


DMG MORI CO., LTD.
FY 2022 (Jan-Dec) Results
IR Announcement
February 8th, 2023



1. Fiscal Year 2022 (January-December 2022) Financial Summary

2. Business Environment

3. Forecast for 2023. First year of Mid-term Business Plan (2023-2025)

4. ESG / CSR Progress

- ① Investment in human resources: Improvement of employee compensation, establishment of health management, promotion of women's activities
- ② Promotion of carbon neutral initiatives (third-party assurance obtained)
- ③ Strengthening Governance: Diversity of Directors and Corporate Auditors

FY 2022 (Jan-Dec) Highlights

DMG MORI

- ✓ FY2022 (Jan-Dec) consolidated orders: JPY 542.4 bn. (+19% y/y)
4th quarter (Oct- Dec) consolidated orders: JPY 110.4 bn. (- 5% y/y)
- ✓ Order backlog for machine bodies climbed to 254 bn. yen at the end of December (164 bn. yen at the end of December 2021)
- ✓ Sales revenue JPY 474.8 bn. (+20%)
Operating profit 41.2 bn. (+79%, OP margin: 8.7%), Net profit 25.4 bn. (+89%, net profit margin: 5.4%), both* record-high
- ✓ 4th quarter (Oct. – Dec.) Sales revenue 141.7 bn. (+16%),
Operating profit 14.5 bn. (2.3 x, OP margin: 10.2%), record-high level. Well-prepared for 10% OP margin for FY2023
- ✓ Average machine unit price increased to JPY 49.8 mil. (2021 average: JPY 39.4 mil.)
driven by process integration, automation, digitization and lower discount rates
- ✓ Investment in Human Resources
 - Salaries revised globally: Personnel cost increased by JPY 11.8 bn. Highest level in the industry.
 - Salary raise for employees in Japan from July 2022: 24% increase on an annualized basis
 - Salary raise has been incorporated in FY2023 plan and the Mid-term Business Plan
- ✓ Mid-term Business Plan (2023-2025) in progress: Enhancing process integration, automation, DX and GX

*Excluding irregular accounting period at the time of AG consolidation in 2015

FY 2022 (Jan-Dec) Financial Summary

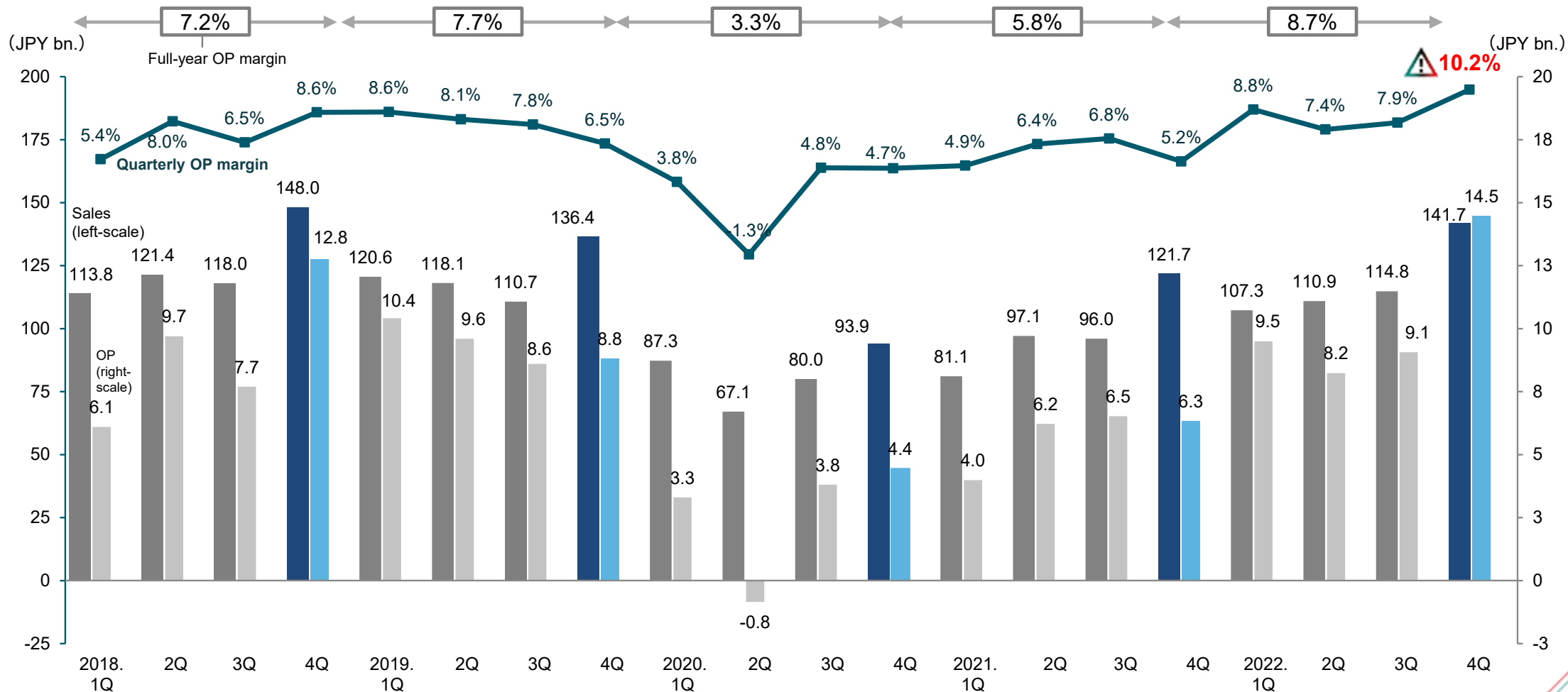
DMG MORI

(JPY bn.)	FY2019	FY2020	FY2021	FY2022	
				Actual	YoY (%)
Consolidated order intake	409.4	279.7	456.0	542.4	+18.9%
Sales revenue	485.8	328.3	396.0	474.8	+19.9%
Operating profit	37.3	10.7	23.1	41.2	+78.7%
Operating profit margin	7.7%	3.3%	5.8%	8.7%	
Net profit	18.0	1.7	13.5	25.4	+88.7%
EPS (JPY)	138.64	3.40	91.75	188.62	
Dividend per share (JPY)	60	20	40	70	
Depreciation & amortization including leasing	23.1	24.1	21.9	24.0	
Capital expenditure	21.2	20.1	23.3	41.1	
USD/JPY	109.1	106.8	109.8	131.5	
EUR/JPY	122.1	121.8	129.9	138.1	

Quarterly Financial Results



- Operating profit margin reached record-high of 10.2% in Q4 (Oct-Dec) (excluding gains on sale of securities)
- Impairment loss of 1.5 bn yen on the Russian business and additional foreign exchange loss in 4Q

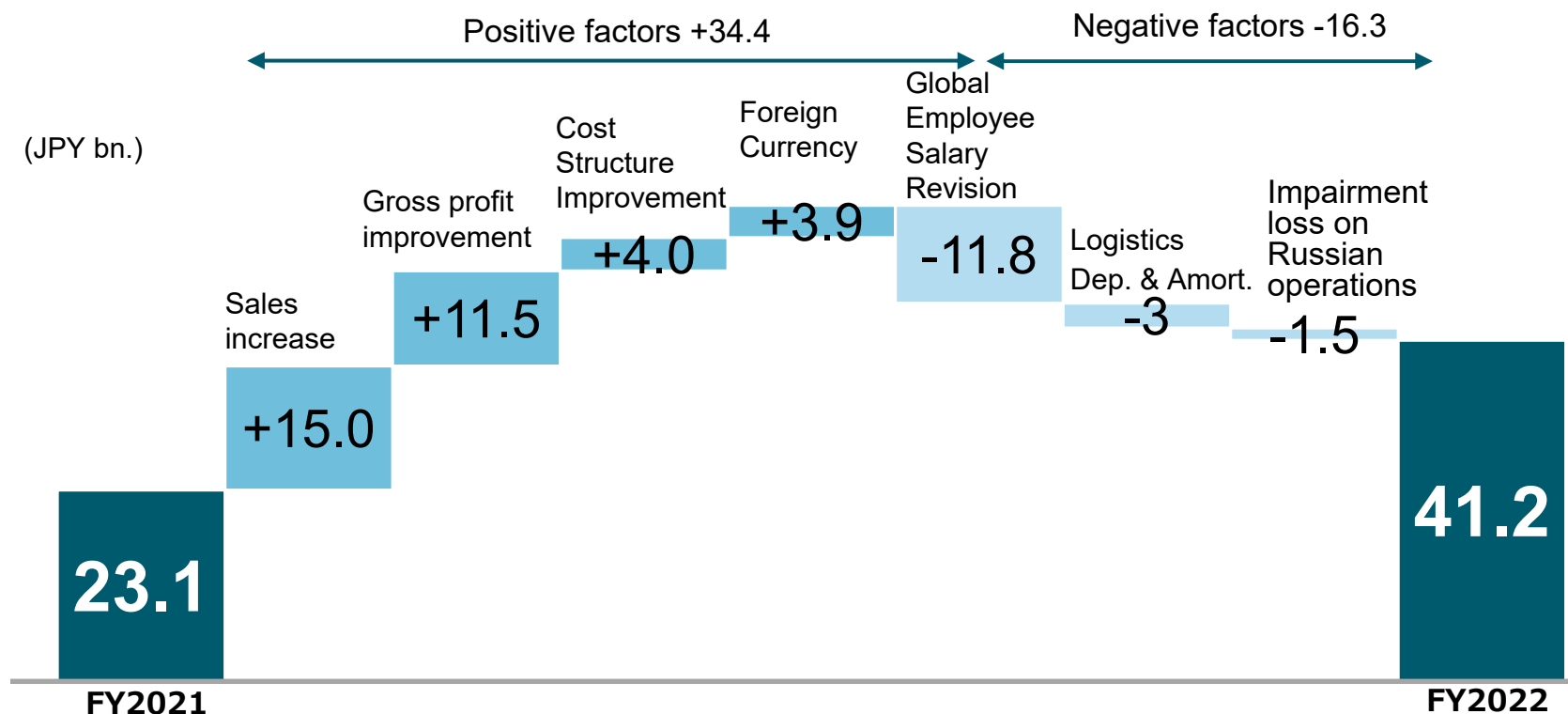


Operating Profit Bridge: FY 2021(Jan-Dec) vs FY 2022(Jan-Dec)

- Employee salary revision globally
- Japanese employees' salaries revised from July (effective only 6 months in FY2022). Annualized salary up 24% vs FY2021
- Significant contribution of lower discount rates by providing process integration, automation, DX, and GX offerings

(JPY.bn)	FY2021	FY2022	Changes
sales revenue	396.0	474.8	+78.8

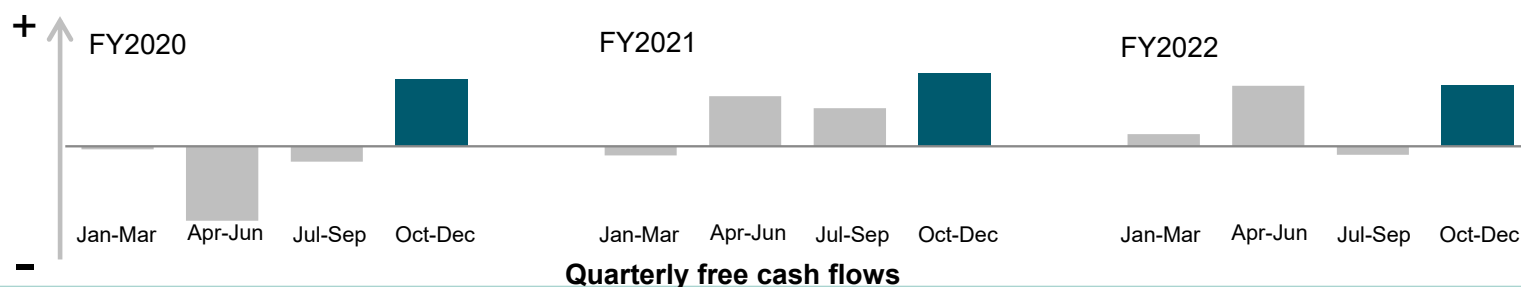
	FY2021	FY2022
Exchange rate : USD/JPY	109.8	131.5
EUR/JPY	129.9	138.1



Cash Flows

- Operating cash flow improved to JPY 69.7 bn. (+JPY 20 bn, +40% vs. 2021.), driven by higher profit and increased down payment
- Acceleration of investment for medium-to long-term sustainable growth: Iga factory designated for assembly for process integration and in-house production of key components, Nara factory with automation focus, improved productivity at Pfronten factory, opening of Nara PDC, reduction of CO2 emissions

(JPY bn.)	2020					2021					2022				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
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	10.1	23.5	69.7
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	8.0	12.2	36.5
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	5.8	6.6	24.0
Changes in working capital	4.4	-10.6	-5.4	14.0	2.2	-3.5	5.3	2.3	6.5	15.9	-1.8	9.9	-0.9	5.1	12.3
Others	-9.0	-4.2	-3.7	-0.9	-17.8	-2.5	-2.7	-2.7	5.5	-7.7	-0.2	0.4	-2.9	-0.3	-3.1
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	-11.8	-11.5	-44.9
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	-1.7	12.1	24.9

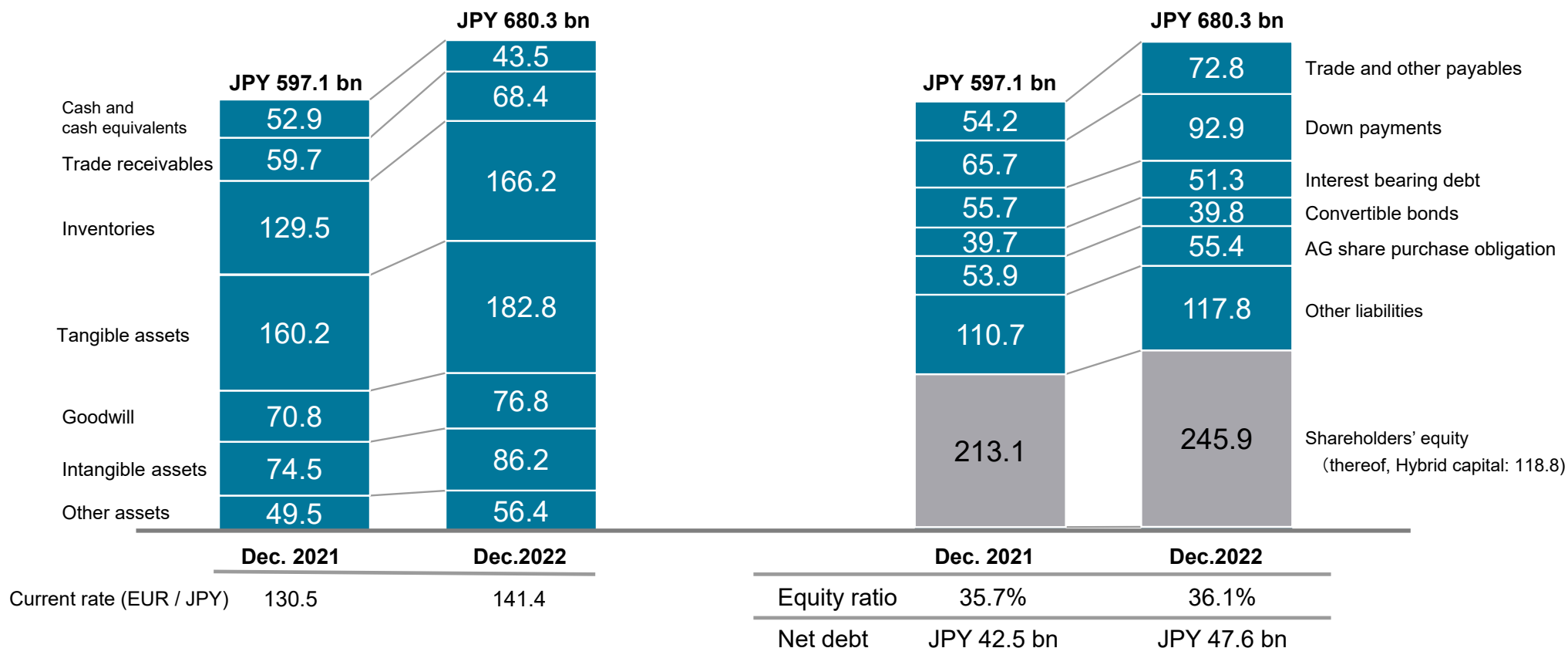


Balance Sheet Summary

- Approx. JPY 45 bn. of total assets increase due to weak yen
- Equity ratio increased to 36.1% due to higher profit. Net D/E ratio remains low at 0.19

Assets

Liabilities & Equity



Net D/E ratio at the end of Dec. **0.19** (0.20 as at end Dec. 2021)

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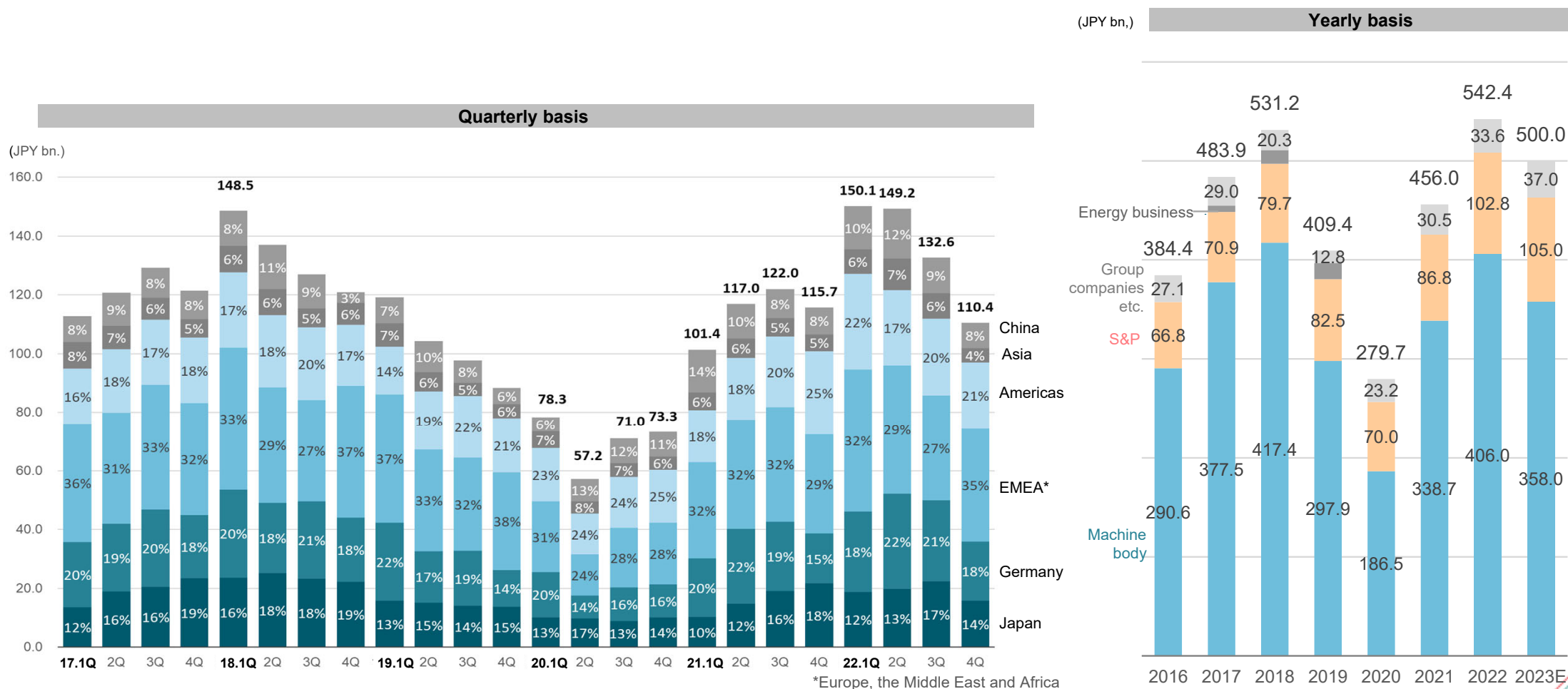
4. ESG / CSR Progress

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Consolidated Order Intake



- Consolidated order intake for FY2022 reached new peak at JPY 542.4 bn. (+19%)
- FY2023 order intake target at JPY 500 bn. (-8% vs. FY2022); stable in spare parts and service divisions, and group companies



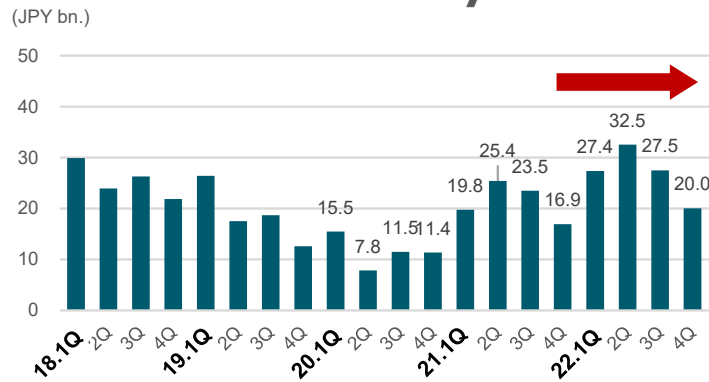
Order Intake by Region

- Inquiries remain steady in all markets. Strong demand for process integration, automation, DX, and GX
- In European market, some recovery is expected in the Q1 of FY2023 due to Open House in Pfronten, Germany

Japan

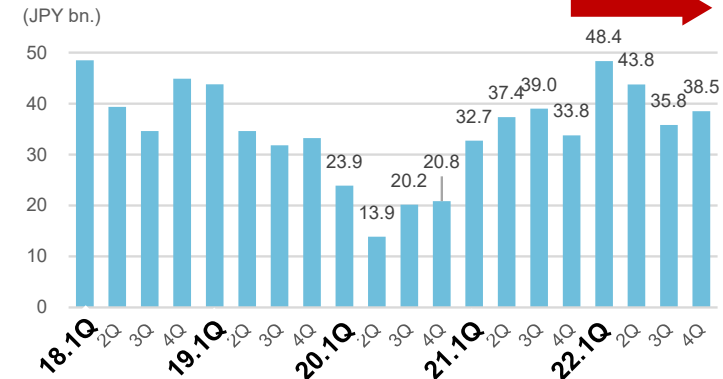


Germany

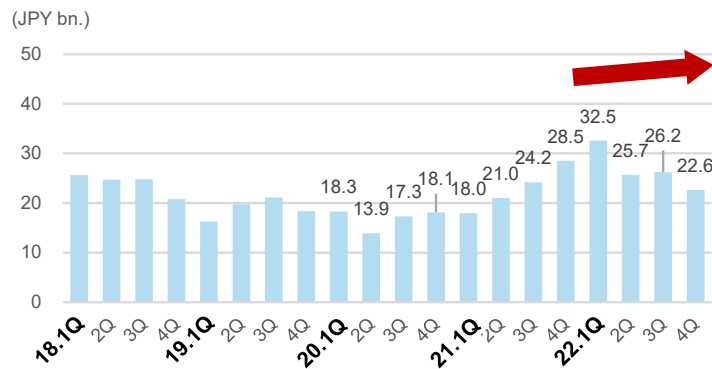


EMEA

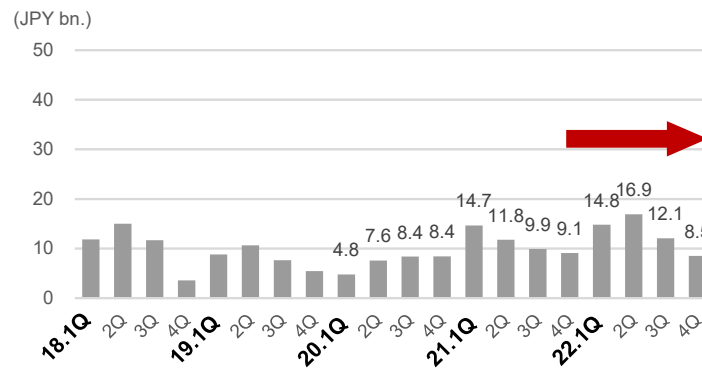
*Europe, the Middle East and Africa



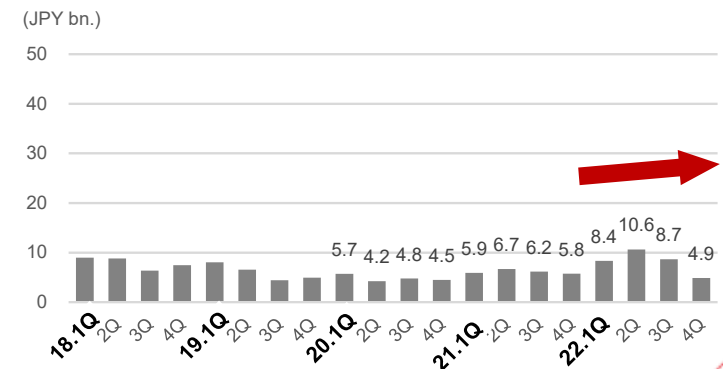
Americas



China



Asia

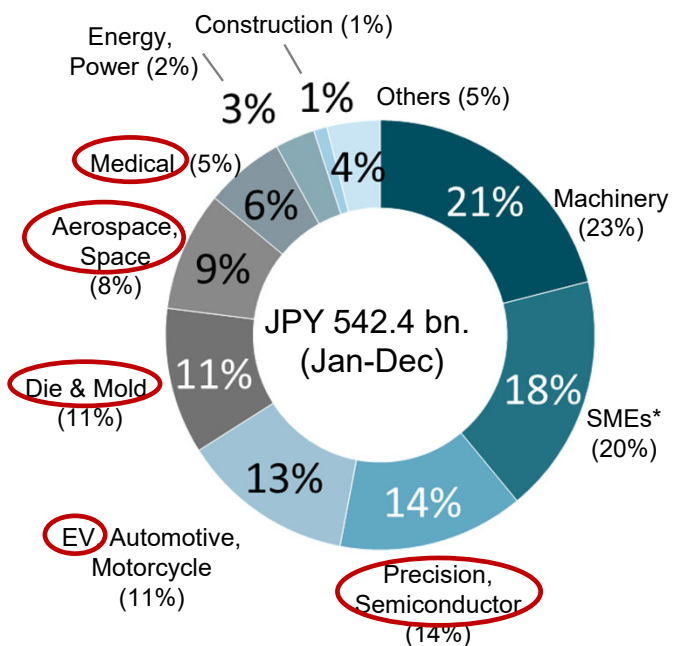


Consolidated Order Composition (Jan-Dec)

- Strong demand for space, aircraft, medical and EV related industries
- Medium- to large-sized companies continue to invest, while small-sized companies are taking longer to make investment decisions

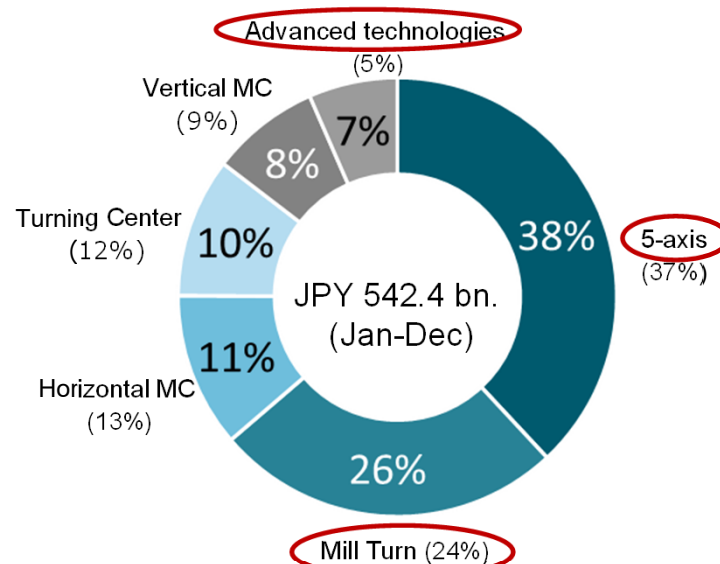
Based on amount
(%in brackets:
FY2021 Jan-Dec)

by industry

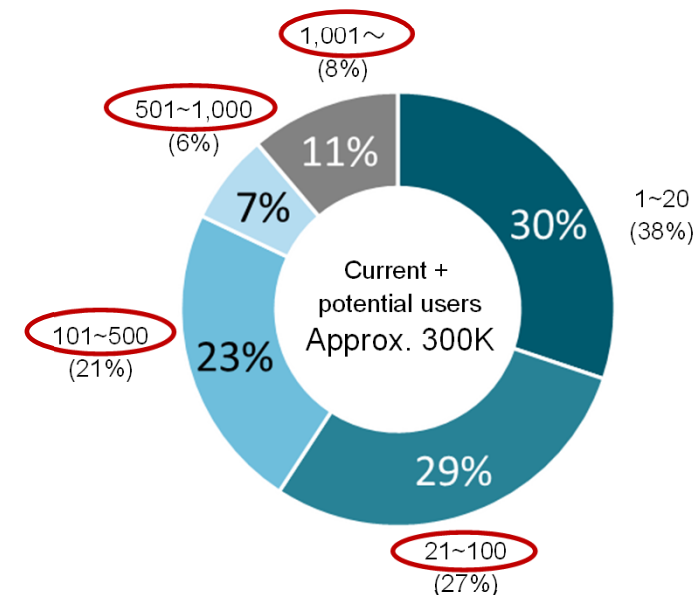


*Small and medium-sized enterprises

by product type

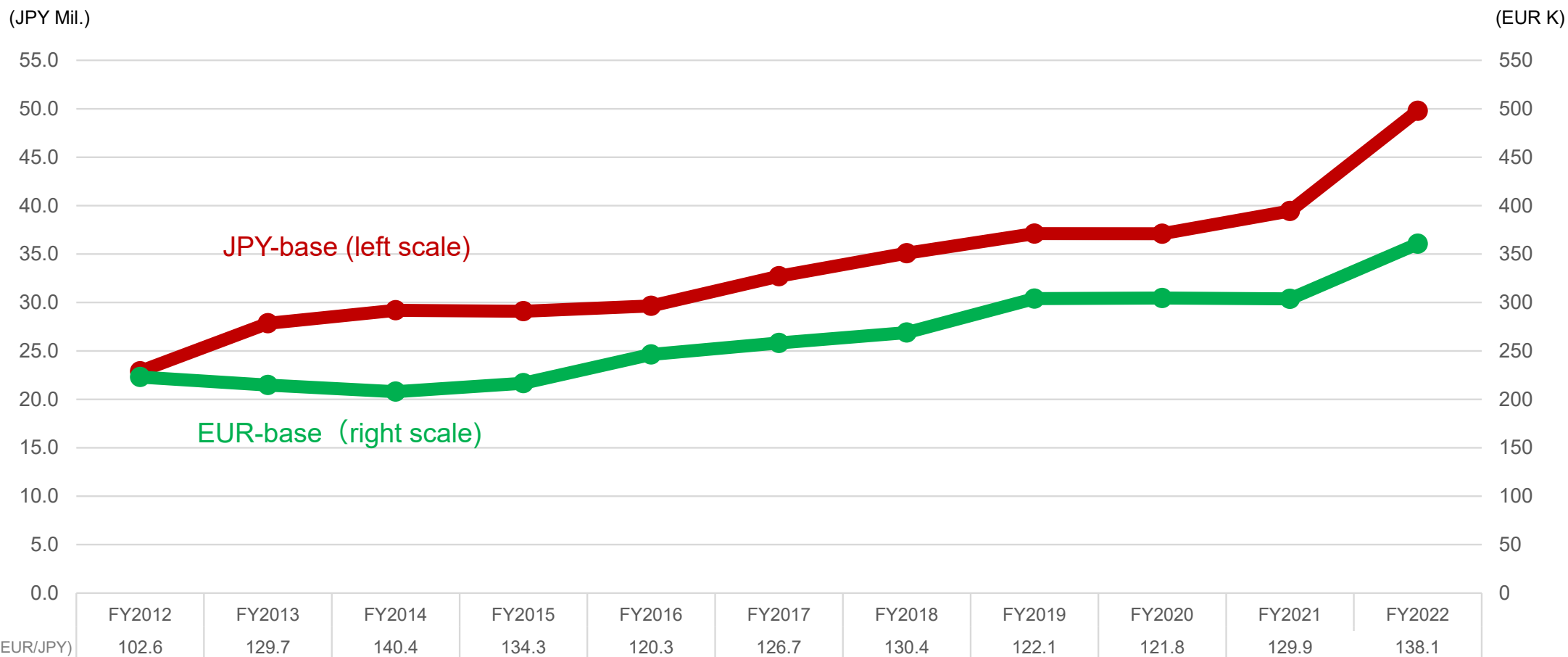


by customer's employee number

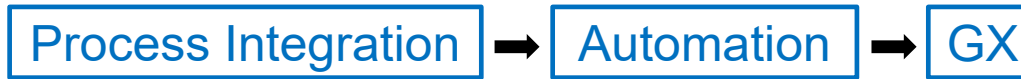


Average Order Price per Unit

- Significant increase in average machine order price per unit to JPY 49.8 mil. in FY2022 (vs. FY2021: JPY 39.4 mil.)
- Boosted by process integration, automation, DX as well as reduction of discount rates



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GX: Green Transformation

DX (Digital Transformation)

Planning

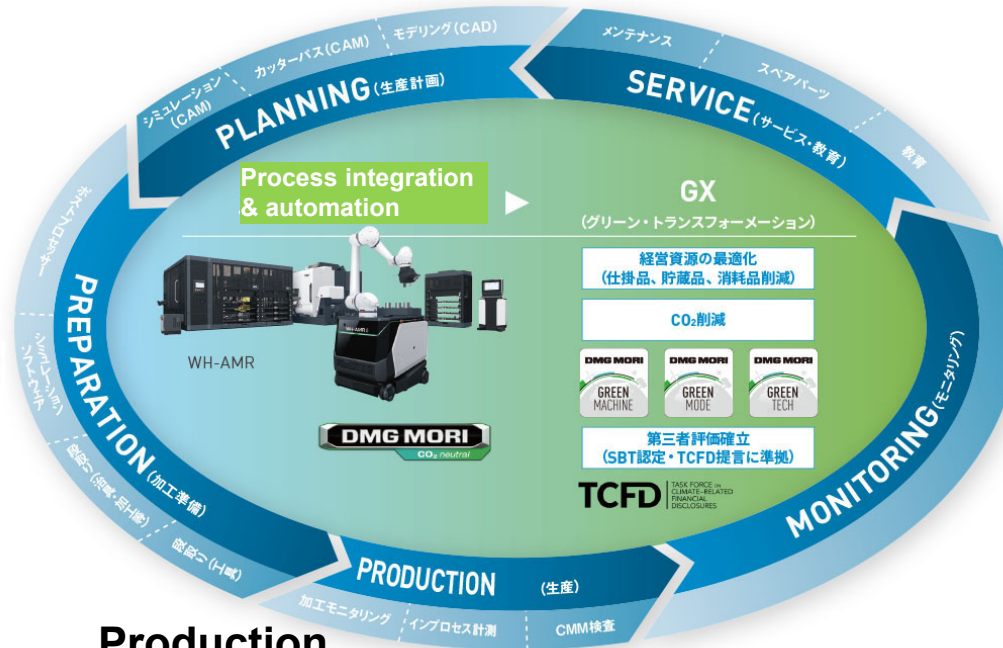


- Job Scheduler
- Job Manager

Preparation



- CAD/CAM VIEW
- Technology Cycles



Service & Training



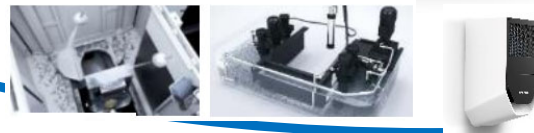
- my DMG MORI
- CELOS Club

Monitoring



- Messenger
- IoT Connector

Production



- Chip, coolant & mist solutions
- Non-contact on-machine measurement system

FY2023 Full-Year (Jan–Dec) Forecast

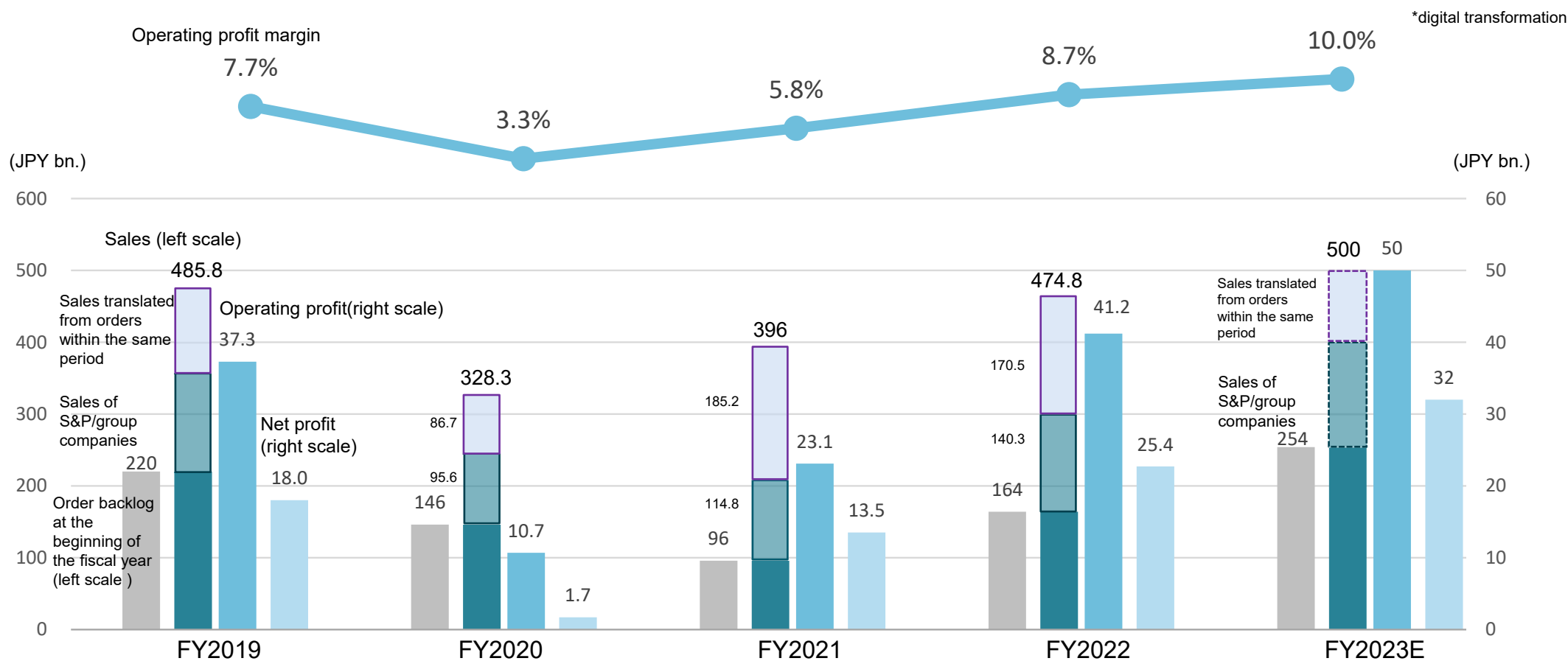
DMG MORI

- Operating profit and net profit to be another record-high
- Dividend per share to increase to JPY 80

(JPY bn)	FY2019	FY2020	FY2021	FY2022		FY2023	
				Actual	YoY (%)	Plan	YoY (%)
Consolidated order intake	409.4	279.7	456.0	542.4	+18.9%	500	-7.8%
Sales revenue	485.8	328.3	396.0	474.8	+19.9%	500	+5.3%
Operating profit	37.3	10.7	23.1	41.2	+78.7%	50	+21.3%
% to sales revenue	7.7%	3.3%	5.8%	8.7%		10.0%	
Net profit	18.0	1.7	13.5	25.4	+88.7%	32	+26.0%
EPS (JPY)	138.64	3.40	91.75	188.62		240.95	
Dividend per share (Yen)	60	20	40	70		80	
Depreciation & amortization including leasing	23.1	24.1	21.9	24.0		27	
Capital expenditure	21.2	20.1	23.3	41.1		35	
USD/JPY	109.1	106.8	109.8	131.5		130	
EUR/JPY	122.1	121.8	129.9	138.1		140	

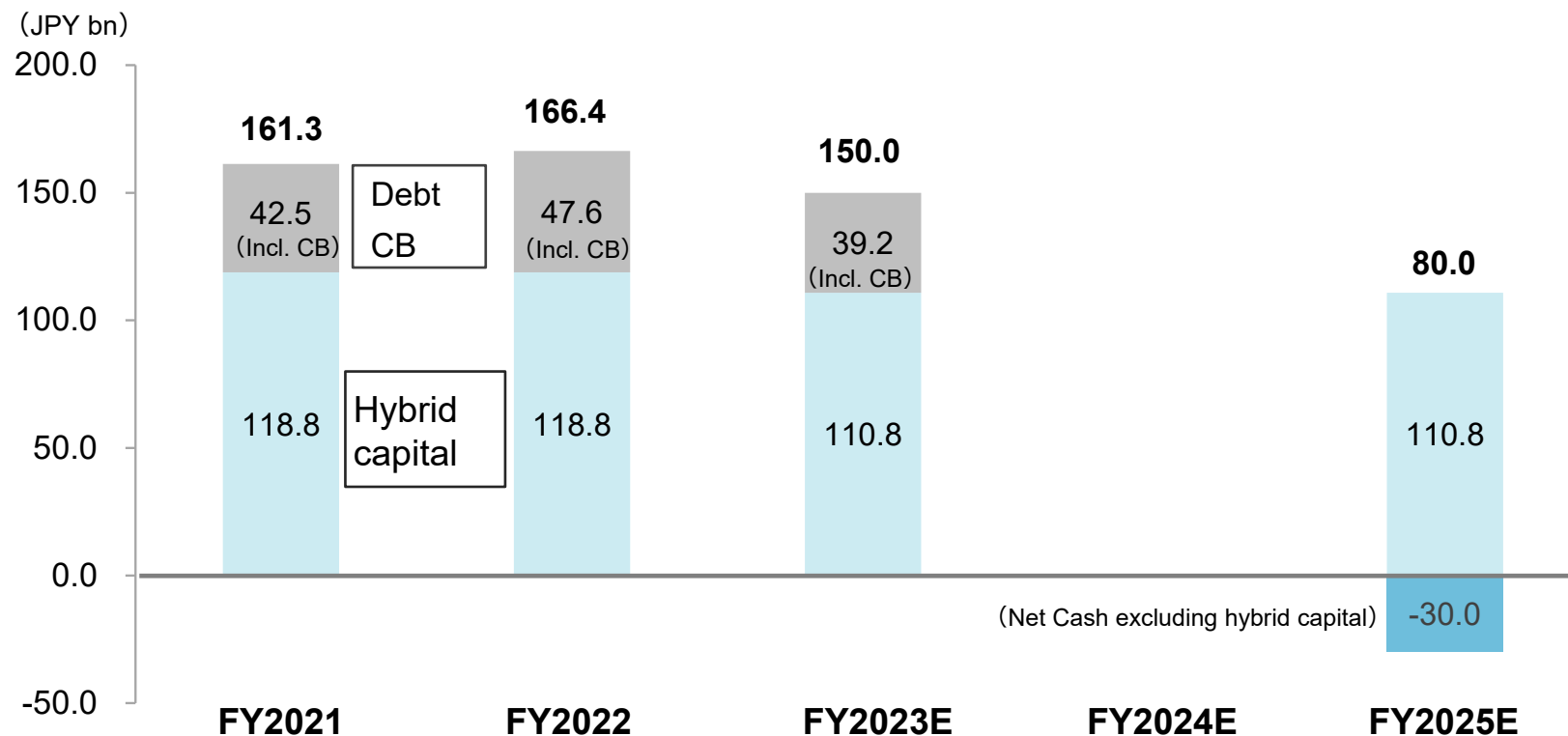
FY2023 Sales Breakdown Target

- FY2023 sales revenue target at JPY 500 bn. (254 bn. from order backlog, 146 bn. from S&P/group companies and 100 bn. from sales translated from orders within the same period)
- Margins will continue to improve by process integration, automation and DX*. Plan to achieve operating profit margin of 10% or more



Net Debt Reduction Plan Towards FY2025

- Net debt to JPY 150 bn. at the end of Dec 2023, zero borrowings, excl. Convertible Bonds
- Net debt to JPY 80 bn. at the end of Dec 2025



	FY2021	FY2022	FY2023E	FY2024E	FY2025E
Free cash flows	30.4bn	24.9bn	30.0bn	30.0bn	40.0bn
Capital expenditure	23.3bn	41.1bn	35.0bn	35.0bn	30.0bn
Dividend per share (Yen)	40	70	80	90	100

30.01. - 11.02.2023

DMG MORI
OPEN HOUSE 2023
PFRONTEN

Jan 30 - Feb 03 & Feb 06 - 11, 2023
Mon - Fri 9:00 a. m. - 6:00 p. m. | Sat 9:00 a. m. - 2:00 p. m.

DMG MORI OPEN HOUSE
IN PFRONTEN

TWO
WEEKS
OPEN

WORLD
PREMIERES
2023

DMF 300I11

DMU 65/75
monoBLOCK
2nd Gen.

DMU 40

M2

T1/T2

CTX 350

XXL Center

XXL Center

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

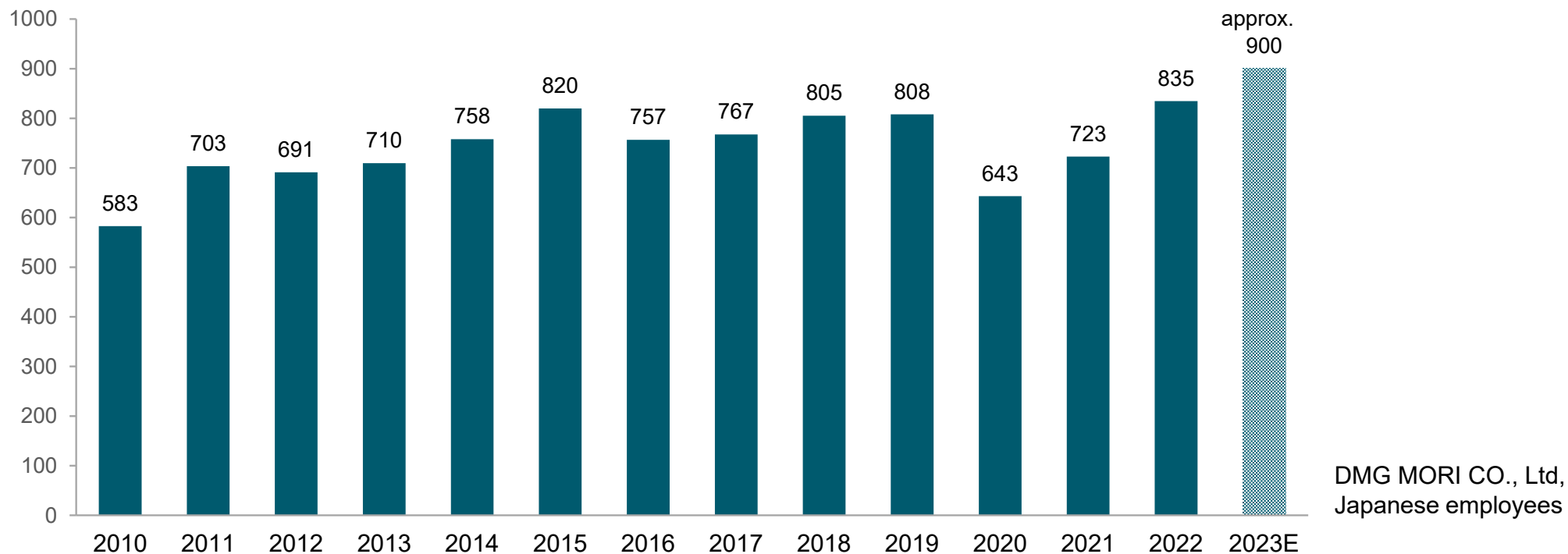
Degree	Standard Age	Entry-level Salary (monthly)	Entry-level Annual Income
Doctoral Degree	27	475,000 JPY* ¹	6,825,000 JPY* ²
Master Degree	24	310,000 JPY	4,650,000 JPY
University (Bachelor) Technical College (Specialized studies)	22	300,000 JPY	4,000,000 JPY
Technical College (Main studies) Junior College	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

*DMG MORI CO., Ltd, Japanese employees

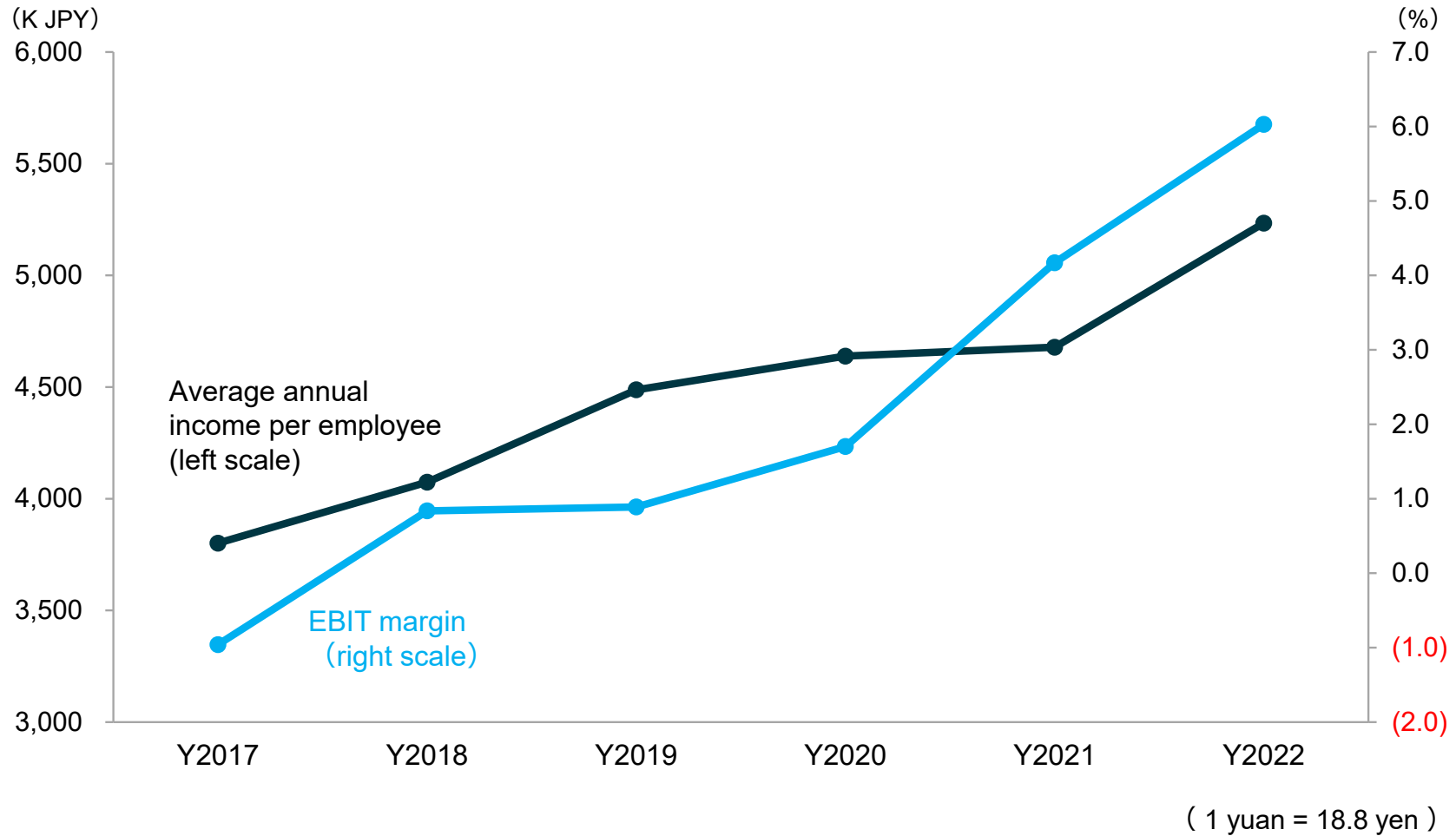
- ✓ Salary revision of DMG MORI CO., Ltd (Japan) on July 1, effective for the last six months in FY2022, Full contribution in FY2023

【Annual salary】
(JPY 10K)



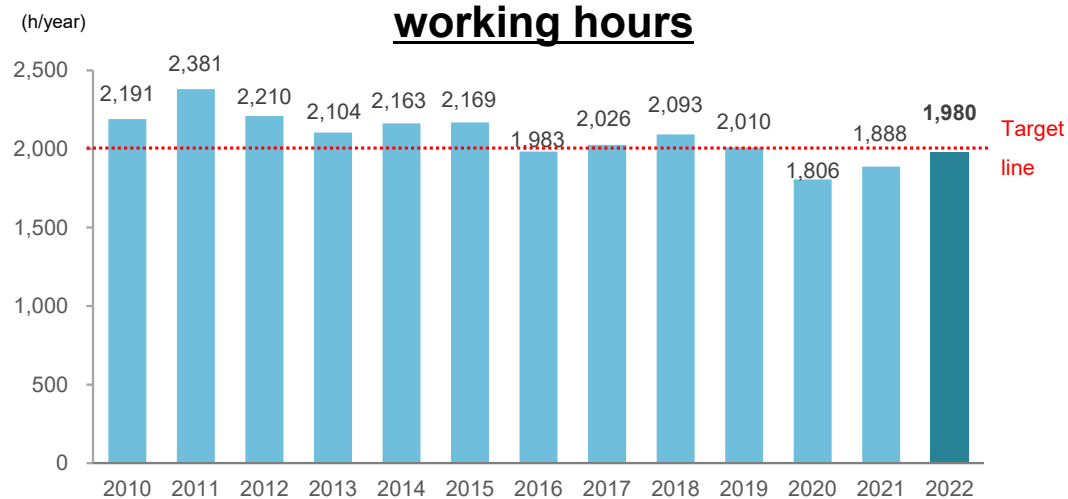
- Includes base salary, qualification salary, position salary, bonus, child allowance, housing allowance, and overtime allowance
- Excludes dormitory, company housing, meal allowance, commuting allowance, shareholding association incentive, childcare subsidy, travel expenses for returning home, physical examination subsidy, and other fringe benefits

✔ Salary revisions contribute to improved profit margins (DMG MORI China)

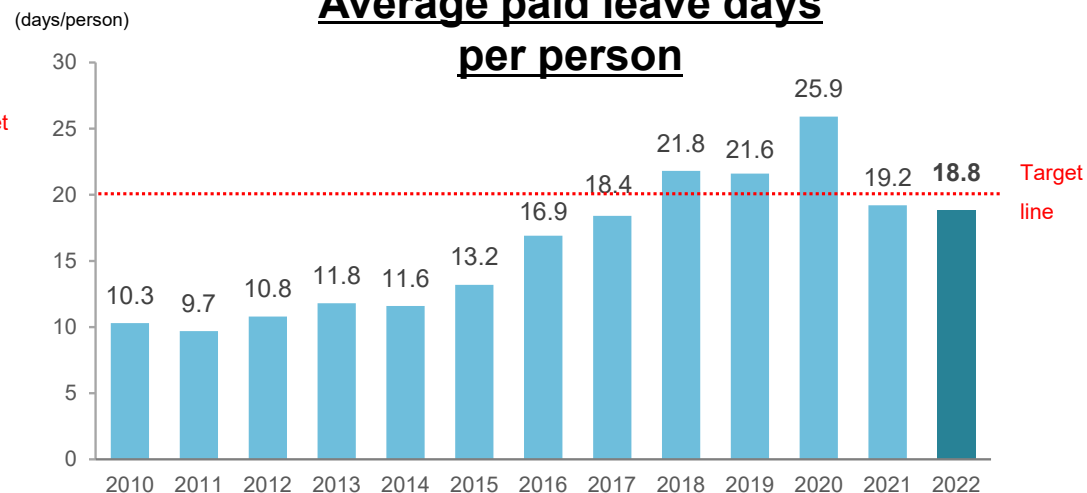


✔ Maintain total working hours at target level by DX, even in an environment of record-high orders

Average annual working hours



Average paid leave days per person



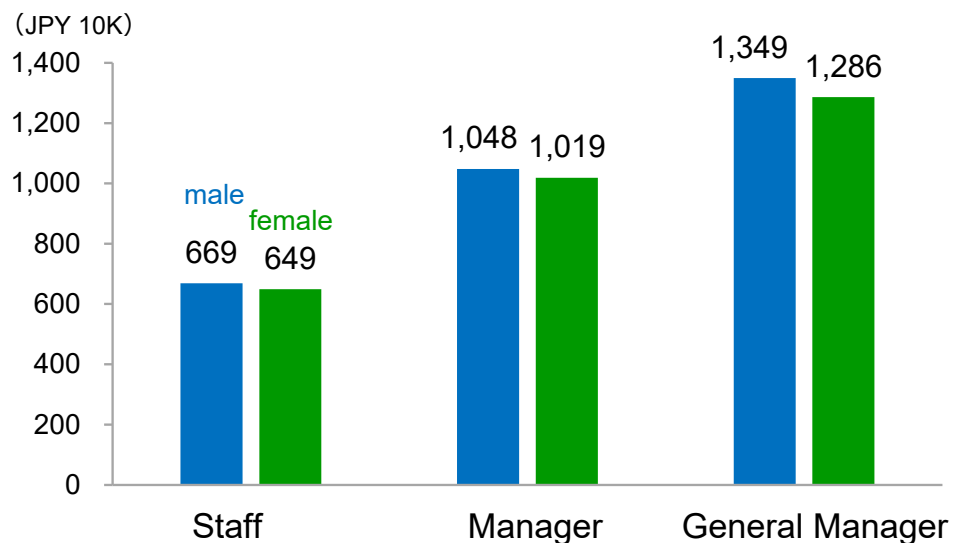
*DMG MORI CO., Ltd, Japanese employees

- ✔ Equal wage level regardless of gender & promotion of female careers
- ✔ Until 2025: Number of female employees in management positions to be actively increased

■ Average annual income by gender (FY2022)

※ Aggregation by position based on our standards

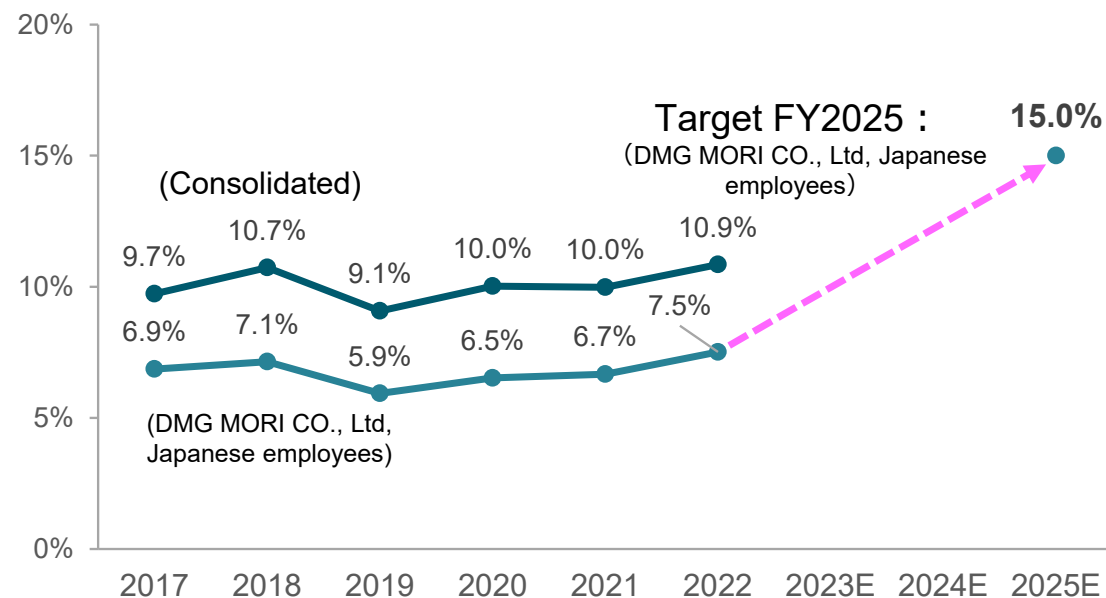
Average age (years old)	41.6/ 35.3	45.8/ 43.5	49.3/ 43.3
Number of employees	1,466/ 283	398/ 26	86/ 4



DMG MORI CO., Ltd, Japanese employees

■ Percentage of female managers

※ Aggregation by position based on our standards



✔ Certified reduction targets have been set based on SBT

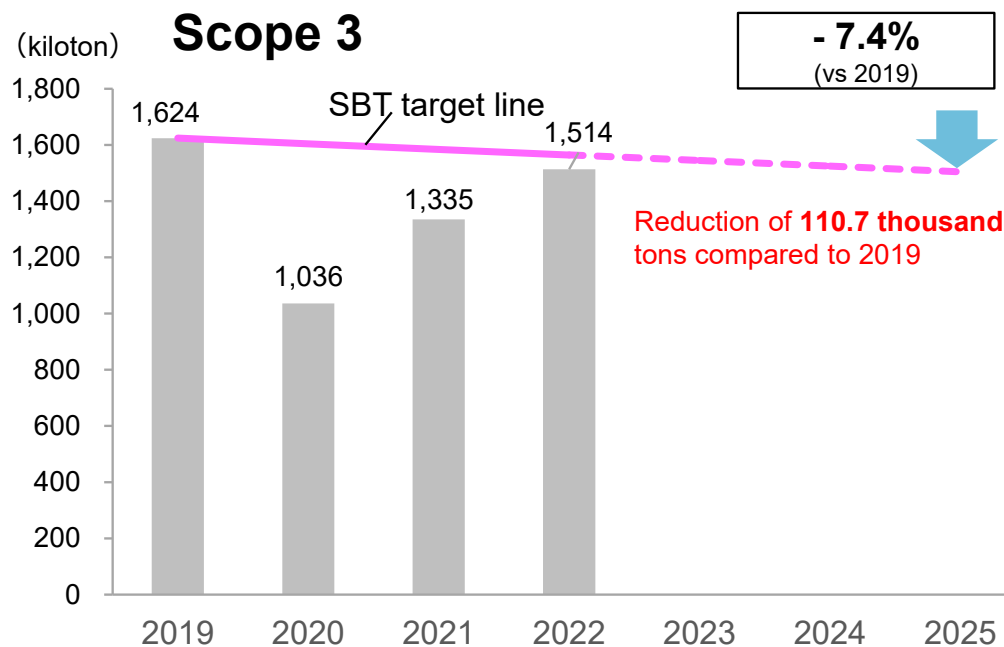
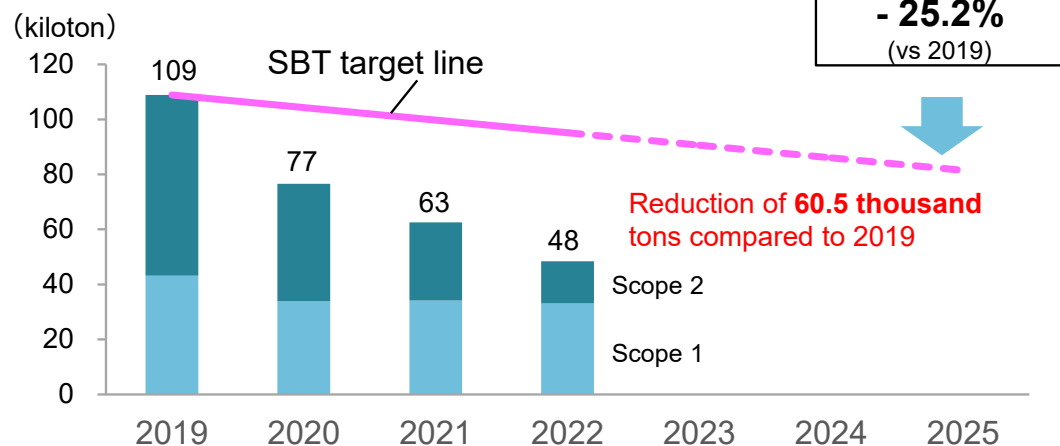
Actual CO2 emissions in 2022* below about 6% from the SBT certification plan *Preliminary figure




✔ Scope 3 reduction target to be changed from 2.0°C target to 1.5°C target, and plans to obtain SBT certification

✔ **Achieved carbon neutrality** from scope 1 to scope 3 upstream for machine tools produced globally since Jan 2021 (with use of certified carbon credits, **certified by PricewaterhouseCoopers GmbH**)

Scope 1 & 2

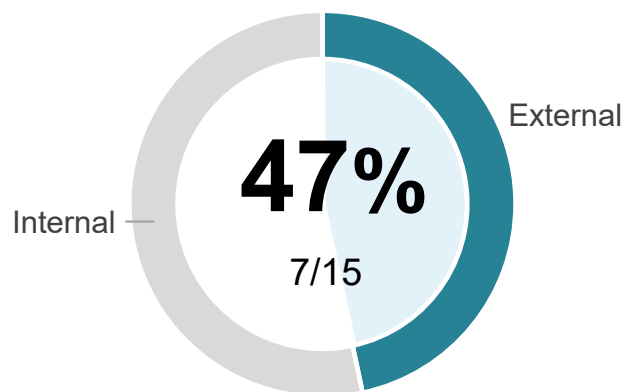


 **New Director Candidates** (to be appointed after approval at the General Meeting of Shareholders on March 28, 2023)

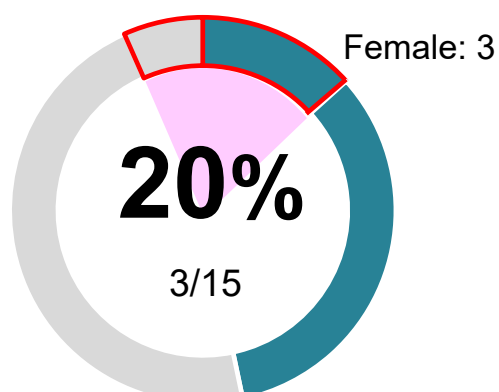
Distinction	Name	Function & Responsibilities
Internal	Ms. Irene Bader	Senior Executive Officer Global Corporate Communication & CMO
External	Mr. Mamoru Mitsuishi	Professor emeritus at the University of Tokyo Visiting Professor at Waseda University, Future Robotics Organization
	Ms. Eriko Kawai	Professor emeritus at Kyoto University External Director at Mitsui Fudosan Co., Ltd.

 **Building Gender & Nationality Diversity** (After approval at the General Meeting of Shareholders on March 28, 2023, includes both directors and corporate Auditors)

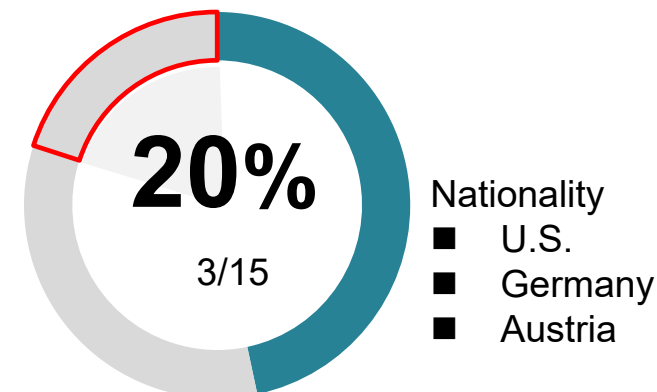
Share of External Directors



Share of Female Directors



Share of Non-Japanese Directors



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