

DMG MORI CO., LTD.

FY 2021 3Q(Jan-Sep) Results

November 5, 2021

1. FY2021 3rd quarter (Jan-Sep) financial summary
2. Business environment
3. Focus topics
 - ① Extending order intake with open house events at showrooms worldwide
 - ② Promoting automation & digitization by process integration with 5-axis & mill-turn machines
 - ③ Strengthening service & parts supply
4. Recent initiatives
 - ① Sustaining long-term partnerships
 - ② Reducing CO₂ emissions for upstream processes
 - ③ Skill enhancement of DMG MORI customers (operators)

FY2021 3Q (Jan-Sep) highlights

DMG MORI

- ✓ Consolidated order intake (Jan-Sep): JPY 340.3 bn. (+65% y-o-y)
- ✓ 3Q (Jul-Sep) consolidated OI: JPY 122 bn (higher than planned 120 bn./+72% y-o-y)
- ✓ Machine order backlog increased from to JPY 168 bn. at the end of Sep 2021 (JPY 96 bn. FY2020 year-end)
- ✓ FY2021 full-year forecast revised upward again
- ✓ Strong OI in Europe: Open house for small group of customers successful in Pfronten (Germany) and Milan (Italy)
- ✓ Machine/spare parts list price increase by a few percentage
- ✓ Sustainable relationships with partners

FY2021 3Q income statement summary

DMG MORI

- Consolidated OI increased by 65% y-o-y, surpassed level of 2019
- Reduced financial costs due to additional share acquisition in AG (April 2020) and normalized effective tax rates lead to increased net profit

(JPY bn)	FY2019 Jan – Sep	FY2020 Jan – Sep	FY2021 Jan – Sep	Changes (%)
Consolidated order intake	321.1	206.5	340.3	+64.8%
Sales revenue	349.3	234.4	274.3	+17.0%
Operating profit	28.6	6.2	16.7	2.7x
% to sales revenue	8.2%	2.7%	6.1%	
Net financial costs	-4.4	-4.0	-2.5	
(thereof, economic compensation associated with DA*)	(-2.6)	(-2.6)	(-1.3)	
Profit before income taxes	24.2	2.3	14.2	6.3x
Net profit attributable to owners of the parent	15.3	0	9.9	
Attributable to owners of hybrid capital	0.8	0.8	1.6	
Attributable to common stockholders	14.5	-0.8	8.3	
EPS (Yen) ·Basic	118.7	-6.6	66.6	
Interim dividend (Yen/share)	30	10	10	
Depreciation & amortization including lease	16.8	17.4	16.2	
Capital expenditure	13.0	10.6	13.3	
USD/JPY	109.2	107.6	108.5	
EUR/JPY	122.7	120.9	129.8	

*Domination Profit and Loss Transfer Agreement

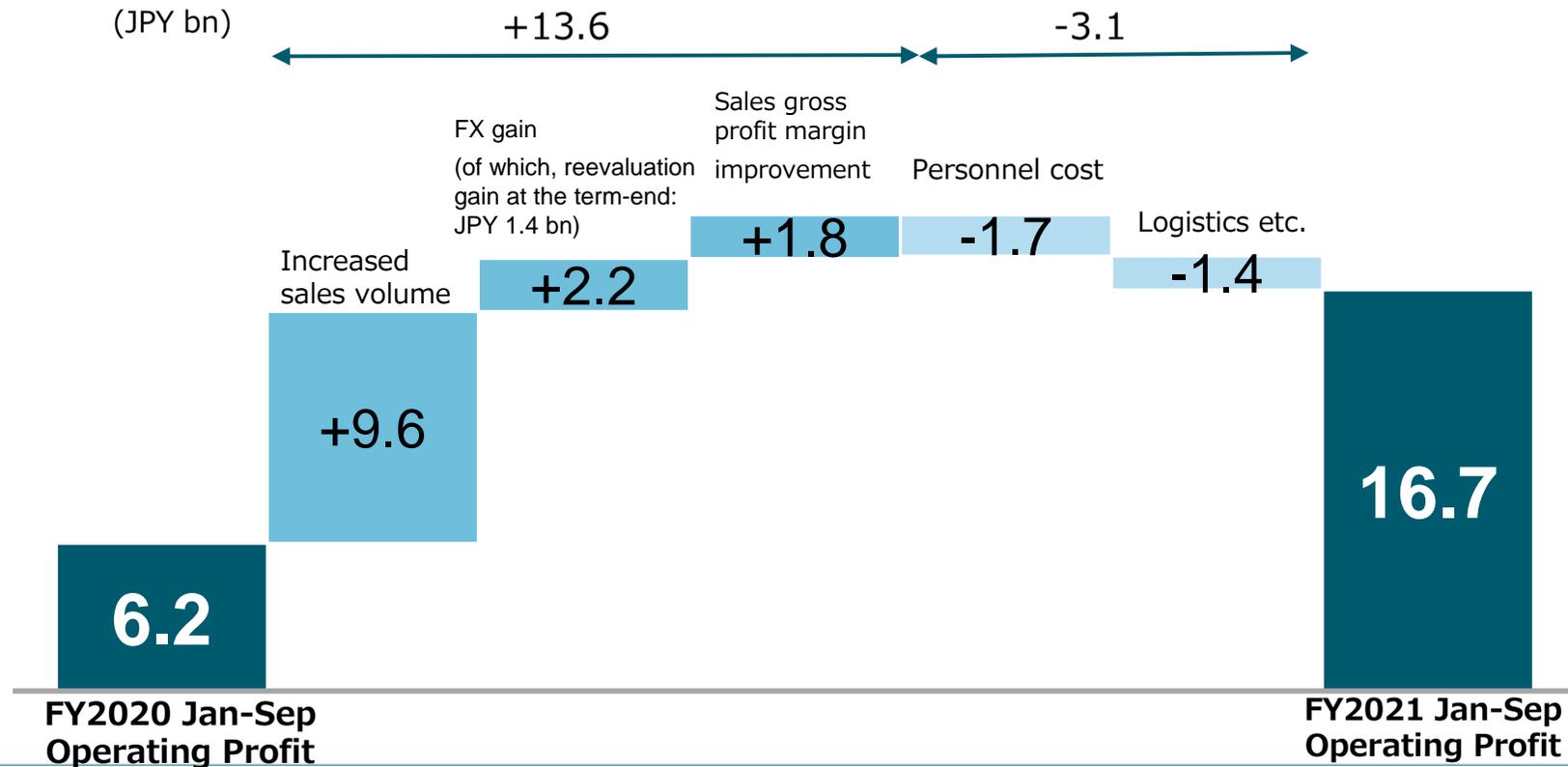
Operating profit bridge FY2020 3Q (Jan-Sep) vs FY2021 3Q (Jan-Sep)

DMG MORI

- Operating profit boosted due to increased sales volume, FX gain and higher gross profit margin from value-adding propositions
- Personnel cost increased as planned, in line with strong order intake and sales revenues

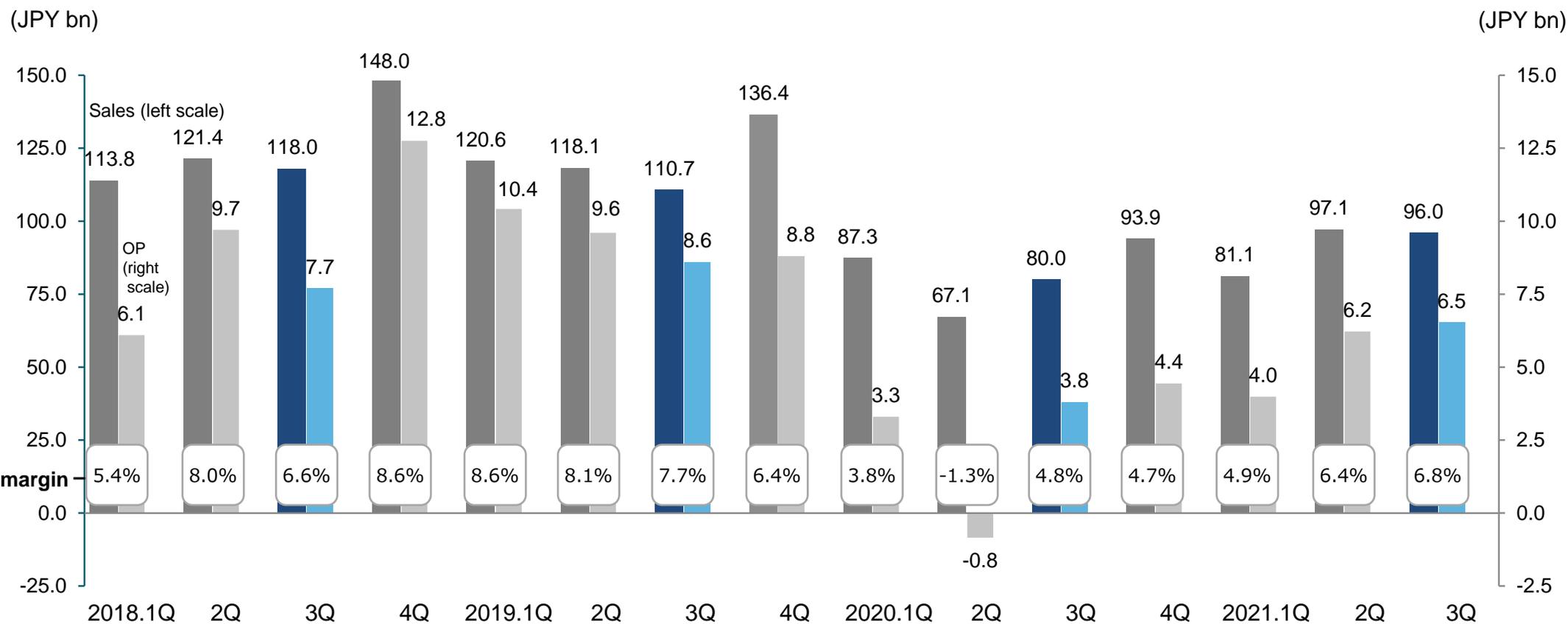
(JPY bn)	FY2020 Jan-Sep	FY2021 Jan-Sep	Change
Sales	234.4	274.3	+39.9

EX rate:	FY2020 Jan-Sep	FY2021 Jan-Sep
	USD/JPY 107.6	108.5
	EUR/JPY 120.9	129.8



Quarterly financial results

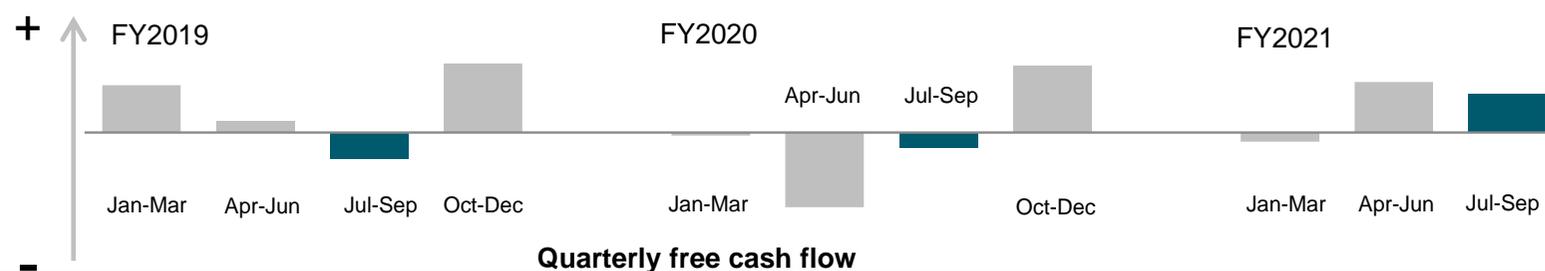
- Quarterly operating profit margin is improving



Cash flows

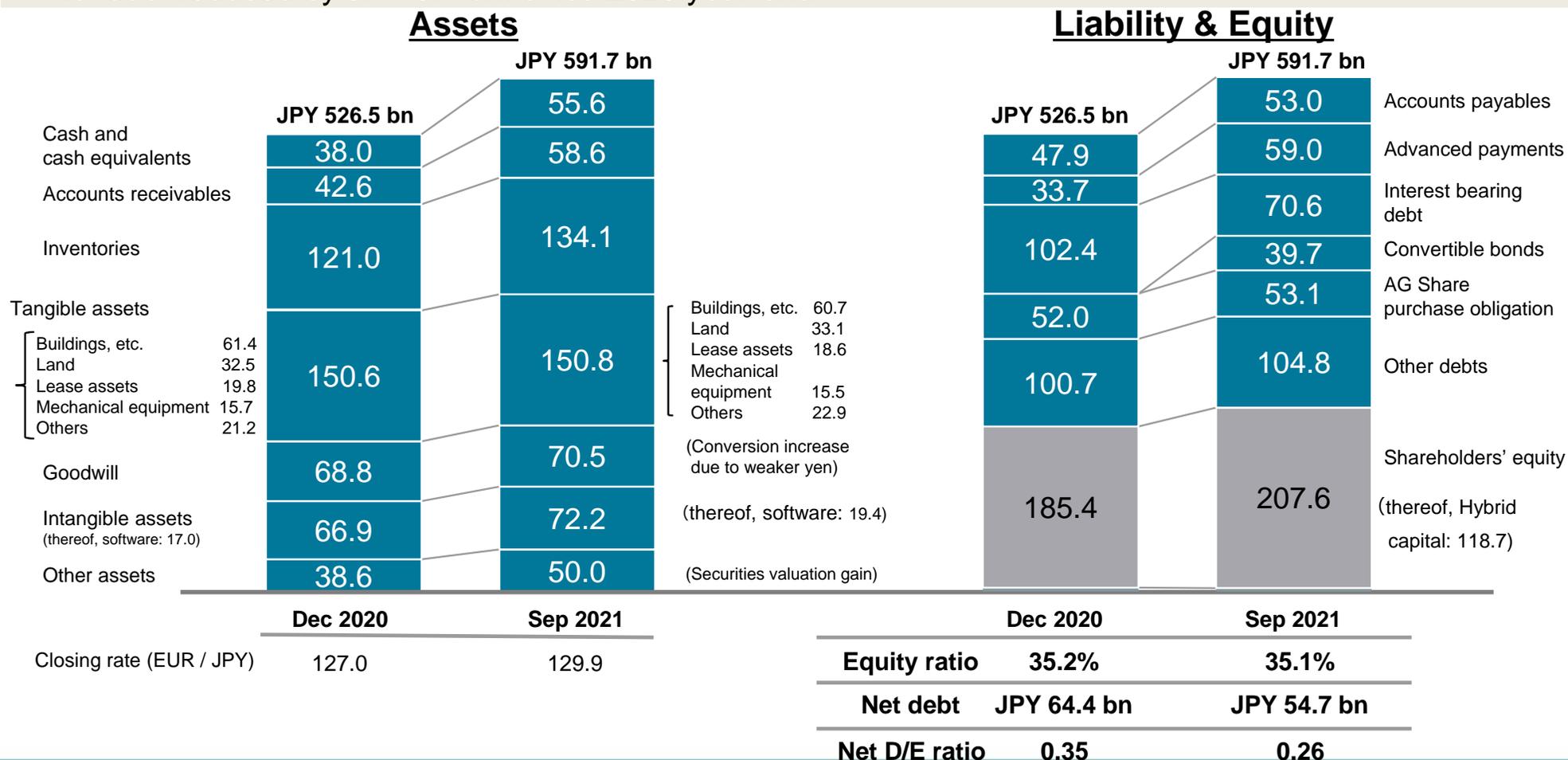
- 3Q free cash flow stabilized in black. Strategic cross shareholdings were reduced between Jul-Sep
- Free cash flow for the year estimated to be JPY 20 bn. or more

(JPY bn)	2019					2020					2021				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	FY (Plan)	
Operating cash flow	13.0	3.8	4.3	22.5	43.6	2.5	-10.9	-0.5	22.6	13.6	2.6	13.4	10.6	40.0	
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	5.4	5.6	19.5	
Depreciation & amortization	5.5	5.3	5.9	6.4	23.1	5.9	5.7	5.8	6.7	24.1	5.5	5.4	5.3	23.5	
Changes 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	5.3	2.3	8.0	
Others	-4.8	-4.9	-3.6	6.5	-6.8	-9.0	-4.2	-3.7	-0.9	-17.8	-2.5	-2.7	-2.7	-11.0	
Investment cash flow	-3.6	-1.6	-9.6	-8.7	-23.5	-3.1	-3.9	-2.5	-9.3	-18.9	-4.5	-3.4	-3.0	-20.0	
(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	-3.1	-5.7		
Free cash flow	9.4	2.2	-5.2	13.7	20.1	-0.6	-14.9	-3.1	13.3	-5.2	-1.8	10.0	7.6	20.0 or more	



Balance sheet summary

- Total assets grew in line with order intake and sales revenues. Net working capital stable due to increased down payment collection
- Net debt reduced by JPY 9.7 bn. since 2020 year-end



FY2021 full-year forecast

DMG MORI

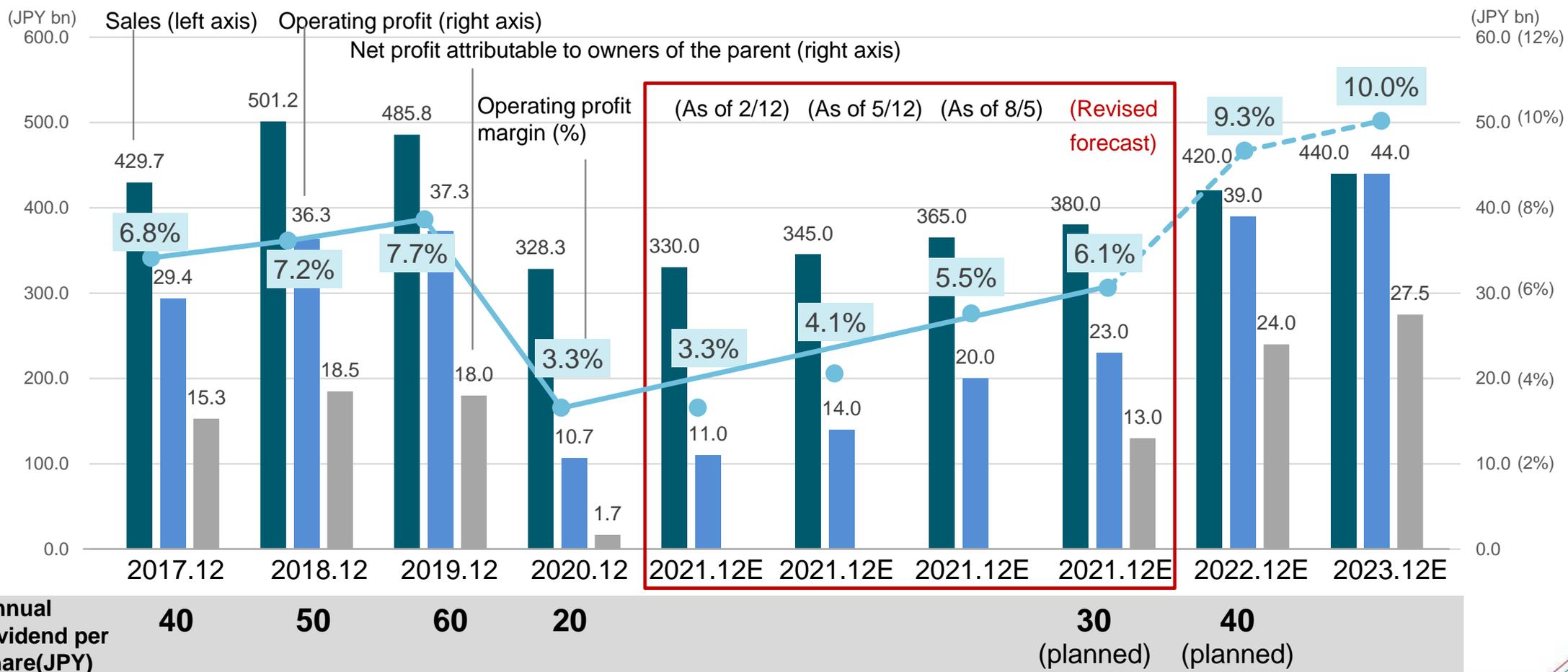
- Annual OI plan: revised upward again to approx. JPY 450 bn. (+61% y-o-y, +10% from FY2019)
- Sales revenue and operating profit also revised upward

(JPY bn)	FY2019 Actual	FY2020 Actual	FY2021 Plan			
			(Revised)	YoY (%)	(as of Aug 5)	Changes
Consolidated order intake	409.4	279.7	Around 450.0	+60.9%	Around 420.0	+30.0
Sales revenue	485.8	328.3	380.0	+15.8%	365.0	+15.0
Operating profit	37.3	10.7	23.0	2.2x	20.0	+3.0
% to sales revenue	7.7%	3.3%	6.1%		5.5%	
Net financial costs	-5.9	-5.6	-3.5	-	-3.5	
(thereof, economic compensation associated with DA*)	(-3.5)	(-3.0)	(-2.0)		(-2.0)	
Profit before taxes	31.5	5.1	19.5	3.8x	16.5	+3.0
Net profit attributable to owners of the parent	18.0	1.7	13.0	7.4x	11.0	+2.0
Attributable to owners of hybrid capital	1.1	1.3	2.0		2.1	-0.1
Attributable to common stockholders	16.9	0.4	11.0		8.9	+2.1
EPS (Yen)·Basic	138.64	3.40	88.14		71.32	
Dividend (Yen/share)	60	20	30		30	
			(Interim:10, Year end:20)			
Depreciation & amortization including lease	23.1	24.1	23.5		23.5	
Capital expenditure	21.2	20.1	20.0		15.0	
USD/JPY	109.1	106.8	109	(4Q 110)	106	
EUR/JPY	122.1	121.8	130	(4Q 130)	127	

*Domination Profit and Loss Transfer Agreement

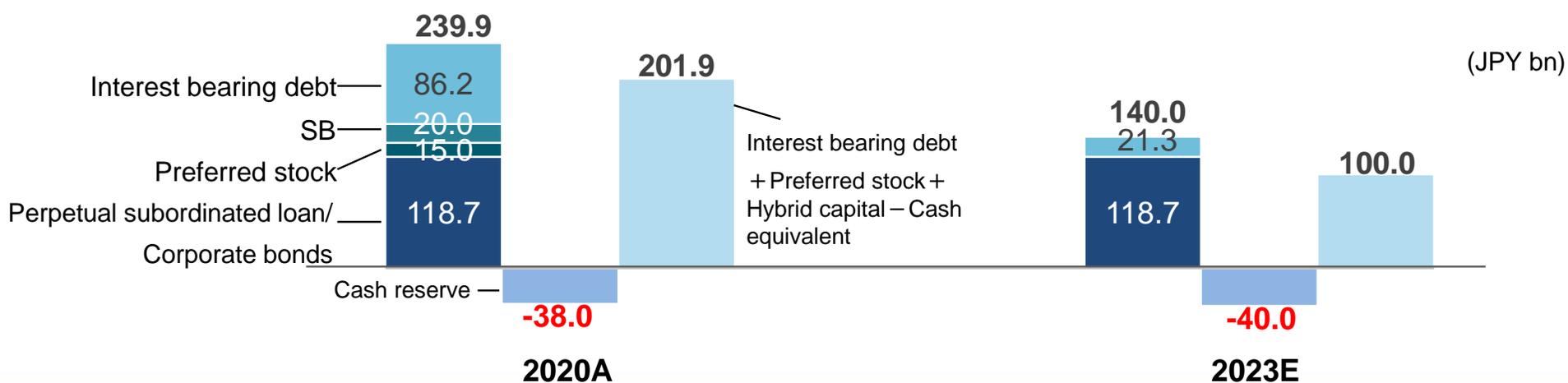
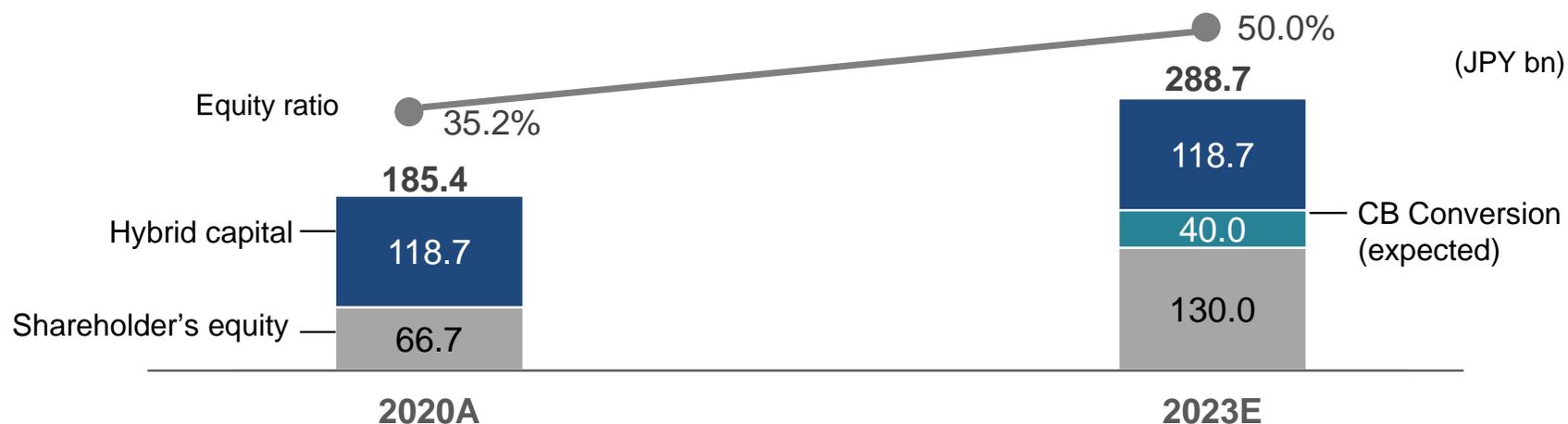
Mid-term financial performance outlook

- FY2022: Operating profit and net profit planned to reach record-high since listing in 1979, excluding special factors at the time of 2015 AG integration
- FY2023: Operating profit margin of 10% or higher targeted



FY 2023 financial position targets

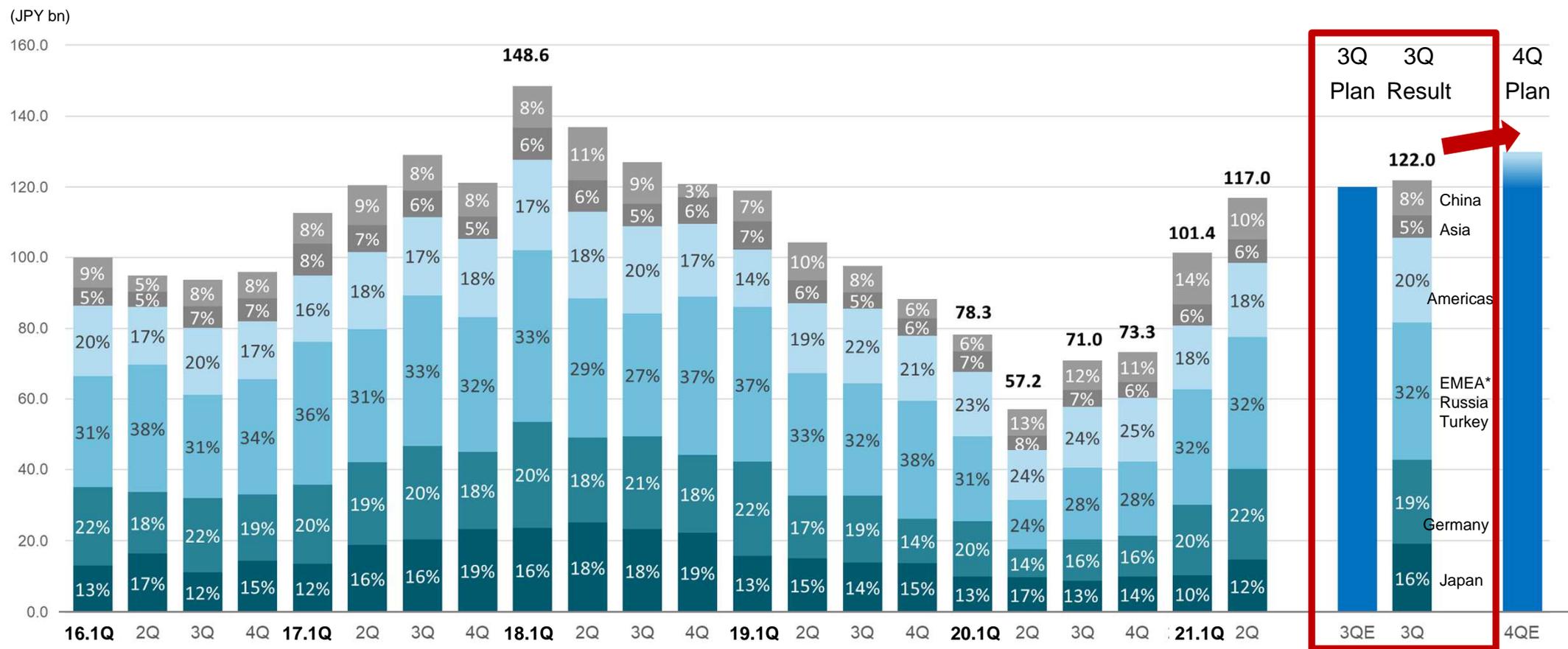
- Until end of 2023: net interest-bearing debt < zero, shareholders' equity ratio = over 50%
- End of August 2021: Secured additional JPY 30 bn. The 1st perpetual subordinated bonds and part of loans repaid. Weighted average interest cost for hybrid capital lowered from 1.77% to 1.47%.



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Order composition (by region)

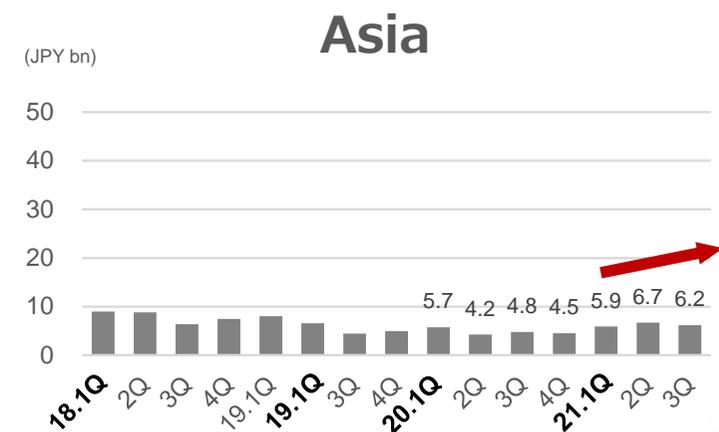
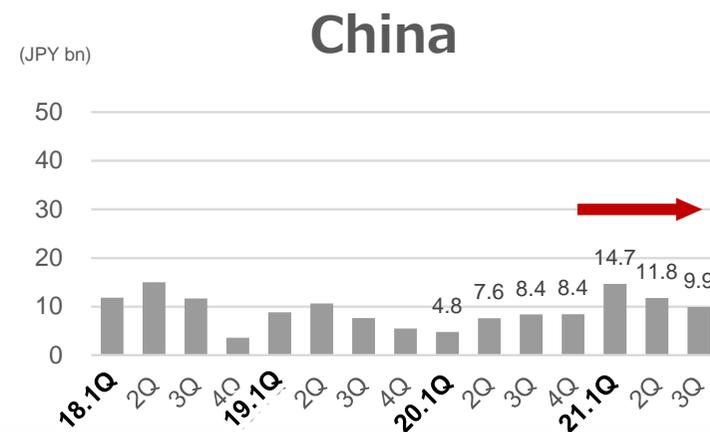
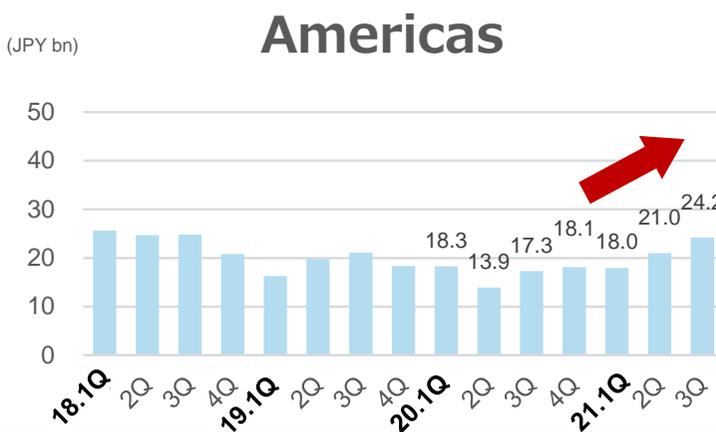
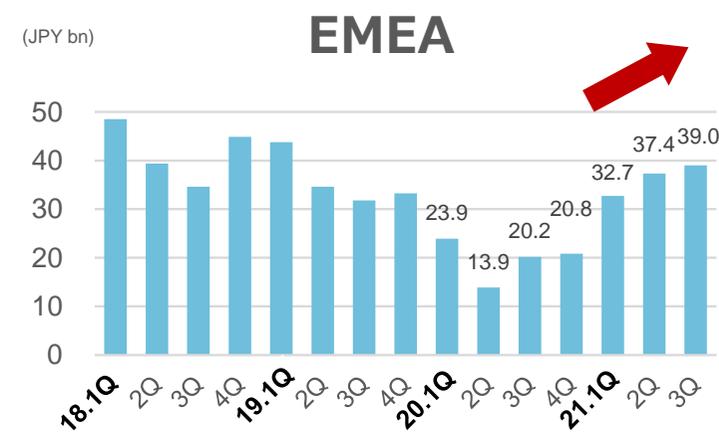
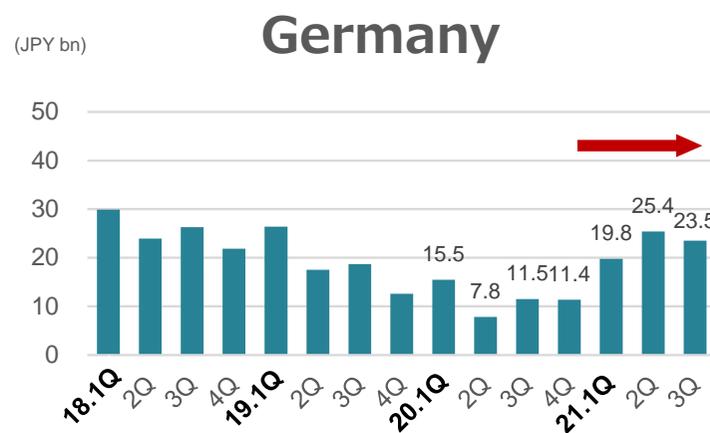
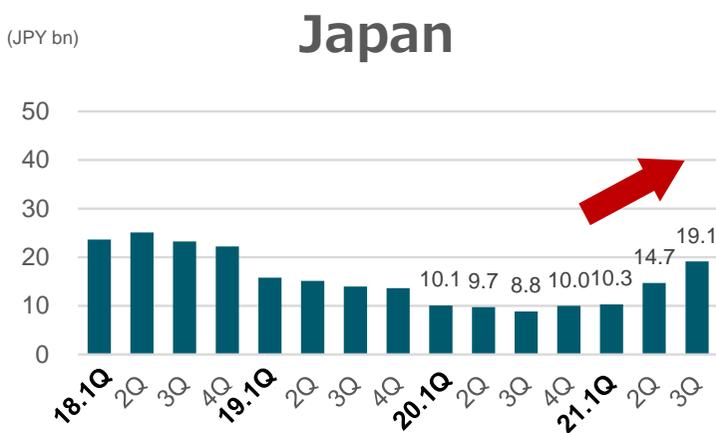
- 3Q OI: JPY 122 bn. (surpassed plan of JPY 120 bn.)
- Europe OI stayed active despite low-demand summer holiday season



*Europe, the Middle East and Africa

OI development by region

- Continuous positive trend in Europe & Americas
- Significant increase in Japan

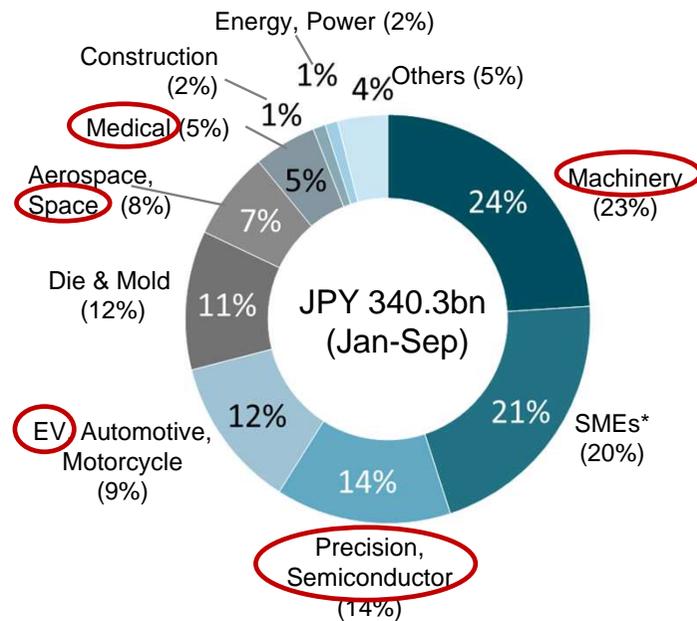


Order composition (Jan-Sep)

- No major change to the order composition. Strong demand from EV, semiconductor, machinery, space etc.
- Growing demand for 5-axis and other process integration machines

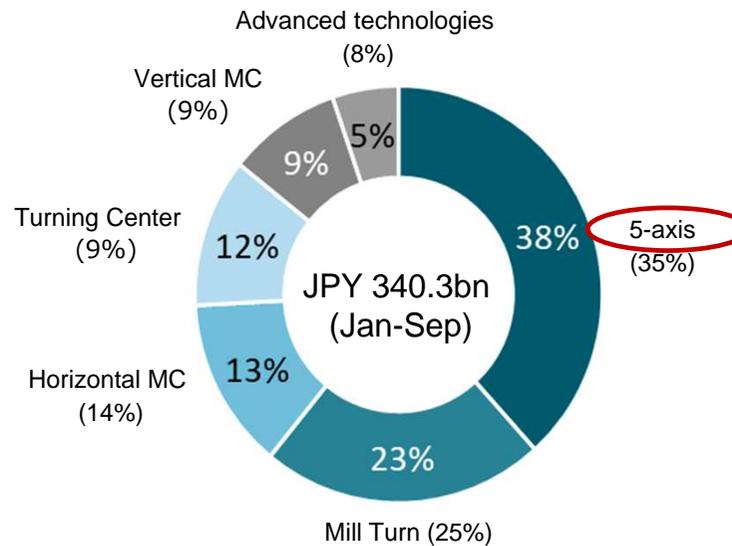
Based on amount
(%in brackets:
FY2020 Jan-Dec)

by industry

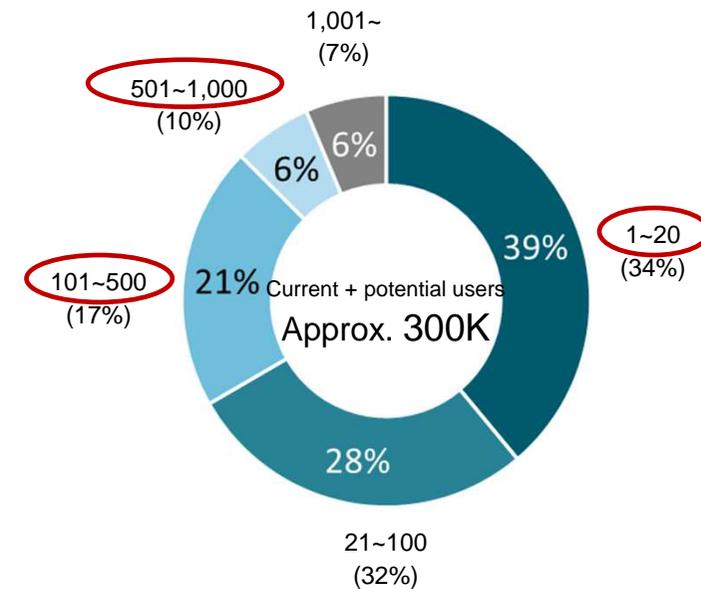


*Small and medium-sized enterprises

by product type

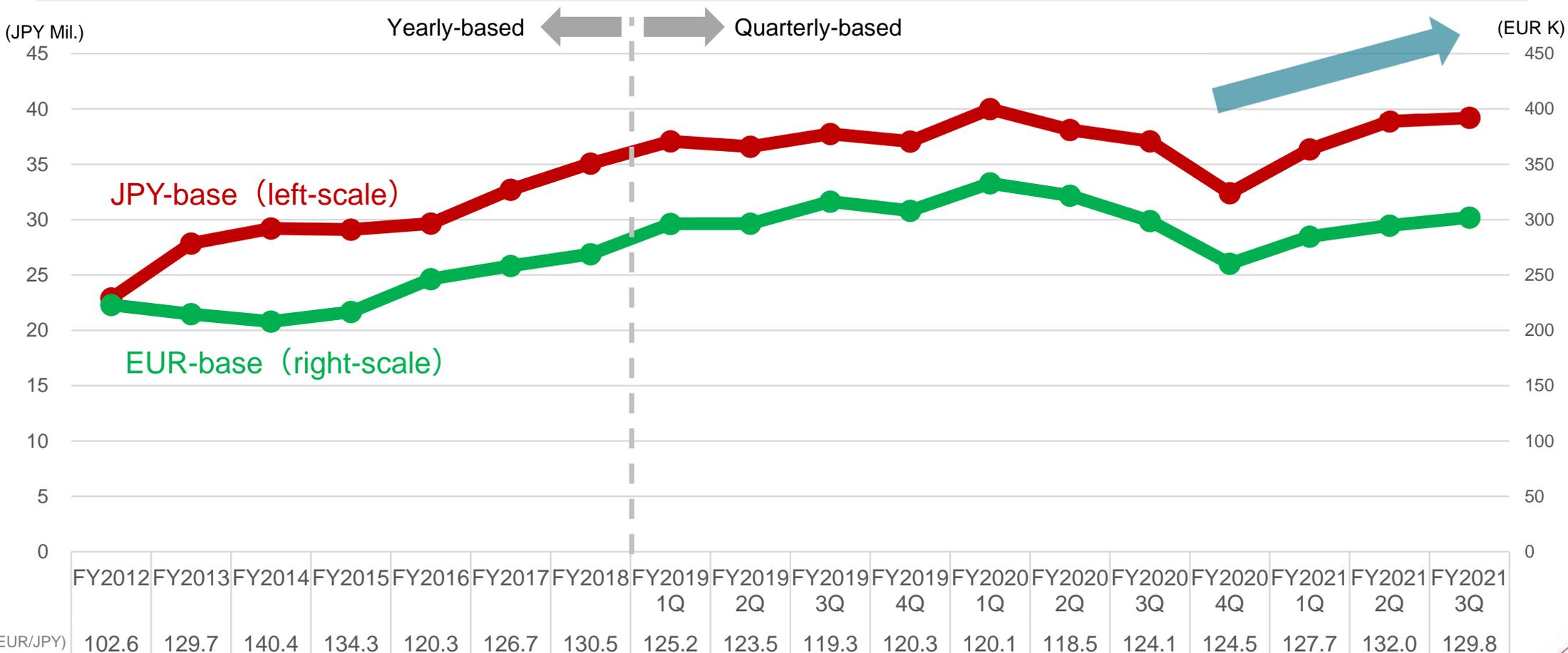


by customer's employee number



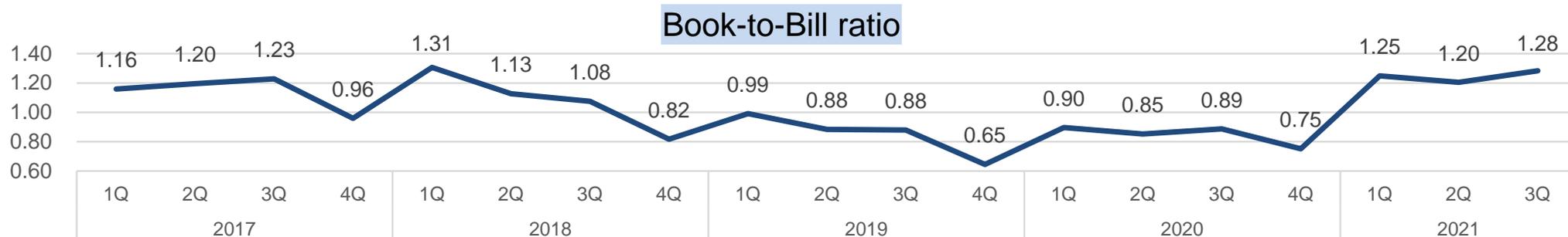
Average price per unit

- Upward trend in average order intake price
- Price increase driven by process integration and automation. Positive impact of product/spare parts list price revision expected



Development in OI & order backlog

- Machine order backlog increased from 96 bn. at FY2020 year-end to JPY 168 bn. at the end of 3Q
- FY2021 year-end order backlog estimated to be around JPY 170 bn. - JPY 180 bn.



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PRE-EMO SHOW (Sept.20-25) @Pfronten factory (Germany)

DMG MORI

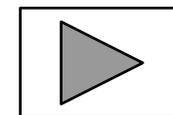




EMO MILANO 2021 (Oct. 4-9)



Small-scale open house at DMG MORI Milan Showroom



Fruitful Technology Fridays

DMG MORI

2020/2021 results

Small-scale shows well appreciated

Hosted 50 shows on Fridays

Over 2,000 Japanese customers in total visited Iga/Tokyo showrooms

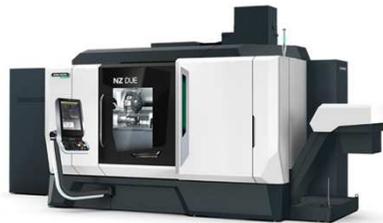


2022: Contents to be updated quarterly

Planned 1,000 overseas customers (incl. Europe and Americas) to be invited to Iga/Tokyo

Technology Days to be hosted daily

Machines



Elemental technology



Automation



Offering solutions at the manufacturing site:

- Digital service (TULIP, my DMG MORI)
- Digital Twin test-cut
- Engineering & process design
- Machining tips
- Peripheral device

NZ-PLATFORM : Japan-Italy joint development

DMG MORI



WH-AGV 5: Next-generation transport system for complete factory digitization

DMG MORI

- WH-AGV 5: The autonomous robot system realizes human-robot collaboration
- Already in use by several customers



Picture from Nara System Solution Plant

Solution for the 3 troublemakers of machining: chips, coolant, mist

DMG MORI

 Higher Productivity + Improved work environment + Reduced CO2 emissions

 Chips



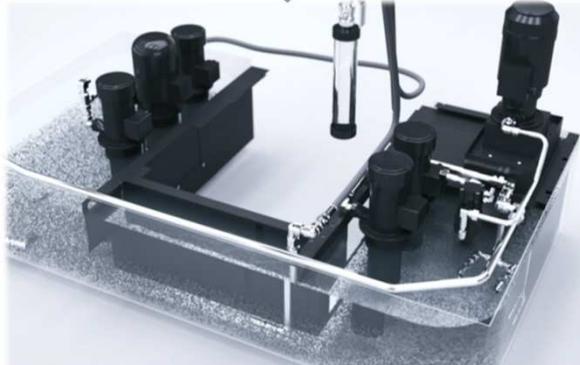
AI Chip Removal



 Coolant



Zero Sludge Coolant



 Mist



zeroFOG



PPA : Process Planning Adviser

第1工程 穴加工

ワークの姿勢

加工部分



工程	加工名称		テーブル姿勢 [°]	
			B軸	C軸
第1工程	穴加工		90	0
第2工程	穴加工		90	180
第3工程	穴加工		90	90
第4工程	穴加工		90	270
第5工程	角ボス形状加工	穴加工	0	0
	穴加工	くびれ部加工		
後工程	余肉除去加工		なし	なし

※本動画におけるワーク、および各工程はK.Saito (株式会社入管精密) による考案・監修です

Introductory videos for customers considering 5-axis machines (supervised by Iriso Seimitsu)

- ✔ 5-axis indexed machining: innovative fixation & machining
- ✔ Know-how of 100 workpieces illustrated in computer graphics

Digital twin test-cut powered by "Fugaku"

- "Fugaku" (the supercomputer of RIKEN) integrated into Digital Twin test-cut

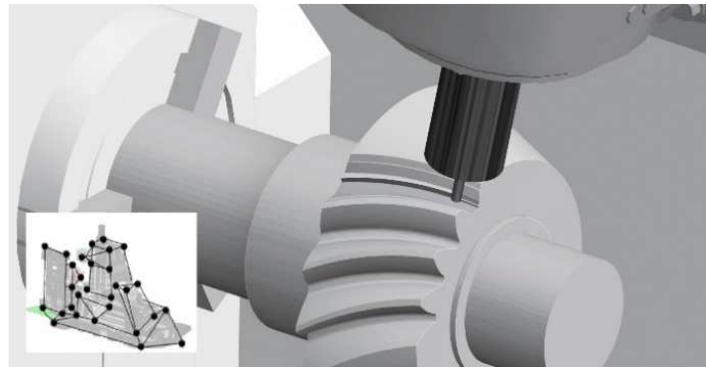
Outcome

- ① Test-cut simulation finished in 10 min. (-98% compared to 8 hrs. of physical test-cut)
- ② Environment-friendly: tools, workpieces, coolant not necessary

8 hrs. with physical test-cuts



10 min. with Digital Twin test-cut powered by "Fugaku"



This work used computational resources of the supercomputer "Fugaku" through the HPCI System Research Project (Project ID: hp210202)

DMG MORI
Sales Manual 2 (0.1.12P)

5 Axis Milling / DMU Series / DMU 50 3rd Generation

DMU 50 3rd Generation

General information

TECHNICAL DOCUMENTS

English

General Documents

Machine Series / Technology

Marketing Documents

Performance Data

Planning, Assembly

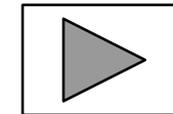
Product News

Product Presentations

Technical Data

CNC Universal Milling Machine with swivel rotary table

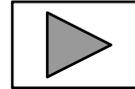
Max. X travels	650 mm
Max. Y travels	520 mm
Max. Z travels	475 mm
Max. table load	300 kg
Table diameter	630 mm



Establishment of "Service Skill Training Center" at DMG MORI Academy (opening September 2021)



Service training for machine models of all ages



Training Curriculum

Primary Course (10 days)			Basic Course (5 days)		Advanced Course (5 days)				
Primary All			Basic - Turning Center	Basic - Machining Center	Advanced - NLX	Advanced - NVX	Advanced - NHX	Advanced - NTX	Advanced - System
 Guidelines for Service Engineers 修理復旧担当者心得	 Pneumatics 空圧機器 / 回路	 Machine operation 機械操作	 Installation / accuracy check 据付 / 精度検査	 Installation / accuracy check 据付 / 精度検査	 Spindle / motor 主軸 / モータ交換 / 調整	 Spindle / motor 主軸 / モータ交換 / 調整	 Spindle / motor 主軸 / モータ交換 / 調整	 Installation / accuracy check 据付 / 精度検査	 LPP
 Safety 安全作業	 Cooling 冷却装置	 Measurement 測定	 Turret 刃物台調整	 Turret 刃物台調整	 Ball screw ボールねじ交換 / 調整	 Ball screw ボールねじ交換 / 調整	 Ball screw ボールねじ交換 / 調整	 B-axis accuracy / swivel center B軸精度調整 / 旋回中心	 MATRIS
 Turning Center basic 基礎知識 (ターニングセンタ)	 Lubrication 潤滑油機器	 Tool 工具	 Spindle head 主軸台調整	 Spindle 主軸ユニット交換 / 調整	 Turret 刃物台分解 / 調整	 Turret 刃物台分解 / 調整	 ATC ATC調整	 ATC ATC調整	
 Machining Center basic 基礎知識 (マシニングセンタ)	 Component 構成部品	 据付作業 Installation	 Chuck / cylinder チャック / シリンダ交換	 ATC ATC調整	 Milling unit ミーリングユニット交換 / 調整	 DBB	 Table テーブル分解 / 調整	 Tool spindle 工具主軸交換 / 調整	
 Mill Turn Center basic 基礎知識 (複合加工機)	 Electric control 電気制御機器	 Replacement / adjustment 交換 / 調整作業	 Spindle 主軸ユニット交換 / 調整	 Spindle 主軸ユニット交換 / 調整	 Saddle サドルユニット交換 / 調整	 Field balancer フィールドバランス	 Linear scale リニアスケール交換 / 調整	 B-axis unit B軸ユニット交換 / 調整	
 Hydraulics 油圧機器 / 回路	 Programming プログラム		 Tool presetter ツールプリセット調整				 Rack magazine ラックマガジン調整		

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Sustaining long-term partnerships

DMG MORI

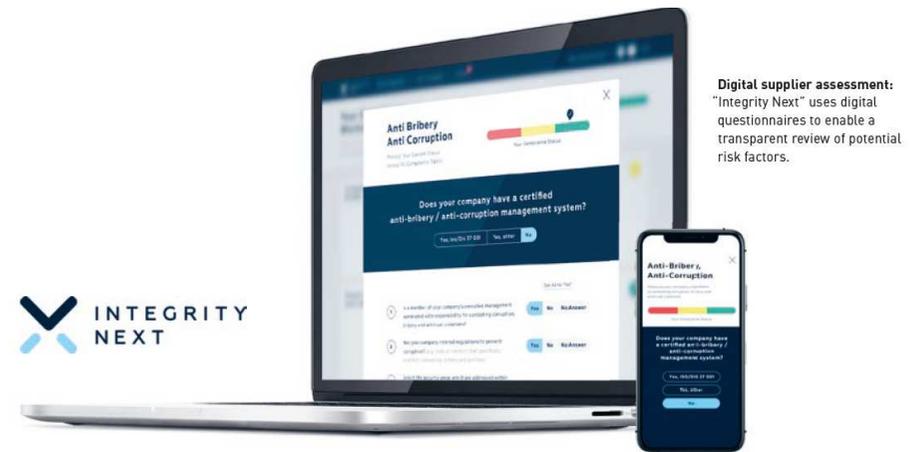
- ➔ Improving quality management & realizing stable procurement
- + Partner Summit 2021



Winners of DMG MORI Partner Award 2021

- Siemens AG (Germany)
- Matsue Yamamoto Metal Co., Ltd. (Japan)
- Pragati Automation Pvt. Ltd. (India)
- FUCHS PETROLUB SE (Germany), and others

- ➔ Taking increased social responsibility in procurement throughout entire supply chain



Digital supplier assessment: "Integrity Next" uses digital questionnaires to enable a transparent review of potential risk factors.

Introduction of INTEGRITY NEXT* :

- Platform for Supplier Monitoring
- Provides information about sustainability, compliance, and more

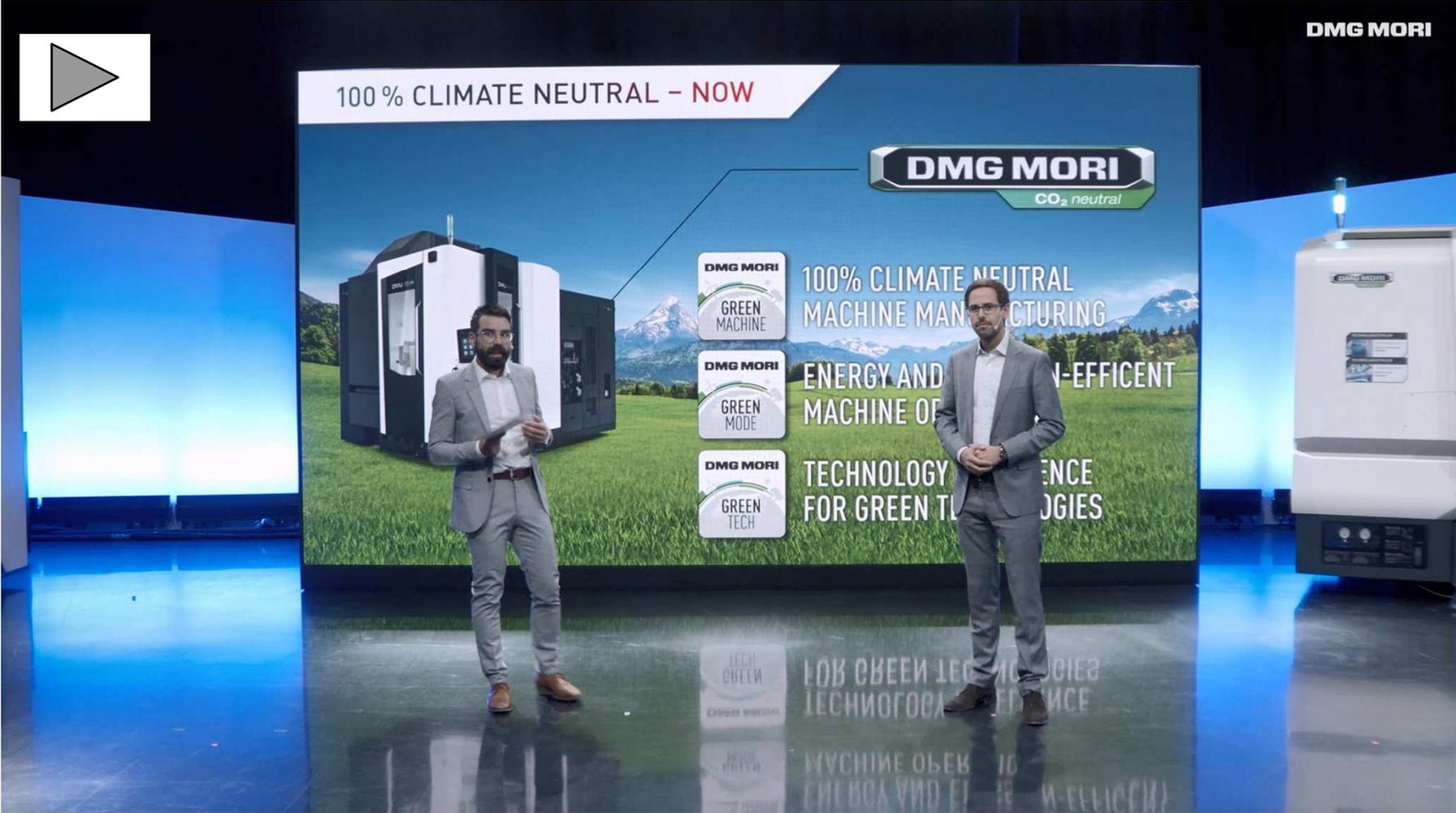
*Supplied by German company INTEGRITY NEXT GmbH

DMG MORI (AG) : Implemented in July 2019

DMG MORI (CO) : Start from Jan. 2022

Promoting global sustainability with carbon- neutrality in upstream, midstream & downstream activities

DMG MORI



<https://youtu.be/ZlyBDG0jQ2M>

Aiming for 100% carbon-neutral supply chain

DMG MORI



Establishment of carbon-neutral production

DMG MORI products come with CO2 neutral mark since January 2021



Carbon neutrality for Downstream of Scope 3 to be achieved between 2023-2030



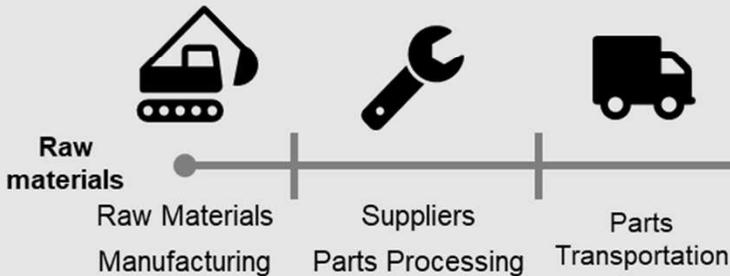
Achieve carbon neutrality (2021)

CO2 emissions from parts procurement

CO2 emissions from business activities



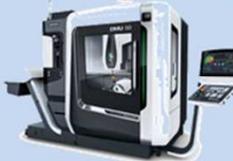
+Reduction of CO2 emissions through process consolidation, automation, and efforts to reduce chips, coolant, and mist



DMG MORI and group companies



Product Transport



Use at the customer

Disposal

16th cutting dream contest (2021)

DMG MORI



Production Parts Machining

Gold prize	Canon Machinery Inc.
Silver	ShonanAutoCut Inds.Ltd.
Bronze	Circle & Square Co.,Ltd.
Skills prize	PEAKS LTD.

Artistic Form Machining

Gold prize	Circle & Square Co.,Ltd.
Silver	NODA PLASTIC SEIKOU Co.Ltd.
Bronze	EXEDY Corporation
Skills prize	IG EVEARTH CO.,LTD

Academic Research

Gold prize	KINDAI UNIVERSITY TECHNICAL COLLEGE
Silver	Kobe Advanced Institute of Technology
Bronze	Hakata Technical High School Manufacturing Specialty Club

Prototype & Test Cut Machining

Gold prize	CASTEM CO.,LTD.
Silver	Circle & Square Co.,Ltd.
Bronze	INAC.CO.,LTD.
Bronze	TOTO LTD.

Advanced Machining

Gold prize	Komine Products Co.,Ltd
Silver	TAKANO Co., Ltd.
Bronze	INAC.CO.,LTD.
Artistic prize	Toyama Industrial Technology Research and Development Center, A-PLUS

5-axis Grand Prize

5-axis Grand Prize	NODA PLASTIC SEIKOU Co.Ltd.
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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