

DMG MORI CO., LTD.

FY 2024 1st Half (Jan-Jun) Results

IR Announcement

July 31, 2024

1.FY2024 1st Half (Jan-Jun) Financial Summary

2.Business Environment

3.Global Marketing

4. MX (Machining Transformation)

5. ESG/CSR

FY2024 1st Half (Jan-Jun) Highlights

DMG MORI

- ✓ Consolidated order intake: Jan-Jun (1st Half) JPY 266.7 bn. (-3% y-o-y)
Apr-Jun (2Q) JPY 129.9 bn. (-1% y-o-y); Monthly order intake improved y-o-y since May
- ✓ Full-year forecast raised to JPY 530 bn. (Previous plan: JPY 520 bn.)
- ✓ Service & Parts order intake: Jan-Jun JPY 62.6 bn. (+12% y-o-y). Consolidated OI share of 23% (FY2023: 22%)
- ✓ Average order price per unit: JPY 73.4 mil. / EUR 446 K (FY2023: JPY 61.9 mil. / EUR 407 K).
Increasing process integration + automation
- ✓ Machine order backlog at the end of June: JPY 273 bn. (end of FY2023: JPY 247 bn.). 2nd Half sales target almost fully secured
- ✓ Operating profit: Jan-Jun (1st Half) JPY 23.2 bn. (+3% y-o-y)
(Operating profit margin: 1Q 8.1% → 2Q 9.5%)
- ✓ Shareholders' equity improved to 39.5 % at end of June (end of FY2023: 35.0%). Convertible bond conversion concluded in April.

FY 2024 1st Half (Jan - Jun) Financial Results Summary

DMG MORI

(JPY bn.)	FY2022 Jan – Jun	FY2023 Jan – Jun	FY2024 Jan – Jun	YoY (%)
Consolidated order intake	299.3	275.8	266.7	-3.3%
Order backlog	244.0	282.0	273.0	
Sales revenue	218.2	249.5	263.7	+5.7%
Operating profit	17.7	22.6	23.2	+2.8%
Operating profit margin	8.1%	9.0%	8.8%	
Net profit from continued operations	11.3	14.9	14.4	-3.7%
Loss from discontinued operations in the Russian manufacturing company (one-time)		-0.0	-15.1 *	
Net profit	11.3	14.9	-0.9	
Depreciation & amortization including leasing	11.6	12.4	15.2	
Capital expenditure	19.1	19.1	15.2	
USD/JPY	122.9	134.9	152.3	
EUR/JPY	134.3	145.8	164.6	

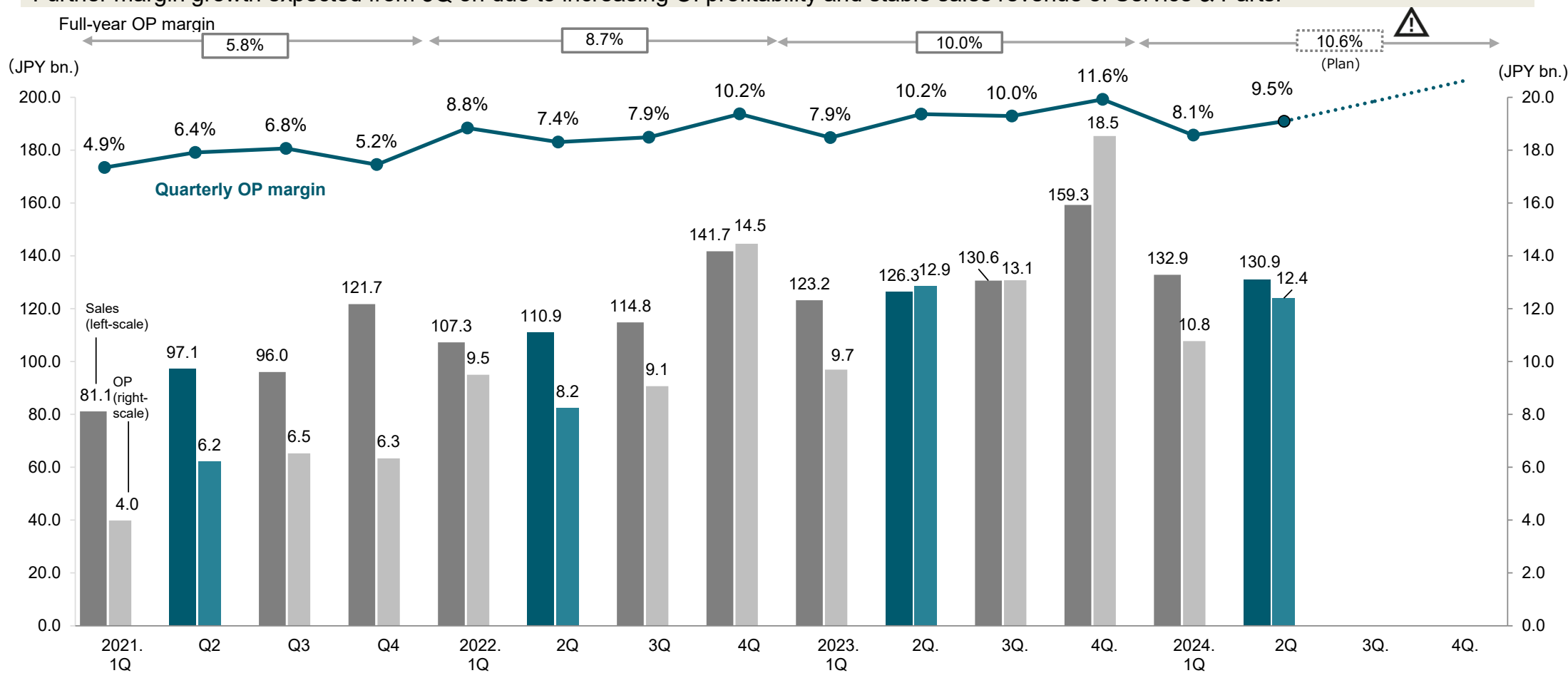
*EUR 91.8 mil. loss from discontinued operations in the Russian manufacturing company (Ulyanovsk Machine Tools ooo) was recognized in 1Q (Jan – Mar)

※Expected exchange rate for the 2nd half : USD/JPY=150
EUR/JPY=160

Quarterly Financial Results

DMG MORI

- OP margin improved to 9.5% in 2Q. Continued low discounts driven by MX proposals.
- Further margin growth expected from 3Q on due to increasing OI profitability and stable sales revenue of Service & Parts.



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

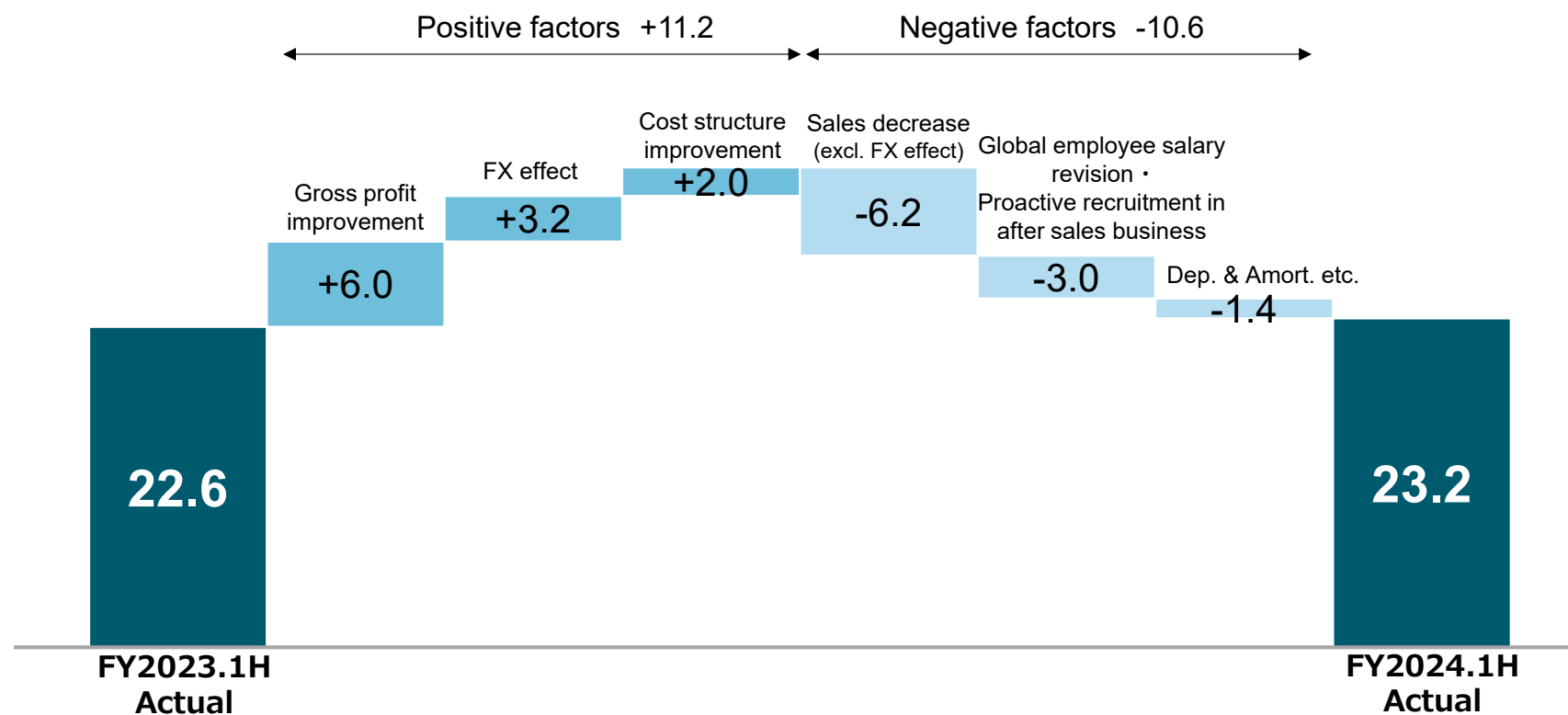
Operating Profit Bridge: FY2023 1st Half (Jan-Jun) v.s. FY2024 1st Half (Jan-Jun)

DMG MORI

- Actual sales decrease offset by high-value proposals, which continue to lower discounts and increase gross profit
- Actively recruiting after-sales-service engineers to increase customer satisfaction, aiming for securing sustainable growth

(JPY bn.)	FY2023.1H	FY2024.1H	Changes
Sales revenue	249.5	263.7	+14.2

	FY2023.1H	FY2024.1H
Exchange rate :USD/JPY	134.9	152.3
EUR/JPY	145.8	164.6

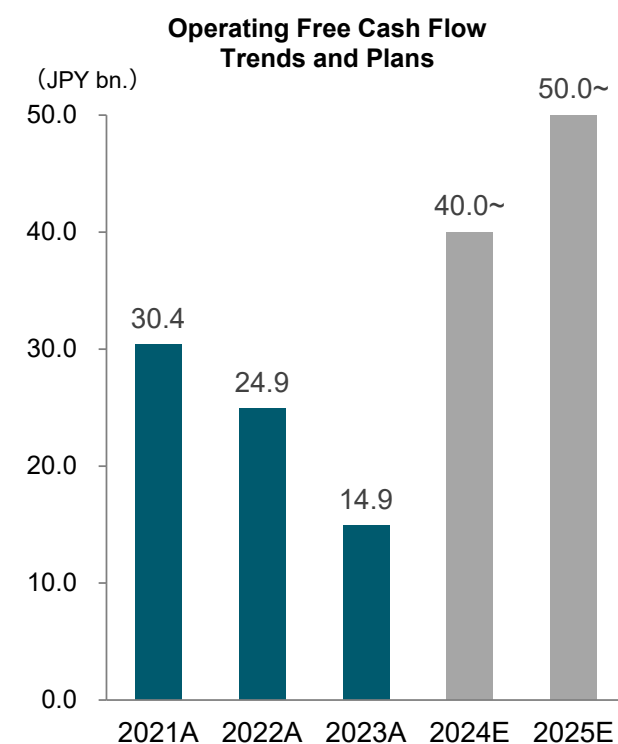


Cash Flows

DMG MORI

- Operating free cash flow in 2Q negative due to delayed shipment of finished machines caused by prolonged export permission in Germany / delay in reduction of inventories, while purchasing is already optimized.
- Operating free cash flow to be positive in 2nd half by reducing trade receivables and inventories. Full-year FCF to be JPY 40 bn.

(JPY bn.)	2022					2023					2024			
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	2H (Plan)	FY (Plan)
Operating cash flow	12.5	23.6	10.1	23.5	69.7	9.3	5.1	5.8	31.5	51.6	9.5	-9.4	69.9	70.0
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	11.3	31.9	52.5
Depreciation & amortization	5.6	6.0	5.8	6.6	24.0	6.2	6.3	6.8	7.2	26.5	7.4	7.8	14.8	30.0
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	-13.8	28.7	15.0
Others	-0.2	0.4	-2.9	-0.3	-3.1	-3.7	-2.3	-5.6	-2.1	-13.7	-7.3	-14.7	-5.5	-27.5
Investment cash flow	-10.1	-11.5	-11.8	-11.5	-44.9	-11.1	-10.1	-9.6	-5.9	-36.7	-10.6	-6.4	-13.0	-30.0
Operating free cash flow	2.4	12.1	-1.7	12.1	24.9	-1.8	-5.0	-3.9	25.6	14.9	-1.1	-15.8	56.9	40.0

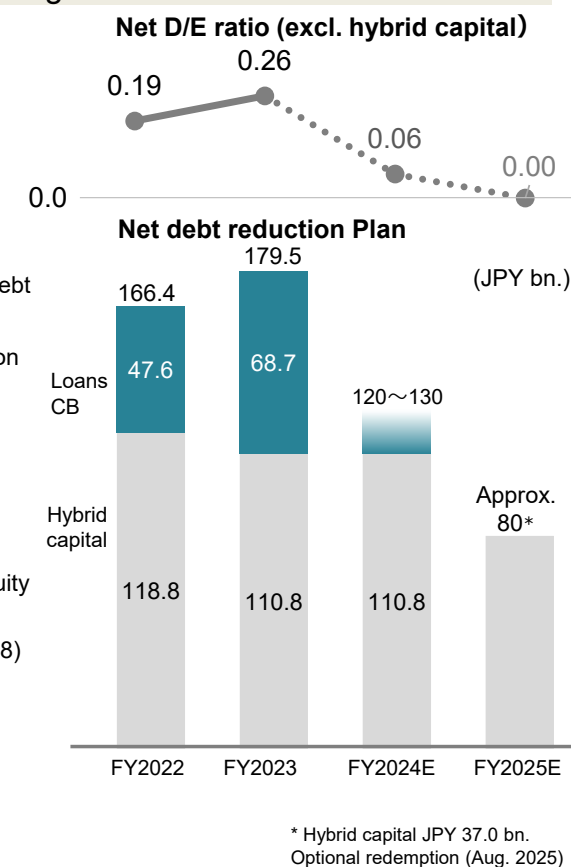
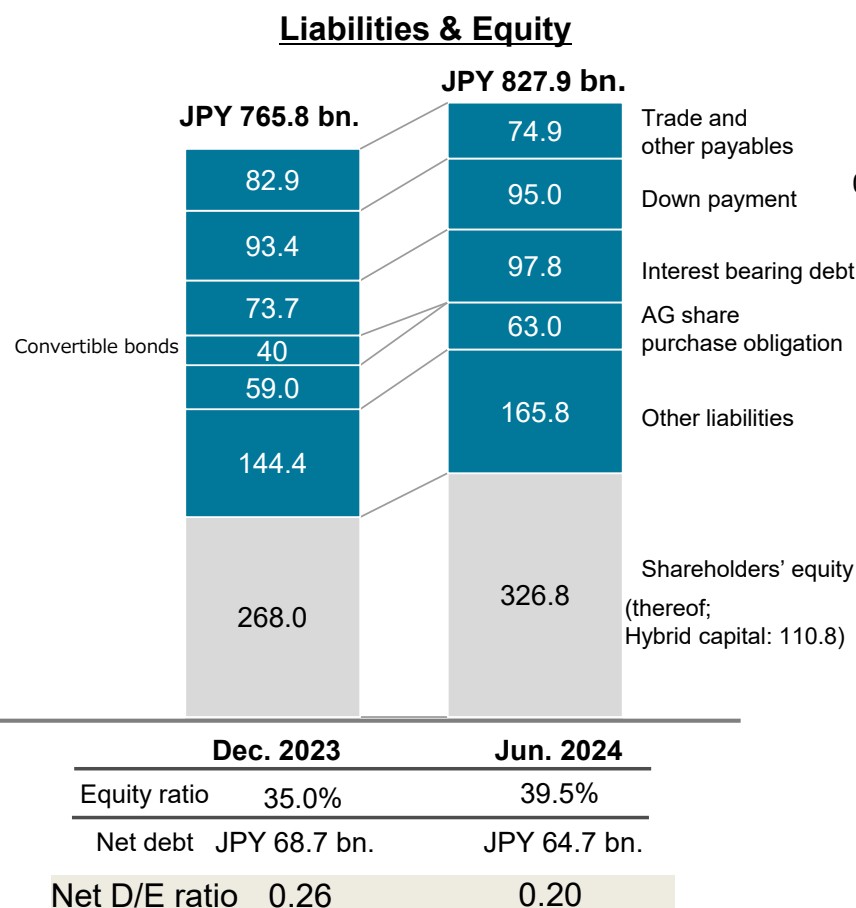
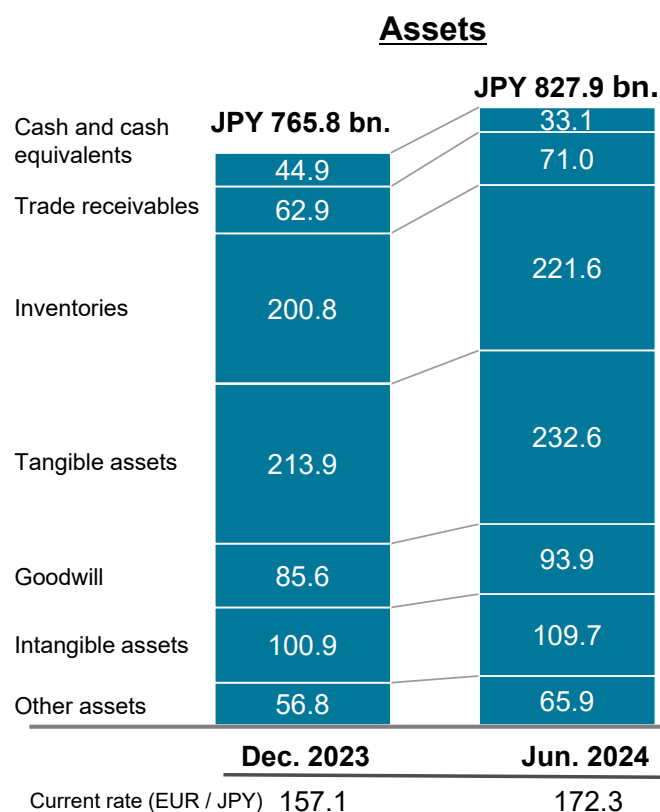


(Note) FY2024 forecast does not include Insurance receipts of UMT

Balance Sheet Summary

DMG MORI

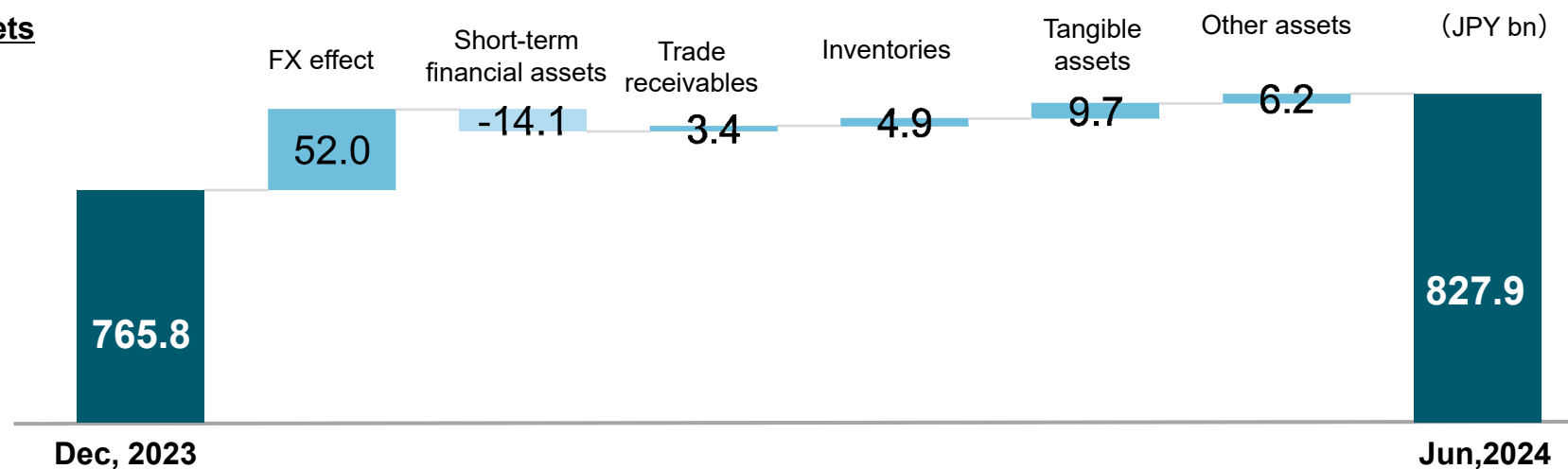
- FX impact: approx. JPY 52 bn.
- Shareholders' equity ratio improved to 39.5% at end of June. Year-end target is to reach 45% by further reducing inventories.



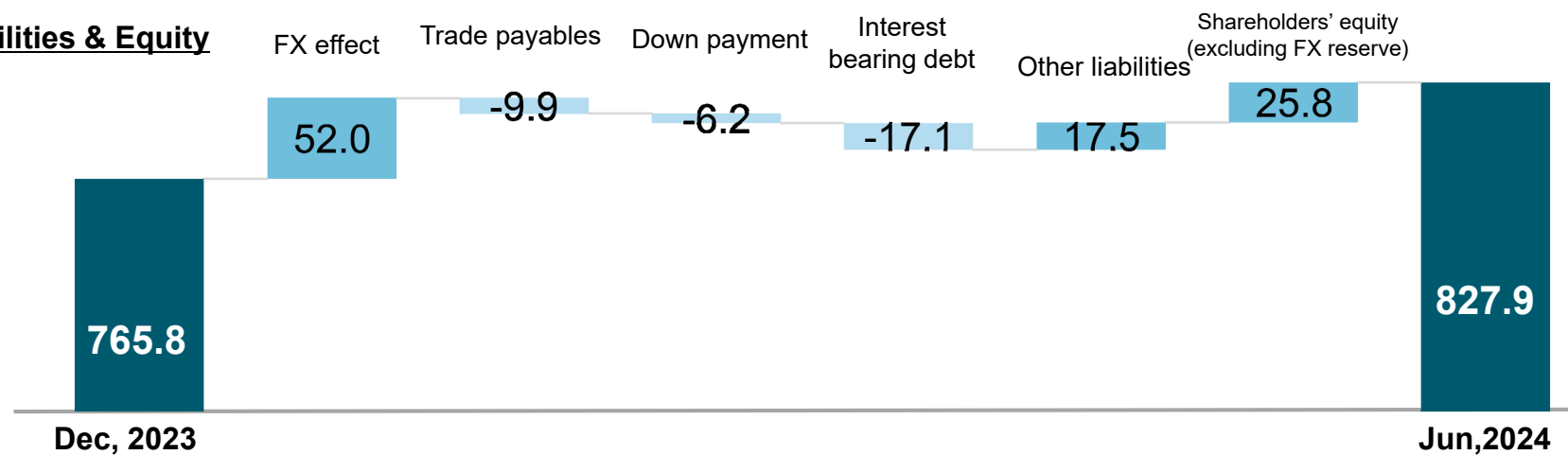
Balance Sheet Bridge

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Assets



Liabilities & Equity



FY2024 (Jan.-Dec.) Forecast

DMG MORI

- Full-year order intake outlook raised to JPY 530 bn. (previous plan: JPY 520 bn.) FY2024 sales revenue almost secured by machine order backlog and robust sales from Service & Parts business
- Order intakes forecasted to recover. Targets of Medium-term Business Plan 2025 within reach.

(JPY bn.)	FY2022 (Actual)	FY2023 (Actual)	FY2024 Plan (Announced on Apr 26)	YoY (%)	FY2025 Target Final year of Medium-term business plan
Consolidated order intake	542.4	520.0	(previous) 520.0 (New) → 530.0	+1.9%	—
Order backlog	254.0	247.0	—		—
Sales revenue	474.8	539.5	550.0	+2.0%	600.0
Operating profit	41.2	55.4**	58.5	+5.7%	72.0
Operating profit margin	8.7%	10.3%	10.6%		12.0%
Net profit	25.4	33.9	36.0*	+6.1%	48.0
EPS (JPY)	188.62	256.66	242.61		326.16
Depreciation & amortization including leasing	24.0	26.5	30.0		—
Capital expenditure	41.1	42.5	30.0		3-year total 100
USD/JPY	131.5	140.6	151 ※		140
EUR/JPY	138.1	152.0	162		150

* The forecast for FY2024 is based on the assumption that the receipt of the insurance related to UMT will be confirmed within the fiscal year.

** 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 the 2nd half : USD/JPY=150 EUR/JPY=160

1.FY2024 1st Half (Jan-Jun) Financial Summary

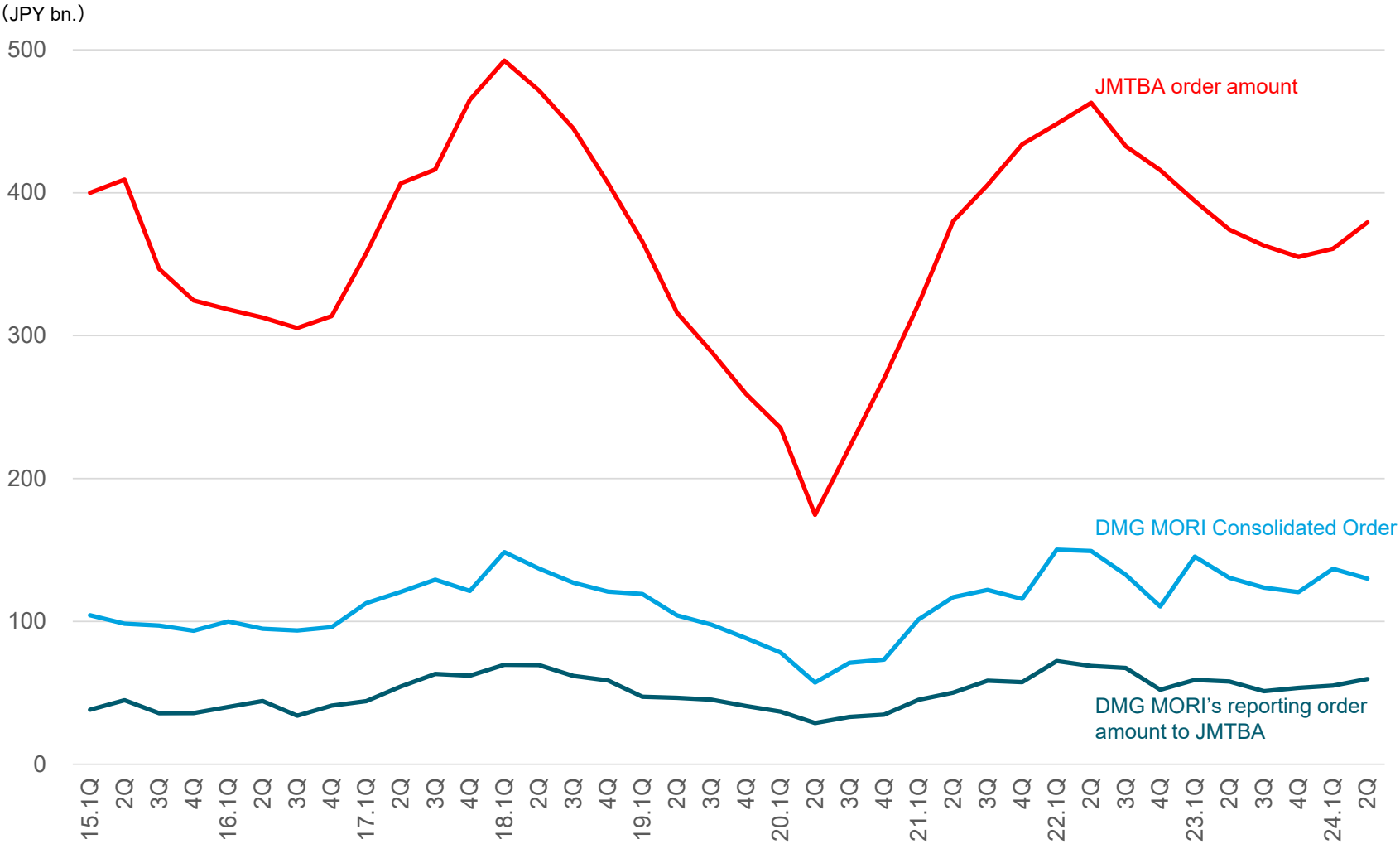
2.Business Environment

3.Global Marketing

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JMTBA, DMG MORI Consolidated Order, and DMG MORI's reporting order amount to JMTBA (Quarterly)

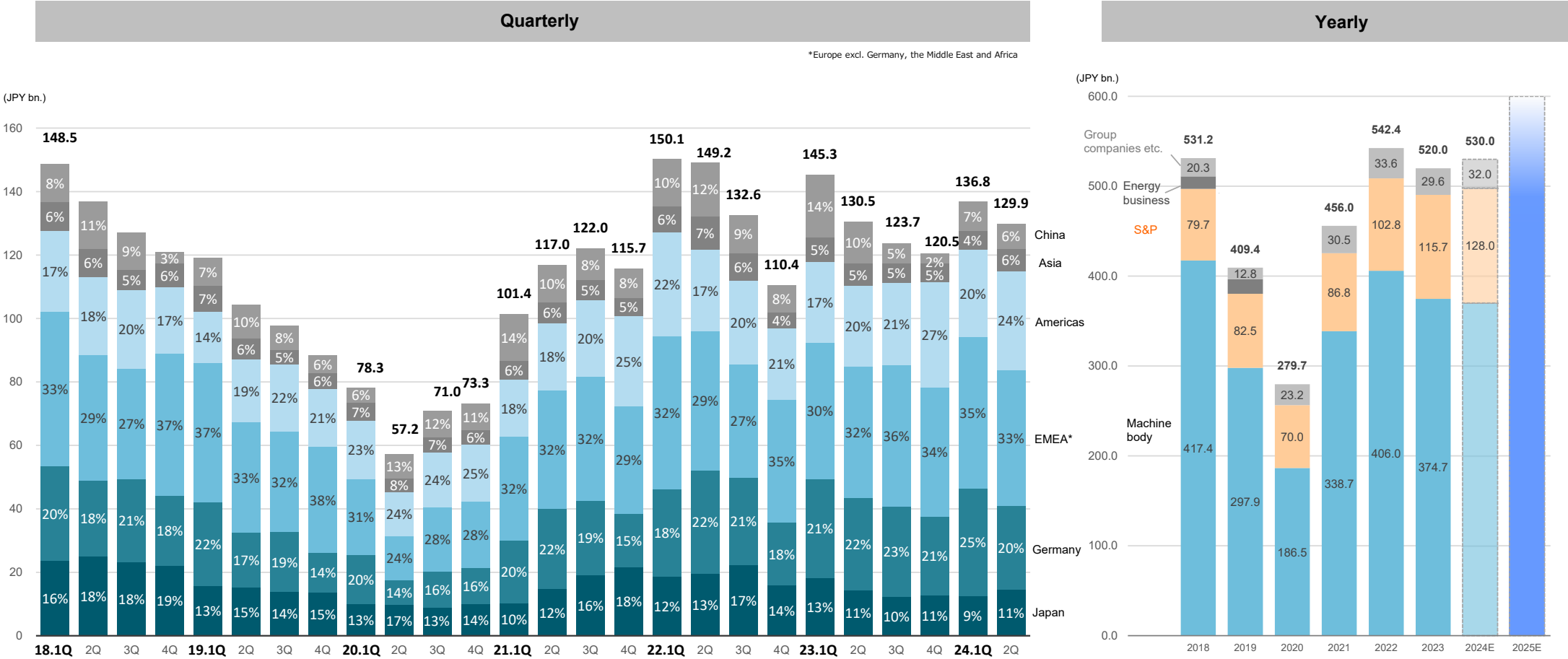


JMTBA: Japan Machine Tool Builders' Association

Consolidated Order Intake



- 2Q at almost the same level y-o-y. Monthly order intake turned to be positive y-o-y since May
- Service & Parts continues to grow in 2-digit figures. Jan-Mar +10%/Apr-Jun +12% y-o-y, contributing 24% of total consolidated orders.

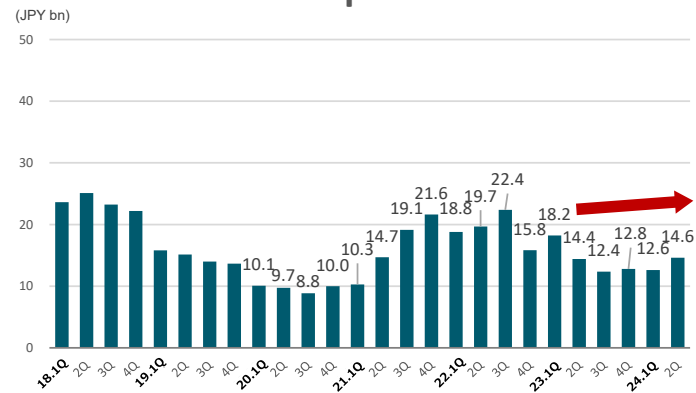


Order Intake by Region

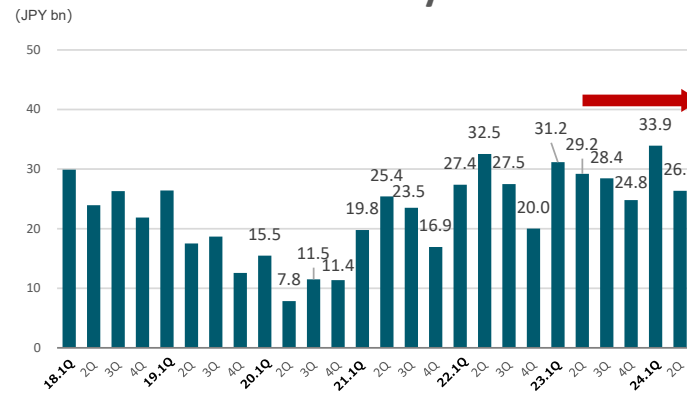
DMG MORI

- Americas remains strong. Japan and Asia in recovery.
- Slight slowdown in European market after strong orders at Pfronten Open House in 1Q, but remains stable.

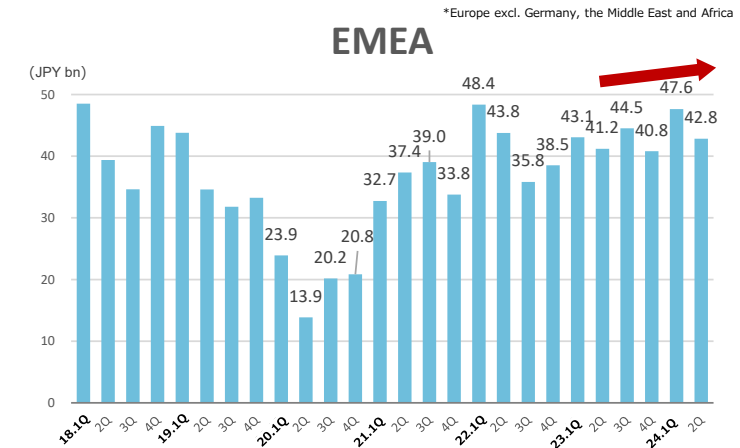
Japan



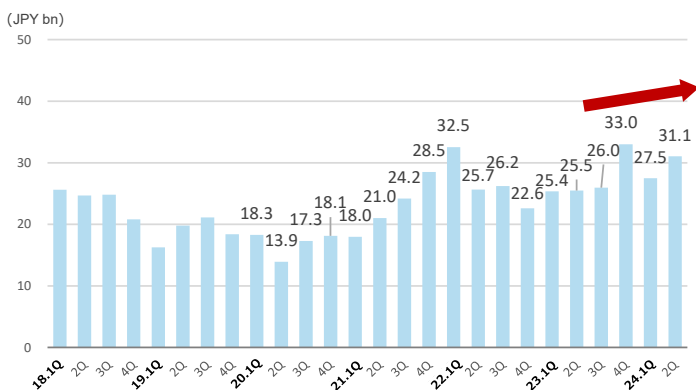
Germany



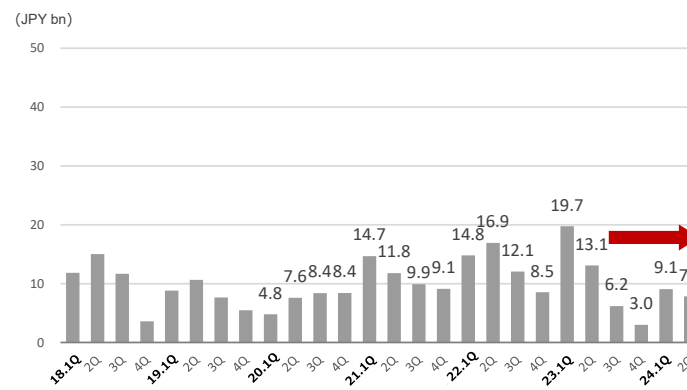
EMEA



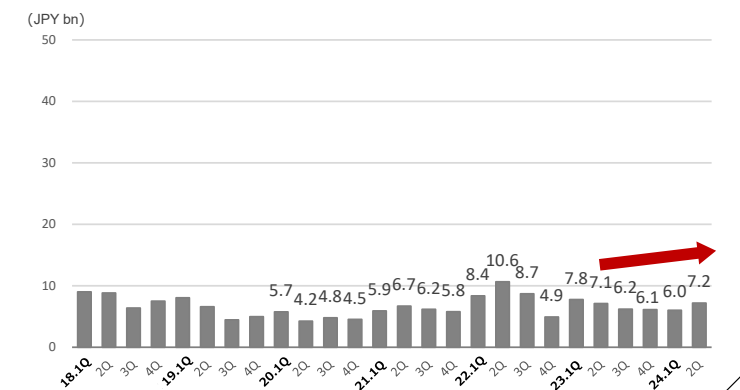
Americas



China



Asia



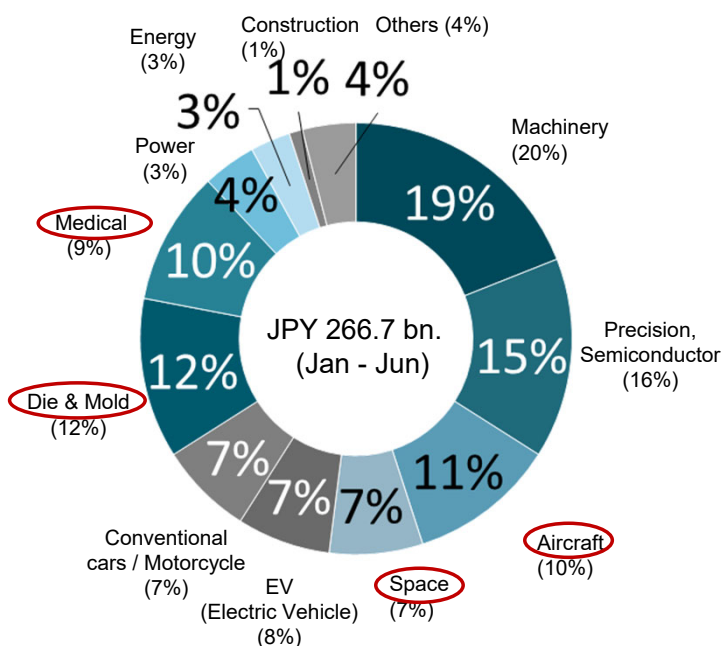
Consolidated Order Composition(Jan - Jun)

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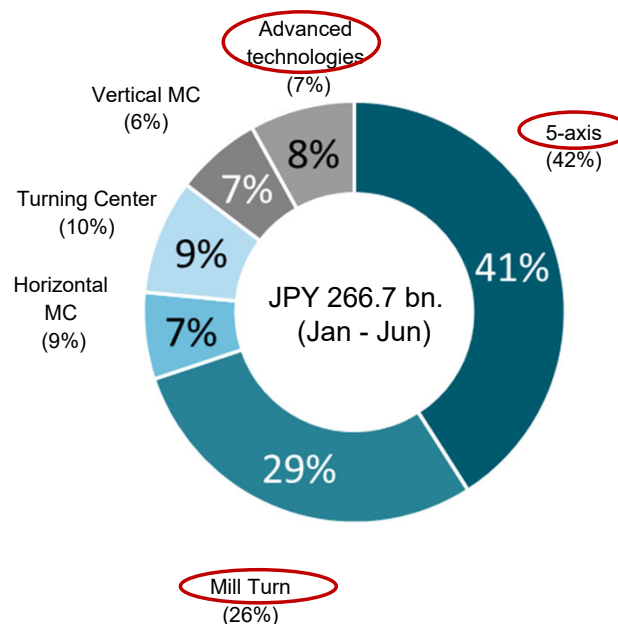
- Strong demand for medical, aircraft, space, and die & mold. Semiconductor-related industries recovering again since 2Q.
- Process integration/automation machines lead orders. Besides medium/large-sized companies, SMEs are also starting to show more activities.

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

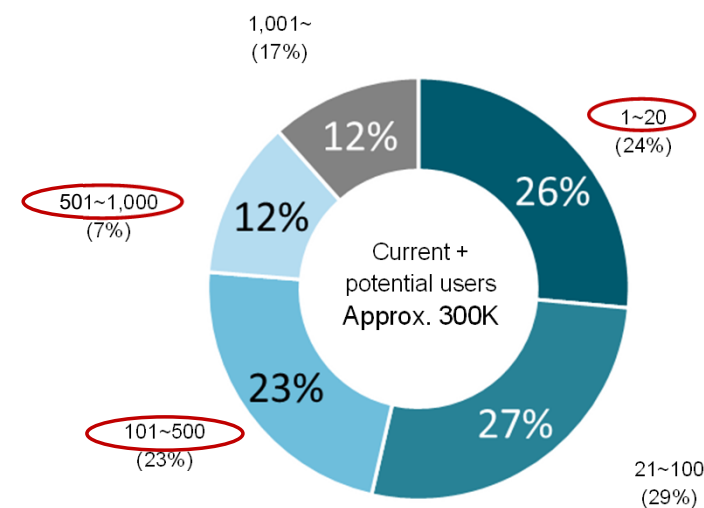
by industry



by product type



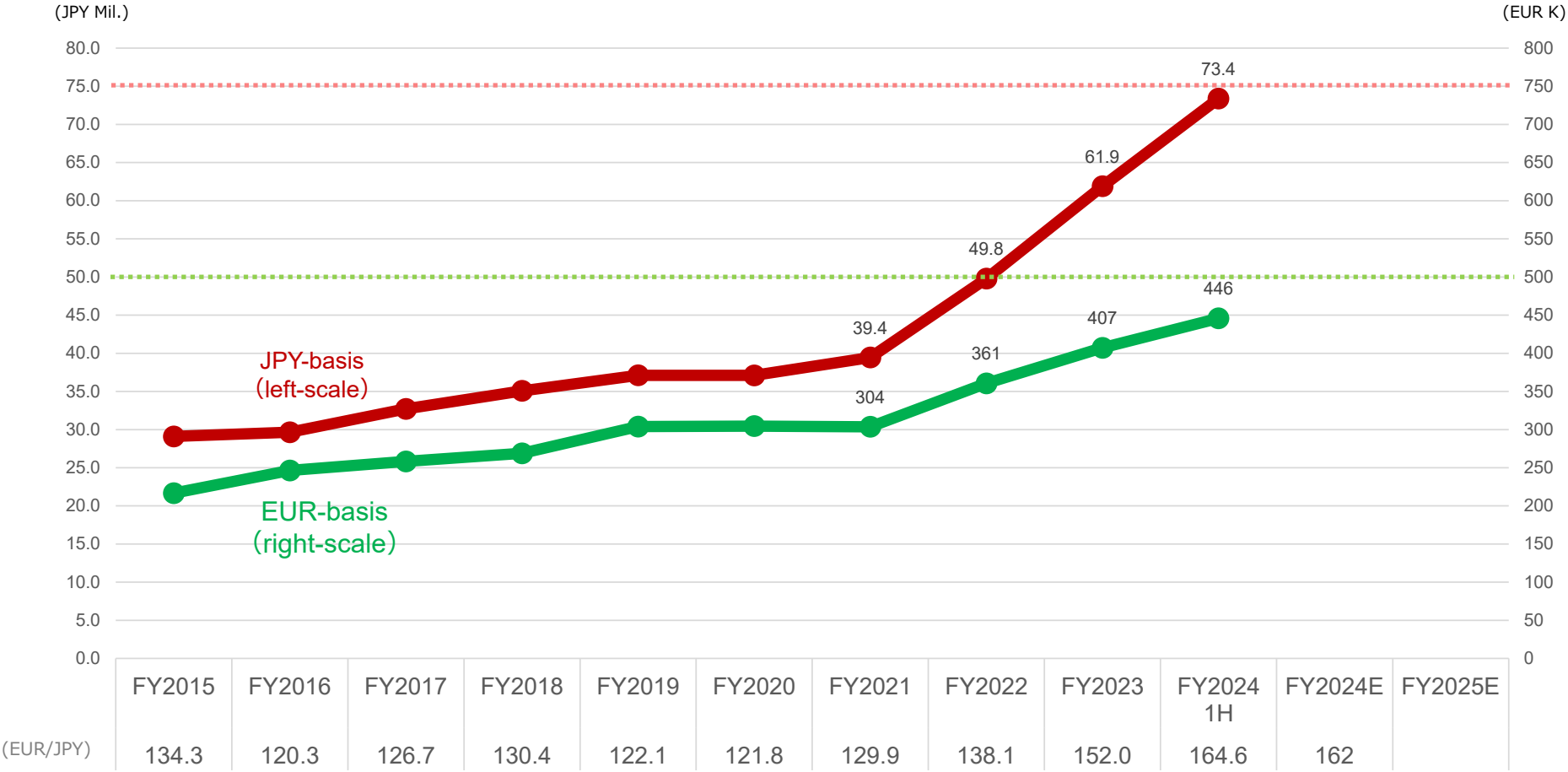
by customer's employee number



Average Order Price per Unit



- Continued increase through process integration machines + automation sales.
- EUR-based price in the 1st half increased by +9% y-o-y. (JPY-based price +19%, largely impacted by yen depreciation)



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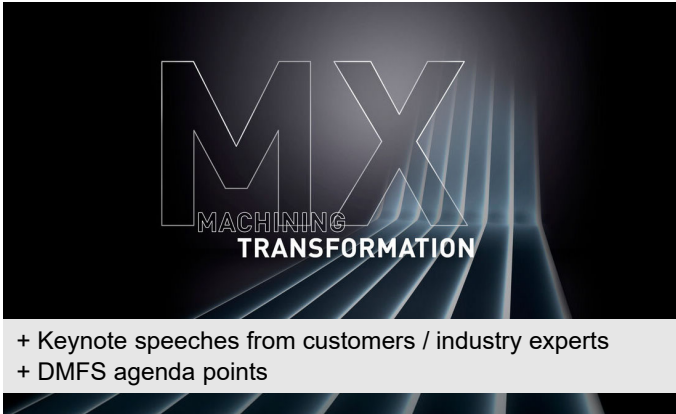
4. MX (Machining Transformation)

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CHICAGO TECHNOLOGY DAYS 2024 (September 8-12)

DMG MORI

MX – MACHINING TRANSFORMATION GENERAL EVENT FOCUS ALL WEEK



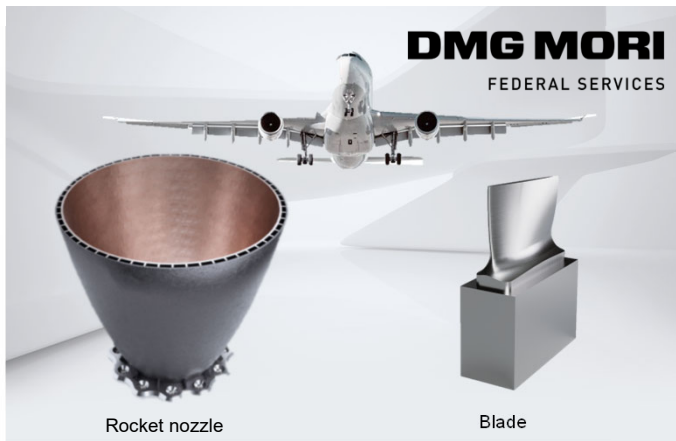
DAY 1 –MX – MACHINING TRANSFORMATION



DAY 2 –CELOS X & DX – DIGITAL TRANSFORMATION incl. TULIP



DAY 3 –AEROSPACE & SPACE EXCELLENCE



DAY 4 –MEDICAL EXCELLENCE

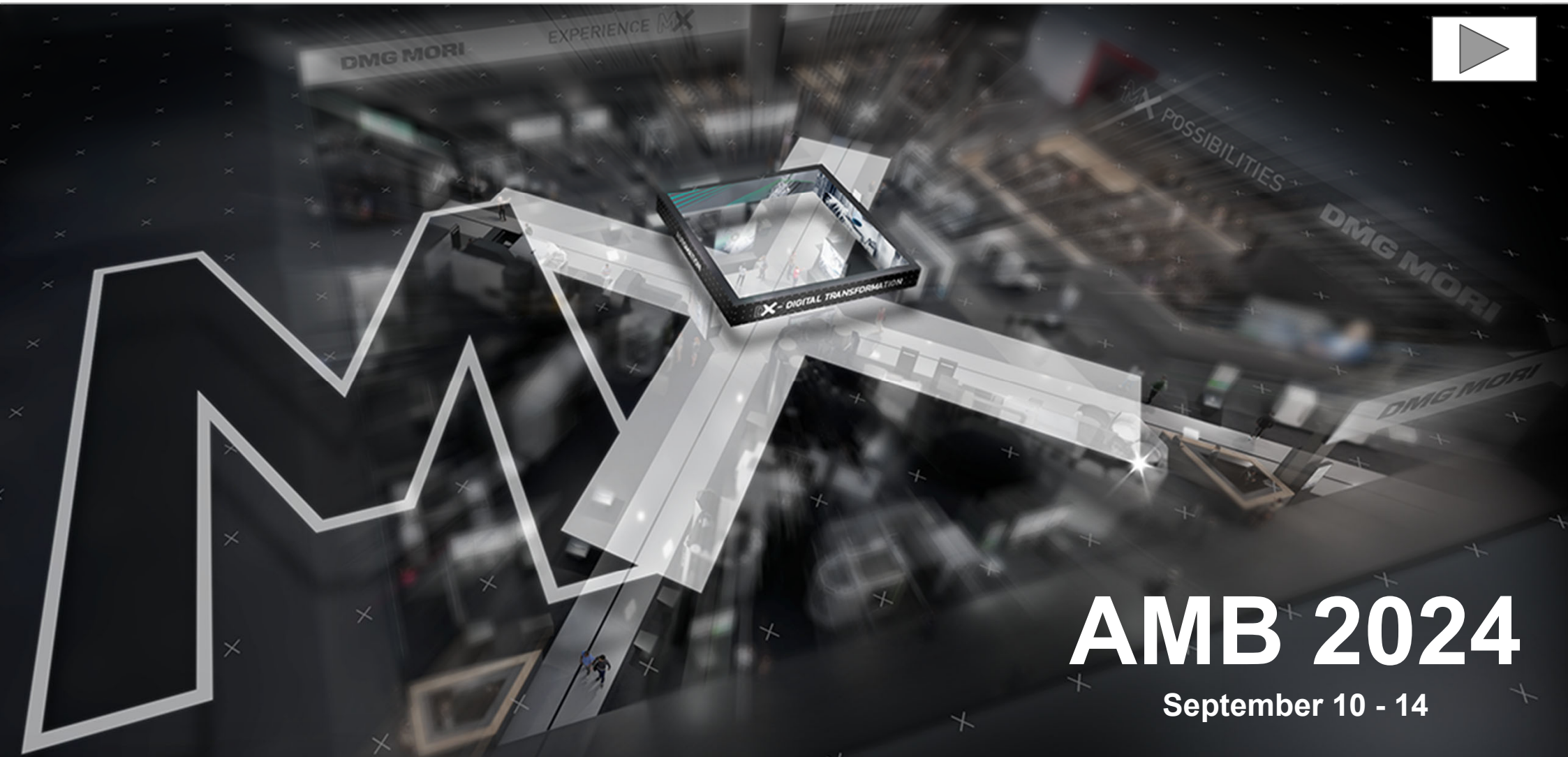


DAY 5 –GEAR CUTTING



AMB 2024

DMG MORI



Opening of DMG MORI ACADEMY OKAYAMA

DMG MORI

- 4th new location after Hamamatsu, Kanazawa, and Sendai opened in 2023. Academy in Kyushu planned from 2025.
- Equipped with 5-axis machine DMU 75 monoBLOCK 2nd Generation and mill-turn center NTX 1000 2nd Generation
- Offering tailored lessons to local customers



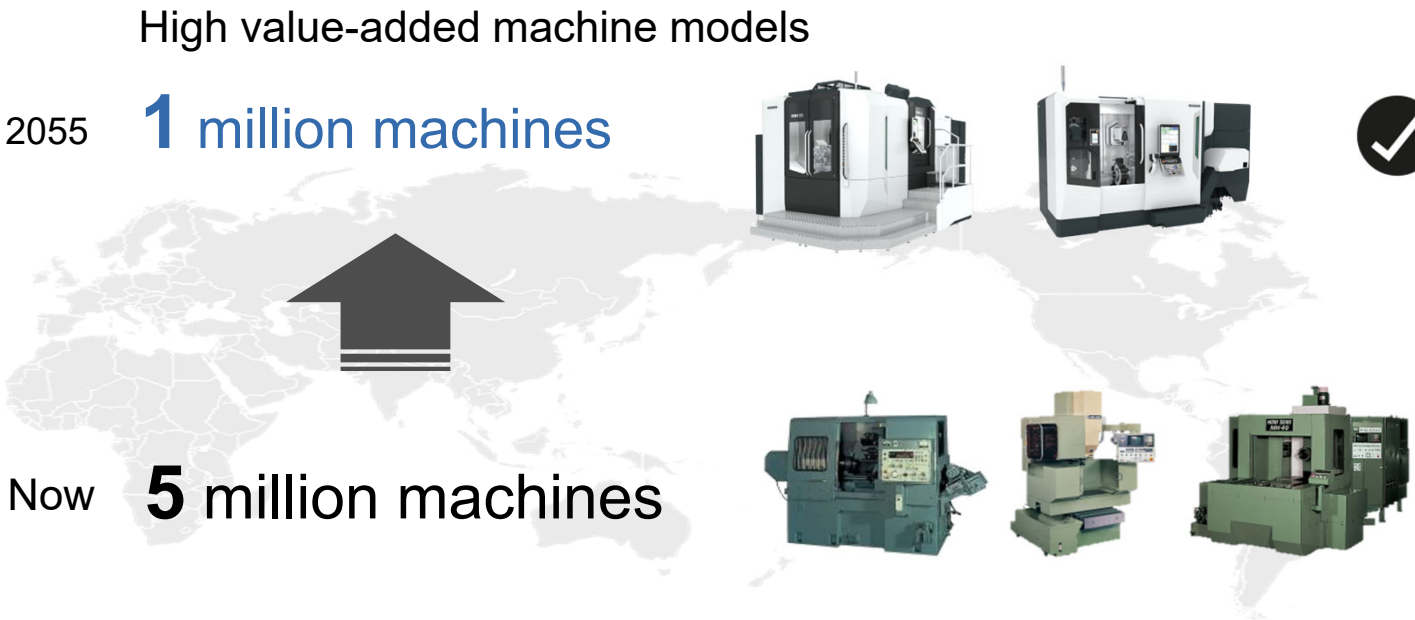
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Replacement with cutting-edge technologies is essential for innovation

Number of operators 

Power consumption 

Goods in Progress 

Number of machine tools in the world (million machines)

	Now	2035	2045	2055
<20years	1.5	2.0	1.5	0.3
10-20years	2.0	1.5	0.3	0.4
10years<	1.5	0.3	0.4	0.3
Total	5.0	3.8	2.2	1.0

Automation Line: Customer Example (HME Co., Ltd.)



✓ Automation line for processing of semiconductor production equipment parts

Customer : HME Co., Ltd.

Location : Kuwana City, Mie Prefecture, Japan

President : Mr. Kazuya Hattori

Number of employees : 175 (incl. 125 full-time)

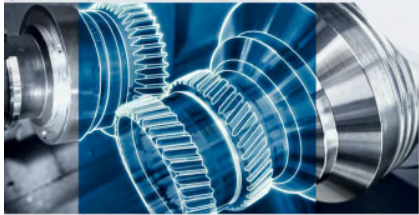


	Previous production system	NLX 2000 500 + Automation system
Machine tools	32 units (8 x horizontal MCs + 24 x TCs)	15 units (5 sets of 3 x NLX 2000 + loader)
Number of processes	40 processes (16 x horizontal MC + 24 x TCs)	15 processes (5 per 1 NLX × 3 units)
Required operators	17 operators (3 for horizontal MCs + 10 for TCs + 4 for Cleaning/deburring)	1 operator
Capacity	13,000 parts / month	

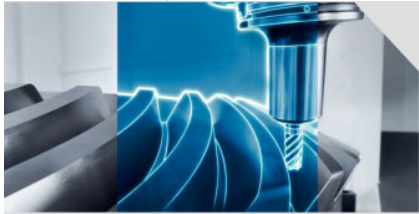
Gear Machining on 5-axis machine/Mill-turn center with Technology Cycles **DMG MORI**

- ✓ DMG MORI software package solutions for gear machining without special purpose machines or tools
- ✓ Reduced workload with easier programming
- Technology Cycles for efficient gear machining can be used on 5-axis/mill-turn models, including DMU, NTX, and INH series.

gearSKIVING



DMG MORI gearMILL



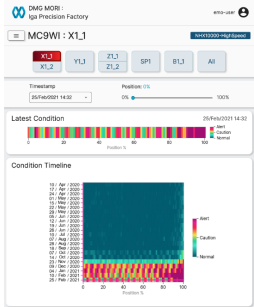
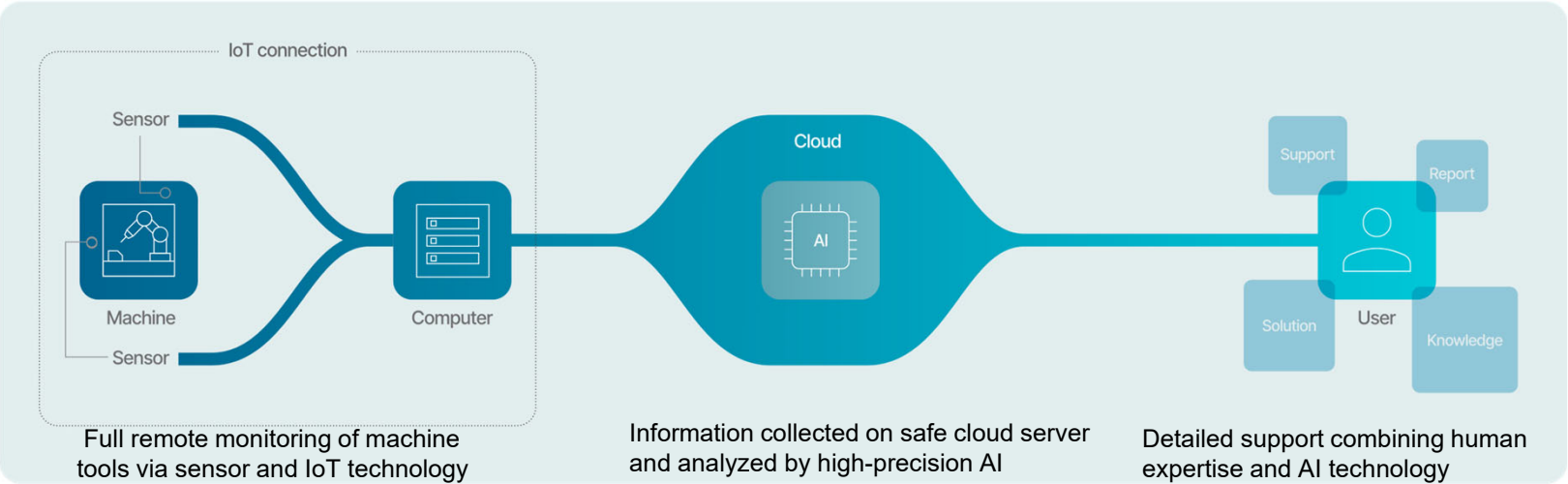
gearHOBBING



Preventive Maintenance with AI - WALC CARE



- ✓ WALC CARE KIT utilizes AI to analyze sensor data for early detection of abnormality signs from spindle, feed axes, and rotary axes of machine tools



Conventional troubleshooting



8-day downtime reduced to only 2 days*



AI predicts the occurrence of a problem more than 5 months* earlier than the operator

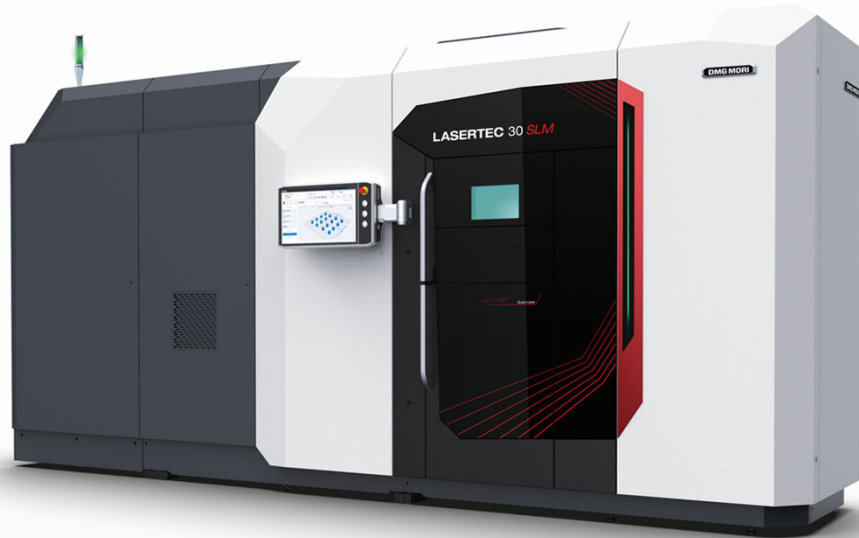
*In case of DMG MORI machine. May vary depending on models, conditions, etc.

Process Integration of In-house Manufactured Parts by LASERTEC 30 SLM 3rd Generation

DMG MORI

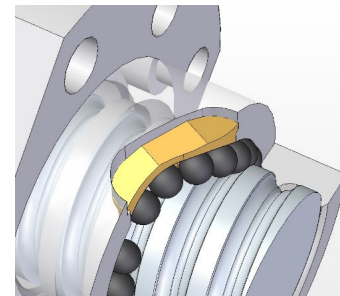
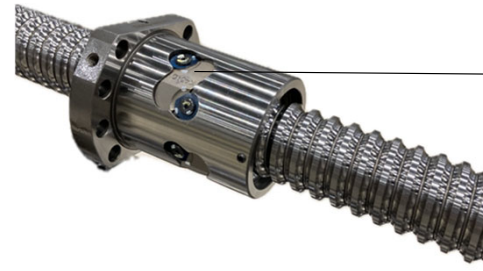
LASERTEC 30 SLM 3rd Generation

- ✓ Utilizes casting frame (Enhanced rigidity & anti-thermal deformation)
- ✓ Guided highly efficient operation with CELOS X
- ✓ Enhanced simultaneous deposition with 4 laser heads



In-house manufacturing of ball screw deflector

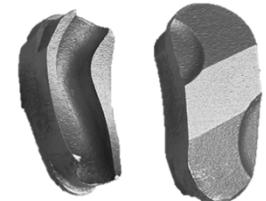
- ✓ No mold required, minimizing process development lead time
- ✓ Deposition fast enough for mass production
- ✓ Light weight & optimal functionality through flexible shape design



DEFLECTOR



With molding process



With
LASERTEC 30 SLM 3rd Gen.

Increasing Production in India

- ✓ **2024 July: Started production of Horizontal Machining Center NHX 6300 i in India***
 - + Ideal for processing larger parts for agricultural machinery, construction equipment, railway components & castings
 - + High-torque powerMASTER spindle & Zero Sludge Coolant Tank as standard, automation available as option



*Contract Manufacturing with Lakshmi Machine Works Ltd.

Production start	October 2019
Models	Vertical MC: CMX 600 Vi, CMX 800 Vi, CMX 1100 Vi NEW Horizontal MC: NHX 6300 i
Units per year	Approx. 60→100 (planned from 2025)

Note: New foundry plans have been shifted from India to Poland.

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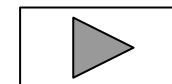
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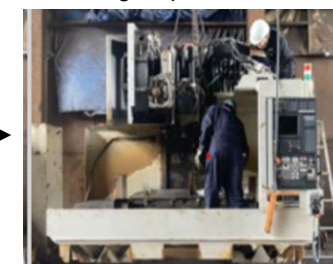
DMG MORI CIRCULAR : Recycling for Stable Casting Supply

DMG MORI

- ✓ Sheet metals & castings from disposal machines and cutting chips are collected and processed for re-use
- ✓ CO₂ emissions from casting material production planned to be reduced by 1,800 tons in 2025



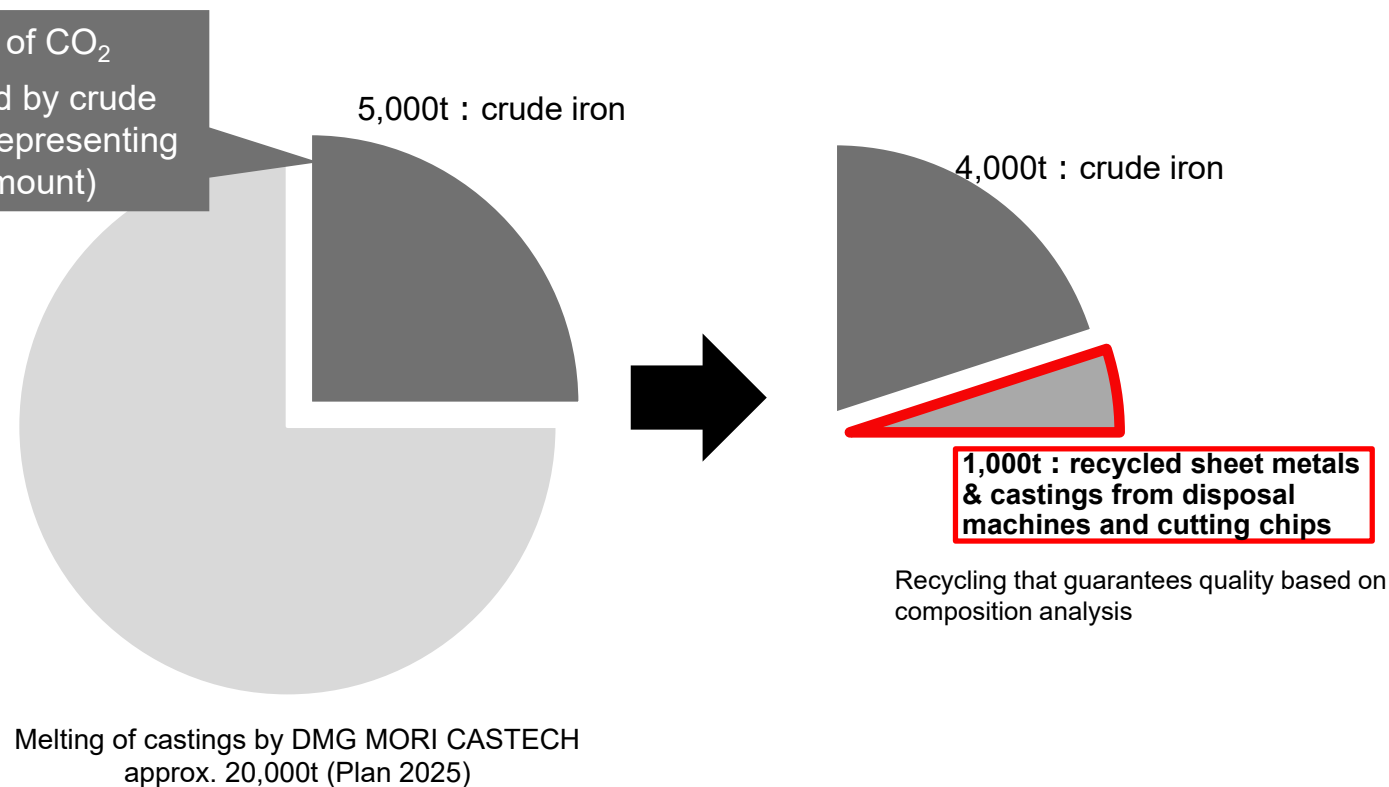
Collecting disposal machines



Casting production with recycled materials
(DMG MORI CASTECH)



Re-use in new machine



19th Cutting Dream Contest (2024)

DMG MORI

Cutting Dream Contest

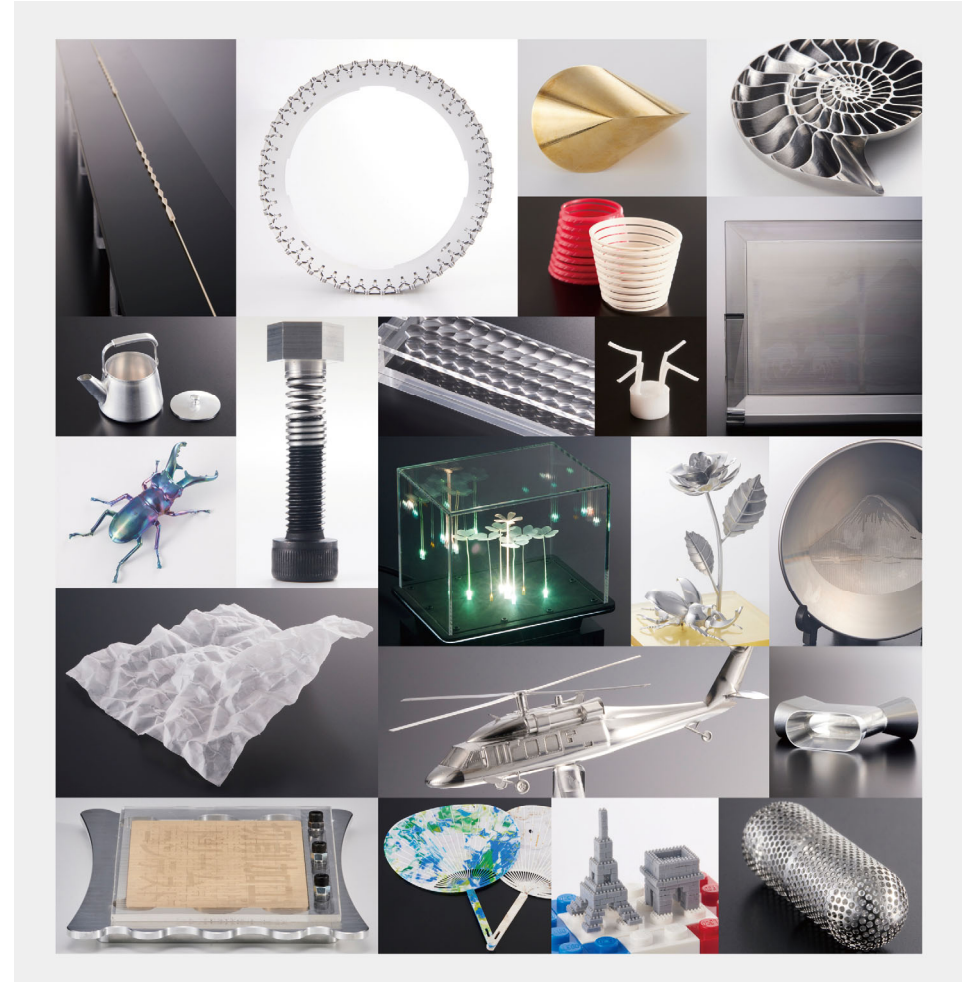
Held since 2004 to promote technological exchange and enhance the entire machining industry

Application Period

May 20 - July 31, 2024

Dates for result announcement, award ceremony, and exhibition to be fixed later

- ✔ Production Parts Machining
- ✔ Prototype & Test Cut Machining
- ✔ Artistic Form Machining
- ✔ Advanced Machining
- ✔ Academic Research



Net-zero Targets Approved by SBT Initiative

DMG MORI

- ✓ FY2023: Increased Scope 3 reduction target to -27.5%
- ✓ Long-term reductions of CO₂ emissions throughout entire supply chain



◆ New targets (Compared to 2019 base level)

	2030	2050 NEW
Scope 1 + 2	-46.2%	-90%
Scope 3	-27.5%*	

Net-zero Targets: Greenhouse gas emission reduction goals set by SBT initiatives to limit global average temperature rise to +1.5 degree by 2050

*Original Scope 3 target: -13.5%

◆ CO₂ emissions reduction initiative (Scope 1,2)

- Solar power generation for self-use implemented at global production sites



◆ Example (Scope 3)

- Use of electrical furnaces for casting production at DMG MORI CASTECH
- Enhanced product energy efficiency with process integration



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