

DMG MORI CO., LTD.

FY 2022 First Half (Jan-Jun) Results

IR Announcement

August 4th, 2022

1. FY2022 First Half (Jan-Jun) Financial Summary

2. Business Environment

3. Focus Topics

- ① Now recovering: Global Business Meetings
- ② Promoting Process Integration, Automation & Digitization:
Release of NTX 500 & Founding of WALC (R&D company for future technologies)
- ③ Reaction to Growing Order Intake in Europe: Logistics, In-house Production

4. ESG / CSR Initiatives

- ① Investing in Human Resources: Annual Salary Revisions to Global Standard in Japan
- ② Promoting Health Management: Use of Paid Leave and Optimizing Average Working Hours
- ③ Expansion of in-house Power Generation by Solar Power

FY2022 First Half (Jan-Jun) Income Statement Summary

DMG MORI

- ✓ First half (Jan-Jun) consolidated orders: 299.3 bn. yen (up 37% y/y)
2nd quarter (Apr-Jun) consolidated orders: 149.2 bn. yen (up 28% y/y)
- ✓ Order backlog for machine body climbed to 244.0 bn. yen at the end of June (164 bn. yen at the end of December 2021)
- ✓ Average machine tool unit price increased to 49.6 mil. yen (39.4 mil. yen in FY2021), derived from process integration, automation, DX* and weak yen

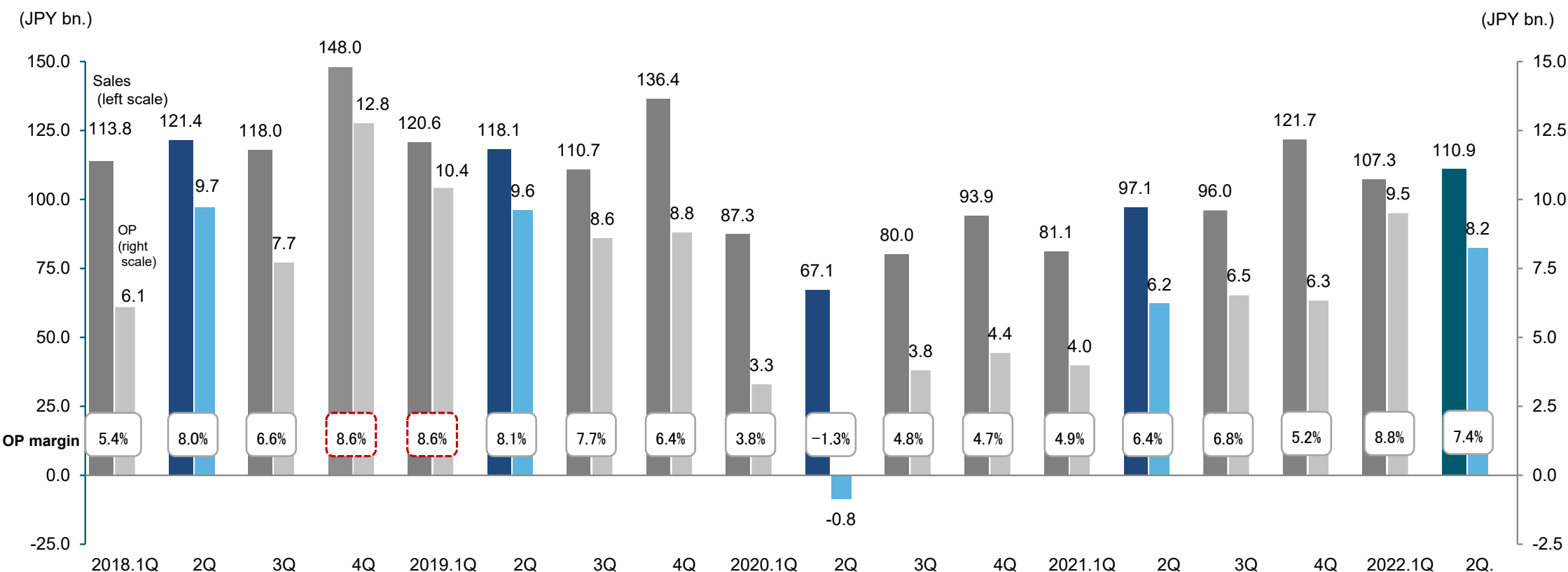
*Digital Transformation

(JPY bn.)	FY2019 Jan-Jun	FY2020 Jan-Jun	FY2021 Jan-Jun	FY2022 Jan-Jun	Y/Y (%)
Consolidated order intake	223.4	135.5	218.4	299.3	+37
Consolidated order backlog	192.0	124.0	142.0	244.0	
Sales revenue	238.6	154.3	178.2	218.2	+22
Operating profit	20.0	2.4	10.2	17.7	+73
% to sales revenue	8.4%	1.6%	5.7%	8.1%	
Net profit	10.7	-2.2	6.1	11.3	+85
Interim dividend per share (Yen)	30	10	10	30	
Depreciation & amortization including lease	10.8	11.6	10.9	11.6	
Capital expenditure	8.4	7.0	7.6	19.1	
USD/JPY	110.1	108.3	107.7	122.9	
EUR/JPY	124.3	119.3	129.8	134.3	

Quarterly Financial Results

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- Continued gross margin improvement in 2Q driven by process integration, automation, DX
- 2Q EBIT decrease due to increasing logistics cost. EBIT ratio in 2H is expected to be more than 10% by reflecting freight costs in prices.



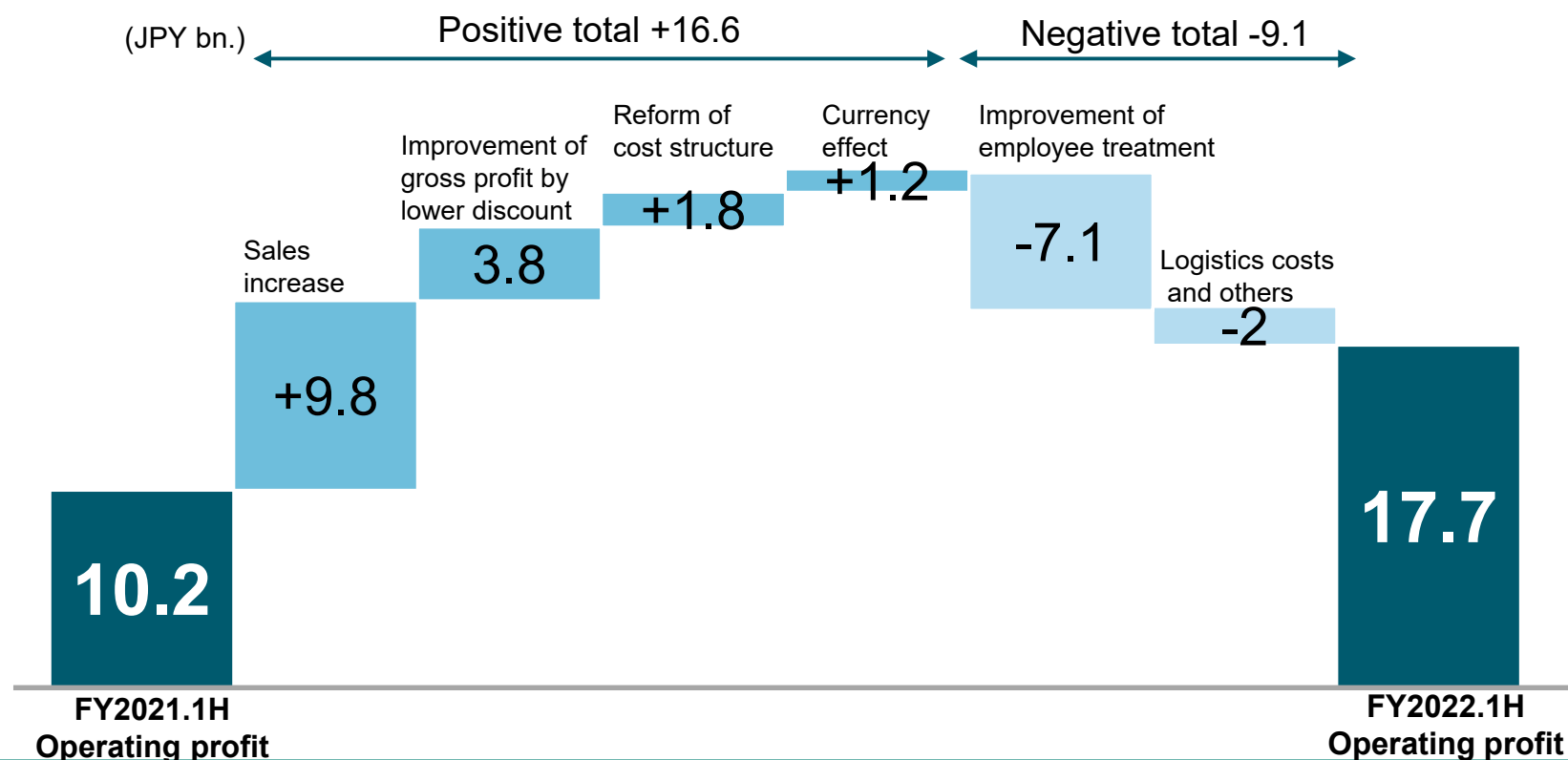
Operating Profit Bridge FY2021 1H vs FY2022 1H

DMG MORI

- Improved gross margins by breaking up from “low-price & short-delivery orders”
- Organizational changes have been raising productivity since the beginning of FY2022. Logistics costs and other increasing costs were offsetted

(JPY bn.)	FY2021.1H	FY2022.1H	Changes
Sales revenue	178.2	218.2	+40.0

FX rate:		<u>FY2021.1H</u>	<u>FY2022.1H</u>
	USD/JPY	107.7	122.9
	EUR/JPY	129.8	134.3

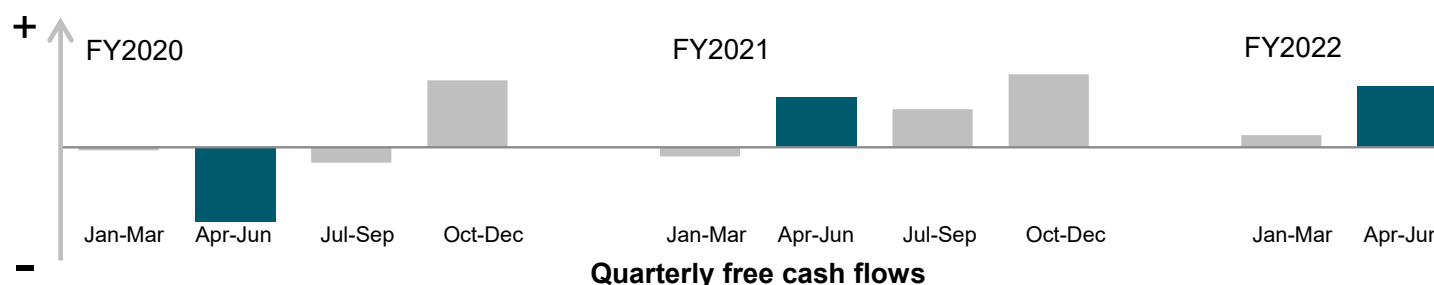


Cash Flows

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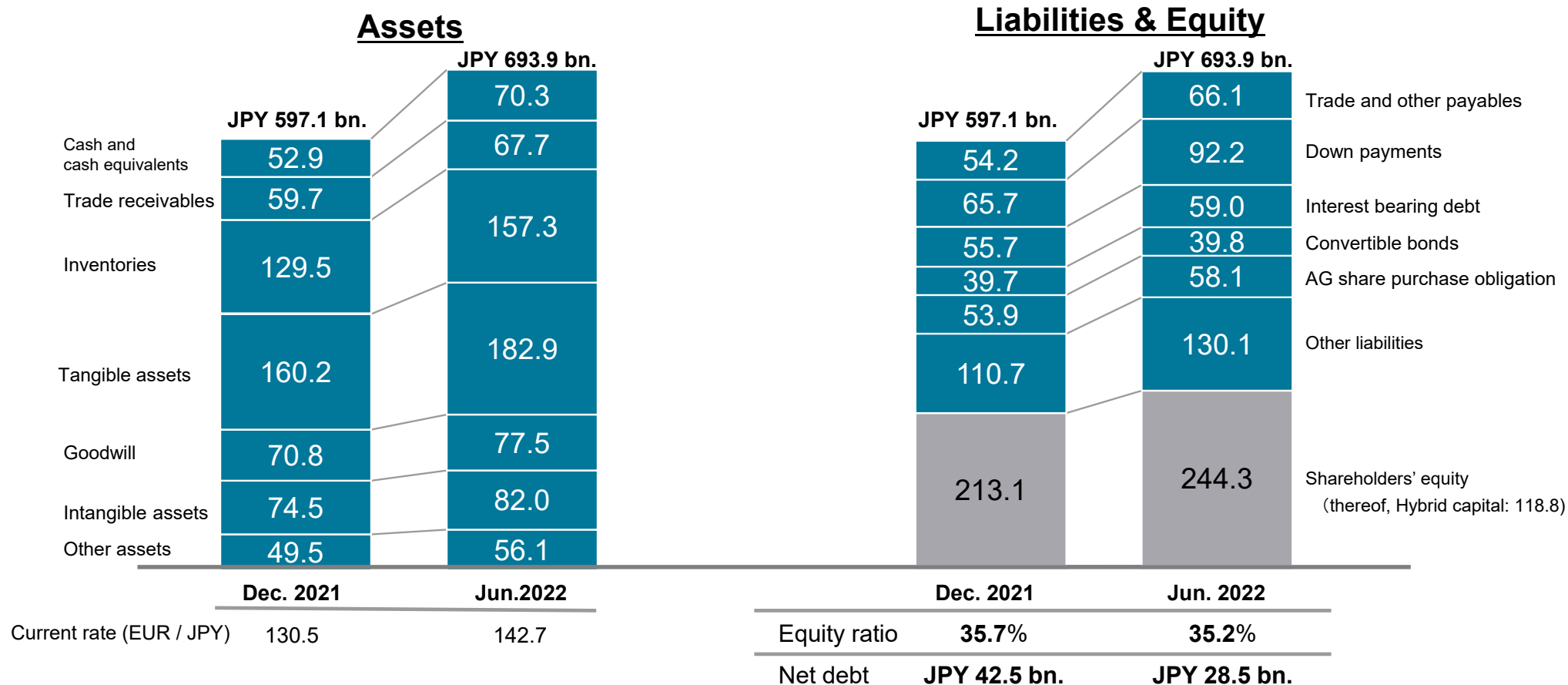
- 1H FCF greatly in the plus at 14.5 bn. yen, with positive contributions by higher profits and increasing down payments
- Full fiscal year free cash flow expected at 30 bn. yen

(JPY bn.)	2020					2021					2022			
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q		FY (Plan)
Operating cash flow	2.5	-10.9	-0.5	22.6	13.6	2.6	13.4	10.6	23.1	49.7	12.5	23.6		65.0
Profit before taxes	1.3	-1.8	2.8	2.8	5.1	3.1	5.4	5.6	5.5	19.6	8.9	7.4		
Depreciation & amortization	5.9	5.7	5.8	6.7	24.1	5.5	5.4	5.3	5.7	21.9	5.6	6.0		
Changes in working capital	4.4	-10.6	-5.4	14.0	2.2	-3.5	5.3	2.3	11.8	15.9	-1.8	9.9		
Others	-9.0	-4.2	-3.7	-0.9	-17.8	-2.5	-2.7	-2.7	0.2	-7.7	-0.2	0.4		
Investment cash flow	-3.1	-3.9	-2.5	-9.3	-18.9	-4.5	-3.4	-3.0	-8.5	-19.4	-10.1	-11.5		-35.0
(thereof, acquisition of tangible and intangible fixed assets)	-2.9	-4.1	-3.5	-9.6	-20.1	-4.4	-3.1	-5.7	-10.0	-23.3	-10.2	-8.9		
Free cash flow	-0.6	-14.9	-3.1	13.3	-5.2	-1.8	10.0	7.6	14.6	30.4	2.4	12.1		30.0



Balance Sheet Summary

- Due to translation of foreign currency-denominated assets with weak yen, total assets increased by 45.0 bn. yen
- Net debt at 28.5 bn. yen, down by 14.0 bn. yen from FY2021 December. Net D/E ratio decreased to 0.12



Net D/E ratio at the end of June : **0.12** (0.20 as at end Dec. 2021)

FY2022 Full-Year Forecast

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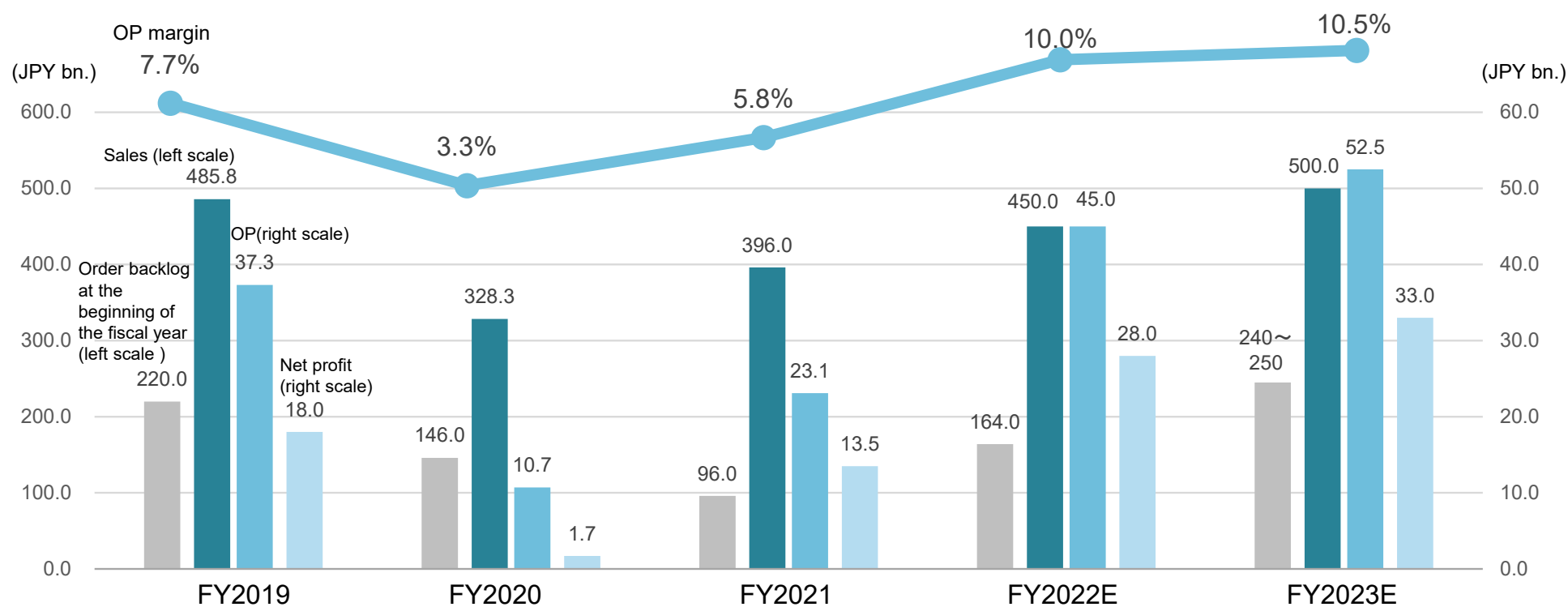
- Full-year 2022 consolidated order intake forecast raised to 530 bn. yen or higher (from previous 500 bn. +α yen)
- Full-year operating profit margin planned at 10%

(JPY bn.)	FY2019	FY2020	FY2021	FY2022		
				Plan	YoY(%)	Previous (May 12)
Consolidated order intake	409.4	279.7	456.0	530.0 or more	+16%	500.0+α
Sales revenue	485.8	328.3	396.0	450.0	+13.6%	450.0
Operating profit	37.3	10.7	23.1	45.0	+95.1%	45.0
% to sales revenue	7.7%	3.3%	5.8%	10.0%		10.0%
Net profit	18.0	1.7	13.5	28.0	2.1x	28.0
EPS (Yen)	138.64	3.40	91.75	209.80		209.80
Dividend per share (Yen)	60	20	40	70 (interim:30, end:40)		70
Depreciation & amortization including lease	23.1	24.1	21.9	24.0		23.0
Capital expenditure	21.2	20.1	23.3	35.0		23.0
USD/JPY	109.1	106.8	109.8	120		120
EUR/JPY	122.1	121.8	129.9	135		135

FY2023 Targets

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- Demand for process intergration, automation, DX to accelerate because of operator shortage and higher salaries for skilled personnel. Expected order backlog for the end of FY2022 (240-250 bn. yen) will lead to continued sales and profit growth for FY2023. Margin improvement by withdrawing from low-price & short-delivery orders



Net Debt (JPY bn.)	75.5	64.4	42.5	22.4	18.5
Net D/E ratio	0.61	0.35	0.20	0.09	0.07
Equity ratio	23.6%	35.2%	35.7%	37%	40%
Dividend per share (Yen)	60	20	40	70	80

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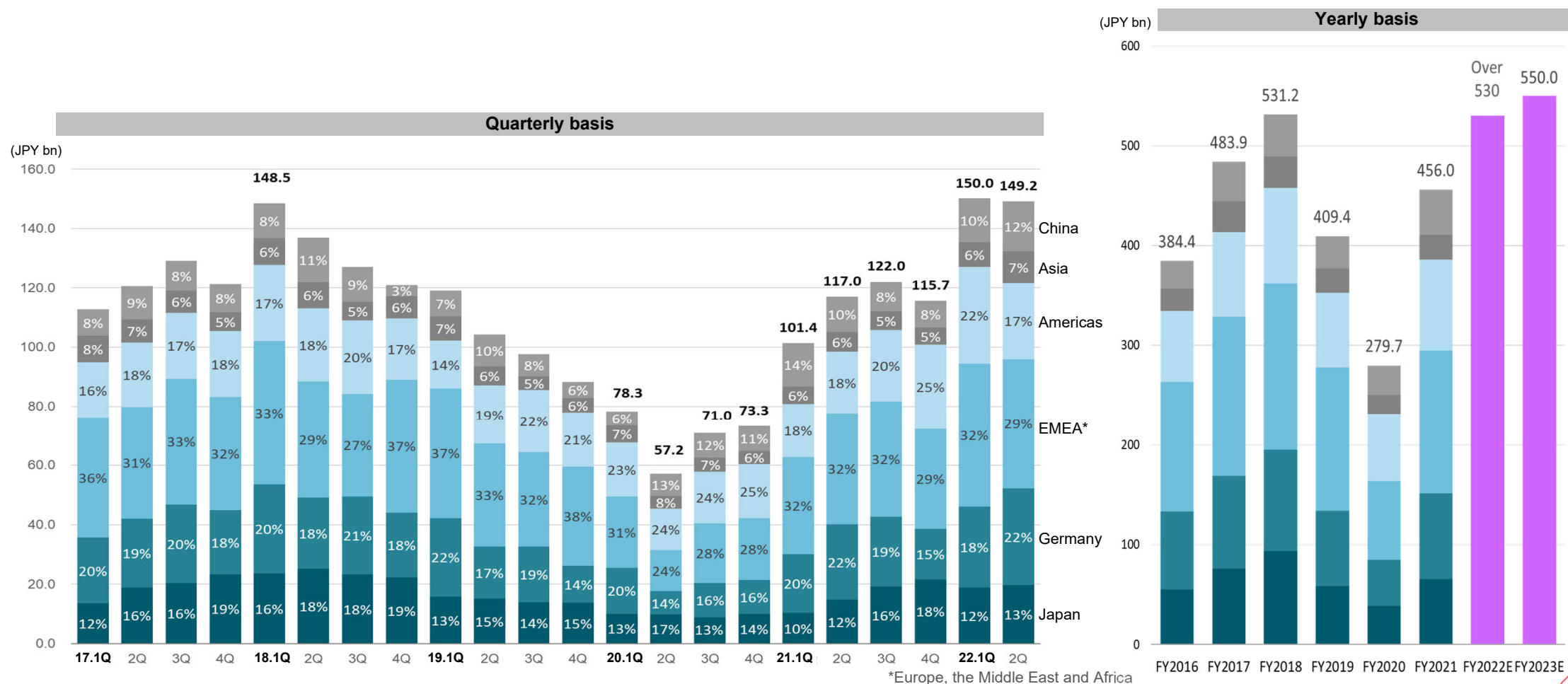
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Historical Consolidated Order Intake

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- 2Q Order intake on the same level of 1Q peak, especially due to higher average order price per unit
- FY2022 order intake forecast raised from 500+α bn. yen to 530 bn. yen. Order intake recovery ongoing.



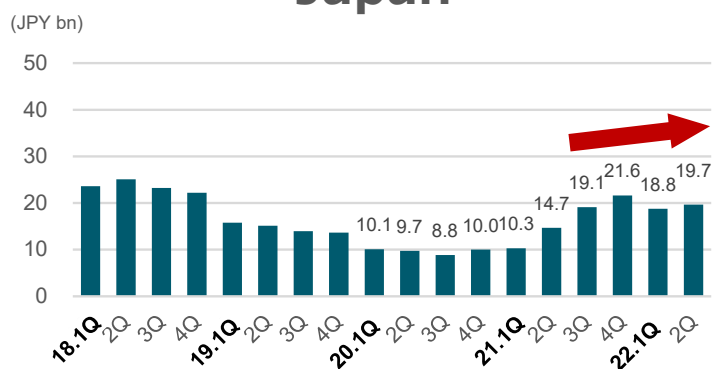
Order Intake by Region

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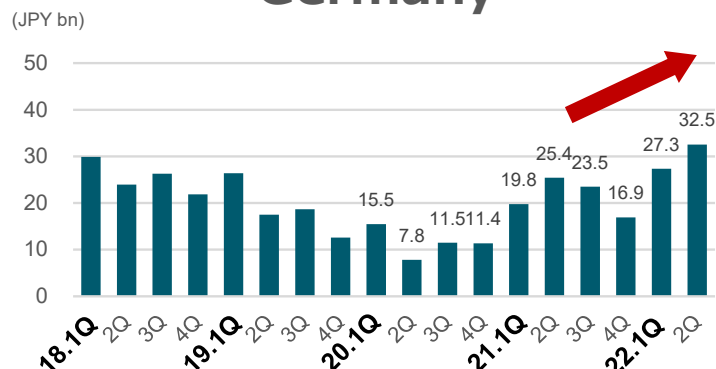
- Significant increase in Germany, China, Asia
- Japan, Americas, EMEA also solid

*Europe, the Middle East and Africa

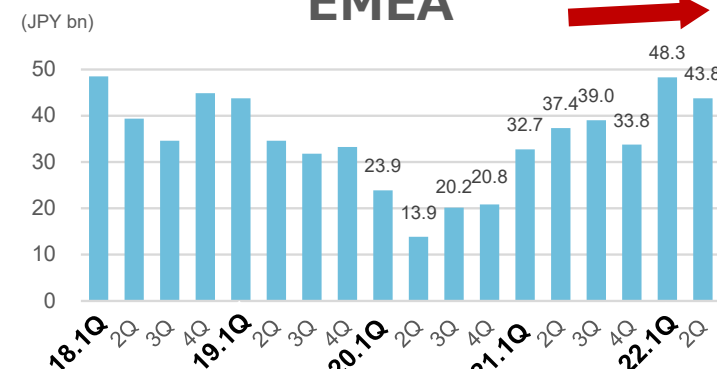
Japan



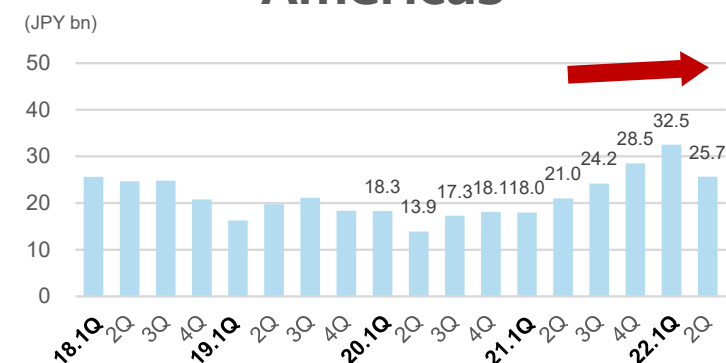
Germany



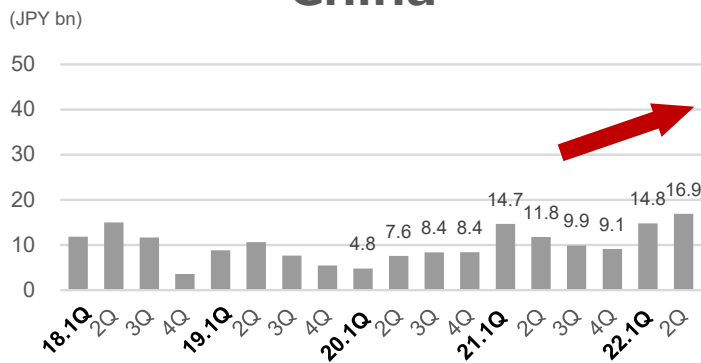
EMEA



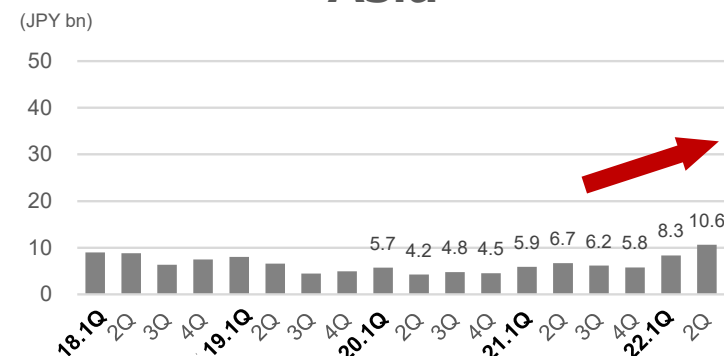
Americas



China



Asia



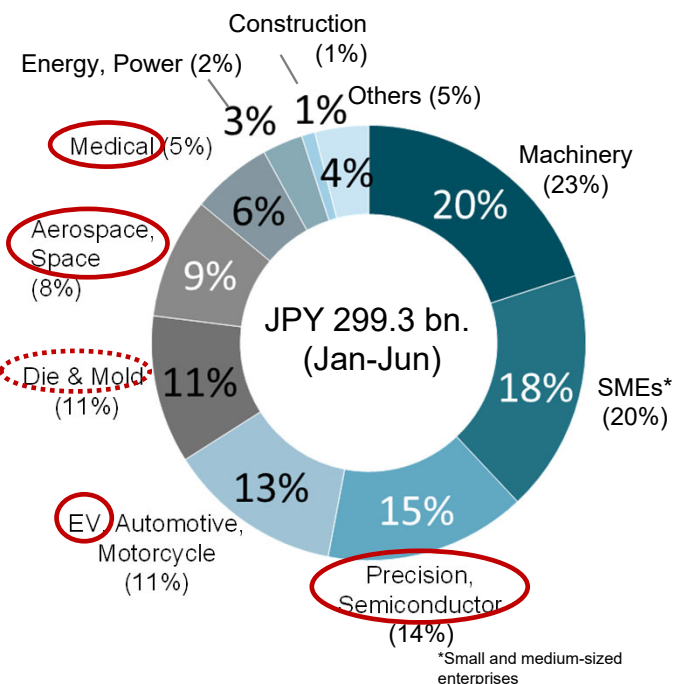
Consolidated Order Composition (Jan-Jun)

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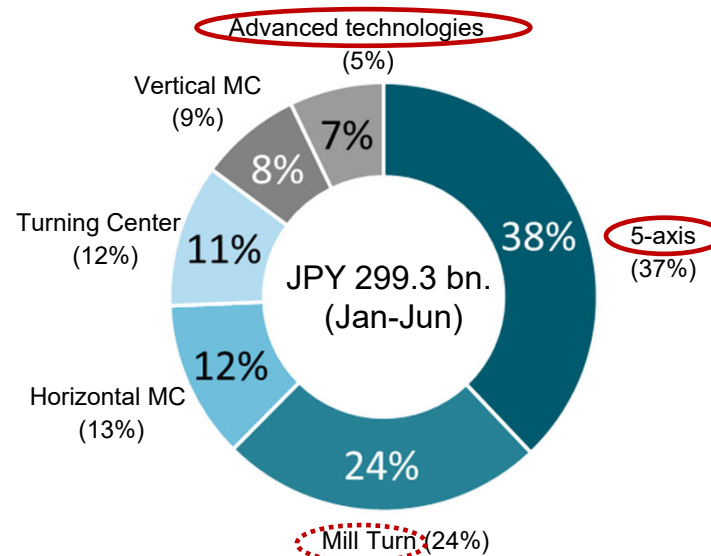
- Ongoing recovery in almost all industries, the highest being medical, aerospace, EV and semi-conductor
- Strong order intake from medium-size to large-size companies continuing

Based on amount
(%in brackets:
FY2021 Jan-Dec)

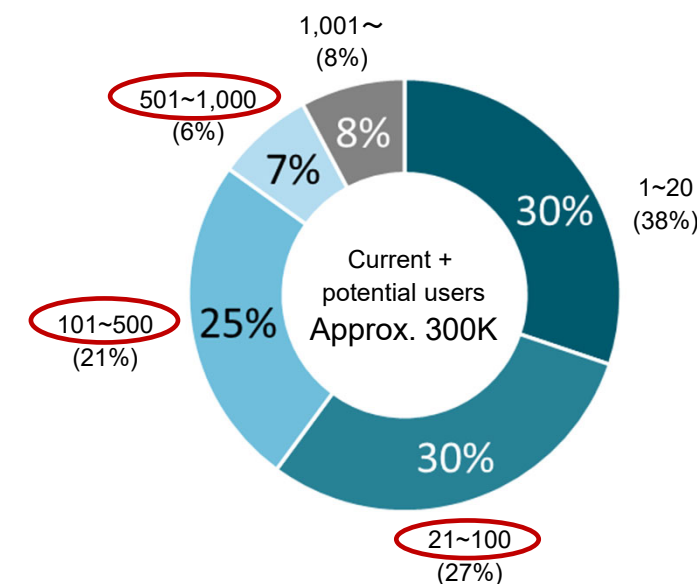
by industry



by product type

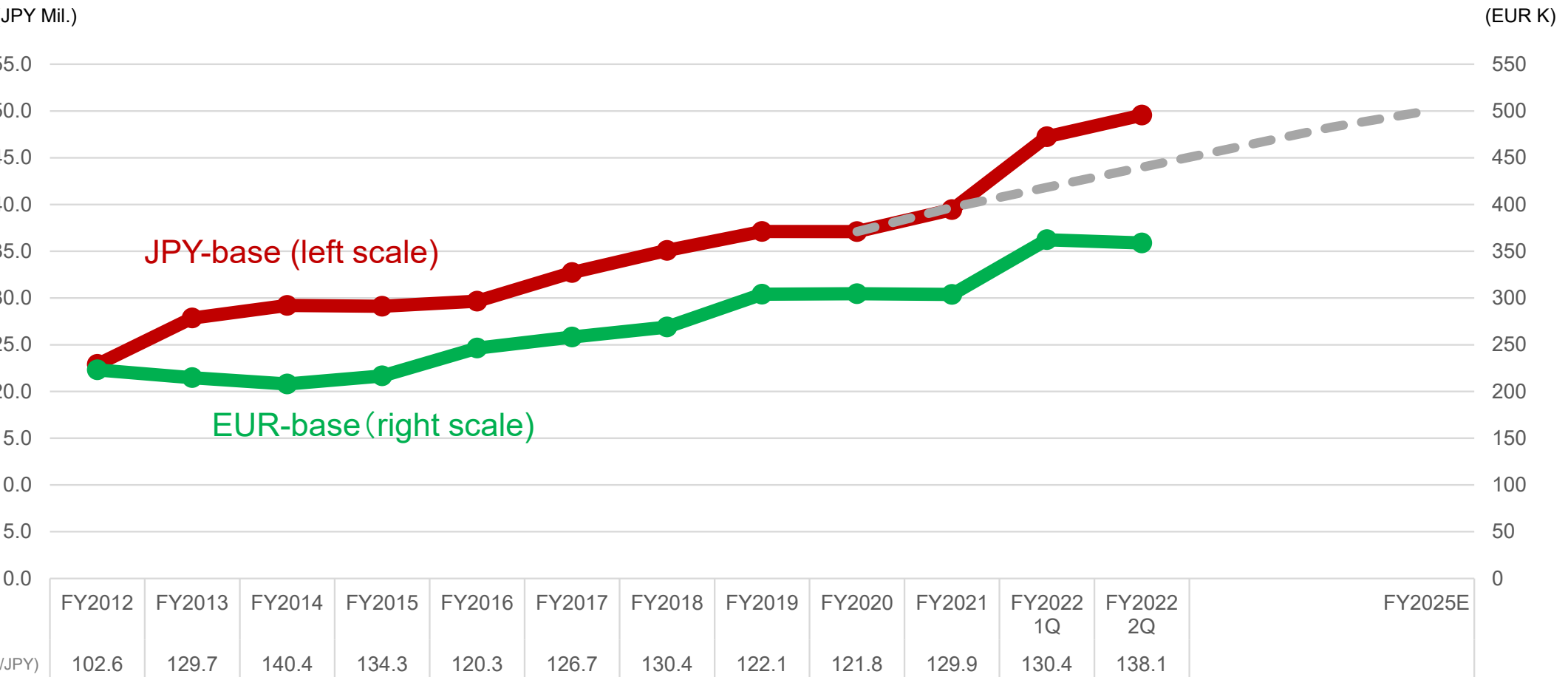


by customer's employee number



Average Order Price per Unit

- Average prices drastically improved to 49.6 mil. yen (from 39.4 bn. yen in FY2021)
- Drivers are process integration, automation, DX, large-scale projects, price increase, weak yen



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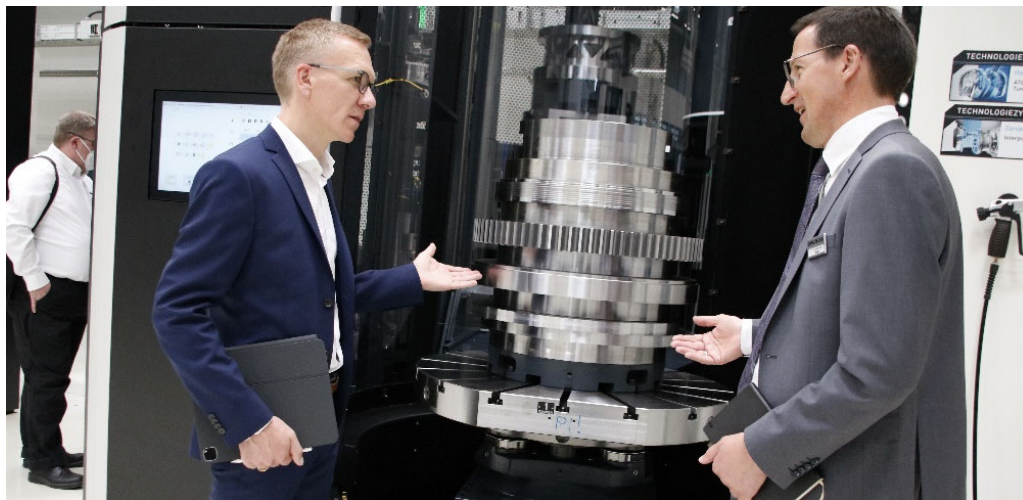
Schedule of Open House, Exhibitions and Events

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	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Open House	Technology Fridays/Technology Tours								
Exhibition		Pfronten OH 5/9-21 Germany	Bielefeld OH 6/21-24 Germany			Chicago OH 9/11-14 USA		Tokyo OH with JIMTOF	
Event			ROBOT TECHNOLOGY JAPAN 2022 6/30-7/2 Aichi, Japan		Nara PDC Grand opening		17 th The Cutting Dream Contest 11/8	JIMTOF 2022 The 31 st JAPAN INTERNATIONAL MACHINE TOOL FAIR 11/8-11/13 Tokyo	

Open House Pfronten, Germany (May 9-13, 16-21)

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Open House Bielefeld 2022, Germany (June 21-24)

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June 21 - 24, 2022
Tue. - Fri.: 09:00 a.m. - 05:00 p.m.

OPEN HOUSE BIELEFELD 2022

DMG MORI

*We look
forward to
your visit!*



TURN & MILL
COMPETENCE



AUTOMATION



GEAR AND
GRINDING



ADDITIVE
MANUFACTURING



Robot Technology Japan 2022 (June 30- July 2)

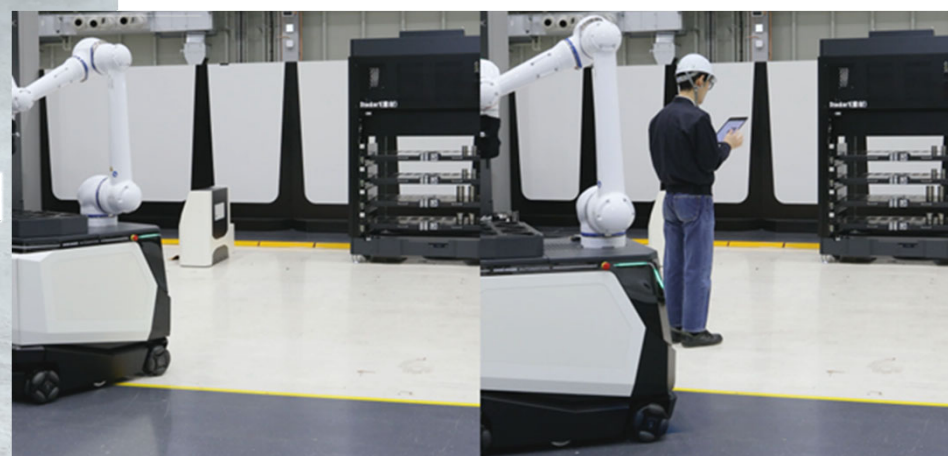
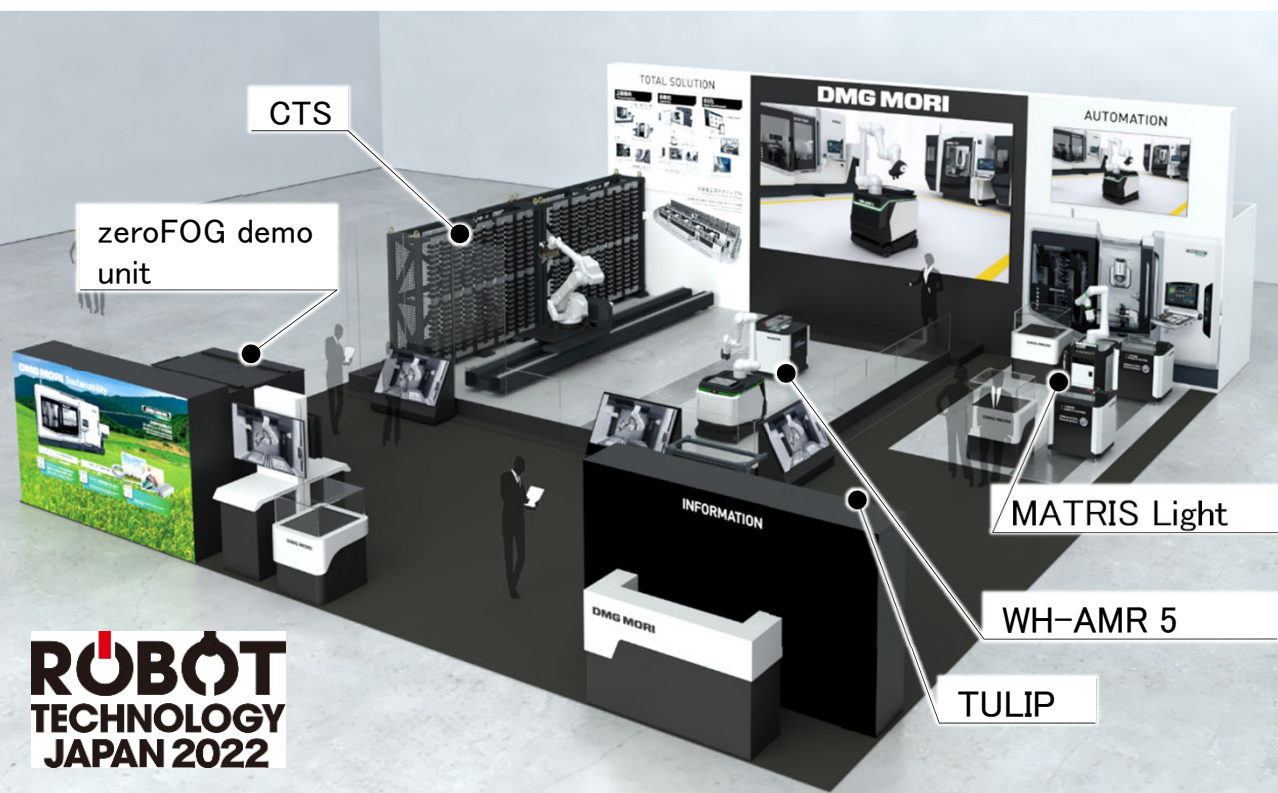
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Venue Aichi Sky Expo (Exhibition Hall in Aichi Prefecture, Japan)

Highlights Process Integration/Automation/Digitization/Solutions for Chip, Coolant & Mist Troubles/ SDGs & Sustainability

Products MATRIS Light, WH-AMR 5, CTS, TULIP

**No exhibition of machine tools*



WH-AMR 5 Human-Robot Collaboration:
Anti-collision & Optimal path generation

NTX 500

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✓ New Release: NTX 500 – the most compact mill-turn center of NTX series for small-size & complex-shape processing on 1 single machine



Complex & High Quality Workpieces



Medical
Bone plate



Transport device
Injection nozzle

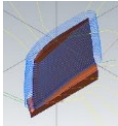


Lifestyle
Watch case

✓ 1 Software that integrates Postprocessor/NC Simulation/Cutting-force Optimization

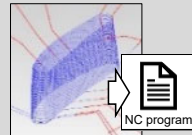
CAD/CAM

- 3D Digital Drawings
- Creating Tool Paths



Postprocessor

Converting Tool Path into NC Program



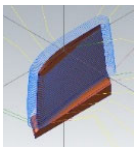
Machine

Machining



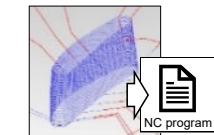
CAD/CAM

- 3D Digital Drawings
- Creating Tool Paths

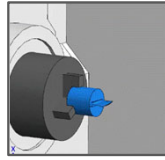


CELOS DYNAMICpost

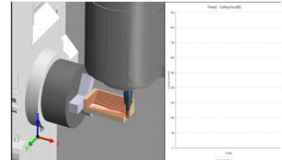
Postprocessor



NC Simulation



Cutting-force optimization



Machine

Machining



Process Design Advisor for Indexed 5-axis Machining

DMG MORI

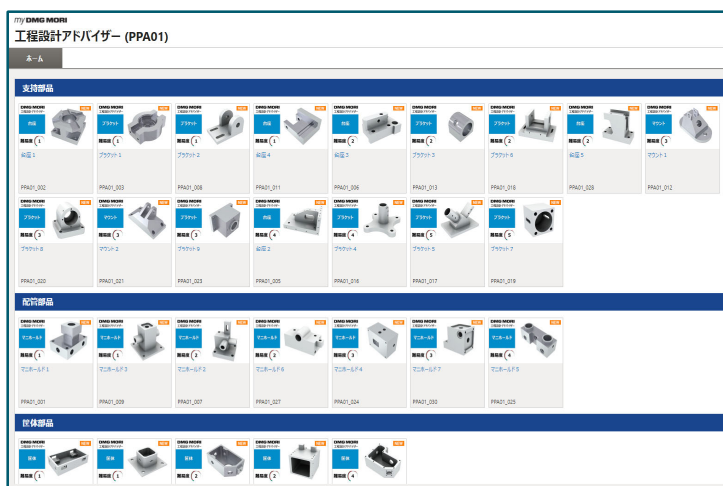
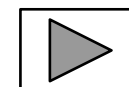
eラーニングサービス
工程設計アドバイザー 割出し5軸編

TECHNIUM



100 種類のワーク加工事例

クランプ方法から加工工程までを **5分**の動画で解説



✓ Establishment of WALC: Exploration of future technologies & Provision of Software Services

walc

Establishment	April 1st, 2022
No. of employees	15 + 8 interns
Location	Shibuya (Tokyo)
Website	https://walc.co.jp/



R&D Contents

- **BR Controller** Automized operation /High-precision clamping controller
- **WALC CARE** Health Monitoring Services (Predictive maintenance of machine tools)
- **WALC VISION** Image Diagnosis Technology by Deep Learning
- **WALC EYE** Technologies to substitute human visual work
- **WALC COMPREHEND** Chatbot technology that understands human language

Completion of the Cutting-edge Logistics Center at Pfronten (Germany)

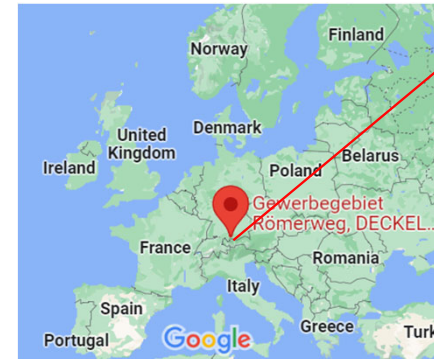
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- ✓ Reduction of logistics cost and shortened material delivery time with fully-automated and digitized logistics center

DECKEL MAHO Pfronten GmbH

Surface area Approx. 140,000 sqm / Employee 1,055
(as of Jul 2022)

Function Assembly of DMU/DMC series etc.
(annual production 1,500 pcs.>)



Pfronten, located in southern Germany



Expansion of Machining Capacity at FAMOT (Poland)

- ✓ Expansion of mechanical production at FAMOT with two DMC 210 U. Enhanced in-house production

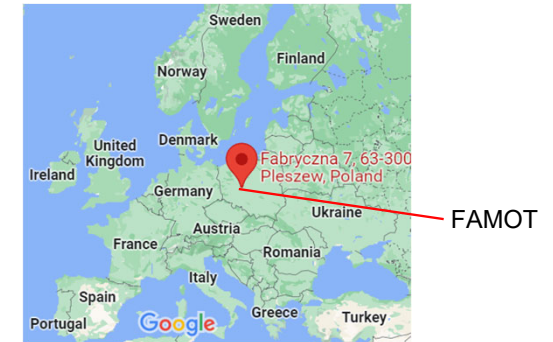
FAMOT Pleszew Sp. z o.o. (Pleszew, Poland)

Surface area Approx. 204,000 sqm / Employee 764 (as of Jul 2022)

Function

- Assembly of CMX/CLX etc. series (annual production 1,500 pcs.>)
- Production and machining of iron casting

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Newly installed two DMC 210 U



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 Implemented international standard and constructive salary revision for DMG MORI Employees in Japan

Revised Entry-level Salary for New Graduates (joining from April 2023)

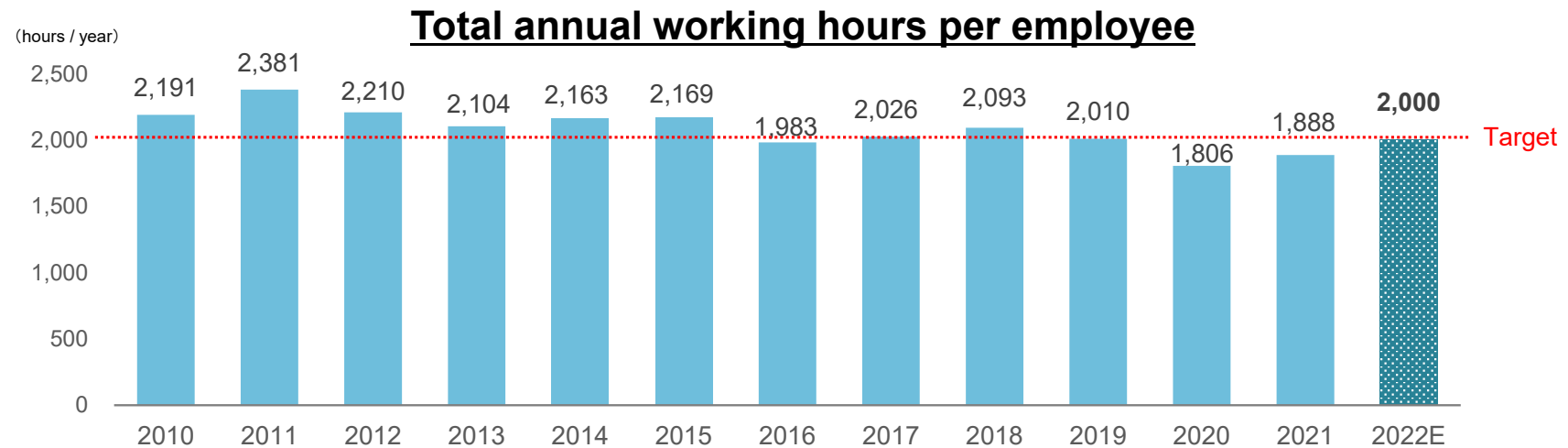
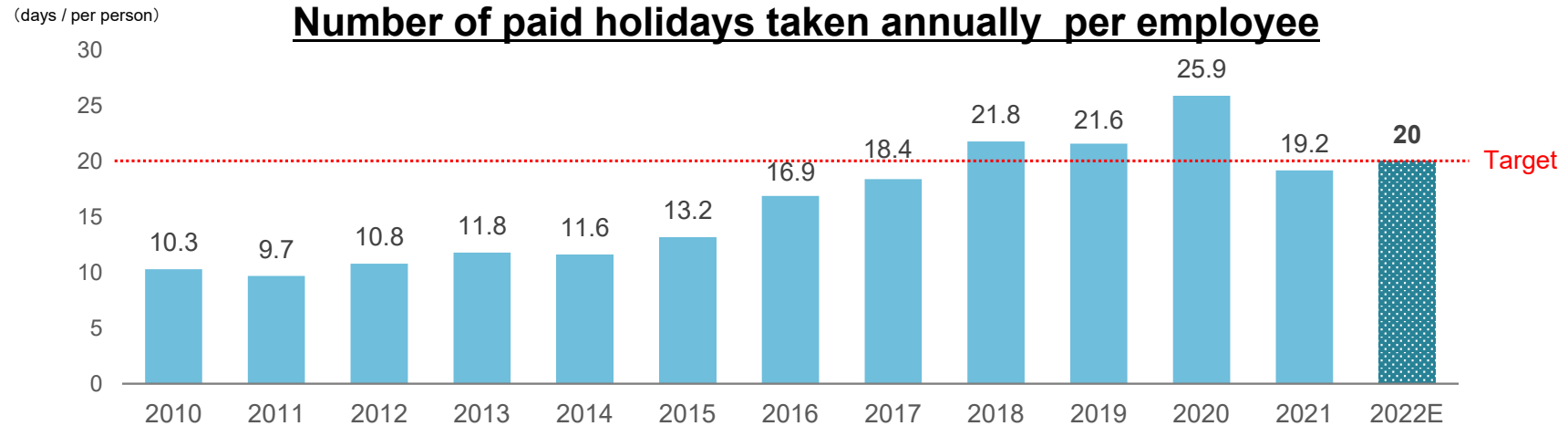
Degree	Standard Age	Entry-level Salary (monthly)	Entry-level Annual Income
PhD	27	475,000 JPY* ¹	6,825,000 JPY* ²
Master	24	310,000 JPY	4,650,000 JPY
University (Bachelor) Technical College (Specialized studies)	22	300,000 JPY	4,000,000 JPY
Technical College (Main studies) Junior College	20	290,000 JPY	3,700,000 JPY
High School	18	280,000 JPY	3,500,000 JPY

*¹ incl. 50,000 JPY Qualification Pay & 100,000 JPY Skill Pay

*² incl. 1.2 Mio. JPY Skill Pay

HR Investment (2): Promotion of Health Management

✓ Creating an environment where employees can continue to work in good health



Expansion of in-house Power Generation by Solar Power

From purchasing CO2-free electricity to in-house solar power generation

Major global bases to gradually switch to solar power generation



2015

Solar power generation
(Bielefeld, and other locations in Europe)



2021

Achieved global carbon neutrality
(Scope 1, 2 Scope 3 Upstream)



2023~

Start large-scale solar power generation at
Iga and Nara campus
► Covers up to 50% of electricity consumption



SBT*-approved CO2 emissions reduction target by 2030
(base year : 2019 actuals)

Scope 1 and Scope 2

- 46.2%

Scope 3

- 13.5%

*Science Based Targets

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.
- Travel restrictions or stay-at-home requests for COVID-19 in Japan and other countries