

**DMG MORI CO., LTD.**

**FY 2024 First Quarter (Jan-Mar) Results**

**IR Announcement**

**April 26, 2024**

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# **1. FY2024 Q1 (Jan-Mar) Financial Summary**

2. Business Environment

3. Global Marketing

4. MX (Machining Transformation)

5. ESG/CSR

## FY2024 Q1 (Jan-Mar) Highlights

**DMG MORI**

- ✓ Consolidated order intake: JPY 136.8 bn. (-5.8% y-o-y, +13.5% vs FY2023 Q4)  
Service & Parts (share: 23%): JPY 31.1 bn. (+10% y-o-y)
- ✓ Average order price per unit: JPY 74.7 mil. / EUR 463,000 (FY2023 average : JPY 61.9 mil./EUR 407,000)  
Driven by process integration, automation, DX, and GX solutions
- ✓ Machine order backlog at the end of March: JPY 263 bn. (end of FY2023: JPY 247 bn.)
- ✓ Higher revenue & profit: Sales revenue + 7.8%, Operating profit + 10.9 % (y-o-y), Operating profit margin 8.1% (FY2023 Q1: 7.9%)
- ✓ Expense of JPY 14.8 bn\*\* (EUR 91.8 mil), due to the loss of control over UMT\* in Feb. 2024 and deconsolidation
- ✓ Insurance claim for JPY 14.6 bn\*\* (EUR 90.4 mil) under foreign investment insurance.  
\*Ulyanovsk Machine Tools ooo. (DMG MORI's manufacturing subsidiary in Russia) \*\*EUR/JPY=161.3
- ✓ Convertible bonds worth JPY 40 bn. converted into common stock (as announced on April 12) to reinforce financial capacity  
Based on BS to be expected at the end of April
  - Shareholders' equity : JPY 307.2 bn. Equity ratio: over 39% (end of March: JPY 274.8 bn., 34.6%)
  - Net interest-bearing debt : JPY 36 bn. Net D/E ratio: 0.12 (end of March: JPY 78.1 bn., 0.28)
  - Total No. of Issued shares : 141,955 thousand (end of March: 128,974 thousand)
  - Market capitalization : JPY 589 bn. @4,150 on Apr. 25 (end of March: JPY 524 bn. @4,062)
- ✓ Revision of fiscal year forecast due to strong orders and improved profitability in Q1  
Sales JPY 550 bn. (JPY 540 bn.), Operating profit JPY 58.5 bn. (JPY 57 bn.), OP margin 10.6% (10.6%), Net profit JPY 36 bn. (JPY 35 bn.)

# FY2024 Q1 Financial Highlights

**DMG MORI**

(JPY bn.)	FY2022 1Q	FY2023 1Q	FY2024 1Q	YoY (%)
<b>Consolidated order intake</b>	150.1	145.3	<b>136.8</b>	-5.8%
Order backlog	203.0	269.0	<b>263.0</b>	
<b>Sales revenue</b>	107.3	123.2	<b>132.9</b>	+7.8%
<b>Operating profit</b>	9.5	9.7*	<b>10.8</b>	+10.9%
Operating profit margin	8.8%	7.9%	8.1%	
<b>Net profit from continued operations</b>	6.3	6.2	<b>6.3</b>	+0.7%
Loss from discontinued operations in the Russian manufacturing company (one-time)			-14.8	
<b>Net profit</b>	6.3	6.3	<b>-8.7</b>	
Depreciation & amortization including leasing	5.6	6.2	7.4	
Capital expenditure	10.2	11.1	8.1	
USD/JPY	116.2	132.4	148.6	
EUR/JPY	130.4	142.1	161.3	

\*Due to deconsolidation of UMT, the operating profit for FY2023 1Q has been revised to JPY 9.7 bn. to apply the same standards as in FY2024 1Q (previous announcement: JPY 9.7 bn.) It has no impact on net profit. The effect of deconsolidation of UMT is not reflected on results of FY2022 and before.

## Loss on Deconsolidation of Russian Manufacturing Subsidiary (UMT)

■ Russian Manufacturing Subsidiary-Ulyanovsk Machine Tools ooo (UMT)

2012 : Establishment (Commercial Register) → Accumulated investment of EUR 95.5 mil. by 2017

Mar. 2022: Suspension of operation just after the Russian invasion of Ukraine

Feb. 2024: The Government of the Russian Federation took over UMT

(disclosed as a subsequent event in FY2023 financial report)

As of Mar. 31, 2024	(EUR mil.)	(JPY bn.)*
Net Asset :	64.4	10.4
Currency Adjustment Expense :	27.4	4.4
Total :	91.8	14.8



**【FY2024 Q1】**

- Loss of control over UMT resulted in deconsolidation of UMT from DMG MORI AG
- Recognized one-time loss of JPY 14.8 bn. (EUR 91.8 mil.) from the deconsolidation



**【Actions for compensation】** as of April 26, 2024

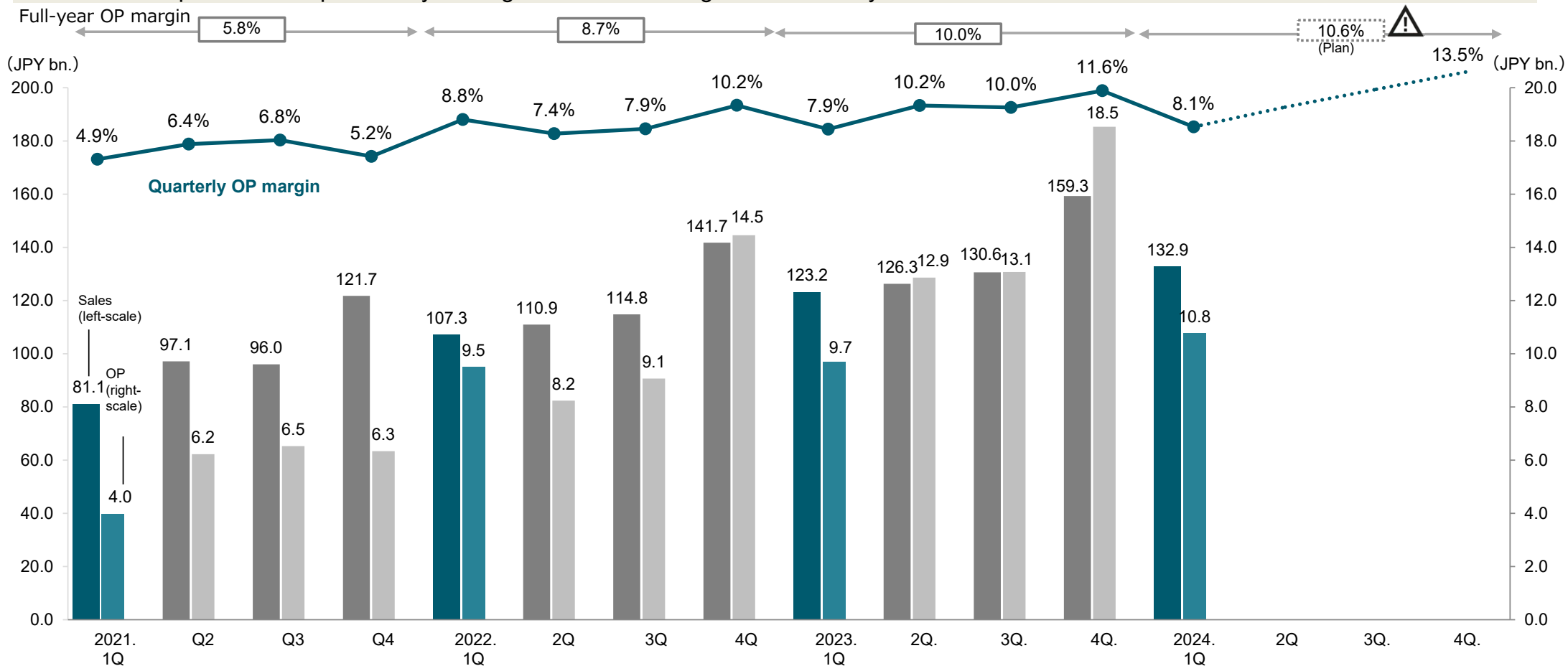
- Asserting claims for compensation under foreign investment insurance
- Insurance claim amount: JPY 14.6 bn.\* (EUR 90.4 mil.)

\* EUR/JPY=161.3

# Quarterly Financial Results



- OP margin improved to 8.1% from 7.9% in the same period last year, driven by lower discount due to solution provision to customers
- Continued improvement in profitability. Aiming 10.6% of OP margin for full fiscal year.



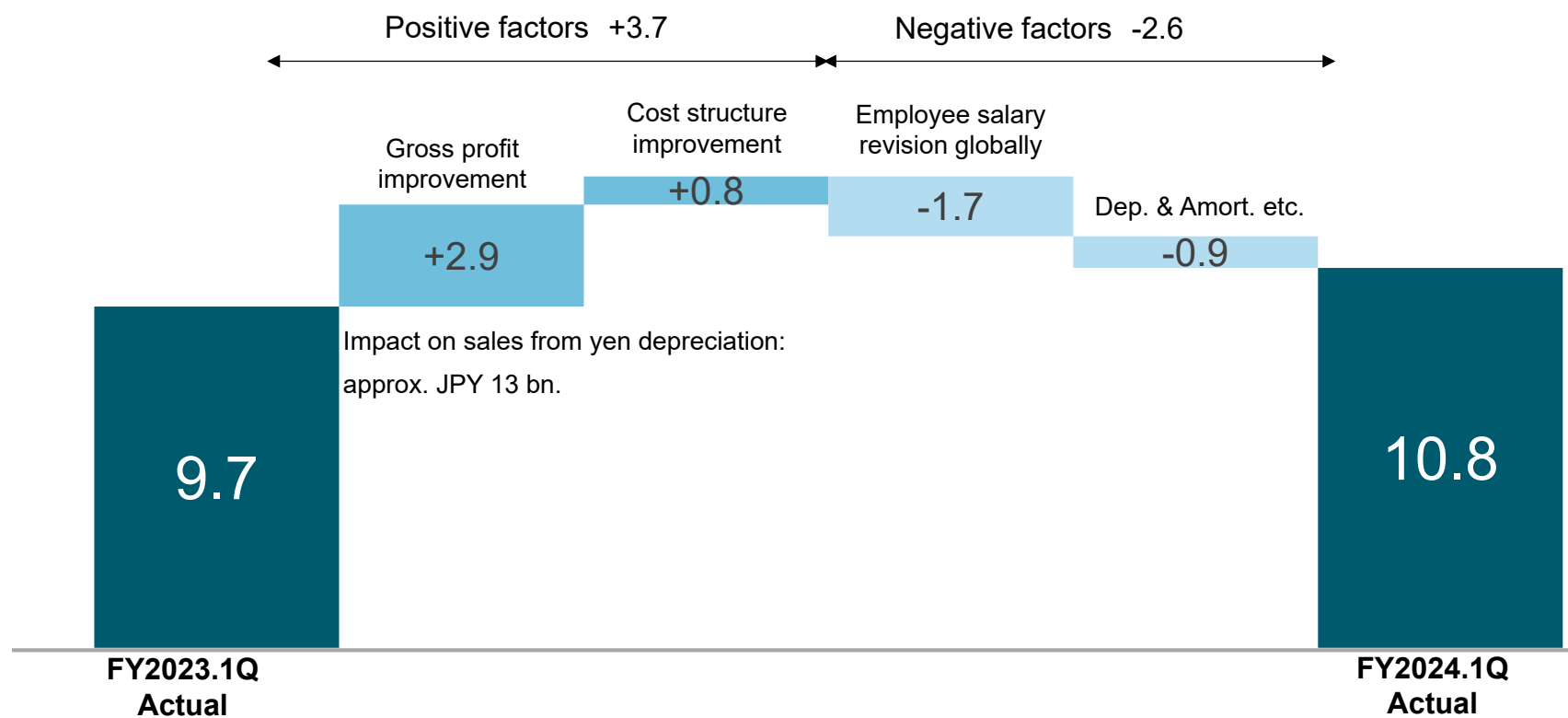
\*The effect of deconsolidation of UMT is not reflected on results of FY2023 and before.

# Operating Profit Bridge: FY2023 Q1 (Jan-Mar) vs. FY2024 Q1 (Jan-Mar)

- Gross profit & operating profit improved through MX solutions
- Higher expenses (depreciation, etc.) offset by increased in-house production and resulting cost structure improvement

(JPY bn.)	FY2023.1Q	FY2024.1Q	Changes
Sales revenue	123.2	132.9	+9.6

	FY2023.1Q	FY2024.1Q
Exchange rate :USD/JPY	132.4	148.6
EUR/JPY	142.1	161.3

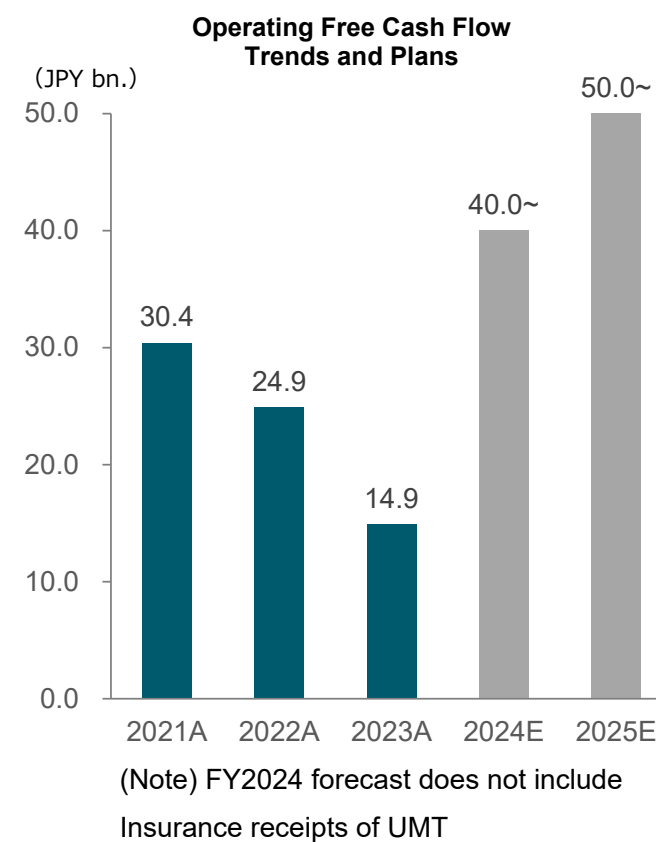


# Cash Flows



- Negative operating free cash flow of JPY 1.1 bn. Capital investment in line with plan. JPY4 bn. for acquisition of DMG MORI Precision Boring (former KURAKI).
- Operating free cash flow forecasted to improve from Q2 onwards to make JPY 40 bn. in full year, driven by increased profits and inventory reduction.

(JPY bn.)	2022					2023					2024		
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q		FY (Plan)
<b>Operating cash flow</b>	<b>12.5</b>	<b>23.6</b>	<b>10.1</b>	<b>23.5</b>	<b>69.7</b>	<b>9.3</b>	<b>5.1</b>	<b>5.8</b>	<b>31.5</b>	<b>51.6</b>	<b>9.5</b>		
Profit before taxes	8.9	7.4	8.0	12.2	36.5	8.5	11.2	11.7	16.5	47.9	9.3		
Depreciation & amortization	5.6	6.0	5.8	6.6	24.0	6.2	6.3	6.8	7.2	26.5	7.4		
Changes in working capital	-1.8	9.9	-0.9	5.1	12.3	-1.7	-10.2	-7.1	9.9	-9.1	0.1		
Others	-0.2	0.4	-2.9	-0.3	-3.1	-3.7	-2.3	-5.6	-2.1	-13.7	-7.3		
<b>Investment cash flow</b>	<b>-10.1</b>	<b>-11.5</b>	<b>-11.8</b>	<b>-11.5</b>	<b>-44.9</b>	<b>-11.1</b>	<b>-10.1</b>	<b>-9.6</b>	<b>-5.9</b>	<b>-36.7</b>	<b>-10.6</b>		
<b>Operating free cash flow</b>	<b>2.4</b>	<b>12.1</b>	<b>-1.7</b>	<b>12.1</b>	<b>24.9</b>	<b>-1.8</b>	<b>-5.0</b>	<b>-3.9</b>	<b>25.6</b>	<b>14.9</b>	<b>-1.1</b>		<b>40.0</b>



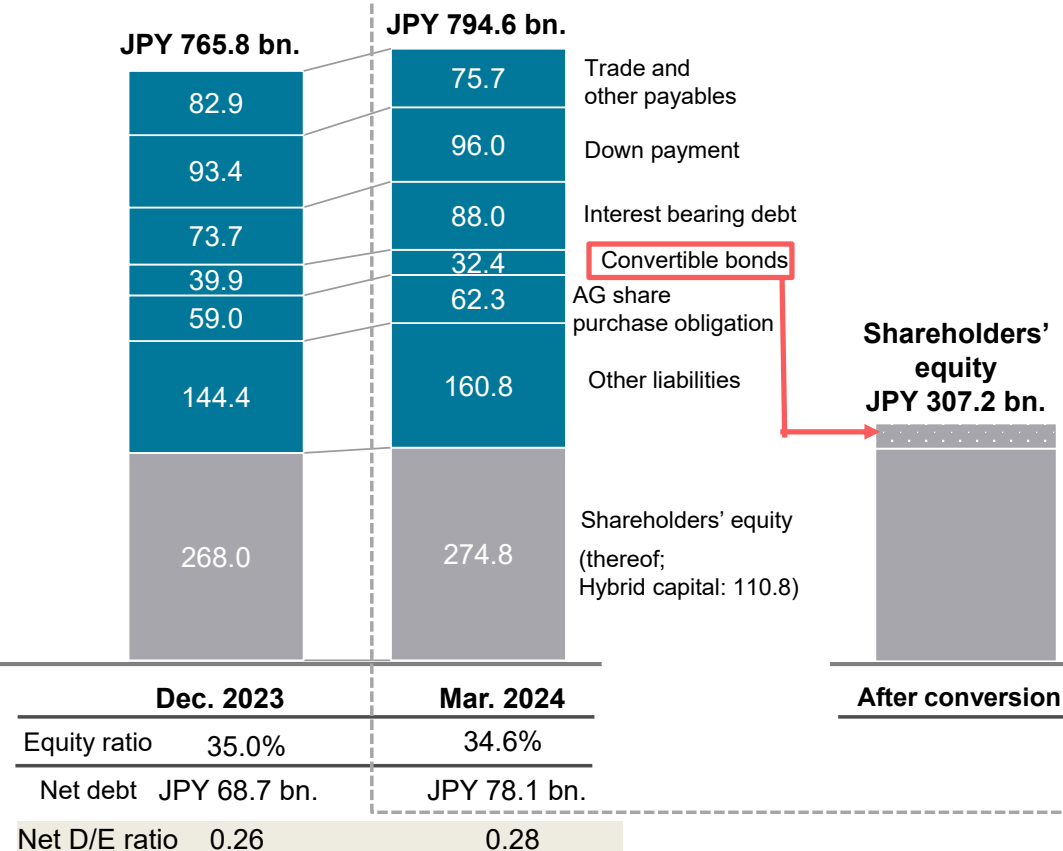
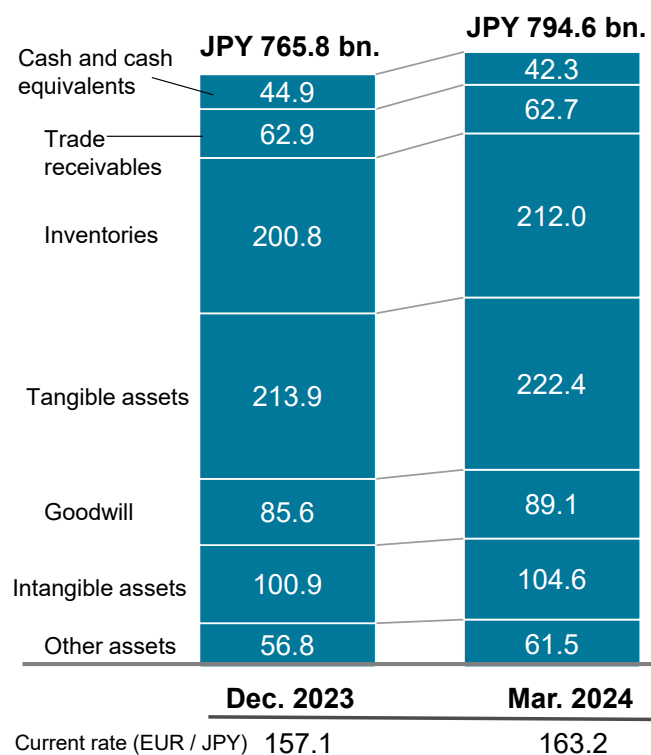


# Balance Sheet Summary

- FX effected approx. JPY 23 bn.
- Convertible bonds worth JPY 40 bn. converted to common stock (as disclosed on April 12. JPY 7.5 bn. converted as of March 31)

## Assets

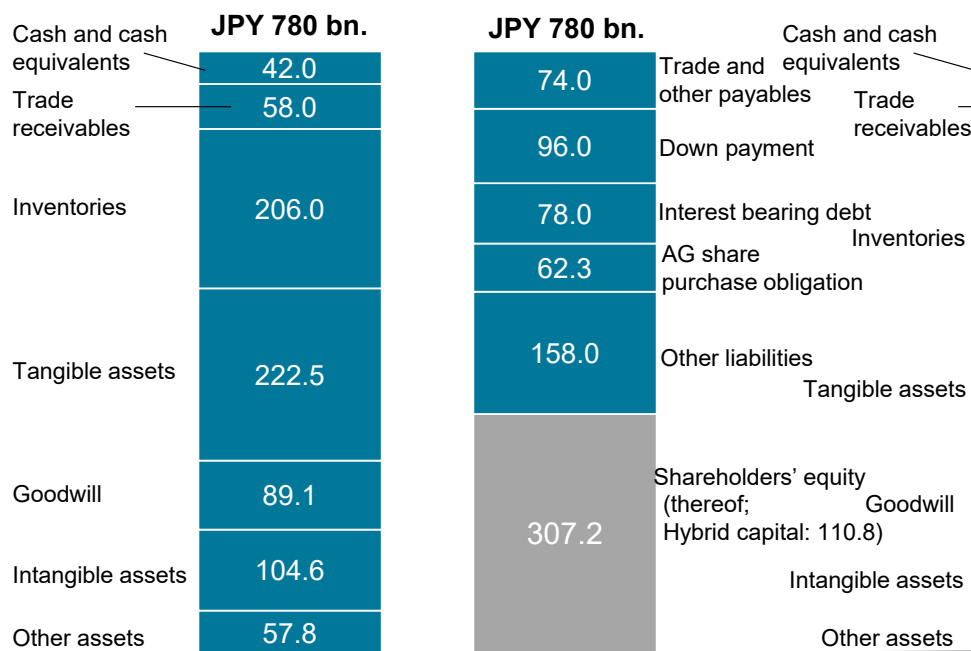
## Liabilities & Equity



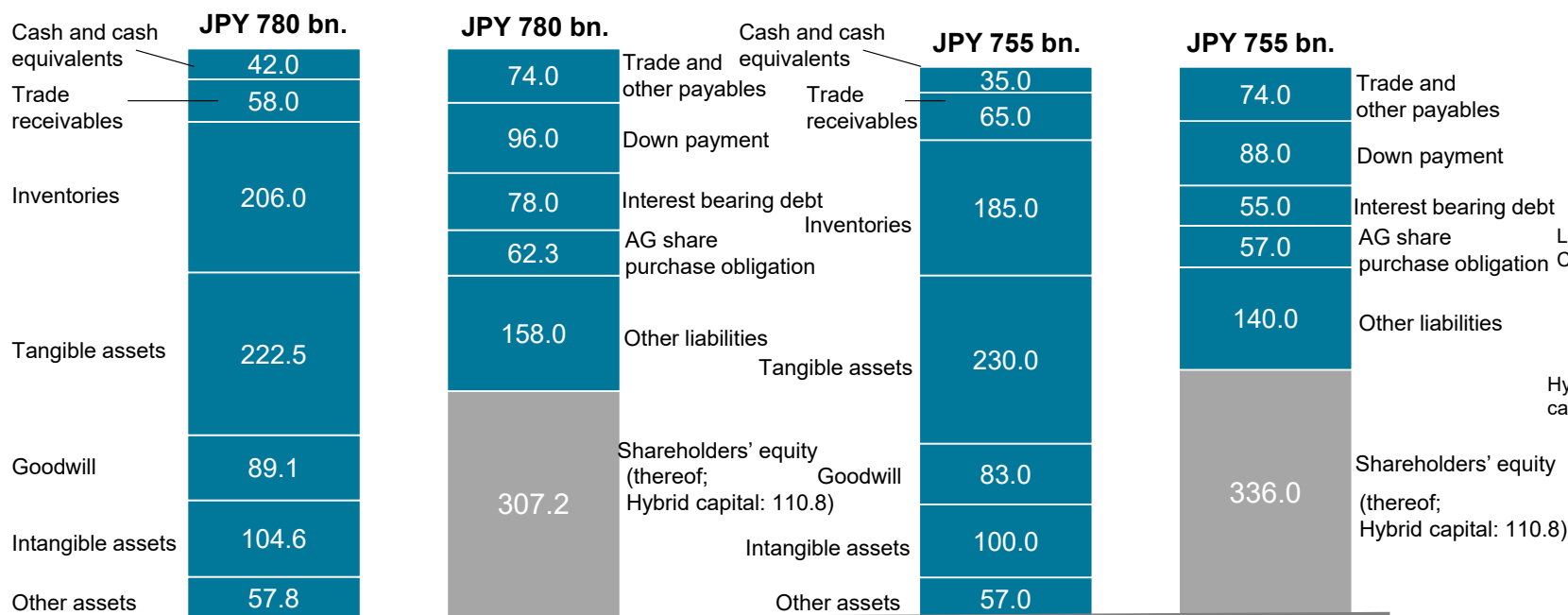
# Balance Sheet Plan

- Enhanced BS structure is expected at the end of April: Equity ratio over 39%, Net debt balance approx. JPY 36 bn.
- Equity ratio at the end of 2024 planned to be 44.5%, net debt JPY 20 bn., and net D/E ratio 0.06

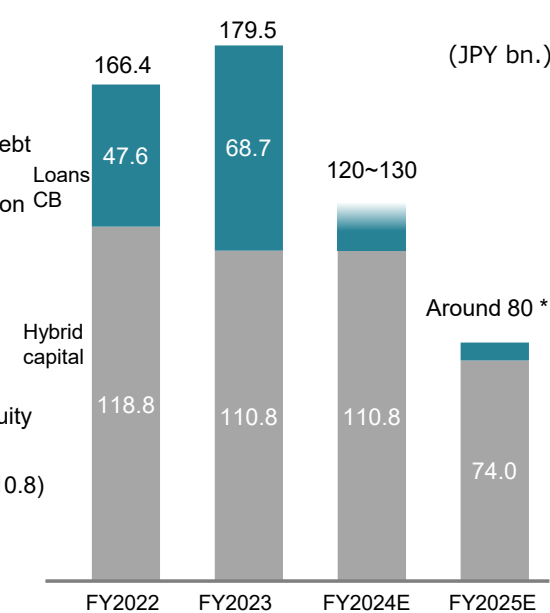
## Apr. 2024 (Expected)



## Dec. 2024 (Plan)



## Net Debt Reduction Plan



Apr. 2024	
Equity ratio	>39%
Net debt	JPY 36 bn.
Net D/E ratio	0.12

Dec. 2024	
Equity ratio	44.5%
Net debt	JPY 20 bn.
Net D/E ratio	0.06

EUR / JPY 150.0 (forecast)

\* Hybrid capital JPY 37.0 bn. Optional redemption (Aug. 2025)

# FY2024 (Jan.-Dec.) Forecast

- Fiscal year business plan revised upward due to strong orders in Q1.
- One-time loss from the deconsolidation of UMT is assumed to be offset by insurance.

(JPY bn.)	FY2022 (Actual)	FY2023 (Actual)	FY2024 Plan (Revised)	YoY (%)	FY2024 Previous plan (Feb 5 <sup>th</sup> )
<b>Consolidated order intake</b>	542.4	520.0	520.0		520.0
Order backlog	254.0	247.0	—		—
<b>Sales revenue</b>	474.8	539.5	550.0	+2.0%	540.0
<b>Operating profit</b>	41.2	55.4*	58.5	+5.7%	57.0
Operating profit margin	8.7%	10.3%	10.6%		10.6%
<b>Net profit</b>	25.4	33.9	36.0	+6.1%	35.0
Depreciation & amortization including leasing	24.0	26.5	30.0		30.0
Capital expenditure	41.1	42.5	30.0		30.0
USD/JPY	131.5	140.6	142.2		140
EUR/JPY	138.1	152.0	152.8*		150

\*Due to deconsolidation of UMT, the operating profit for FY2023 has been revised to JPY 55.4 bn. and operating profit margin to 10.3% to apply the same standards as in FY2024 (previous announcement: JPY 54.2 bn., 10.0%) It has no impact on net profit. The effect of deconsolidation of UMT is not reflected on results of FY2022 and before.

※Expected exchange rate for and after Q2 : USD/JPY=140 EUR/JPY=150

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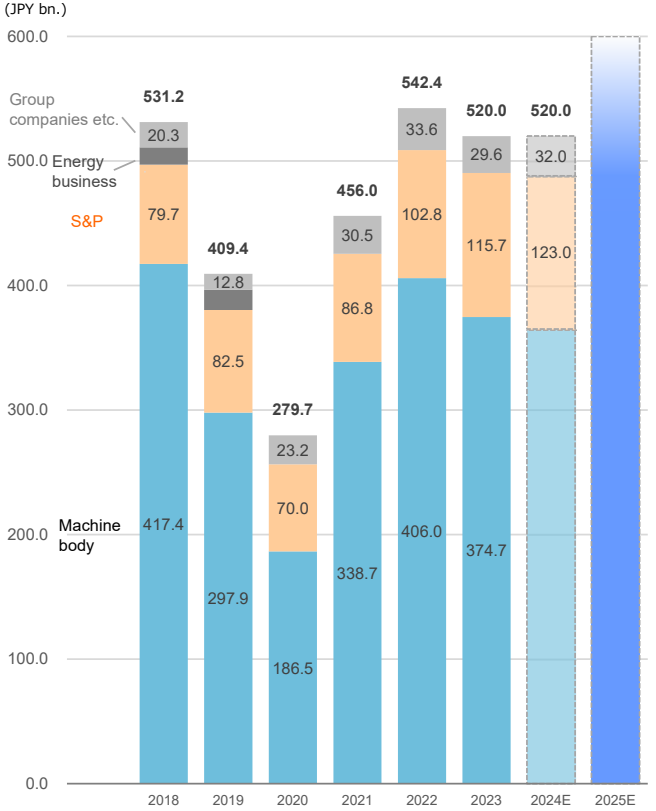
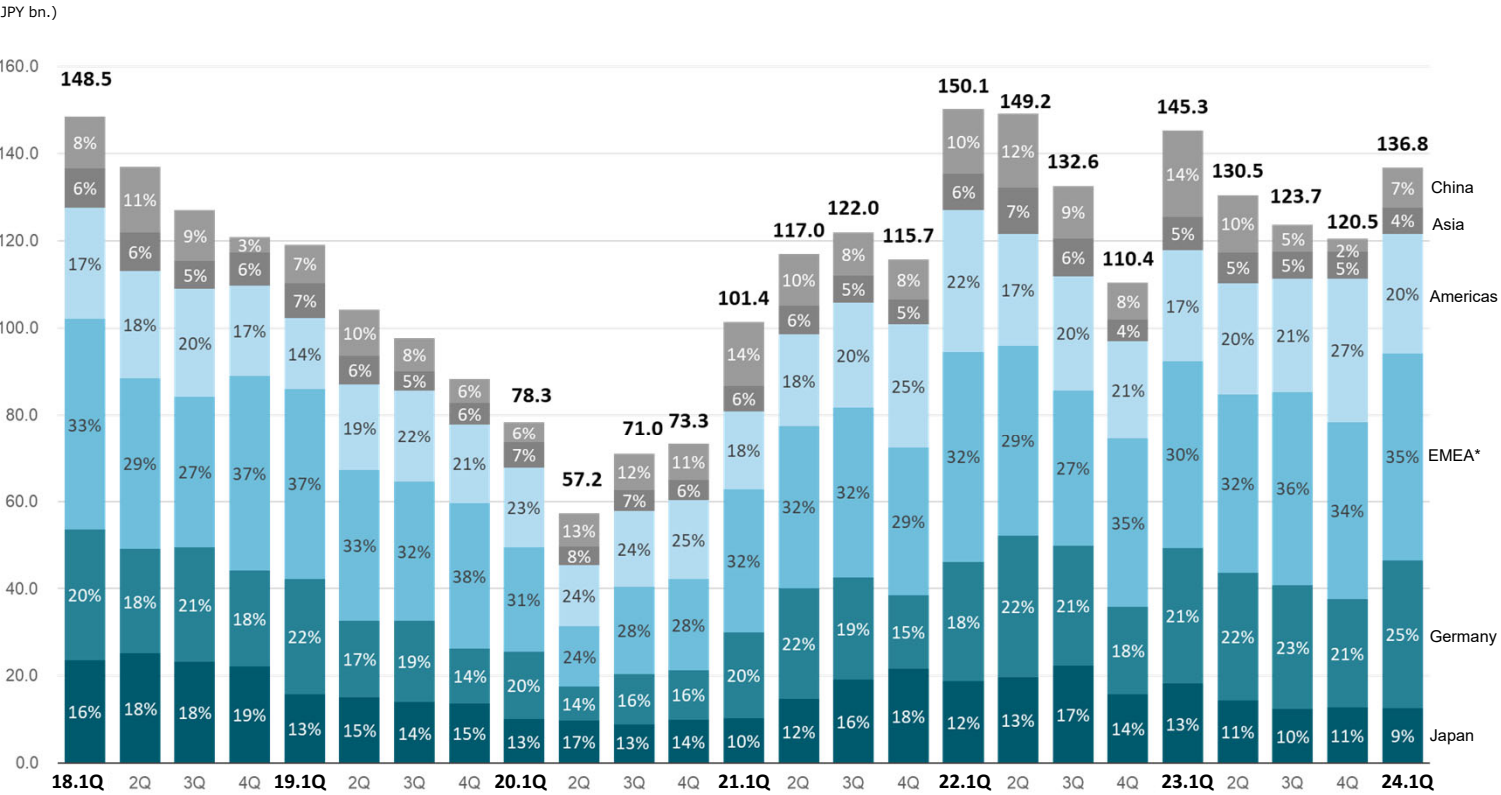
# Consolidated Order Intake



- Order intake bottomed out in FY2023 Q4. Demand in EMEA and the US remain stable.
- Spare parts & Service have been progressing as planned with a y/y double-digit growth to JPY31.1bn in Q1. 25% progress against annual plan of JPY 123 bn.

Quarterly

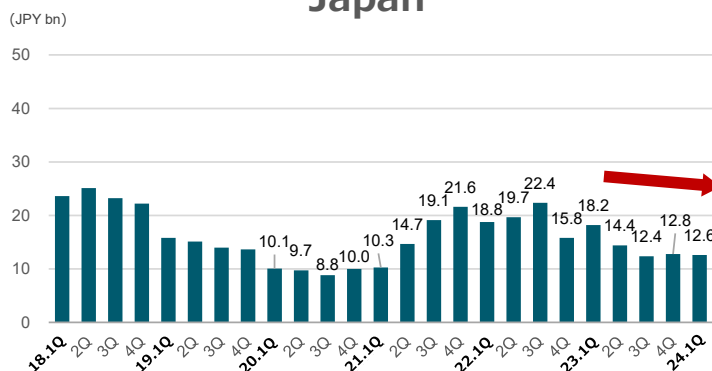
Yearly



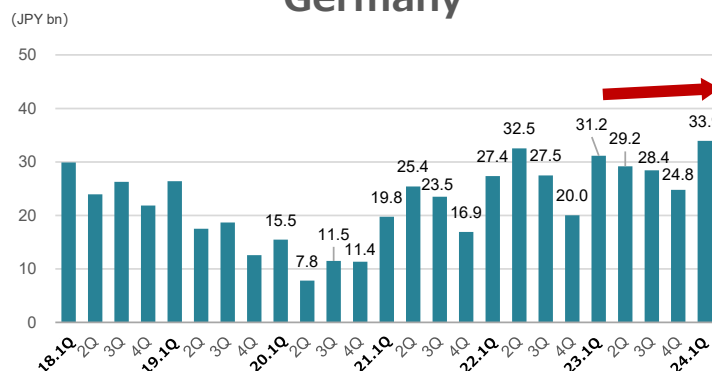
# Order Intake by Region

- Germany topped an all-time high. EMEA was near peak. US remained stable. The weak yen also contributed.
- Japan and Asia leveling off. In China, demand for process-integration/high value-added machines for civil use remain steady.

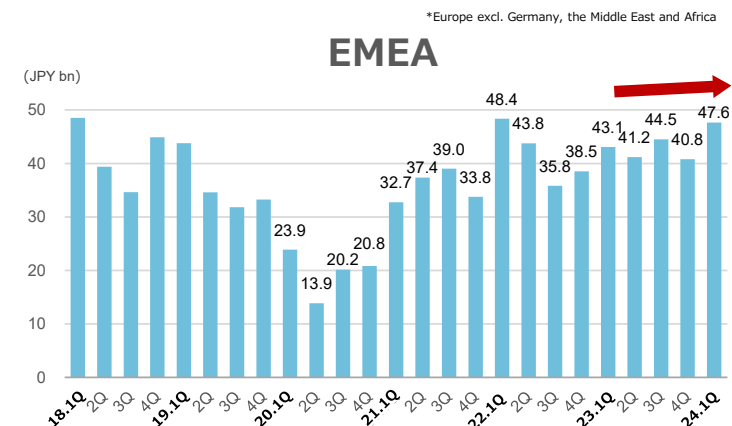
## Japan



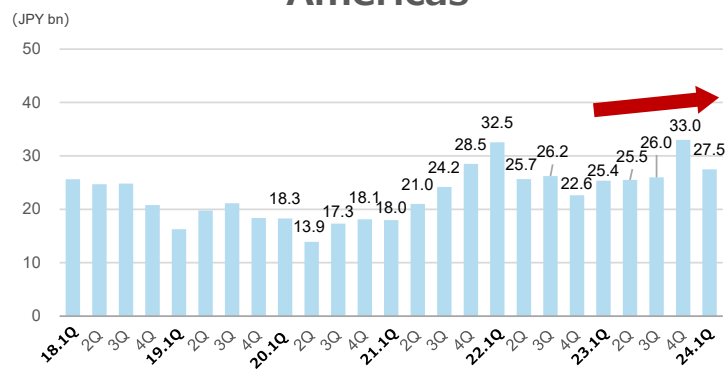
## Germany



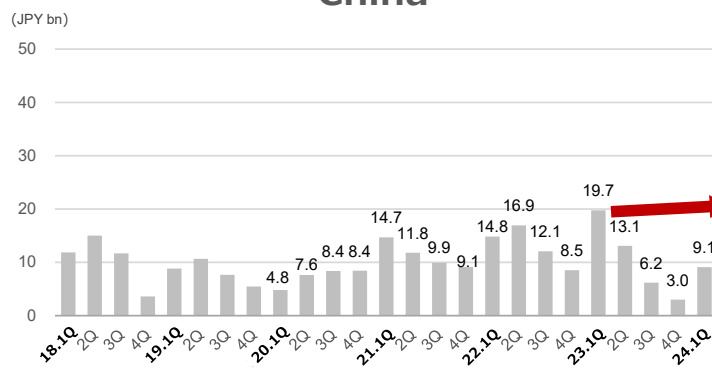
## EMEA



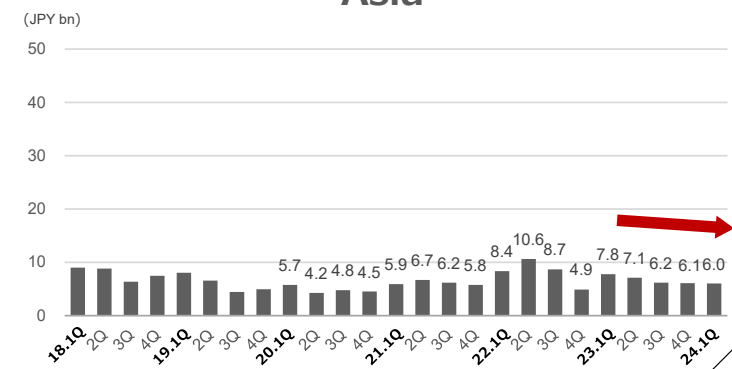
## Americas



## China



## Asia

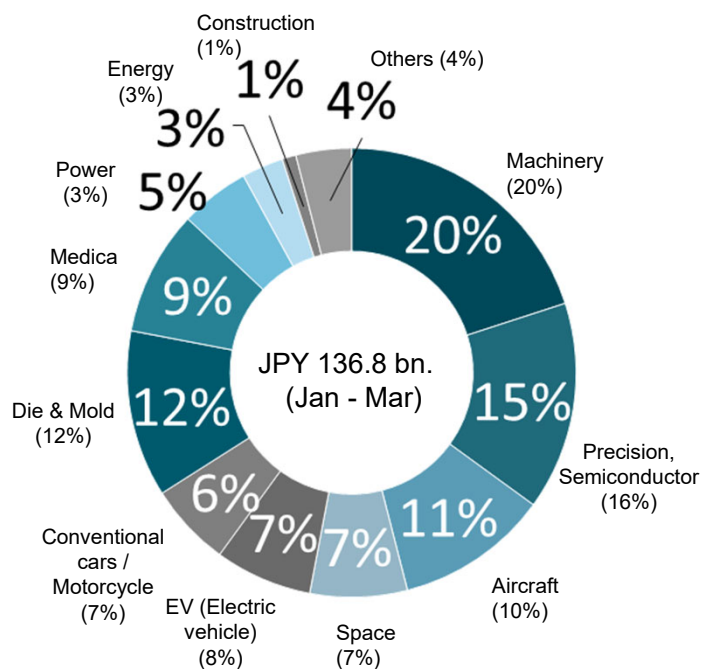


# Consolidated Order Composition (Jan-Mar)

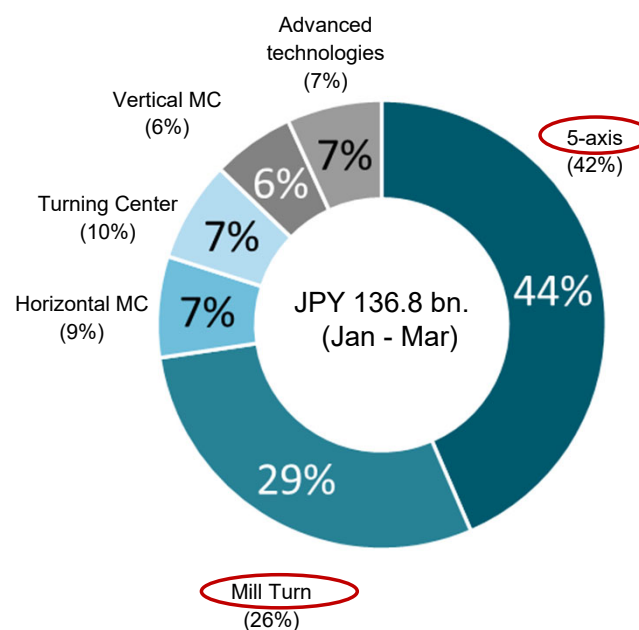
- Significant orders from the aircraft, space, medical, and energy. Large commercial aircraft projects greatly contributed
- Process integration models (5-axis & mill-turn) now account for 73%. Automation gradually appreciated by small firms as a solution to labor shortage

Based on amount (% in brackets: FY2023 Jan-Dec)

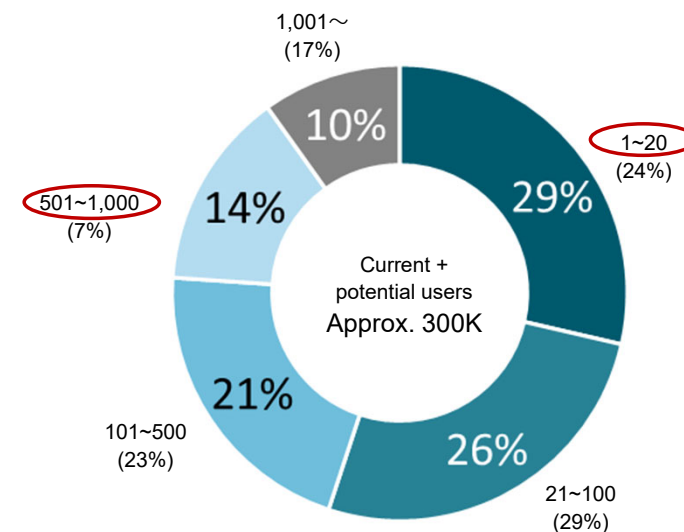
by industry



by product type



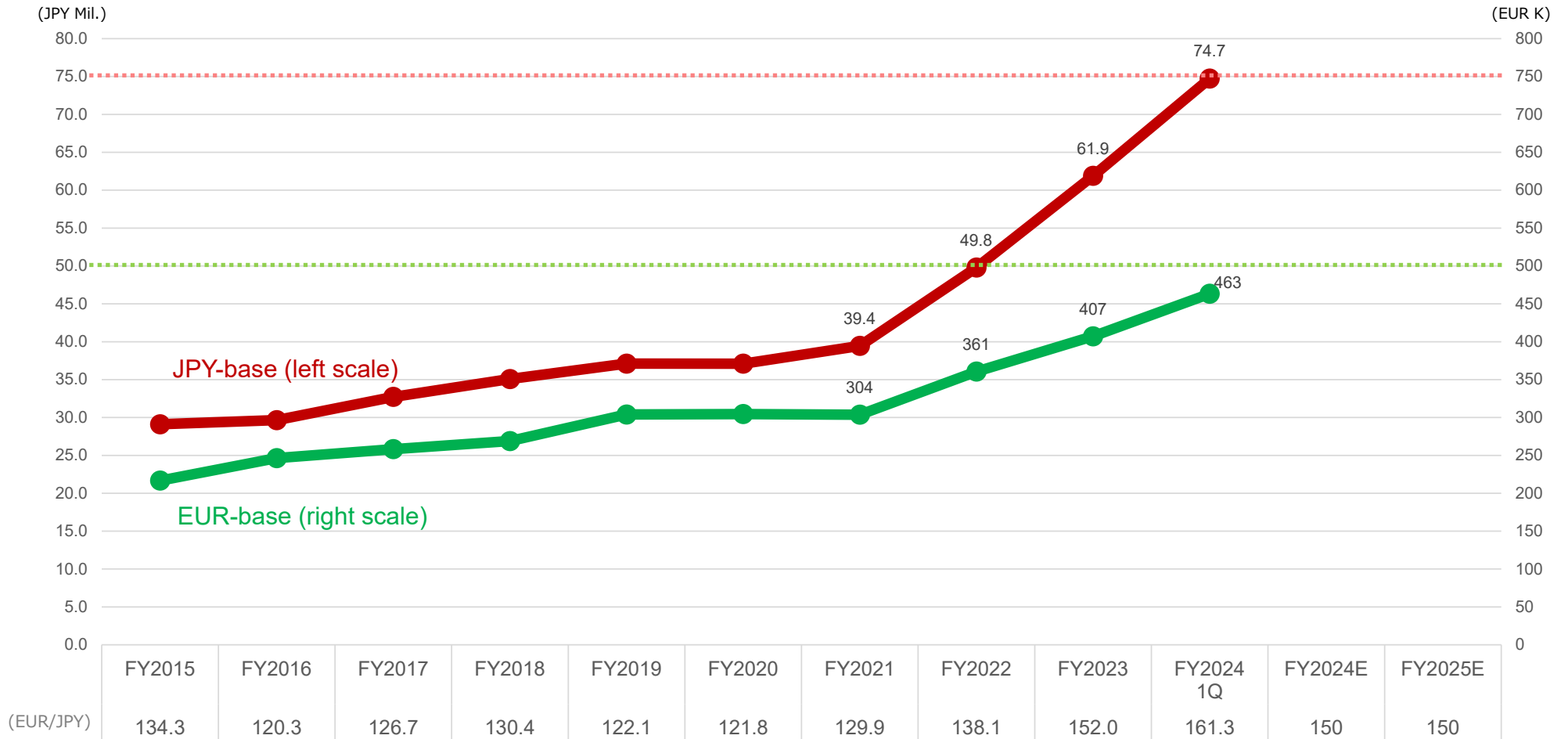
by customer's employee number



# Average Order Price per Unit



- MX (process integration, automation, GX, DX) solutions continue to boost average price
- EUR-based order price grew almost as planned



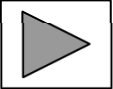


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## 1. MX – Machining Transformation



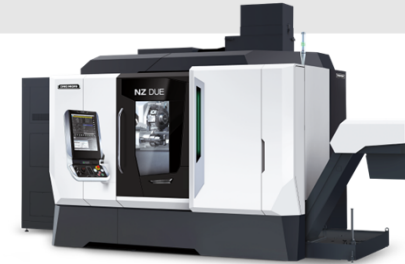
## 2. Premiere Machines (USA) with CELOS X



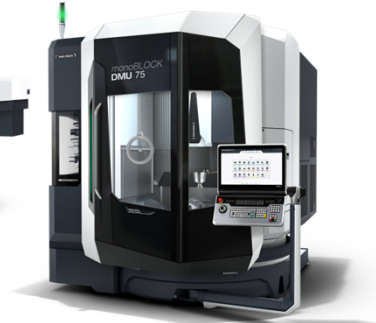
INH 63



DMU 40



NZ DUE



DMU 75 monoBLOCK 2nd Gen.

## 3. Stock Machine Sales

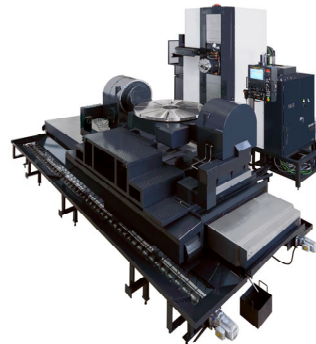


NHX with RPS from Davis factory

## 4. Precision Grinding & Boring



Vertical Mate 85



KTR 1200

## 5. Career Day & Family Day



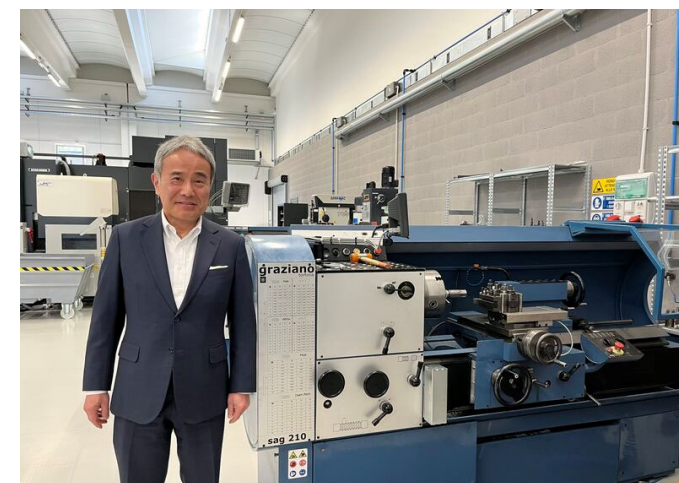
# Open House Tortona 2024 (April 11 – 12, 2024)

# DMG MORI



## Tortona factory key facts :

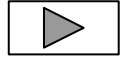
- + Founded in 1940
- + Manufacturing universal turning centers incl. CLX series, CTX series, and CTX TC series
- + State-of-the-art assembly hall completed in 2024 (Investment of EUR 5.5 mil. / JPY 880 mil.)  
※1 EUR=160 JPY
- + Production capacity : increased to 520 machines per year from 380 machines
- + Increased space for turnkey projects & application with automation



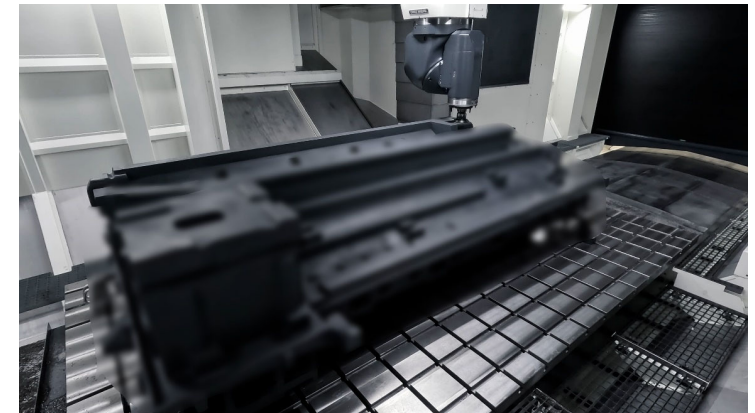
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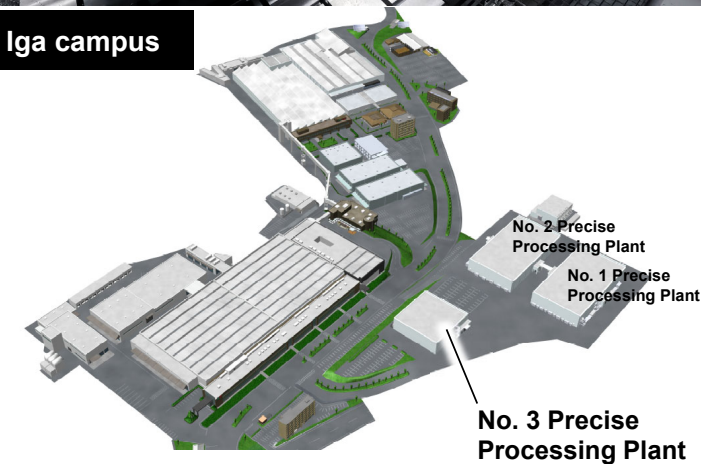
# Process Integration at No. 3 Precise Processing Plant, Iga



- ✓ Installation of two DMU 1000 SE machines
- ✓ After third machine (2025), casting processing capacity will be 14,000t/year (max. length 13m)



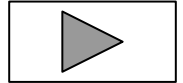
Iga campus



## NEW HMI “ERGOline X with CELOS X”

**DMG MORI**

- ✓ Boost your factory productivity with intuitive control and DX
- ✓ Shorten your setup times with simple screen inputs via “Setup Assistant”



ERGOline X with CELOS X

From the left: MAPPS (FANUC, MITSUBISHI), SIEMENS, HEIDENHAIN

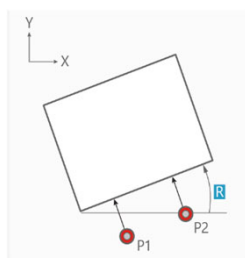
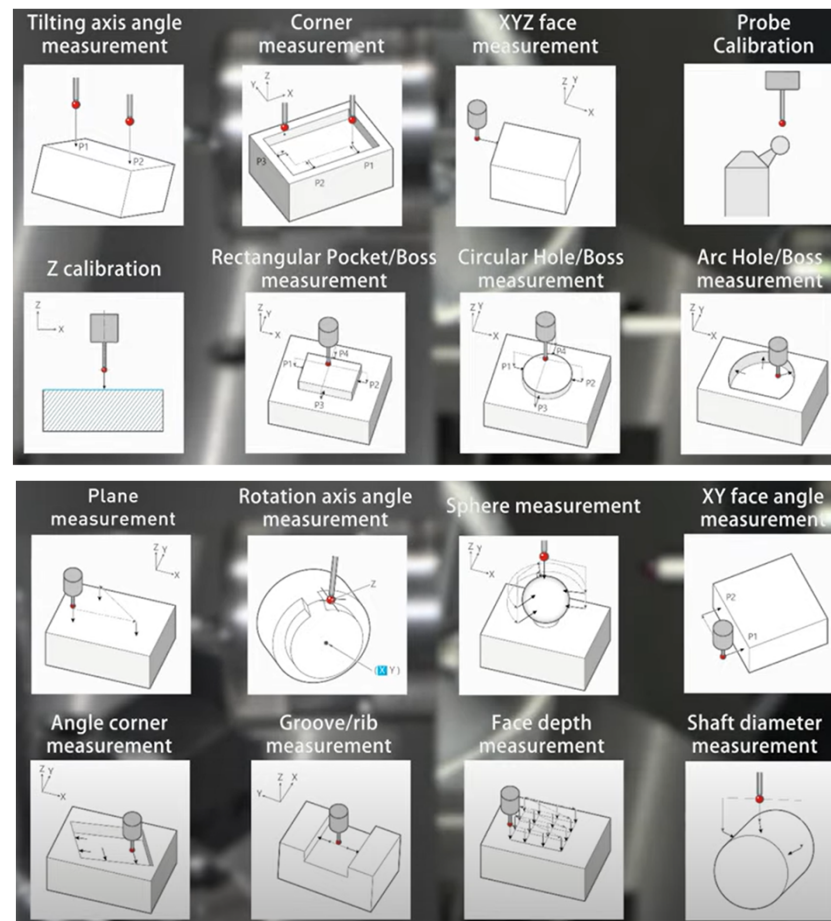
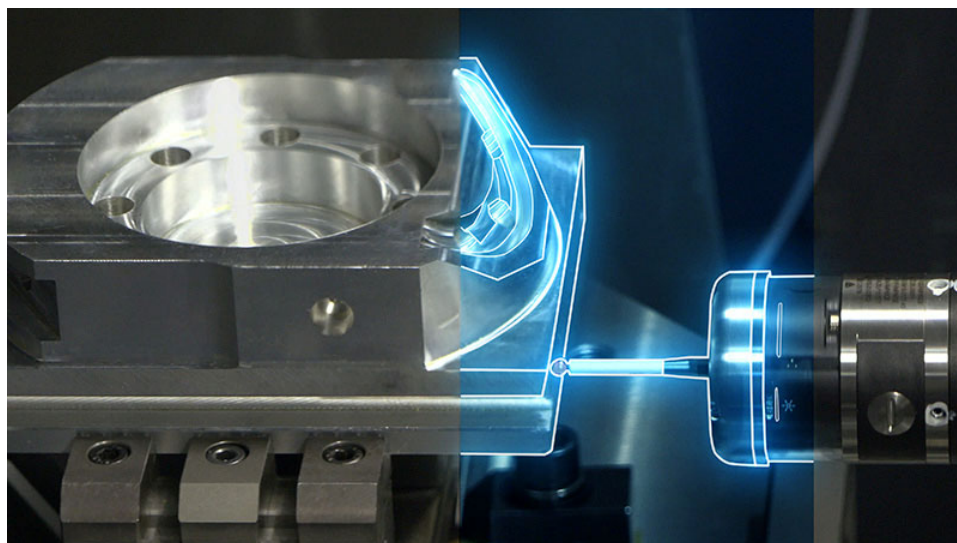
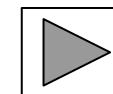


NTX 500 + ERGOline X with CELOS X



✓ Rich measurement functions for shorter setups

## Various measuring functions



Example: Programming time  
(for parallel workpiece alignment)

Before : **60min** → Measuring Pro : **2min**

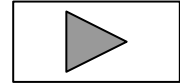
# LASERTEC 3000 *DED Hybrid* JSME-Award (Technology)

**DMG MORI**

- ✔ Process Integration: Deposition, Milling, Turning, Grinding
- ✔ Reduced impact on environment through process integration and process time reduction



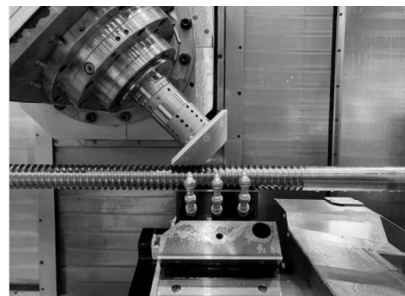
R&D EO / AM Dpt. GM  
Ms. Yoko Hirono



Turning



Milling



Grinding



Metal Deposition

DMG MORI's hybrid metal deposition machine  
for process integration and energy saving





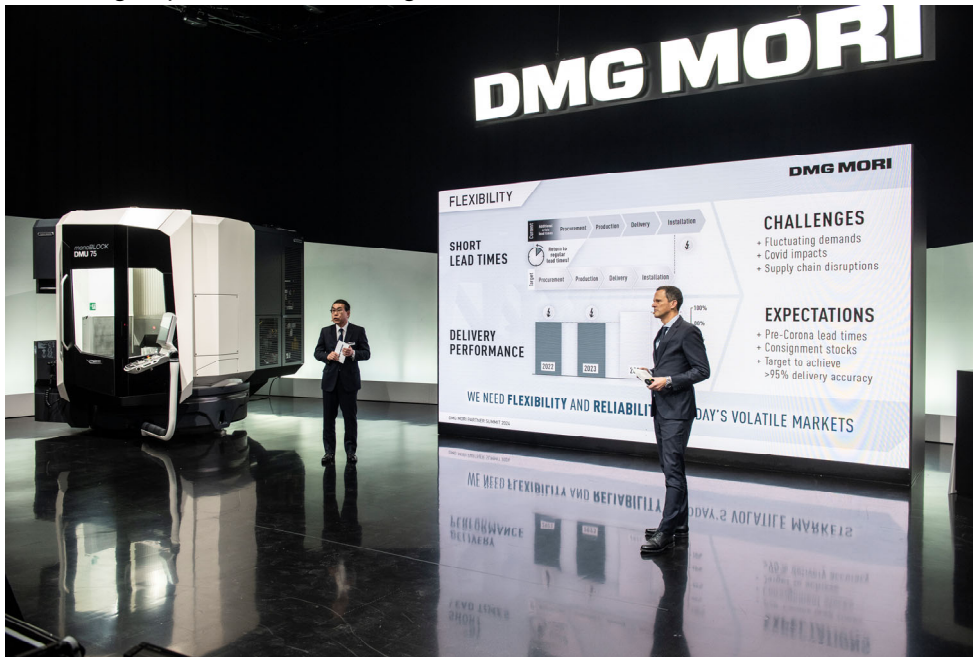
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# Supplier Engagement: Partner Summit 2024 in Germany

**DMG MORI**

- ✓ Improve communication with partner companies
  - ✓ Company mission, Examples of process integration
  - ✓ Presentation on trends of semiconductor customers
  - ✓ Updates in IT Security, Health & Safety management
  - ✓ Support for employee training and health management

## ■ Briefing of procurement strategies



## ■ Award ceremony (Japanese partners awarded in 3/7 categories)



## ■ Networking among partner companies



# DMG MORI awarded for Health & Productivity in 2024



- ✔ Selected for the first time for the “Health & Productivity Stock Selection” by METI and Tokyo Stock Exchange
- ✔ 1 listed corporation/industry
- ✔ Large corporations with strategic employee health management
- ✔ ROE (Return of Investment) and other KPIs also considered



## 健康経営銘柄 2024

Health and Productivity

### Report of awarded company

### Health initiative example (Low-salt meal at company restaurant)

Health & Productivity Stock Selection

Top 500 (White 500) of the below

Certified Health & Productivity Management Organizations

Corporations that answered the health management survey

Large corporations (≥ 10,000 employees)



**DMG MORI**  
DMG 森精機株式会社

全額負担の各種がん検診や保健指導、社内健康データの見える化など健康経営度調査項目を参考に、組織的で系統的な取り組みを展開

項目	2023年度	2022年度	2021年度	2020年度
従業員数	10,100	10,100	10,100	10,100
売上高	1,200	1,200	1,200	1,200
経常利益	100	100	100	100
ROE	10%	10%	10%	10%
健康経営度	95	90	85	80

健康経営で解決したい経営課題に到達するための指標となる「意識変化・行動変容」に関するKPIの把握、継続管理をしながら年度（4月開始3月終了）単位で従業員全員を対象に行っている

<https://www.dmgmori.co.jp/sp/health/>

Source : [Health & Productivity Stock Selection \(METI\)](#)

Source : [240328kenkoukeieigaiyou.pdf \(meti.go.jp\)](#) with modifications

“Health & Productivity” is a registered trademark by Non-Profit Organization Kenkokeiei.

# Sustainability : Ranked A- in CDP2023

- ✓ Ranked A- in the CDP2023 for “Climate change” and “Water security”
- ✓ Application for new “net zero” targets ongoing



Targets approved by SBTi  
(as of Dec. 2023)

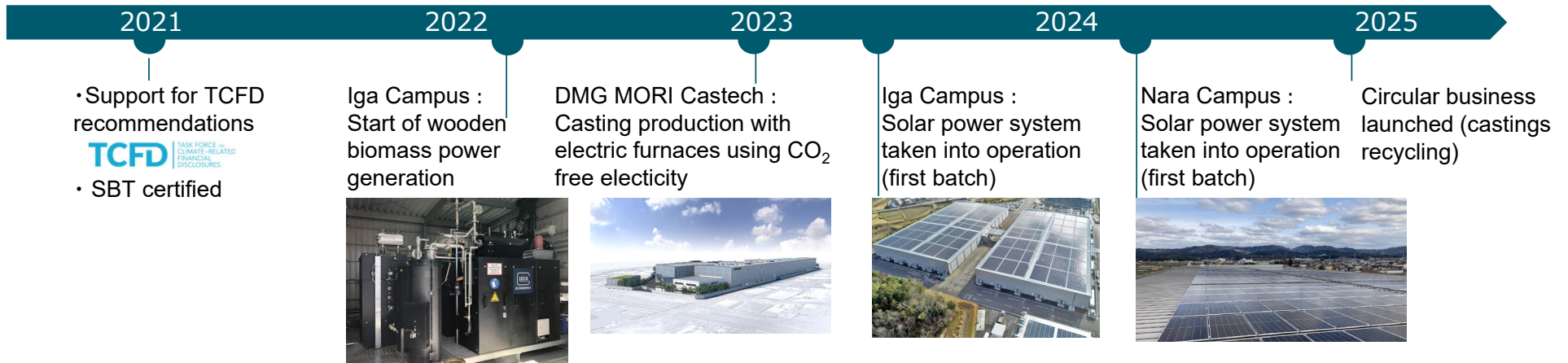


Target Year	2030
Scope 1 & Scope 2	▲46.2%
Scope 3	▲13.5%

New targets = SBTi Corporate Net Zero  
(as of Apr. 2024 / application ongoing)

Target Year	2030 (Well below 2.0°C)	2050 (Net zero)
Scope 1 & Scope 2	▲46.2%	▲90%
Scope 3	▲27.5%	(Total of Scopes 1-3)

## Recent initiatives



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