
- Check against delivery -

**Speech for the
Balance Sheet Press Conference of DMG MORI AKTIENGESELLSCHAFT
for the financial year 2015**

**on 10 March 2016, 10.00 a.m. in Frankfurt,
at the Hotel Villa Kennedy**

Ladies and gentlemen,

The DMG MORI group looks back on **another record year**. Under volatile market conditions, we succeeded in generating the best result and the highest sales revenues in the company's history.

I would like to start with the **industry's development** and follow this with a report on the **financial year 2015** and the **forecast for 2016**.

Industry development 2015

International development

According to the information of the German Machine Tool Builder's Association (VDW), exchange rate fluctuations had a strong impact on the **global machine tool market** in 2015. According to VDW estimates, **world consumption** was € 67.3 billion.

In **China**, the worldwide largest market, the consumption of machine tools fell by -11.4% measured in renminbi. The **USA**, being the second most important market for machine tools, recorded reduction of 15.6% measured in US dollars. In the third largest market **Germany**, consumption rose by 4.7%. Japan had again the highest growth market with an increase of 26.5% measured in yen. Last year the Japanese government strengthened the growth power with the economic package Abenomics. South Korea recorded a decline of 2.8% measured in won. For **global production**, VDW also calculated a volume of € 67.3 billion (previous year: € 62.9 billion).

German machine tool industry

In 2015, the German machine tool industry recorded stable order intake, increased production and increased sales revenues. At € 14.9 billion, the **order intake** in Germany was slightly above the level of the previous year (€ 14.8 billion; +1.0%). At the same time, domestic demand decreased by 1.0% (previous year: +6.0%), demand from abroad increased by 2.0% (previous year: +4.0%).

Production was with € 13.8 billion above the previous year's level of € 13.3 billion. Of all the machine tools manufactured in Germany, 68% were exported, just as in the previous year.

Financial year 2015

The DMG MORI group can look back on another record year. Despite volatile market conditions, we succeeded in generating the **best result and the highest sales revenues in the company's history**. We have increased sales revenues compared to the previous year by 3% to € 2.3 billion and EBIT to € 185.9 million (+2%). EBT rose by 24% to € 217.3 million.

An important event was the voluntary tender offer by our Japanese partner. The **majority stake** (52.5%) acquired by DMG MORI COMPANY LIMITED in May 2015, set a strong foundation for our successful cooperation, established in 2009. As part of its publication of its consolidated financial statements 2015, DMG MORI COMPANY LIMITED announced on 10 February 2016 that its shareholdings amounted to 60.67% as of 31 December.

We have made considerable progress in implementing our corporate strategy. We responded to the rise in globalisation within the machine tool market at an early stage. With **164 sales and service locations worldwide**, the gradual expansion of our **global market presence** in recent years has enabled us to be easily accessible to our customers. Altogether, we are present in **76 countries** around the world.

Together with our Japanese partner, we intend to make a targeted increase in **market share** in strategically important markets. The grand opening of our state-of-the-art **production plant in Ulyanovsk (Russia)** was a further milestone at the end of September 2015: "Made in Russia for Russia and the World". With this aim, DMG MORI produces turning and milling machines from the ECOLINE series with cutting-edge technology at the major industrial centre for the aerospace and automotive industry.

Order intake

In a challenging market environment, we achieved order intake of € 2,282.8 million (previous year: € 2,331.4 million; -2%). In **Germany** orders amounted to € 785.0 million (previous year: € 814.5 million; -4%). In the rest of **Europe**, business increased to € 901.4 million (previous year: € 879.6 million; +2%). In **America**, orders were € 165.5 million (previous year: € 180.8 million; -8%). In **Asia**, we recorded order intake of € 426.7 million (previous year: € 453.5 million; -6%), of this, 227.2 Mio. € was from China (previous year: € 227.8 million).

Sales revenues

Sales revenues were the **highest in the company's history** with € 2,304.7 million. This was € 75.7 million or 3% above the record level of the previous year (previous year: € 2,229.0 million). International sales revenues increased by 6% to € 1,542.6 million; domestic sales revenues amounted to € 762.1 million. The export share was 67% (previous year: 65%).

Order backlog

On 31 December 2015, the **order backlog** at the group was € 884.2 million; in "Machine Tools" order backlog results in a calculated production capacity of an average of four months.

Results of Operations 2015

The DMG MORI group could again improve its key earnings figures over the previous year and achieved the best result in the company's history: **EBITDA** rose by 5% to € 243.1 million (previous year: € 232.5 million); **EBIT** amounted to € 185.9 million (previous year: € 182.6 million). **EBT** rose by 24% to € 217.3 million (previous year: € 175.3 million). EBT was influenced positively in the fourth quarter by a one-off effect of profit (€ 37.8 million) received from the sale of shares held in DMG MORI COMPANY LIMITED. Nonetheless, EBT rose by € 4.2 million to € 179.5 million, even without this extraordinary effect. **Annual profit** in the group reached € 159.6 million (+32%; previous year: € 121.1 million). **We have thus achieved the highest values in the company's history in all key earnings figures.**

Earnings per share amount to € 1.90 (previous year: € 1.41). The Executive Board and the Supervisory Board of DMG MORI AKTIENGESELLSCHAFT will propose to the Annual General Meeting on 6 May 2016 to distribute an **elevated dividend of € 0.60** per share for the financial year 2015 (previous year: € 0.55).

DMG MORI AKTIENGESELLSCHAFT share

The **share** of DMG MORI AKTIENGESELLSCHAFT proved relatively stable in the course of the year in comparison to the volatility in the capital markets. Over the year, the **security showed a plus of 61.2%** and ranked 3rd place with this share performance in the MDAX. The MDAX increased by 22.5% in the same period.

With the announcement of the voluntary public tender offer from DMG MORI COMPANY LIMITED on 21 January 2015, the share noted a jump in the stock price to € 28.82 € (+12.6%). Subsequently, the share performance was influenced by the two increases in the offer price by DMG MORI COMPANY LIMITED. The share immediately followed these offer prices. The share moved slightly above the current offer price at all times during the further course of the tender offer. With the expiry of the voluntary public tender offer on 13 April 2015 and subsequent majority shareholding by DMG MORI COMPANY LIMITED, the share price stabilised. The shares closed the year on 30 December 2015 at 38.08 €. The year 2016 opened with a share price of € 37.05 (4 Jan. 2016).

At the moment, our shares are quoted at € 37.17 (XETRA-based closing price on 07 March 2016).

Market capitalisation rose in the reporting year by € 1,149.2 million or 62% to € 3,001.4 million (reference date: 30 Dec. 2015) and thus achieved the highest value in the 145 year history of the company.

The following provides some explanatory notes on the DMG MORI Group Consolidated Financial Statements for 2015:

Net worth and financial position

The **balance sheet total** rose to € 2,283.9 million (previous year: € 2,229.8 million). The group's financial position continued to develop positively overall in the reporting period: the **free cash flow** was positive at € 32.0 million (previous year: € 86.1 million).

Equity

Equity rose by € 91.4 million to € 1,357.5 million (previous year: € 1,266.1 million). The **equity ratio** was 59.4% (previous year: 56.8%).

Investments

Investments in **plant, property and equipment and in intangible assets** of € 130.6 million were below the level of the previous year (€ 136.9 million). Depreciation on fixed assets in the amount of € 57.2 million was above the previous year's level (€ 49.9 million).

Large projects were the central focus of investments in 2015: **we opened our state-of-the-art production plant worldwide in Ulyanovsk (Russia)** with its **Grand Opening** on 29 September 2015. The completion of our **new technology center in Moscow** continues progressing as planned; it will be opened on 23 May 2016.

We will also continue to expand our market presence in **Asia**. In **South Korea**, the world's fifth largest market for machine tools, the construction of our **new technology center in Seoul** continues to be on track. The opening is planned for 15 July 2016.

Employees

On 31 December 2015, the group employed 7,462 employees (previous year: 7,166 employees); the number of employees rose by 296. The addition of employees in the “Machine Tools” segment resulted primarily from the hiring of new staff at our location in Ulyanovsk. The growing division Advanced Technologies at SAUER GmbH had received additional staff. The number of employees in the “Industrial Services” segment was increased, in particular at our local sales and services companies in Germany, Africa, India, Italy and France, as well as at the DMG MORI Spare Parts.

At the end of December 2015, **320 trainees** – a plus of 29% – were employed at the group (previous year: 248). At the start of the new training year, 89 trainees were hired.

Employee expenses rose by € 39.4 million to € 545.5 million (previous year: € 506.1 million). The personnel expenses ratio amounted to 23.2% (previous year: 22.4%).

Research & development

Together with our Japanese partner, we presented **18 world premieres** at 75 national and international trade fairs, as well as an open house exhibition in the reporting period and thus demonstrated our innovative capacity. Expenses for research and development at € 45.9 million were around 4.1% above the previous year’s figure (€ 44.1 million).

In the era of **Industry 4.0**, we place particular focus on integrated technology and software solutions. CELOS allows us to currently offer our customers the key factor for networked, intelligent production. CELOS is compatible with other systems, such as PPS or ERP, and enables the system to be linked to CAD/CAM applications. Our wide range of CELOS apps supports the general management, documentation and visualisation of order, process and machine data. By connecting the machine to the network via CELOS, set up times can be reduced by up to 30%.

Another unique feature are the 24 exclusive **DMG MORI technology cycles**. With these software solutions for simple execution of complex machining, we are setting milestones in the machine tool industry. Through interactive and user-friendly applications, programming times can be cut by up to 60%. Hardly any programming knowledge is necessary for our pre-set, easily learned entry templates – no more complicated DIN programming. DMG MORI technology cycles are thus an important component of the intelligent production of the future.

In Advanced Technologies, our focus is on **Additive Manufacturing**. The manufacturing of components in finished part grade is performed through a combination of generative production and milling. The unique technological combination of laser build-up welding by means of powder nozzle and milling with one machine offers new possibilities for production of highly complex and customised products.

We have continued to optimise our “**Industrial Services**” segment portfolio in all areas in the reporting year. With the help of DMG MORI LifeCycle Services, our customers optimise the productivity of their machine tools over their entire life cycle – from commissioning until part exchange as a used machine.

Outlook on the financial year 2016

On the current business development:

The **German machine tool industry** started the year 2016 with cautiously positive expectations. VDW and Oxford Economics expect growth of 4.1% for the **worldwide machine tool market**.

DMG MORI started into the year as planned: We kicked off the new year with our **traditional in-house exhibition in Pfronten**. With order intake of € 190.8 million and 681 sold products, we achieved good results. More than 9,000 international trade visitors contributed to the record number of visitors. At the METAV in Düsseldorf (23 - 27 February 2016) we sold 177 machines and service products worth € 39.7 million.

In the beginning of 2016, order intake was slightly above the previous year's level. For the first quarter of 2016, we are expecting order intake of around € 600 million. For the year overall, we are planning slightly higher order intake than in the previous year. In the first quarter of 2016, we are expecting sales revenues of approximately the previous year's level; for the year overall, we are again planning sales revenues of around € 2.3 billion. In the first quarter EBT will be slightly below the previous year's level; for the year overall the result will probably be significantly below the high level of the previous year.

The DMG MORI group intends to strengthen and expand its market position as a worldwide leading manufacturer of cutting machine tools. We see additional **growth potentials** in our core market in Europe as well in the USA, Japan, China, Korea, India, Mexico, Taiwan, and the countries of South East Asia. On 23 May 2016 – the first day of Metalloobrabotka, the Russian market's most important trade fair – we will have a Grand Opening of the new Technology Center in **Moscow**. In **Seoul** (South Korea) we are opening our new technology center on 15 July 2016.

In the current business year, our focus is also the strengthening of our core competencies in mechanical production. For example, we will expand the **Advanced Technologies** business area at our location in Idar-Oberstein and also complete the expansion of assembly and logistics already underway. The Grand Opening will take place on 29 June 2016.

In the area of **research and development**, we will continue to pursue our innovations-based strategy together with our Japanese partner to increase customer benefits in the current financial year. The focus of our activities will be the further development of our innovative control and drive technology and modern Industry 4.0 applications. We will consistently expand our CELOS portfolio of app-based control and operating software. CELOS is the interface between the real world and the virtual world. In April, we are introducing CELOS version 3, which will make handling even easier and more intuitive.

For the **financial year 2016**, we still expect a volatile economic development overall. Together with our Japanese partner DMG MORI COMPANY LIMITED, we are in a strong strategic position to successfully tackle the challenges ahead.

Frankfurt, 10 March 2016

Dr. Rüdiger Kapitza

Chairman of the Executive Board

Statements relating to the future

This release contains statements relating to the future, which are based on current estimates by the management regarding future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, which could lead to the actual future circumstances including the assets, liabilities, financial position and profit or loss of DMG MORI AKTIENGESELLSCHAFT differing materially from or being more negative than that those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI AKTIENGESELLSCHAFT are subject to a series of risks and uncertainties, which may result in forward-looking statements estimates or forecasts becoming inaccurate. Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results stated, expected, anticipated, intended, planned, aimed at, estimated or projected in these statements. Forward-looking statements must not be understood as a guarantee or assurance of future developments or events contained therein.

There are two companies using the name "DMG MORI ": DMG MORI AKTIENGESELLSCHAFT with registered office in Bielefeld, Germany, and DMG MORI COMPANY LIMITED with registered office in Nagoya, Japan. This release refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this release to the "DMG MORI group", this refers exclusively to the DMG MORI AKTIENGESELLSCHAFT and its group companies.