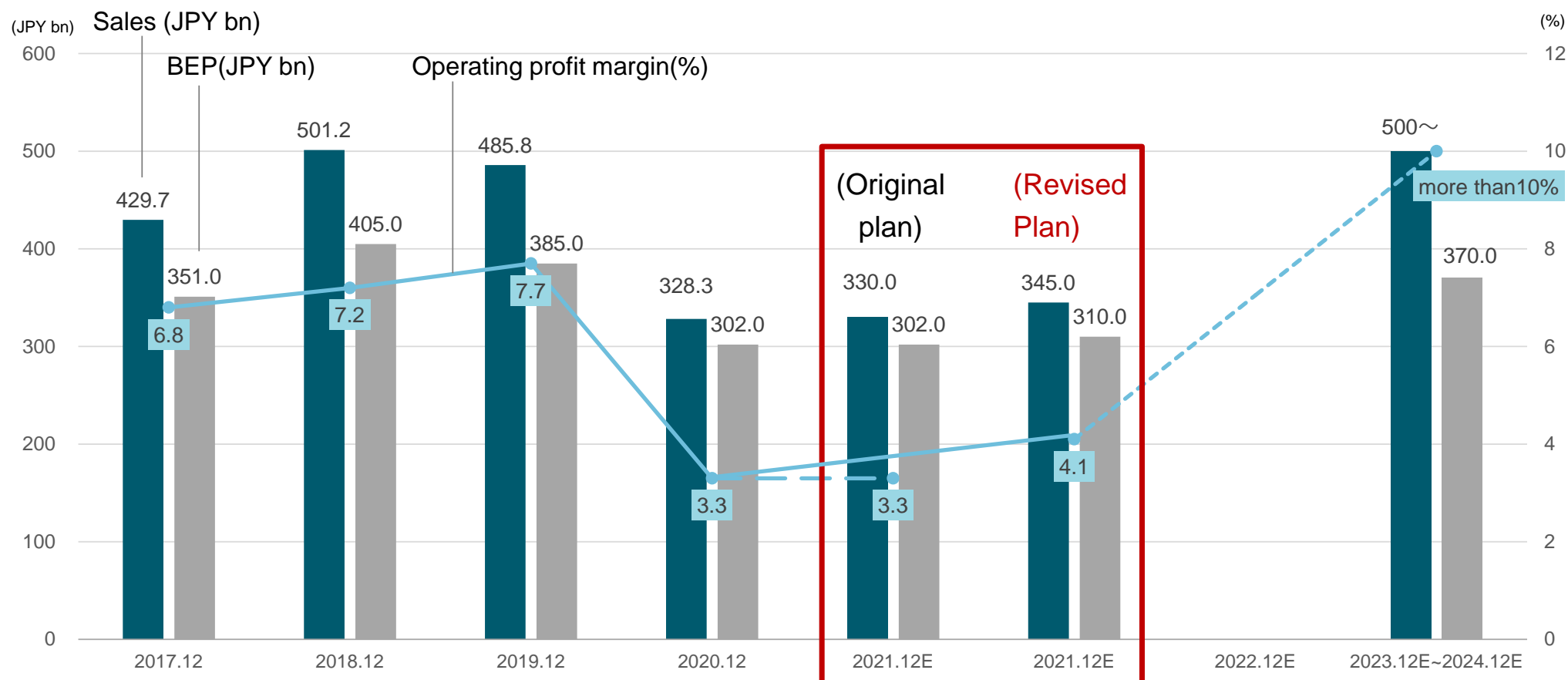
(JPY bn)	FY2019 Actual	FY2020 Actual	FY2021 Plan			
			(Revised)	YoY (%)	(Previous)	Changes
<b>Consolidated order intake</b>	409.4	279.7	<b>Around 400.0</b>	<b>+43.0%</b>	<b>Around 380.0</b>	<b>+20.0</b>
<b>Sales revenue</b>	485.8	328.3	<b>345.0</b>	<b>+5.1%</b>	<b>330.0</b>	<b>+15.0</b>
<b>Operating profit</b>	37.3	10.7	<b>14.0</b>	<b>+31.2%</b>	<b>11.0</b>	<b>+3.0</b>
% to sales revenue	7.7%	3.3%	4.1%		3.3%	
<b>Net financial costs</b>	-5.9	-5.6	<b>-4.5</b>	-	<b>-4.5</b>	-
(thereof, economic compensation associated with DA*)	(-3.5)	(-3.0)	(-2.0)		(-2.0)	
<b>Profit before taxes</b>	31.5	5.1	<b>9.5</b>	<b>+86.3%</b>	<b>6.5</b>	<b>+3.0</b>
<b>Net profit</b>	18.9	1.7	<b>6.0</b>	<b>3.5x</b>	<b>4.0</b>	
<b>Net profit attributable to owners</b>	18.0	1.7	<b>6.0</b>		<b>4.0</b>	<b>+2.0</b>
Attributable to owners of hybrid capital	1.1	1.3	<b>2.1</b>		<b>2.1</b>	-
Attributable to common stockholders	16.9	0.4	<b>3.9</b>		<b>1.9</b>	<b>+2.0</b>
<b>EPS (Yen) • Basic</b>	138.64	3.40	<b>31.15</b>		<b>15.07</b>	
Depreciation & amortization including lease	23.1	24.1	<b>23.5</b>		<b>23.5</b>	
Capital expenditure	21.2	20.1	<b>15.0</b>		<b>15.0</b>	
USD/JPY	109.1	106.8	<b>105</b>		<b>105</b>	
EUR/JPY	122.1	121.8	<b>125</b>		<b>125</b>	

\*Domination Profit and Loss Transfer Agreement

# Stringent management of break-even point

**DMG MORI**

- Reduced annual salary for domestic employees to be reinserted (Average salary: JPY 6.43 mil. → 7.10 mil.) thanks to growing demand
- Full-year break-even point planned at around JPY 310.0 bn. (compared to the Initial plan of JPY 302.0 bn.)



1. FY2021 Q1 Financial Summary

**2. Business Environment**

3. Focus Topics

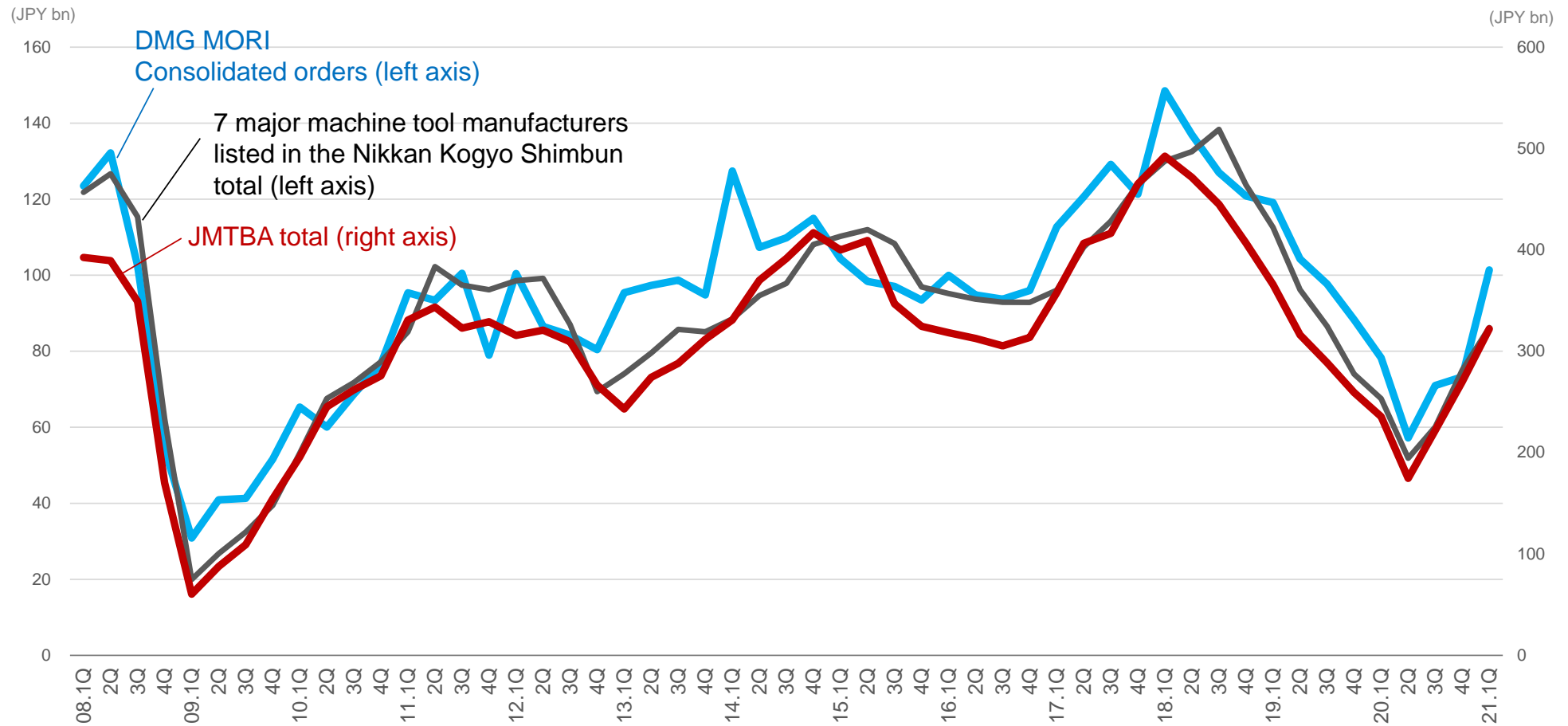
- ① Stronger presence in China
- ② Increased efforts in Marketing (Digital/Real)
- ③ Promotion of Digitization (*my* DMG MORI)

4. Progress of Sustainable Management

## Consolidated OI vs JMTBA OI progress

**DMG MORI**

- DMG MORI's Q1 OI exceeded the industry's average
- Increasing demands in China and EMEA were major drivers

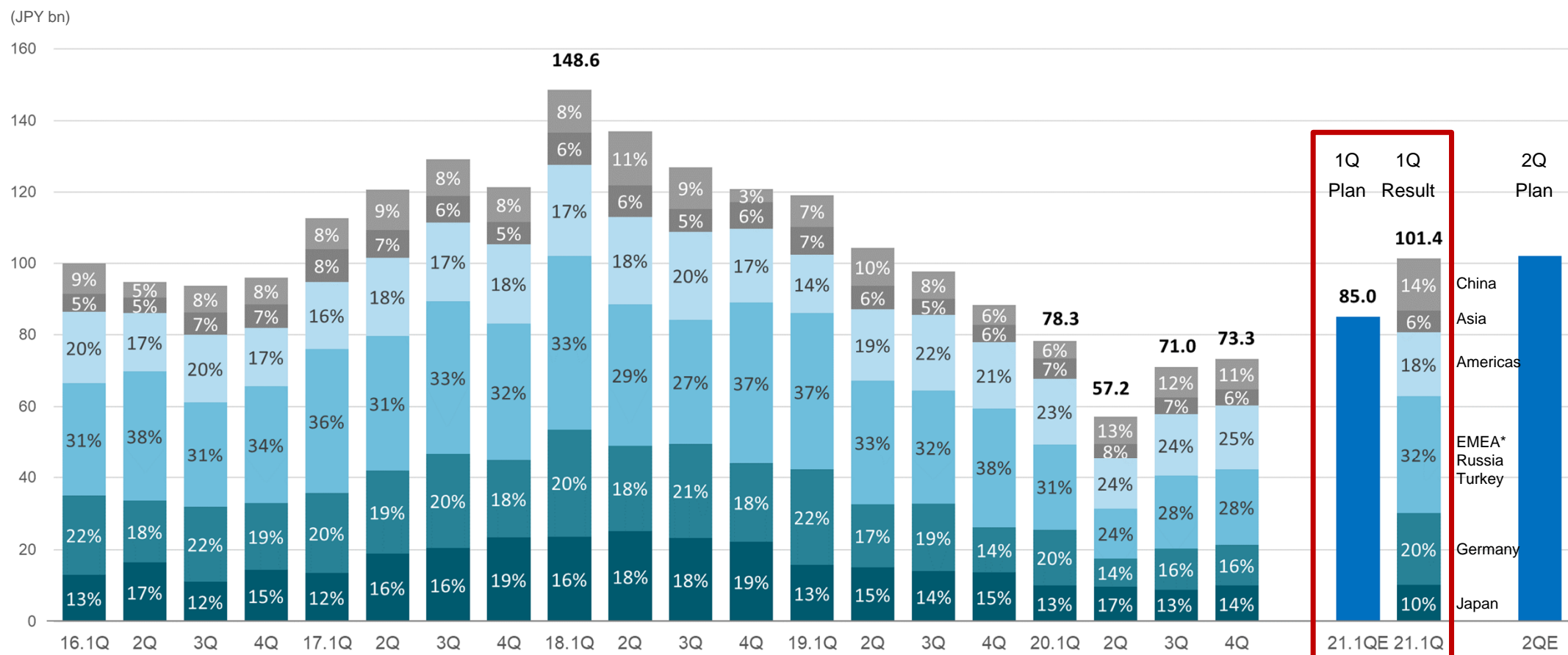




# Order composition (Consolidated OI)

**DMG MORI**

- Q1 OI greatly surpassed the original plan of JPY 85.0 bn. and ended at JPY 101.4 bn.
- The current level of OI is expected to continue in Q2 onwards.

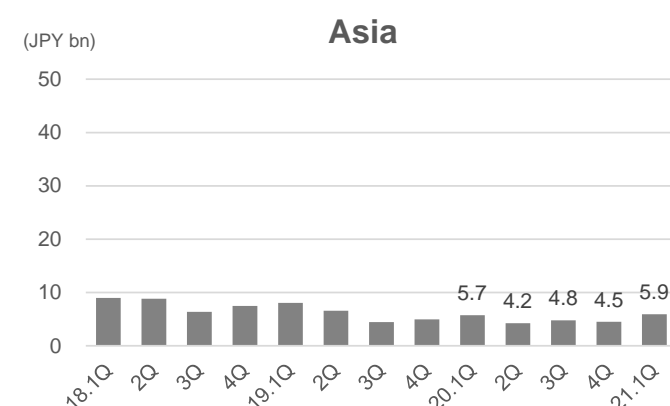
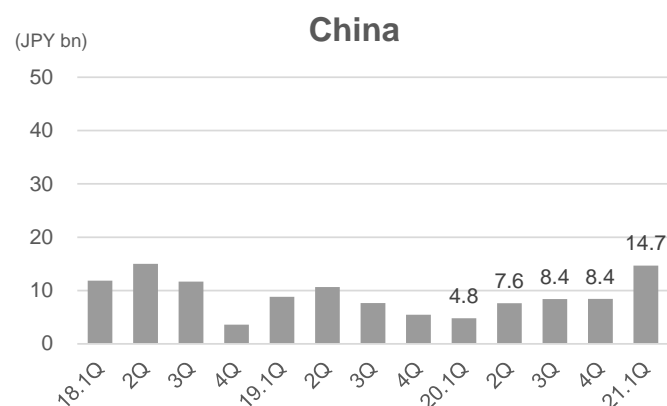
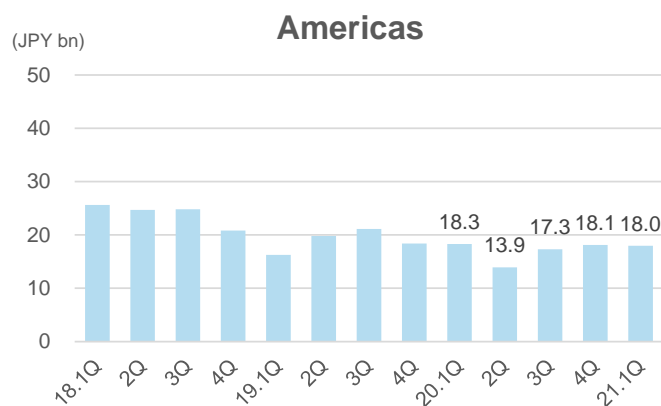
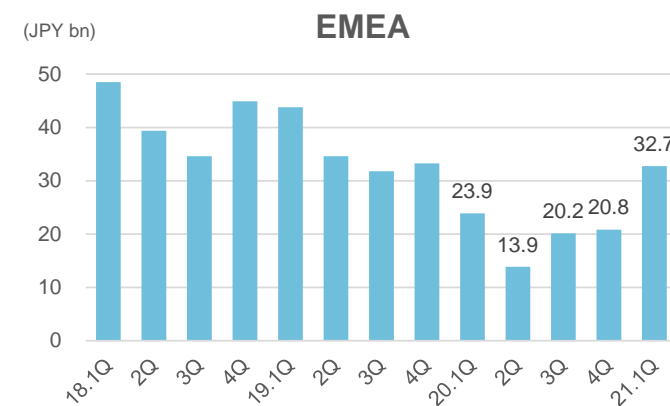
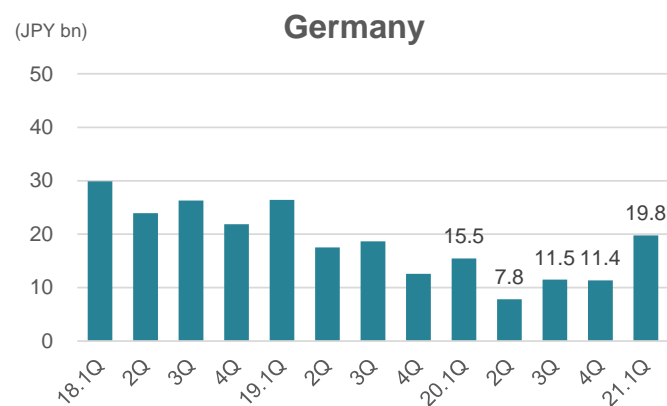
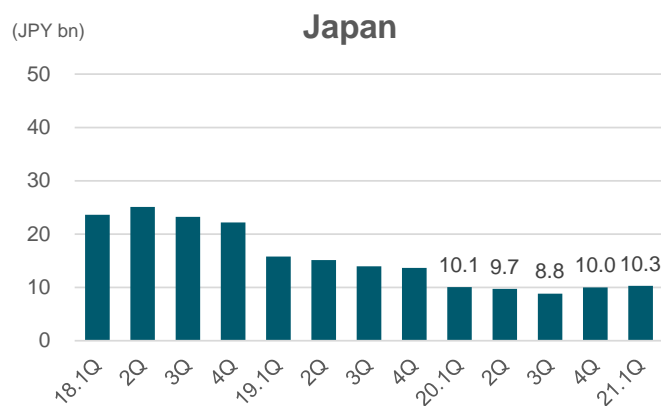


\*Europe, the Middle East and Africa

# OI development by region

**DMG MORI**

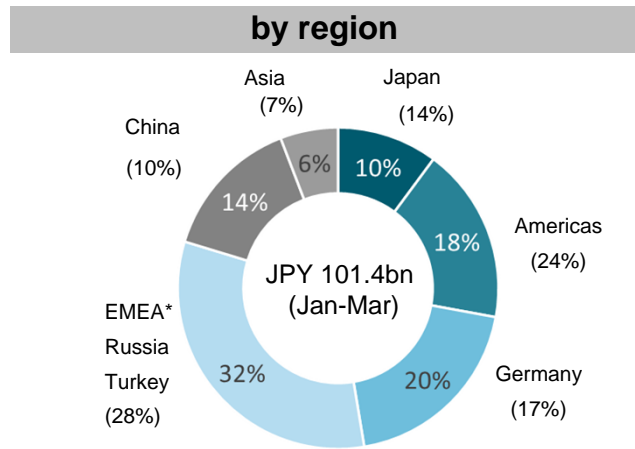
- Remarkable OI recovery in China and Europe
- OI in Americas remains steady. Japan showed recovery against last year.



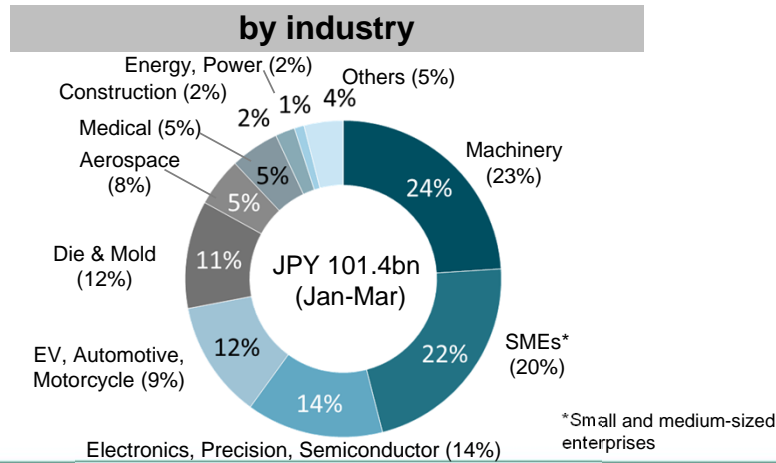
# Order composition (Jan-Mar)

**DMG MORI**

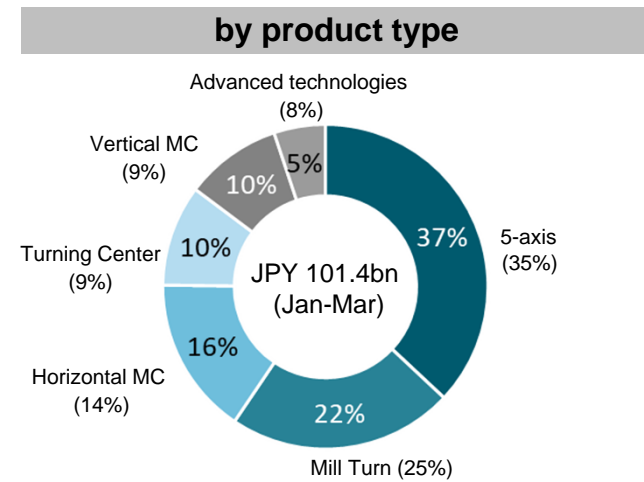
- Germany and EMEA accounted for more than 50% of total order intake
- Demand from semiconductor, general machinery, SMEs and EV&automotive remains robust. Commercial aircraft remains adjustment phase



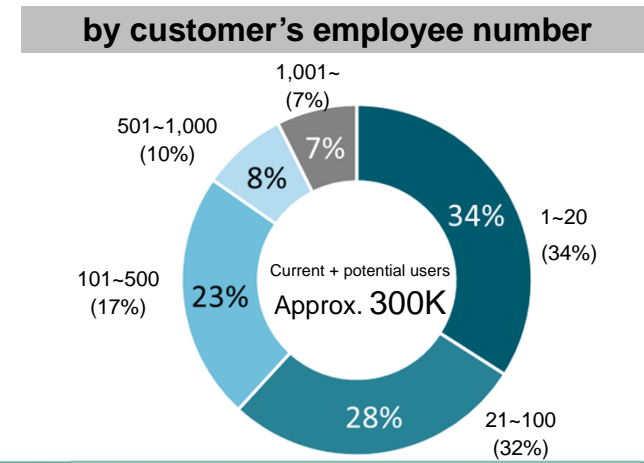
\*Europe, the Middle East and Africa



\*Small and medium-sized enterprises



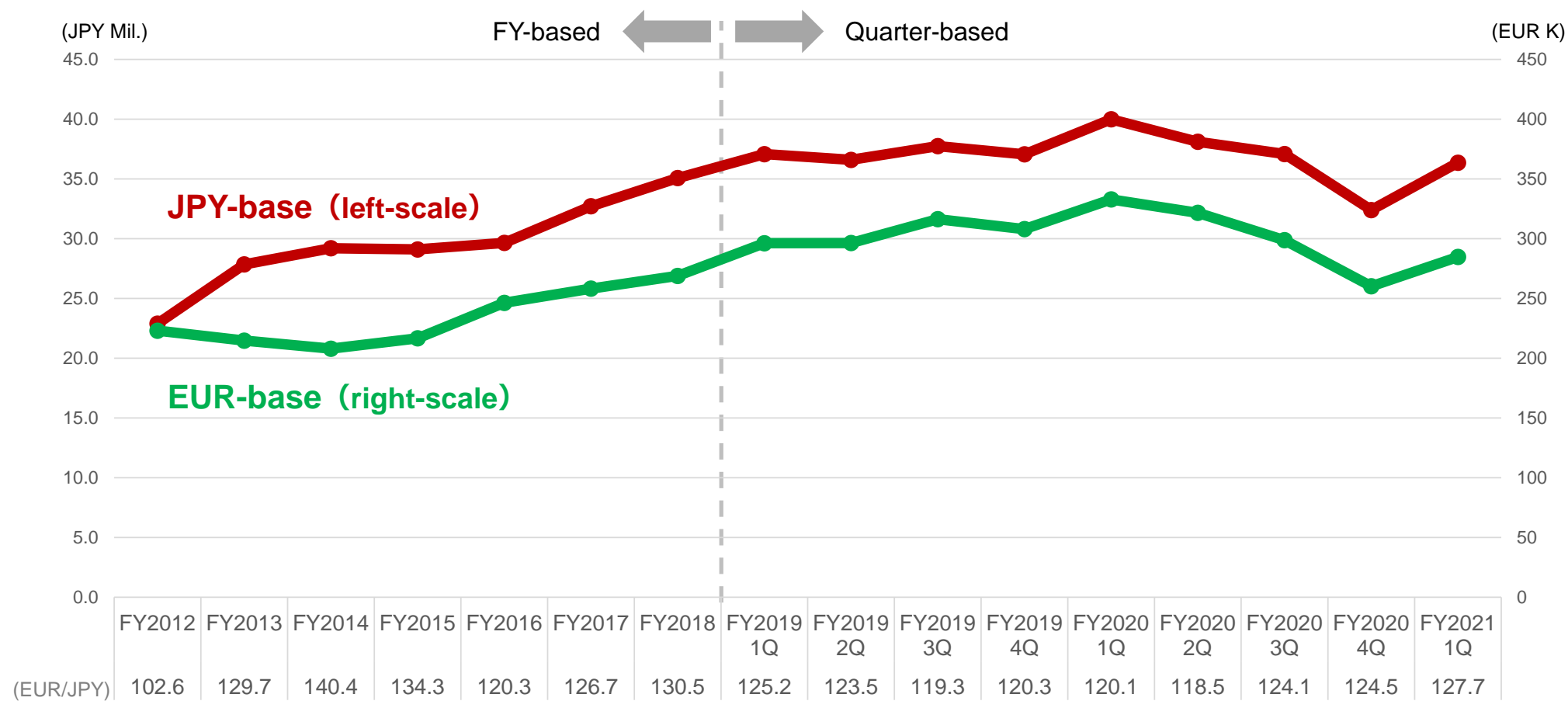
Based on amount  
(%in brackets:  
FY2020 Jan-Dec)



## Average price per unit

**DMG MORI**

- Average price per order for Q1 marked an upward trend
- Increased order for 5-axis and large-scale automation lead to growth in average price

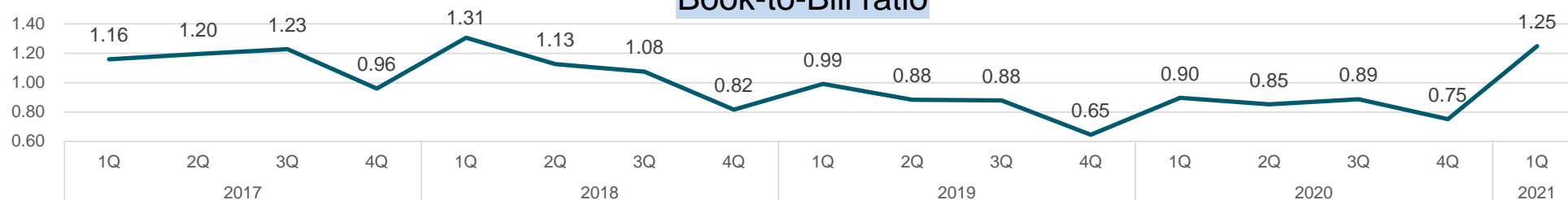


## Development in OI & order backlog

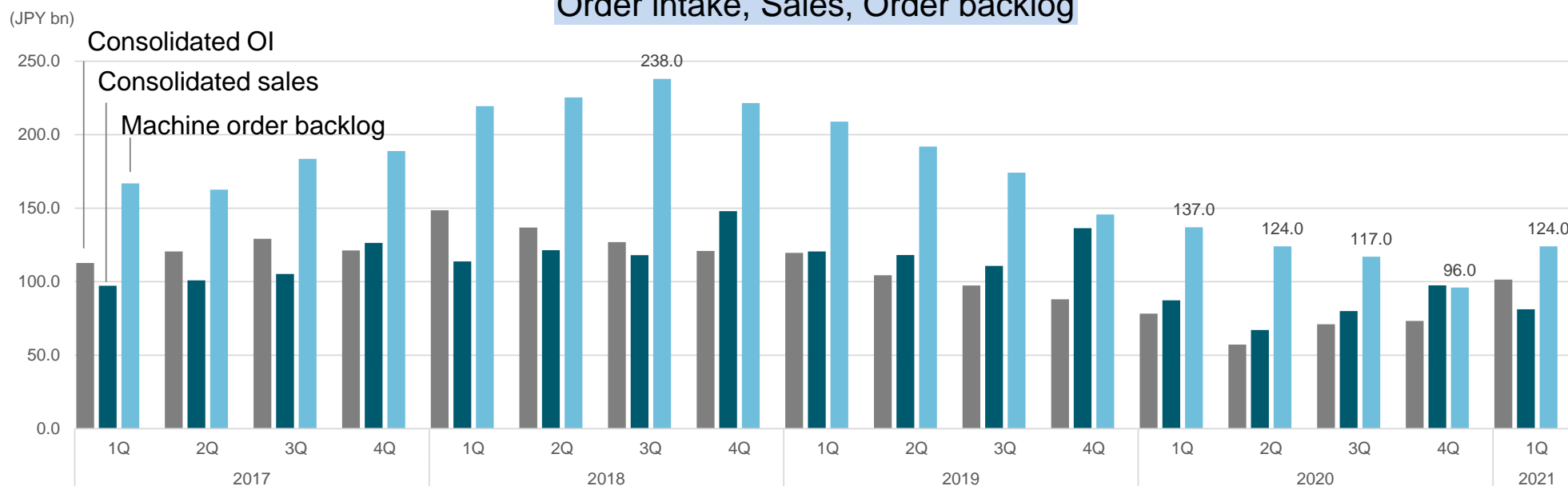
**DMG MORI**

- Machine order backlog at the end of Q1: JPY 124.0 bn. (+ JPY 28.0 bn. from the end of Dec. 2020)
- Expected year-end order backlog: JPY 140.0 bn. first lead to enhanced profitabilities in coming year.

Book-to-Bill ratio



Order intake, Sales, Order backlog



1. FY2021 Q1 Financial Summary
2. Business Environment
3. Focus Topics
  - ① Stronger presence in China
  - ② Increased efforts in Marketing (Digital/Real)
  - ③ Promotion of Digitization (*my* DMG MORI)
4. Progress of Sustainable Management



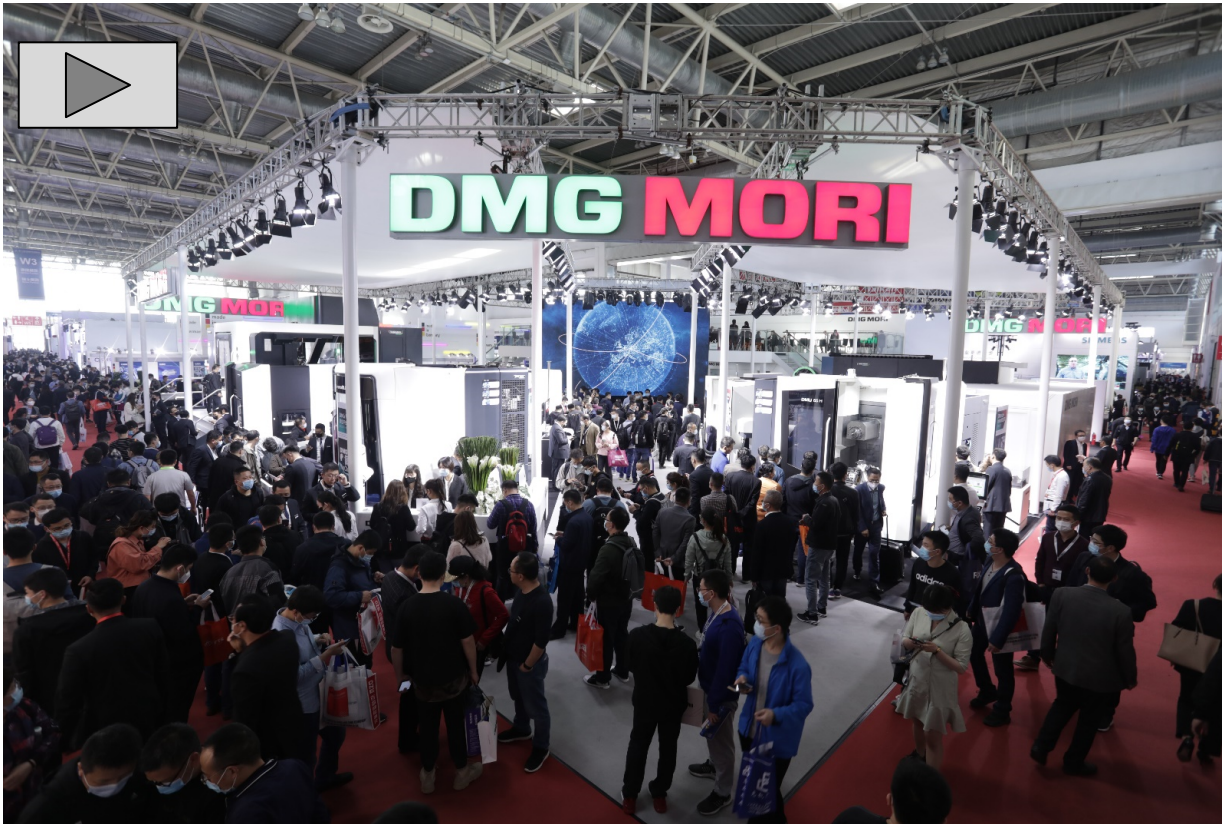
# CIMT2021: A large-scale international exhibition at a real venue

# DMG MORI

✓ CIMT2021 (China International Machine Tool show, Beijing)

✓ Date: April 12-17, 2021

✓ Booth visitors: approx. 9,000



## 1. DMG MORI AUTOMATION



## 2. TECHNOLOGY & TURNKEY EXCELLENCE



## 3. INTEGRATED DIGITIZATION



## 4. ADVANCED TECHNOLOGY



LASERTEC 20 Precision Tool  
ULTRASONIC 20 linear

## 5. CHINA PREMIER



DMU 65 H monoBLOCK



CLX 450 TC

## Stronger presence in China

**DMG MORI**

✓ FY2021 Q1: OI in China on record high (EUR 85 mil.)

### Service/Sales/Production hubs in China



● Sales & Service hub ■ Production site (planned site included)

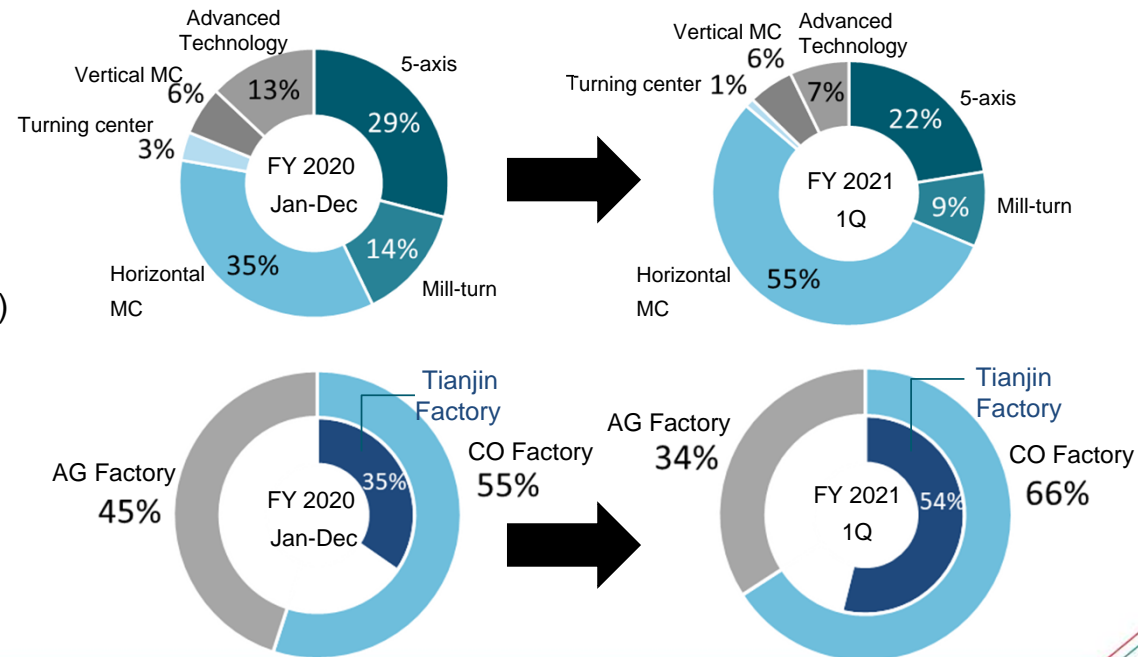
### Headcount (end of March, 2021)

Sales & Service: approx. 330  
Tianjin Factory: approx. 140

### Local production capacity increase

- Responding to local needs for process integration/automation
- Shorter delivery time
- Local production to reduce CO2 from transport, etc.

### Order composition (by machine model / factory)





## Second production site to be built in China (Pinghu)

**DMG MORI**



### DMG MORI Pinghu Manufacturing Solutions (naming: tentative)

Site area	70,000m <sup>2</sup>
Products	5-axis machine series: DMU (Special spec. for China)
Capacity	Production of 1,000 units/year
Planned investment	EUR 50 mil. / approx. JPY 6.3 bn. (1EUR = 125JPY)
Completion (plan)	FY2022 end (start of operation in FY2023)



Located approx. 1h drive from Shanghai

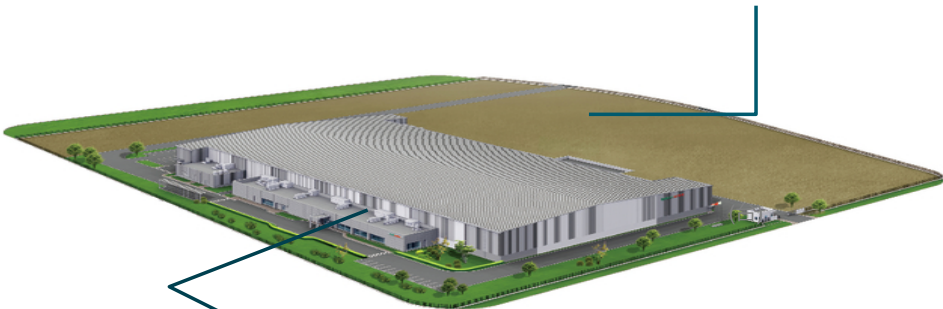


By Google Map

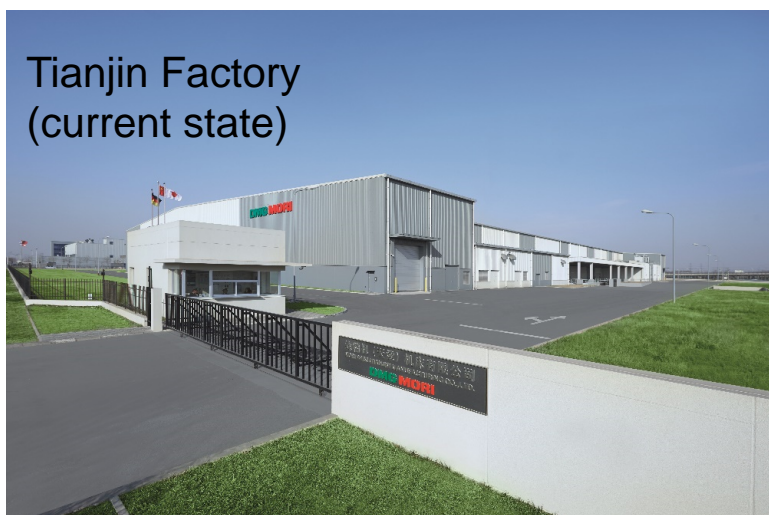
# Expansion of Tianjin factory

**DMG MORI**

Location of new factory

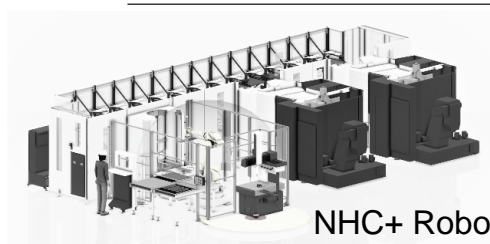


Tianjin Factory  
(current state)



## Tianjin Factory: The new building

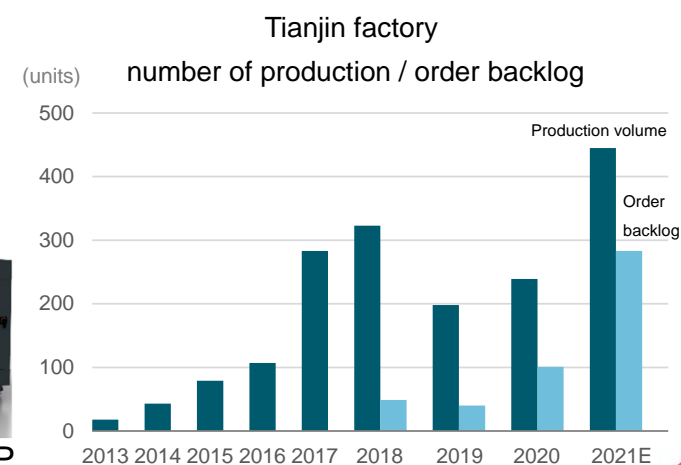
Site area	Approx. 90,000m <sup>2</sup> (incl. current factory)
Floor space	Approx. 20,000m <sup>2</sup> (new factory), Approx. 22,000m <sup>2</sup> (current factory)
Products	Horizontal Machining Center series: NHC Vertical Machining Center series: CMX Vc Automation Systems (LPP, CPP, RPS) Core Components (Magazine, Table, APC)
Capacity	Production of 1,000 units/year (incl. current factory)
Planned investment	JPY 3.0 bn.
Completion (plan)	FY2024 (start of operation in January 2025)



NHC+ Robot



NHC 6300+CPP



# Marketing (digital / real)

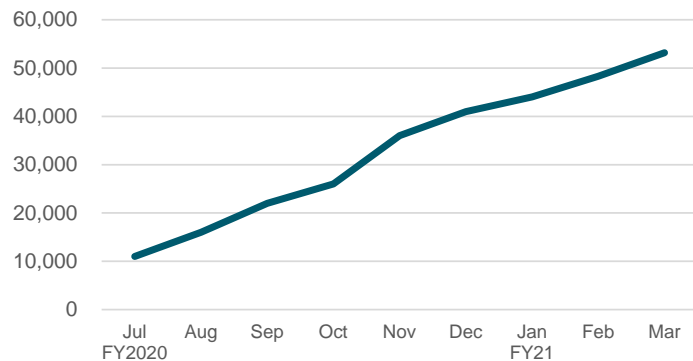
**DMG MORI**

## Digital Twin Showroom



Since July 2020  
Total: approx. 53,000 accesses

Cumulative access numbers to Digital Twin Showroom  
(only Japanese website)

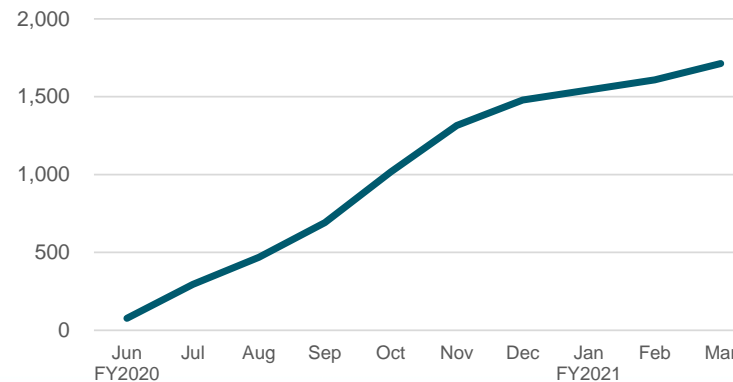


## Technology Friday

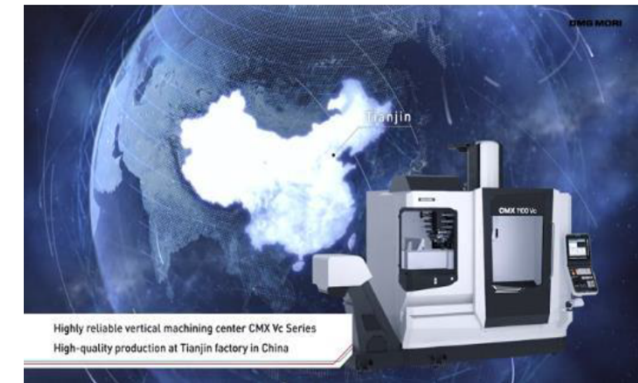


January to March 2021  
Iga: 10 times/ approx. 230 participants  
\*Event at Tokyo put on hold because of the state of emergency.

Total participants of Technology Fridays (cumulative)

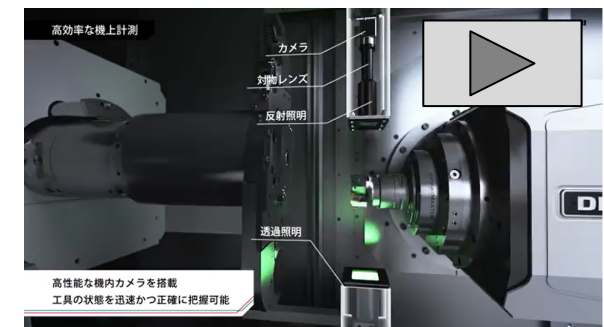


## Video & Digital Catalog



January to March 2021  
30 videos released

### Example: Released video “Tool Visualizer”



[https://www.youtube.com/watch?v=WYn3CF\\_eTXQ](https://www.youtube.com/watch?v=WYn3CF_eTXQ)

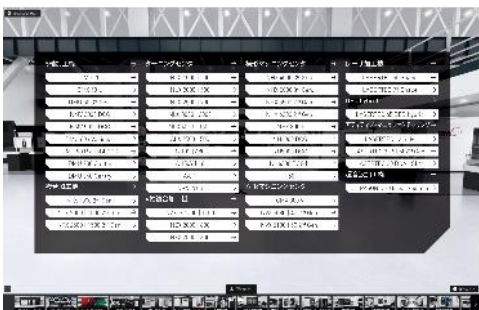


## Enhanced Digital Twin Showroom

# DMG MORI



+ **May**  
Machine list



+ **May**  
Chinese Room



+ May  
360° MACHINE VIEW



+ **May**  
German Room



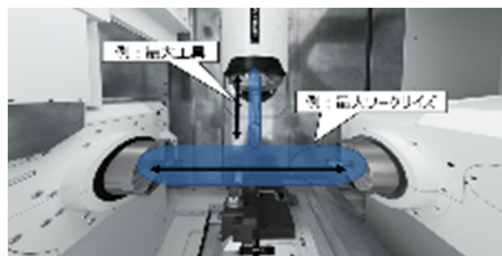
+ **July**  
Technology Cycles Corner



+ **July**  
WORKPIECE VIEW



- + **July**
  - INSIDE VIEW
  - with spec information



+ July  
TOP VIEW  
for spec selection



# Reinforced activities of 5-axis machining association

**DMG MORI**

## 5-axis Machining Association



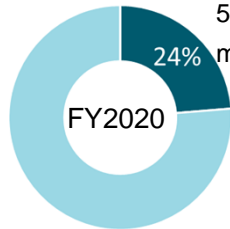
↑  
2021 Reinforced organization

**98** member companies\*



\*As of Feb 2021

Order composition in Japan  
5-axis machines



FY2020

5-axis machines

FY2020

5-axis machines

2018 Launched 5-axis Machining Association

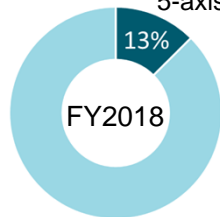
**70<sup>th</sup>** anniversary

**70** member companies

**70** units distributed

Order composition in Japan

5-axis machines



FY2018

### Various services available for member customers:

- Private lessons: twice a month
- Online seminars: once a month
- Online exchange meetings
- 5-axis Machining Contest
- Newsletter "DISCOVERY"
- Members-only website



Private lessons



Online exchange meetings

# my DMG MORI new function: service request

**DMG MORI**

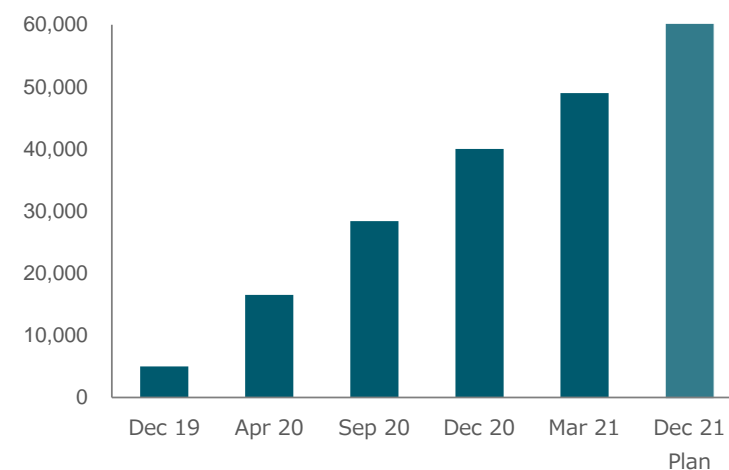
NEW

- “Service Request”
- Provision of digital data (images, videos, programs) by customer
  - Customers' machine status and requests visible on one platform
  - Online placement of service requests, and spare part orders, as well as consultation for programs, and peripheral equipment
  - Time efficient, and accurate dates for part delivery and visits

## “Service Request”



Members of my DMG MORI around the world:



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4. Progress of Sustainable Management

## Carbon neutrality throughout the group

**DMG MORI**

- ✓ Achieved **carbon neutrality** from business activities and manufacturing processes (from parts procurement through product shipment) throughout the group in 2021

+ Assurance by a third party (PricewaterhouseCoopers GmbH)



**DMG MORI CO**

Certified in March 2021



**DMG MORI AG**

Certified in October 2020



### Carbon neutral manufacturing process

“CO<sub>2</sub> neutral mark” on products shipped from Jan. 2021

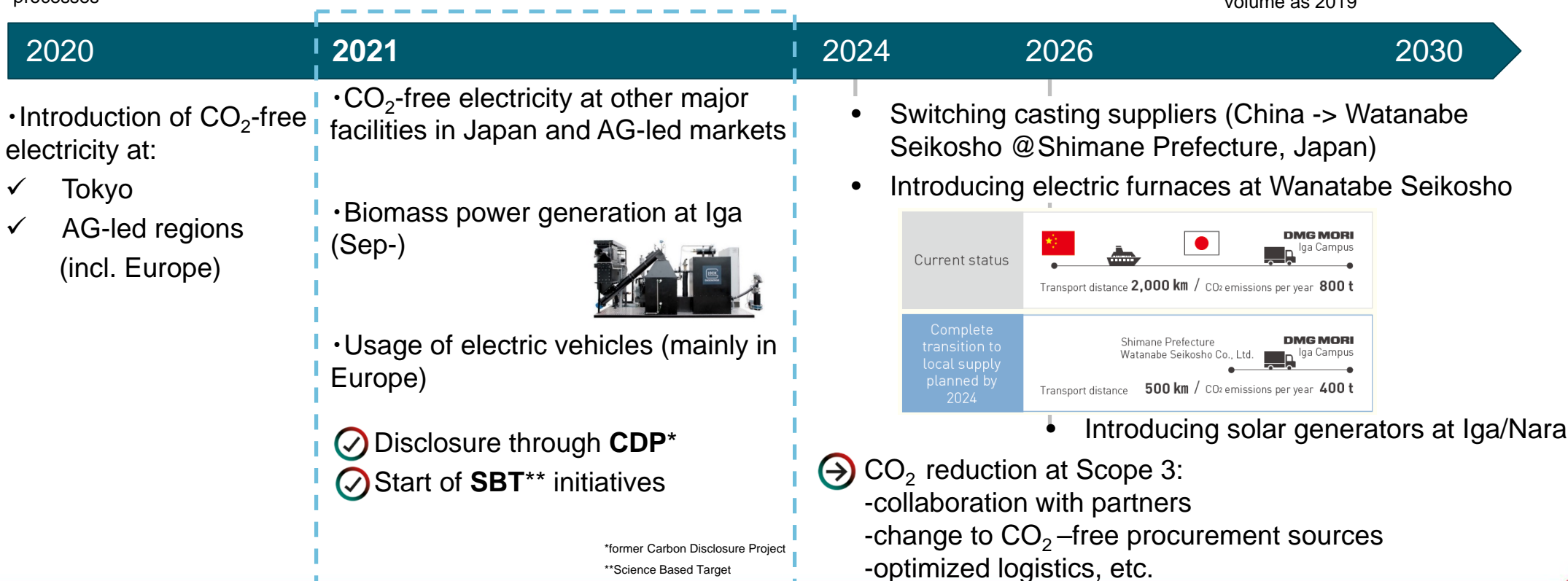
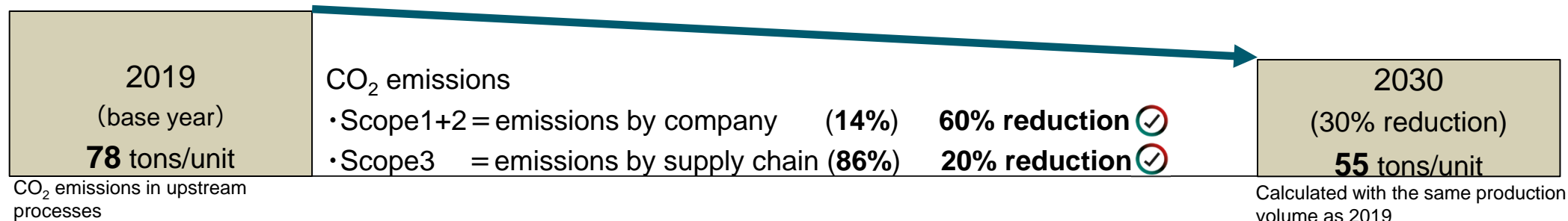


See below for DMG MORI Carbon Neutral Report (Japanese only) and our initiatives towards sustainability:  
<https://www.dmgmori.co.jp/corporate/sustainability/index.html>



# Action plan: CO<sub>2</sub> emission reduction

**DMG MORI**



\*former Carbon Disclosure Project  
 \*\*Science Based Target

## ✓ Promoting health under “DMG MORI Management Declaration” (Jan 2021)

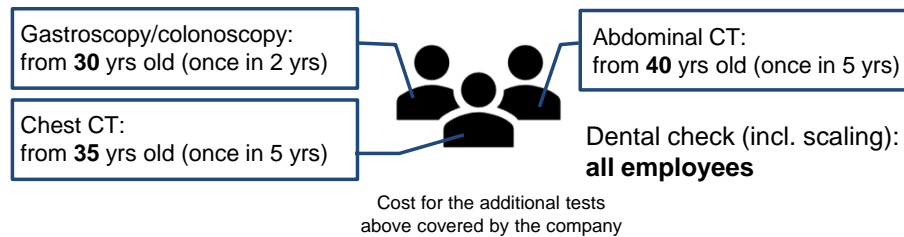
### Initiatives

#### □ Promoting employees' health

Medical staff continuously supporting each employee

- Annual medical check-ups for all employees

Re-examination encouraged after the medical check-up (for those who need it)



- Specific health guidance (exercise classes, professional advices on exercise, diets, smoking etc.)
- Introduction of PCR test equipment (planned)

- Work-hour regulations: (Max. office hour: 10 hrs / Min. interval btw. 2 work days: 12 hrs)
- Canteen offering healthy meals



#### □ Improving health literacy

Provide opportunities to learn how to maintain wellbeing and lead a healthier lifestyle

- e-Learning about health promotion
- Lecture by occupational physician (mental health, oral hygiene, exercise etc.)



Exercise class

► Given by physical therapists



Salad buffet

► Fresh vegetables at the canteen  
(provided by SAKA NO TOCHU CO., Ltd.)

# Health and human resource productivity management (2)

**DMG MORI**

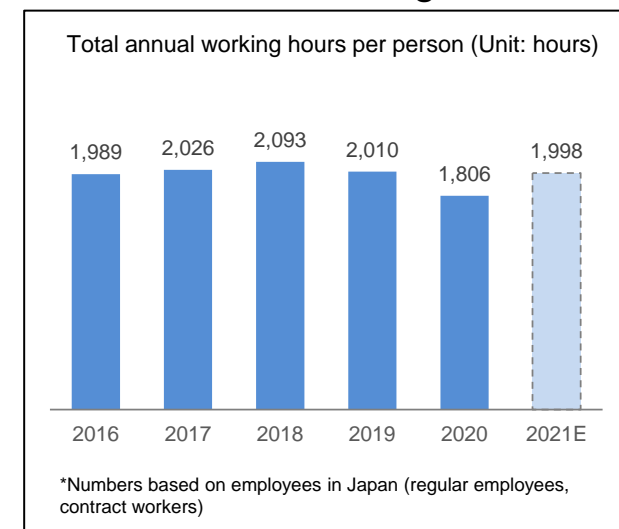
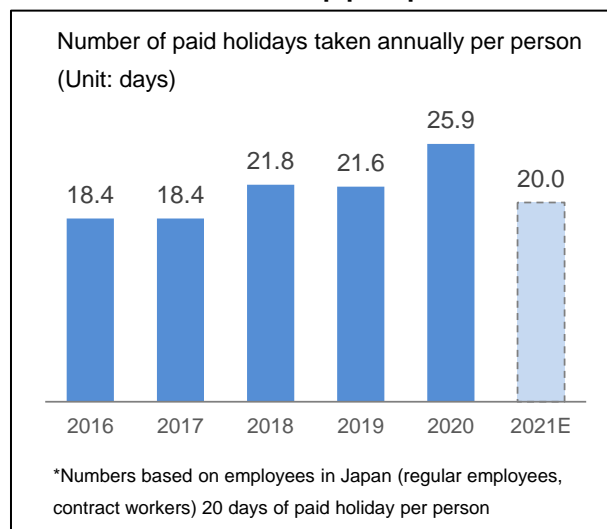
✓ Ranked No.1 in “Top 200 companies taking most paid time off (PTO) (as of 2019)”

✓ Stringent management of total work hours and PTO usage to improve productivity and efficiency of employees

■ Top 200 companies using most paid holidays

Rank	Company	Industry	3-year average of paid holiday usage (%)	Paid holiday usage in 2019 (%)	3-year average no. of paid holidays
1	DMG MORI Co., Ltd.	Machinery	101.5	106.1	19.2
2	Honda Motor Co., Ltd.	Transport equipment	99.6	100.0	19.0
3	AISIN CORPORATION	Transport equipment	98.6	98.7	19.6
4	The Kansai Electric Power Company, Incorporated	Electricity / gas	98.5	97.8	19.9
5	TS TECH CO., LTD.	Transport equipment	98.2	99.6	18.7
6	formerly Keihin Corporation	Transport equipment	98.1	97.0	19.1
7	Komatsu Ltd.	Machinery	98.0	99.5	20.0
8	Daihatsu Motor Co., Ltd.	Transport equipment	97.8	99.5	19.7
9	Keikyu Corporation	Land transport	97.5	97.8	18.5
10	TOKAI RIKI CO., LTD.	Transport equipment	96.9	89.8	19.6
11	Toyota Industries Corporation	Transport equipment	95.9	96.9	19.5
12	TOYOTA AUTO BODY CO.,LTD.	Transport equipment	94.8	95.3	19.5
13	DAIKIN INDUSTRIES, LTD.	Machinery	94.7	95.7	21.3
14	NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION	Information/ communication	94.7	89.1	20.0
15	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	Information/ communication	94.5	88.7	20.0
16	SCSK Corporation	Information/ communication	94.4	92.5	19.6
17	Toyoda Gosei Co., Ltd.	Transport equipment	94.3	94.3	19.5
18	KUBOTA Corporation	Machinery	92.9	93.5	19.8
19	DENSO Corporation	Transport equipment	92.9	101.4	19.9
20	AGC Inc.	Glass/ceramics	92.7	91.4	19.8
21	TOYOTA MOTOR CORPORATION	Transport equipment	92.3	91.4	19.7
22	NTN Corporation	Machinery	92.1	94.7	18.9
23	TOAGOSEI CO., LTD.	Chemical	92.0	89.3	19.4
24	Osaka Gas Co., Ltd.	Electricity / gas	92.0	90.0	19.4
25	JAPAN POST BANK Co., Ltd.	Banking	91.6	94.3	20.0

<Return to appropriate level in 2021 due to increasing demand>



Play hard = Improving physical and mental health  
 Study continuously = Adapting to technological and social changes  
 Work together = Fostering productivity in result-oriented culture

DMG MORI Mission Statement : “Play hard, Study hard, Work together”

Source : “Top 200 companies using most paid holidays” Toyo Keizai (2021/4/26)

# Nara Product Development Center

**DMG MORI**

✓ R&D Center for digital transformation and advanced technologies currently under construction close to Nara Station

## <Areas of development>

- 5G digital communication technology
- Artificial Intelligence (AI)
- Cloud computing
- Digital twin, etc.

## <Key facts>

- |             |                              |
|-------------|------------------------------|
| • Opening   | End of April, 2022 (planned) |
| • Building  | 6 floors                     |
| • Employees | about 300                    |

Image of complete building



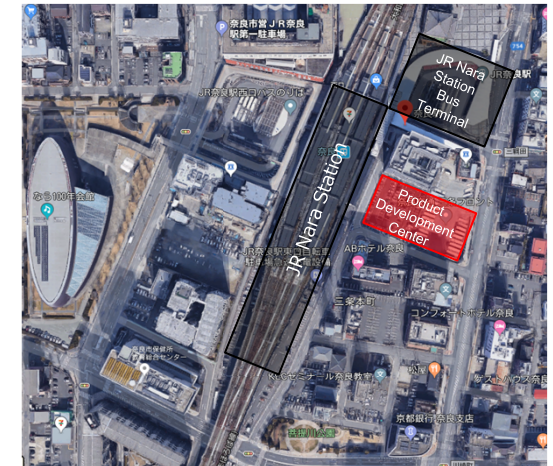
Interior design



Photo of Southern side  
(as of April 21, 2021)



## <Location>



By Google Map



This material contains targets, plans, etc. concerning the future of DMG MORI CO., LTD..

All predictions concerning the future are judgments and assumptions based on information available to DMG MORI CO., LTD. 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:

- Changes in the demand environment within the markets in which DMG MORI group operates
- Fluctuations in exchange rates
- Changes to the laws, regulations and government policies in the markets where DMG MORI group 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 group conducts its business
- Operational changes by the competent authorities or regulations related to anti-trust, export control, etc.