

**DMG MORI**

AKTIENGESELLSCHAFT

*Annual Report and  
Financial Statements 2015*

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**ANNUAL  
REPORT  
2015**

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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### **Basis of the Company**

The DMG MORI AKTIENGESELLSCHAFT (until 05 June 2015: DMG MORI SEIKI AKTIENGESELLSCHAFT), Bielefeld, (“Company”) is the parent company of the DMG MORI group (“DMG MORI”). The purpose of the company is to function as a managing holding company (executive, service and holding functions). The sales revenues recognised for the parent company comprise almost exclusively income from performing holding and service functions for the group as well as from rental income.

The earnings position of DMG MORI AKTIENGESELLSCHAFT differs from that of the group in terms of level and structure. The earnings result essentially from control and profit and loss transfer agreements with two domestic subsidiaries and from income and expenses resulting from the holding functions. The present management report refers exclusively to DMG MORI AKTIENGESELLSCHAFT as the parent company. A detailed presentation of the DMG MORI group is given in our Annual Report 2015 and in the Consolidated Financial Statements and group Management Report contained therein, which were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

On 21 January 2015, DMG MORI COMPANY LIMITED announced its plans to submit a voluntary public tender offer for the outstanding shares of DMG MORI AKTIENGESELLSCHAFT. The regular acceptance period commenced on 11 February 2015 and ended on 13 April 2015. The tender offer was accepted for 9,377,464 DMG MORI AG shares. This was an 11.9% share of the share capital and voting rights of DMG MORI AKTIENGESELLSCHAFT. The total number of shares held by the bidder and companies acting jointly with the bidder immediately after settlement of the tender offer amounted to 41,408,563. This was a 52.54% share of the stock capital and voting rights of DMG MORI AKTIENGESELLSCHAFT.

In the course of the voluntary public tender offer by DMG MORI COMPANY LIMITED, the amount of DMG MORI AG free float shares was reduced accordingly in 2015.

As evidenced by its annual financial statements for the year ending 31 December 2015 published on 10 February 2016, DMG MORI COMPANY LIMITED held a 60.67% share in the share capital of DMG MORI AKTIENGESELLSCHAFT. According to other voting rights notifications communicated as of 31 December 2015, the following two shareholders also held more than 3% of voting rights: As at the date of their latest voting rights notification, Paul Singer / Elliott Asset Management and affiliated companies held 15.16% of share capital. As at the date of their voting rights notification, the UBS Group AG, Zurich and affiliated companies held a total voting right share of 4.87%, which is broken down as follows: Voting rights shares from (financial / other) instruments pursuant to Section 25a wPHG (German Securities Trading Act): 1.37%, voting rights shares pursuant to Section 25 para. 1 wPHG: 1.49% and voting rights shares pursuant to Sections 21, 22 wPHG: 2.01%.

Basis of the Company  
Strategy and  
Management System

## Strategy and Management System

DMG MORI AKTIENGESELLSCHAFT as the management holding company as part of the entire corporate strategy of the DMG MORI group. The corporate strategy is directed towards constantly expanding and strengthening its current market position as a leading manufacturer worldwide of cutting machine tools in the global market for machine tools (volume 2015: € 67.3 billion).

With a special focus on growing profitability, our main goal is to achieve an even deeper market penetration of our products with our innovative and varied product range. A key component of this strategy is the partnership with the Japanese company, DMG MORI COMPANY LIMITED. Here, we benefit from the synergies realized, in particular, by the Sales, Service, Product Development, Production and Purchasing divisions. Thanks to the joint use of production sites and successfully completed expansion of our global production network, we are able to produce “in the market, for the market”, thus ensuring low import and logistics costs. Together with DMG MORI COMPANY LIMITED, we will continue to invest into expanding our global sales and service structures. To this end, we are systematically aligning the DMG MORI group to be market, product and customer-based.

The Executive Board of DMG MORI AKTIENGESELLSCHAFT manages the group by way of a firmly defined organisational structure according to management criteria and operational targets, whose attainment is monitored by set key performance indicators. The attainment of the key performance indicators and the efficient use of our capital are monitored and managed with the aid of our internal controlling and management system as well as our regular reporting system. In doing so, most especially order intake, sales revenues, earnings before taxes (EBT) and investments are key internal target and control variables. We manage the activities of the group and the individual companies sustainably and with a focus on value.

The following table provides an overview of the material financial and key performance indicators of the DMG MORI AKTIENGESELLSCHAFT:

<b>KEY FINANCIAL PERFORMANCE</b>			
<b>INDICATORS OF DMG MORI AG</b>			
	Actual 2014 € K	Plan 2015 € K	Actual 2015 € K
Sales revenues	15,505	20,000	20,550
EBT	96,754	nearly constant	82,913
Investments in fixed assets / intangible assets	5,093	3,300	5,285
Number of employees (annual average)	107	slight increase	123

The sales objective was achieved. The EBT was below the forecast for the business year 2015; the changes and reasons are explained in detail in section earning positions. The investments in intangible assets and especially fixed assets were somewhat higher than planned, since the implementation of construction projects at the Bielefeld location were partially put off until 2015. As forecast, the average number of employees slightly increased in 2015 over the previous year.

### **Corporate Governance Statement pursuant to Section 289a of the German Commercial Code (HGB)**

#### **Corporate Governance**

The Executive Board and Supervisory Board report in accordance with Section 3.10 of the German Corporate Governance Code on corporate governance at the DMG MORI group.

The Executive Board and Supervisory Board of DMG MORI AKTIENGESELLSCHAFT always act in accordance with good corporate governance. This is reflected in a responsible and transparent corporate management and corporate control. Good corporate governance is an essential element of strategic thinking and acting at all levels of the group. The DMG MORI group has been following the recommendations of the German Corporate Governance Code for years.

In November 2015, the Executive Board and Supervisory Board once again issued a declaration of conformity that confirmed without reservation compliance with all recommendations of the “Government Commission on the German Corporate Governance Code” in the version of 5 May 2015 and its publication in the electronic Federal Gazette (Bundesanzeiger) on 12 June 2015. The Executive Board and Supervisory Board likewise confirm that the recommendations of the “Government Commission on the German Corporate Governance Code” will also be complied with in the future.

The current declaration of conformity and the corporate governance report are permanently accessible at our website [www.ag.dmgmori.com](http://www.ag.dmgmori.com), as are the declarations of conformity of previous years.

At the DMG MORI group D&O insurance (directors’ and officers’ liability insurance) and legal protection insurance have been taken out for members of the Supervisory Board, all the Executive Board members and managing directors. The D&O insurance contains the excess provided for in the Code and in the pertinent statutory provisions, respectively.

#### **Description of the work of the Executive Board and Supervisory Board and their committees**

#### **Responsible Management of Opportunities and Risks**

For us, part of good corporate governance is the comprehensive and systematic management of opportunities and risks within corporate management. This serves to identify, evaluate and control such opportunities and risks at an early stage.

The opportunities and risk management system of DMG MORI AKTIENGESELLSCHAFT is integrated in the opportunities and risk management system of the DMG MORI group.

Our risk management system includes an early risk identification system, an internal control system (ICS), and the central insurance management. Forward-looking, our early risk identification system enables us to record and control the potential risks of future developments in the DMG MORI group. The recorded, assessed and controlled risks in question are circumstances which contain an inherent element of potential risk due to the prevailing environmental situation, and which are recorded, assessed and controlled in an adequate manner.

Our early risk identification system consists of five basic elements: the company-specific manual on risk management, the central DMG MORI AKTIENGESELLSCHAFT risk management officer, decentralised risk management officers in each group company, area-specific risk management systems, which assess and prioritise individual risks, and the risk reporting system on corporate level and for each individual company with the accompanying ad hoc reporting system for material risks.

The early risk identification system at the DMG MORI group is structured in such a way that significant risks are systematically identified, assessed, aggregated, monitored and notified.

Risks in individual company divisions will be identified once per quarter according to prescribed risk areas. All potential risks thus recorded are analysed and assessed according to quantitative variables; hereby measures to reduce risks are also taken into account. Any risk which threat the continuation of business is reported immediately, also outside of the periodic reporting.

To be able to present the overall risk situation of the group, we determine the individual local and central risks as well as the group effects. Possible maximum loads from identified and assessed risks for the group are simulated using quantitative methods (Monte Carlo simulation).

The Executive Board and the Supervisory Board are informed regularly about the current risk situation of the group and that of the individual business units. They discuss the causes of the current risk position and the corresponding measures taken in-depth.

The early risk identification system set up by the Executive Board pursuant to Section 91(2) German Stock Corporation Act (AktG) is examined by the auditors, is continuously being further developed within the group and is adapted to suit changing circumstances on an ongoing basis.

The existing internal control system of the DMG MORI group serves to minimise or eliminate controllable risks in day-to-day business processes. Based on an analysis and documentation of basic business processes, which is updated annually, controllable risks are registered and eliminated or minimised to an acceptable level by arranging the organisational structure and workflow management accordingly, and by implementing suitable control measures. This is supported by existing internal guidelines and instructions as part of the ICS. The effectiveness of the ICS is judged by annual self-assessments. A report on the results of the self-assessments is given to the Executive Board and the

Supervisory Board. The ICS of DMG MORI AKTIENGESELLSCHAFT is structured in accordance with the requirements of the German Stock Companies Act as well as the necessary requirements of the “Japanese Financial Instruments and Exchange Act” (J-SOX / Naibutousei).

To minimise or eliminate risks, the DMG MORI group also deploys central insurance management. This determines the group-wide insurance strategy, and is responsible for the operational implementation.

### **Cooperation between the Executive Board and Supervisory Board**

The Executive Board and Supervisory Board work closely together in the interests of the company. The Executive Board agrees the strategic direction of the company with the Supervisory Board and informs the latter regularly, timely and comprehensively of all issues of relevance to the company relating to strategy, business development, the risk position, risk management and compliance. Any deviations in the course of business from the established plans and targets of the group are discussed and the reasons therefore given. The Executive Board forwards the half-year and quarterly reports to the Finance and Audit Committee and discusses the reports in detail with the Finance and Audit Committee before their publication.

The articles of association and the rules of procedure provide for the right of consent of the Supervisory Board to a wide range of business transactions proposed by the Executive Board.

### **Objectives in the Composition of the Supervisory Board**

In its meeting on 22 September 2015, the Supervisory Board passed a resolution on the following voluntary commitment pursuant to Section 5.4.1 DCGK (German Corporate Governance Code):

- The Supervisory Board should be staffed with the same number of owners’ representatives with experience in managing or governing companies with global operations;
- Employees from key DMG MORI sectors should be taken into consideration as employee representatives;
- Knowledge about DMG MORI and key markets for DMG MORI, as well as knowledge about technical contexts and technology management should be taken into consideration;
- Specialist knowledge and experience in the use of accounting principles, internal monitoring procedures and compliance processes should be taken into consideration;

- At least two male and two female Supervisory Board members should be elected for both the owners' and the employees' sides, as soon as possible, but no later than the election of the new Supervisory Board in 2018;
- At least 50% of all Supervisory Board members should be independent;
- Conflicts of interest should be avoided;
- An upper age limited of 70 years at the time of election to the Supervisory Board should be observed;
- Nominations for future staffing of the Supervisory Board should also look, in particular, to the interests of the company, while observing the objectives mentioned above.

A resolution was also passed on a maximum limit of five terms of office.

### **Avoiding Conflicts of Interest**

Members of the Executive Board and Supervisory Board are obliged to act in the interests of the company. In making decisions and in connection with their functions, the members of the Executive Board and of the Supervisory Board may not pursue any personal interests or business opportunities that the company is entitled to, nor may they grant any unjustified benefits to any other person. Any conflicts of interest that arise out of these or any other situations must be notified to the Supervisory Board without delay and must be assessed and, as necessary, authorised by the Supervisory Board. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest and on how they are dealt with.

### **Shareholders and Annual General Meeting**

Our shareholders exercise their rights at the Annual General Meeting. The Annual General Meeting passes resolutions, inter alia, on the appropriation of profits, on the approval of the actions of the Supervisory Board and Executive Board, as well as on the election of the annual auditor or any changes to the articles of association. Shareholders may exercise their voting right in person. Shareholders who are unable to attend the Annual General Meeting personally are given the opportunity of exercising their voting right by proxy through an authorised person of their choice or by transfer of proxy to a representative of the group who will act as per their instruction.

In addition, it is possible to obtain information about the Annual General Meeting timely via the Internet. All documents and information are made available to shareholders in good time on our website.

### **Transparency**

We strive to ensure that our corporate communication offers the best possible transparency and relevance for all stakeholders, such as shareholders, capital lenders, business partners and employees, as well as for the general public.

Shareholders and potential investors can obtain information at any time on the current situation of the company from the Internet. Any interested party may subscribe to an electronic newsletter on our website, which reports the latest news from the group. Press releases, business and quarterly reports, as well as a detailed financial calendar in both German and English are published on our website.

### **Compliance**

We are aware of our responsibility towards our business partners, shareholders and employees, as well as to the environment and to society. We therefore specifically undertake to uphold clear principles and values. In particular, this includes observing and upholding legal requirements and regulatory standards as well as voluntary commitments and our own internal guidelines. Our compliance management system is designed to safeguard our principles and values.

The code of conduct of the DMG MORI group is applicable worldwide in all group companies and applies to all employees and, inter alia, governs their behaviour towards third parties. This code of conduct is set out more specifically in the compliance guidelines inter alia in the areas of anti-corruption, competition law behaviour, export controls and dealing with insider information.

Our compliance management system, which we introduced in 2008, has been further expanded, also this year. Alongside the Chief Compliance Officer, who reports directly to the chairman of the Executive Board, local compliance officers have been appointed at the plants or at the regions, respectively. The local compliance officers ensure that the measures are implemented and thus support the Chief Compliance Officer in his duties. Beyond this, our compliance work is supported by the Compliance Committee. The Committee is composed of experts from the audit, legal, risk management, internal control system, personnel, IT, purchasing and sales departments; the Committee acts as an advisor to the Chief Compliance Officer. All employees have the possibility to address questions relating to compliance to their local compliance officer or to the Chief Compliance Officer or central compliance management, respectively. In addition, we have set up a compliance helpdesk, which employees may contact by email. In order to ensure that our compliance management system is adjusted to the present conditions at all group companies at all times, regular meetings and functions tests are conducted at the group affiliates.

Our senior executives regularly attend training sessions organised by the Chief Compliance Officer. Our senior executives are then expected to act as multipliers, passing their knowledge on to their employees. Moreover, online training courses are conducted for all employees. In order to establish our compliance programme, we have carried out a dedicated analysis of all compliance risks, both centrally and locally, at the group units. We align our compliance measures with the identified risks and review the processing of further compliance topics.

In the reporting year, we have successfully subjected our compliance management system to an extensive test of effectiveness.

### **Statutory Gender Quota / Diversity Requirements**

Based on the act on equal participation of women and men in executive management roles in the public and private sectors of 24 April 2015, the Supervisory Board is required to define quotas for the percentage of women on the Executive Board. Moreover, the Executive Board is responsible for defining quotas for the percentage of women in management positions below Executive Board level. Executive Board and Supervisory Board have fulfilled this obligation:

- Considering this legal framework, the Supervisory Board passed a resolution on 22 September 2015 specifying that a quota of 20% for the Executive Board of DMG MORI AKTIENGESELLSCHAFT should be occupied by female members of staff by 30 June 2017.
- As a result of flat hierarchies, at DMG MORI AKTIENGESELLSCHAFT only one management level exists below that of the Executive Board. The target quota set by the Executive Board on 09 September 2015 for this management level was 6% for women. This target figure should be achieved by 30 June 2017.

### **Financial Accounting and Annual Audit**

We have again agreed with the annual auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, for this reporting period that the chairman of the Supervisory Board and the chairman of the Finance and Audit Committee have to be informed without delay of any grounds for exclusion or bias that may arise during the audit insofar as these cannot be eliminated. In addition, the auditor shall also immediately report any findings and events that arise during the audit of the financial statements and consolidated financial statements that have a significant bearing on the work of the Supervisory Board. Moreover, the auditor will inform the Supervisory Board or note in the audit report if, when conducting the audit, any facts are discovered that are inconsistent with the declaration of conformity issued by the Executive Board and Supervisory Board under the Corporate Governance Code.

### **Share Ownership of the Executive Board and Supervisory Board Members**

Only one member of the Supervisory Board is an indirect shareholder in DMG MORI AKTIENGESELLSCHAFT. The Supervisory Board member Dr.-Ing. Masahiko Mori holds shares in DMG MORI COMPANY LIMITED (Nagoya, Japan). The DMG MORI COMPANY LIMITED holds, directly and indirectly 60.67% of the share capital of DMG MORI AKTIENGESELLSCHAFT (as at 31 December 2015). Hence, Dr.-Ing. Masahiko Mori is indirectly a shareholder of DMG MORI AKTIENGESELLSCHAFT.

Pursuant to Section 15a of the German Securities Trading Law (wPHG), members of the Supervisory Board or Executive Board, and other individuals subject to reporting requirements, must notify both the company and the Federal Financial Supervisory Authority (BaFin) whenever they buy or sell company shares or other company securities. The company is then legally required to publish such notification without delay. According notifications made by DMG MORI AKTIENGESELLSCHAFT can be viewed on the company website at all times.

### **Suggestions of the German Corporate Governance Codex**

The DMG MORI group also complies with the suggestions of the German Corporate Governance Codex to a large extent. Deviations arise at present in the area of the Annual General Meeting. The Code suggests that it should be possible to contact the proxy exercising the shareholder's voting rights as instructed by the shareholder during the Annual General Meeting. For organisational reasons, no provision has been made to livestream the entire Annual General Meeting.

### **Supervisory Board and Committees**

Pursuant to the articles of association, the Supervisory Board comprises twelve members. In accordance with the German codetermination Act (Mitbestimmungsgesetz), in addition to the six owners' representatives there are six employee representatives, one of whom represents the executive staff, on the Supervisory Board. The term of office of the incumbent Supervisory Board expires upon the end of the Annual General Meeting 2018.

The members of the Supervisory Board are named in the notes.

The Supervisory Board held eight meetings in the financial year 2015. The Supervisory Board also reported on the scope of its work in the Report of the Supervisory Board in the group annual report.

In financial year 2015, the Supervisory Board of DMG MORI AKTIENGESELLSCHAFT held meetings with the following five committees: the Finance and Audit Committee, the Personnel-, Nominations and Remuneration Committee, Shareholder Business Relationships Committee (AfGA), the Technology and Development Committee and the Capital Market Committee. The Supervisory Board explains the scope of its work in the committees in its report in the group annual report.

The group annual report is published in the Internet under [www.ag.dmgmori.com](http://www.ag.dmgmori.com).

### Remuneration Report

Pursuant to Section 5.4.7 of the German Corporate Governance Code, we report on the remuneration of the Supervisory Board individually and broken down into components.

#### Remuneration of the Supervisory Board of DMG MORI AKTIENGESELLSCHAFT

The Supervisory Board's remuneration is set by the Annual General Meeting and governed by Article 12 of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT. The components of the remuneration for the Supervisory Board include the fixed remuneration that each member of the Supervisory Board receives, remuneration for committee work and attendance fees for meetings.

In financial year 2015, the fixed remuneration for each individual member of the Supervisory Board was € 60,000; the chairman received 2.5-times that amount (€ 150,000) and the deputy chairman 1.5-times that amount (€ 90,000). The fixed remuneration therefore totalled € 900,000 (previous year: € 356,548).

Remuneration for committee work totalled € 434,022 (previous year: € 284,384) and took account of the work carried out by the Finance and Audit Committee, the Personnel, Nominations and Remuneration Committee, the Technology and Development Committee, the Committee for Capital Market Issues in 2015 and the Shareholder Business Relationships Committee. The individual committee members each received € 18,000. The chairperson of a committee also received an additional fixed remuneration of a further € 18,000 and the deputy chairperson a further € 6,000.

The members of the Supervisory Board and its committees receive an attendance fee of € 1,500 for each Supervisory Board and committee meeting that they participate in as a member. In total, attendance fees for financial year 2015 amounted to € 267,000 (previous year: € 88,000).

As of the financial year 2015, the remuneration for the Supervisory Board does not include any variable performance-based remuneration component anymore, so that the component of the LTI was eliminated in comparison to the previous year. In the previous year 2014, the variable remuneration of the LTI amounted to € 356,548.

The Supervisory Board remuneration in 2015 was made up as follows:

<b>REMUNERATION OF THE SUPERVISORY BOARD OF DMG MORI AKTIENGESELLSCHAFT</b>								
	Fixed remuneration in €	Committee remuneration: Finance and Auditing (F&A) in €	Committee remuneration: Personnel, Nominations and Remuneration committee (PNR) in €	Committee remuneration: Technology and Development committee (T&D) in €	Committee remuneration: Committee for Capital Market Matters (22 Jan. 2015 to 07 May 2015) in €	Committee remuneration: Shareholder Business Relationships Committee (since 23 Sep. 2015) in €	Meeting attendance fees in €	<b>Total in €</b>
Prof. Dr.-Ing. Raimund Klinkner Chairman SB, Chairman T&D and PNR, Chairman capital market	150,000	18,000	36,000	36,000	10,455	0	33,000	283,455
Dr. Helmut Rothenberger deputy chairman SB	90,000	0	18,000	0	0	4,932	24,000	136,932
Ulrich Hocker Chairman Shareholder Business Relationships Committee	60,000	0	18,000	0	5,227	9,863	27,000	120,090
Prof. Dr. Edgar Ernst Chairman F&A	60,000	36,000	0	0	5,227	0	19,500	120,727
Dr.-Ing. Masahiko Mori	60,000	18,000	0	18,000	0	0	19,500	115,500
Prof. Dr.-Ing. Berend Denkena	60,000	0	0	18,000	0	0	15,000	93,000
Dr. Constanze Kurz *	60,000	18,000	18,000	18,000	5,227	0	21,000	140,227
Dietmar Jansen*	60,000	0	0	0	0	0	7,500	67,500
Mario Krainhöfner *								
Deputy chairman SB	90,000	0	18,000	0	5,227	4,932	27,000	145,159
Matthias Pfuhl	60,000	18,000	0	18,000	0	0	24,000	120,000
Peter Reinoß *	60,000	0	0	0	0	0	12,000	72,000
Hermann Lochbihler Deputy chairman SB	90,000	18,000	18,000	18,000	0	4,932	37,500	186,432
<b>Total</b>	<b>900,000</b>	<b>126,000</b>	<b>126,000</b>	<b>126,000</b>	<b>31,364</b>	<b>24,658</b>	<b>267,000</b>	<b>1,601,022</b>

\* These employees representatives transfer the majority of their remuneration for the Supervisory Board duties to the Hans-Böckler-Stiftung, Dusseldorf, Germany.

For financial year 2015, the total remuneration of the Supervisory Board was € 1,601,022 (previous year: € 1,085,480).

#### **Remuneration of the Executive Board of DMG MORI AKTIENGESELLSCHAFT**

The remuneration of the Executive Board is discussed and decided by a plenary meeting of the Supervisory Board.

Members of the Executive Board receive direct and indirect remuneration components. The indirect remuneration components primarily consist of pension plan expenses. The direct remuneration of members of the Executive Board of DMG MORI AKTIENGESELLSCHAFT contains fixed and variable components. The variable components comprise a short-term incentive (STI), an individual and performance-based remuneration and a

long-term incentive (LTI). All variable components are designed in such a way that they present a clear incentive for the Executive Board members to achieve the targets. In this way they support a sustainable and value-based corporate management. The criteria for the appropriateness of the remuneration include, primarily, the tasks rendered by each Executive Board member, his or her personal performance and the performance of the Executive Board, as well as the business situation, the success and the future prospects of the company within its comparative environment.

The total remuneration received by the Executive Board totalled € 13,584 κ (previous year: € 9,679 κ). Of this sum, fixed salaries accounted for € 2,851 κ (previous year: € 2,252 κ) and STI accounted for € 5,740 κ (previous year: € 5,804 κ). Individual performancebased remuneration accounted for € 3,590 κ (previous year: € 581 κ) and included a payment for the extraordinary and successful activity of the Executive Board Chairman in the context of an important group project.

When awarded, the fair value of the LTI totalled € 1,276 κ (previous year: € 924 κ). The Executive Board waived a total amount of € 1,666 κ in variable remuneration for the financial year 2015. Benefits in kind amounted to € 127 κ (previous year: € 118 κ). The total remuneration received by the Executive Board in the year 2015 was as follows:

**EXECUTIVE BOARD DIRECT REMUNERATION**

	Fixum € κ	STI € κ	LTI* € κ	Performance remuneration € κ	Project remuneration € κ	Total € κ
Dr. Rüdiger Kapitza, chairman	1,300	1,945	355	3,200	46	6,846
Dr. Thorsten Schmidt, deputy chairman Member of the Executive Board until 31 Dec. 2015	500	972	236	100	30	1,838
Christian Thönes	420	972	236	100	21	1,749
Dr. Maurice Eschweiler	318	972	236	100	16	1,642
Björn Biermann, Member of the Executive Board as of 27 Nov. 2015	25	–	–	–	1	26
André Danks, Revocation of the appointment to the Executive Board on 26 Nov. 2015	288	879	213	90	13	1,483
<b>Total</b>	<b>2,851</b>	<b>5,740</b>	<b>1,276</b>	<b>3,590</b>	<b>127</b>	<b>13,584</b>

\* Fair value of the LTI at the state of grant

The former Executive Board member André Danks received a payment of € 135 κ as remuneration in the financial year 2015 for the period since cancellation of his appointment to the Board until 31 Dec. 2015. The service contract concluded with Mr. Danks, which has a term until 10 March 2017, remains unaffected for now.

The following table shows the remuneration of the board in accordance with the German Corporate Governance Codex (DCGG). The table “Allocated grants” shows the granted remuneration levels for members of the Board for the financial year in question, including minimum and maximum salaries. The table “Inflow for the financial year” details the salaries paid to the members of the Executive Board for the financial year in question.

## ALLOCATED GRANTS (in € k)

			2014	2015	2015 (Min)	2015 (Max)	
Dr. Kapitza	Chairman		Fixum	800	1,300	1,300	1,300
			Perquisite	44	46	46	46
			<b>Sum</b>	<b>844</b>	<b>1,346</b>	<b>1,346</b>	<b>1,346</b>
			STI	1,600	1,200	400	2,500
			Performance remuneration	200	3,200	0	3,200
			LTI 2014 – 2017	261	–	–	–
			LTI 2015 – 2018	–	355	0	2,600
			<b>Sum</b>	<b>2,061</b>	<b>4,755</b>	<b>400</b>	<b>8,300</b>
			Service cost	422	619	619	619
			<b>Total</b>	<b>3,327</b>	<b>6,720</b>	<b>2,365</b>	<b>10,265</b>
Dr. Schmidt	Deputy chairman	Until 31 Dec. 2015	Fixum	500	500	500	500
			Perquisite	30	30	30	30
			<b>Sum</b>	<b>530</b>	<b>530</b>	<b>530</b>	<b>530</b>
			STI	800	600	0	1,250
			Performance remuneration	100	100	0	100
			LTI 2014 – 2017	174	–	–	–
			LTI 2015 – 2018	–	236	0	1,000
			<b>Sum</b>	<b>1,074</b>	<b>936</b>	<b>0</b>	<b>2,350</b>
			Service cost	120	120	120	120
			<b>Total</b>	<b>1,724</b>	<b>1,586</b>	<b>650</b>	<b>3,000</b>
Mr. Thönes	Executive Board Product development, production and technology		Fixum	318	420	420	420
			Perquisite	19	21	21	21
			<b>Sum</b>	<b>337</b>	<b>441</b>	<b>441</b>	<b>441</b>
			STI	800	600	0	1,250
			Performance remuneration	100	100	0	100
			LTI 2014 – 2017	174	–	–	–
			LTI 2015 – 2018	–	236	0	840
		<b>Sum</b>	<b>1,074</b>	<b>936</b>	<b>0</b>	<b>2,190</b>	
		Service cost	50	120	120	120	
		<b>Total</b>	<b>1,461</b>	<b>1,497</b>	<b>561</b>	<b>2,751</b>	
Dr. Eschweiler	Executive Board Industrial Services		Fixum	318	318	318	318
			Perquisite	14	16	16	16
			<b>Sum</b>	<b>332</b>	<b>334</b>	<b>334</b>	<b>334</b>
			STI	800	600	0	1,250
			Performance remuneration	100	100	0	100
			LTI 2014 – 2017	174	–	–	–
			LTI 2015 – 2018	–	236	0	636
		<b>Sum</b>	<b>1,074</b>	<b>936</b>	<b>0</b>	<b>1,986</b>	
		Service cost	50	50	50	50	
		<b>Total</b>	<b>1,456</b>	<b>1,320</b>	<b>384</b>	<b>2,370</b>	

Corporate Governance  
Statement**ALLOCATED GRANTS (in € k)**

			2014	2015	2015 (Min)	2015 (Max)	
Mr. Biermann	Executive Board	As of 27 Nov. 2015	Fixum	–	25	25	25
			Perquisite	–	1	1	1
	<b>Sum</b>		–	<b>26</b>	<b>26</b>	<b>26</b>	
	STI		–	–	–	–	
	Performance remuneration		–	–	–	–	
	LTI 2014 – 2017		–	–	–	–	
	LTI 2015 – 2018		–	–	–	–	
	<b>Sum</b>		–	–	–	–	
	Service cost		–	50	50	50	
	<b>Total</b>		–	<b>76</b>	<b>76</b>	<b>76</b>	
Mr. Danks	Executive Board	Revocation of the appointment to the Executive Board on 26 Nov. 2015	Fixum	257	288	288	288
			Perquisite	7	13	13	13
	<b>Sum</b>		<b>264</b>	<b>301</b>	<b>301</b>	<b>301</b>	
	STI		649	542	0	1,130	
	Performance remuneration		81	90	0	90	
	LTI 2014 – 2017		141	–	–	–	
	LTI 2015 – 2018		–	213	0	576	
	<b>Sum</b>		<b>871</b>	<b>845</b>	<b>0</b>	<b>1,796</b>	
	Service cost		50	45	45	45	
	<b>Total</b>		<b>1,185</b>	<b>1,191</b>	<b>346</b>	<b>2,142</b>	
Ms. Dahnke	Executive Board	Until 24 Feb. 2014	Fixum	59	–	–	–
			Perquisite	4	–	–	–
	<b>Sum</b>		<b>63</b>	–	–	–	
	STI		–	–	–	–	
	Performance remuneration		–	–	–	–	
	LTI 2014 – 2017		–	–	–	–	
	LTI 2015 – 2018		–	–	–	–	
	<b>Sum</b>		–	–	–	–	
	Service cost		120	–	–	–	
	<b>Total</b>		<b>183</b>	–	–	–	
<b>Total</b>			Fixum	2,252	2,851	2,851	2,851
			Perquisite	118	127	127	127
			<b>Sum</b>	<b>2,370</b>	<b>2,978</b>	<b>2,978</b>	<b>2,978</b>
			STI	4,649	3,542	400	7,380
			Performance remuneration	581	3,590	0	3,590
			LTI 2014 – 2017	924	–	–	–
			LTI 2015 – 2018	–	1,276	0	5,652
			<b>Sum</b>	<b>6,154</b>	<b>8,408</b>	<b>400</b>	<b>16,622</b>
			Service cost	812	1,004	1,004	1,004
			<b>Total</b>	<b>9,336</b>	<b>12,390</b>	<b>4,382</b>	<b>20,604</b>

**INFLOW FOR THE FINANCIAL YEAR (in € K)**

			2014	2015	
Dr. Kapitza	Chairman		Fixum	800	1,300
			Perquisite	44	46
			<b>Sum</b>	<b>844</b>	<b>1,346</b>
			STI	1,997	1,945
			Performance remuneration	200	3,200
			LTI 2011 – 2014	1,231	–
			LTI 2012 – 2015	–	1,468
			<b>Sum</b>	<b>3,428</b>	<b>6,613</b>
			Service cost	422	619
			<b>Total</b>	<b>4,694</b>	<b>8,578</b>
Dr. Schmidt	Deputy chairman	Until 31 Dec. 2015	Fixum	500	500
			Perquisite	30	30
			<b>Sum</b>	<b>530</b>	<b>530</b>
			STI	999	972
			Performance remuneration	100	100
			LTI 2011 – 2014	784	–
			LTI 2012 – 2015	–	978
			<b>Sum</b>	<b>1,883</b>	<b>2,050</b>
			Service cost	120	120
				<b>Total</b>	<b>2,533</b>
Mr. Thönes	Executive Board Product development, production and technology		Fixum	318	420
			Perquisite	19	21
			<b>Sum</b>	<b>337</b>	<b>441</b>
			STI	999	972
			Performance remuneration	100	100
			LTI 2011 – 2014	–	–
			LTI 2012 – 2015	–	489
			<b>Sum</b>	<b>1,099</b>	<b>1,561</b>
			Service cost	50	120
			<b>Total</b>	<b>1,486</b>	<b>2,122</b>
Dr. Eschweiler	Executive Board Industrial Services		Fixum	318	318
			Perquisite	14	16
			<b>Sum</b>	<b>332</b>	<b>334</b>
			STI	999	972
			Performance remuneration	100	100
			LTI 2011 – 2014	–	–
			LTI 2012 – 2015	–	–
			<b>Sum</b>	<b>1,099</b>	<b>1,072</b>
			Service cost	50	50
			<b>Total</b>	<b>1,481</b>	<b>1,456</b>

Corporate Governance  
Statement**INFLOW FOR THE FINANCIAL YEAR (in € K)**

			2014	2015		
Mr. Biermann	Executive Board	As of	Fixum	–	25	
			Finance	27 Nov. 2015	Perquisite	–
				<b>Sum</b>	–	<b>26</b>
				STI	–	–
				Performance remuneration	–	–
				LTI	–	–
				<b>Sum</b>	–	–
				Service cost	–	50
			<b>Total</b>	–	<b>76</b>	
Mr. Danks	Executive Board	Revocation	Fixum	257	288	
			Finance	of the	Perquisite	7
				<b>Sum</b>	<b>264</b>	<b>301</b>
				STI	810	879
				Performance remuneration	81	90
				LTI	–	–
				<b>Sum</b>	<b>891</b>	<b>969</b>
				Service cost	50	45
			<b>Total</b>	<b>1,205</b>	<b>1,315</b>	
Ms. Dahnke	Executive Board	Until	Fixum	59	–	
			Finance	24 Feb. 2014	Perquisite	4
				<b>Sum</b>	<b>63</b>	–
				STI	–	–
				Performance remuneration	–	–
				LTI	–	–
				<b>Sum</b>	–	–
				Service cost	120	–
			<b>Total</b>	<b>183</b>	–	
Mr. Bachmann	Executive Board	Until	Fixum and Perquisite	–	–	
			production and	31 Dec. 2013	<b>Sum</b>	–
				STI	–	–
				Performance remuneration	–	–
				LTI 2011 – 2014	759	–
				LTI 2012 – 2015	–	900
				<b>Sum</b>	<b>759</b>	<b>900</b>
				Service cost	–	–
			<b>Total</b>	<b>759</b>	<b>900</b>	
<b>Total</b>			Fixum	2,252	2,851	
			Perquisite	118	127	
			<b>Sum</b>	<b>2,370</b>	<b>2,978</b>	
			STI	5,804	5,740	
			Performance remuneration	581	3,590	
			LTI 2011 – 2014	2,774	–	
			LTI 2012 – 2015	–	3,835	
			<b>Sum</b>	<b>9,159</b>	<b>13,165</b>	
		Service cost	812	1,004		
		<b>Total</b>	<b>12,341</b>	<b>17,147</b>		

The fixed remuneration is the contractually defined basic remuneration that is paid monthly in equal amounts.

The STI is based on targets relating to key figures. In the reporting year the earnings after taxes (EAT) provided the reference value used. The target figures are on a sliding scale and are specified anew each year. In addition, the STI includes a ceiling limit (CAP) in an amount of € 1,250 K for 2015 for a full member of the Supervisory Board. The CAP is likewise fixed anew every year. As a pre-condition for the payment of the STI, the sustainability factor of the group (total of expenses for R&D and corporate communication, as well as for vocational and further training in relation to total sales revenues) for the respective financial year must fall within a fixed range. This promotes a corporate management focused on sustainability.

As a remuneration component with long-term incentive effect, the LTI combines the achievement of fixed targets in relation to the EAT of the company with the performance of the company's share. A CAP has been set at twice the annual fixed salary of each Executive Board member per tranche for the year in which the award takes place. Should the EAT fall below a set minimum figure over a four-year average, no LTI payment is made.

The LTI involves a performance units plan, which does not include any dividend payments or voting rights. In addition, the units may not be traded or sold to any third party. The tranches awarded at the beginning of each year have a term of four years. Each tranche is defined by an assumed amount of money that is converted into a number of performance units using the average share price. Following expiry of the relevant period, the amount to be paid out is calculated from the number of units. From the LTI tranche 2012 – 2015, which was awarded on 31 December 2015 and will be paid out in 2016, the resulting payment totals € 3,835 K (previous year's tranche 2011 – 2014: € 2,774 K).

With respect to the provisions of the German Act on the Appropriateness of Management Board Remuneration (VorStAG) in 2009, the Supervisory Board passed a resolution extending the term of a tranche of four years and specifying the EAT (earnings after taxes) as the success factor.

The tranches awarded for financial year 2015 will be allocated on 31 December 2018 and will be paid out in 2019, taking into account the average EAT (earnings after taxes) achieved of the last four years and the respective share price. The following table presents the number of performance units awarded in the years 2012, 2013, 2014 and 2015, as well as the fair value of the LTI at the date it was granted to each Executive Board member.

Corporate Governance  
Statement

TRANCHES OF THE LONG-TERM INCENTIVE	Tranche 2012 4-year term			Tranche 2013 4-year term		Tranche 2014 4-year term		Tranche 2015 4-year term	
	Number of performance units	Fair value when awarded € k	Allocation amount for 2015 € k	Number of performance units	Fair value when awarded € k	Number of performance units	Fair value when awarded € k	Number of performance units	Fair value when awarded € k
Dr. Rüdiger Kapitza, chairman	22,422	248	1,468	22,848	277	16,000	261	13,095	355
Dr. Thorsten Schmidt, deputy chairman	14,948	165	978	15,232	185	10,667	174	8,730	236
Günter Bachmann (member of the Executive Board until 31 Dec. 2013)	14,948	165	900	15,232	185	–	–	–	–
Christian Thönes	7,474	83	489	15,232	185	10,667	174	8,730	236
Dr. Maurice Eschweiler	–	–	–	7,616	92	10,667	174	8,730	236
André Danks (Revocation of the appointment to the Executive Board on 26 Nov. 2015)	–	–	–	–	–	8,650	141	7,893	213
<b>Total</b>	<b>59,792</b>	<b>661</b>	<b>3,835</b>	<b>76,160</b>	<b>924</b>	<b>56,651</b>	<b>924</b>	<b>47,178</b>	<b>1,276</b>

The individual performance remuneration takes account of the level of success of the individual members of the Executive Board in reaching their individually set goals.

The STI and LTI, as well as the individual performance remuneration, are variable, which means these are not a secure remuneration.

Remuneration in kind arises mainly from the value to be assessed in accordance with applicable tax regulations for the use of company cars and individual insurance contributions. Every member of the Executive Board is contractually entitled to remuneration in kind, which may vary depending on the personal situation and is subject to tax payable by each Executive Board member.

Pension commitments for members of the Executive Board are mainly implemented through a defined contribution pension plan. A defined benefits plan exists for the chairman of the Executive Board.

## INDIRECT REMUNERATION FOR EXECUTIVE BOARD MEMBERS

	€ k
Dr. Rüdiger Kapitza, chairman	619
Dr. Thorsten Schmidt, deputy chairman	120
Christian Thönes	120
Dr. Maurice Eschweiler	50
Björn Biermann	50
André Danks	45
<b>Total</b>	<b>1,004</b>

In financial year 2015, a provisions expense of € 619 κ arose for the defined benefit plan (previous year: € 422 κ) whereby the entire sum of provisions is € 10,600 κ (previous year: € 8,595 κ). This figure also takes account of the benefit for surviving dependants included in the plan.

The special purpose payments to the defined contribution pension plan amounted in total to € 385 κ (previous year: € 390 κ). The expense for the financial year just ended amounted to € 1,004 κ (previous year: € 812 κ).

In financial year 2015, Dr. Rüdiger Kapitza was paid an amount of € 16 κ (gross) as an insurance benefit, which was financed by a salary conversion of variable remuneration.

Advances in favour of members of the Executive Board – as for the rest also in favour of members of the Supervisory Board – were not granted. There was no share option plan or similar securities-based incentive system.

Companies in the DMG MORI AKTIENGESELLSCHAFT group did not pay any remuneration directly to members of governing bodies for services personally rendered, in particular consulting and introduction services. During the reporting year, expenses accrued for consulting services of the Institute for Manufacturing Excellence GmbH, where Prof. Dr.-Ing. Raimund Klinkner is managing partner, in the amount of € 1,529 κ (previous year: € 1,483 κ). As of 31 December 2015, the pending liabilities amounted to € 109 κ (previous year: € 112 κ).

Former members of the Executive Board and their surviving dependants were paid € 605 κ in pensions (previous year: € 610 κ). The amount of pension obligations for former members of the Executive Board and their surviving dependants amounted to € 9,863 κ (previous year: € 9,126 κ).

### Directors' Dealings

Pursuant to Section 15a of the German Securities Trading Act (wPHG), members of the Supervisory Board and the Executive Board and any other persons subject to reporting requirements must disclose any purchase or disposal of shares, as well as any related rights of purchase or disposal, such as options or rights that are directly dependent upon the quoted share price of the company. In the reporting period 2015, the following notifications of directors' dealings were made:

#### DIRECTORS' DEALINGS 2015

Name	Position	Date	Type of the Transaction	Number	Share price in €	Business volume in €
Christian Thönes	Member of the Executive Board	7 May 2015	Sale of shares, cash compensation	1,080	30.55	32,994.00

## Research and Development

The DMG MORI AKTIENGESELLSCHAFT is responsible for research and development strategy. All research and development activities within group are coordinated by the executive portfolio of product development, production and technology. The implementation is carried out at the group company level.

The purpose of the DMG MORI group's joint research and development activities is to increase the added value of our products for our customers. We develop cutting-edge technology products around the world based on regional market requirements and offer our customers a wide range of machine tools. As a technology leader, we stand out from our competitors, in particular through our app-based control and operating software CELOS, as well as innovative application technologies.

The main focal points of our research and development programme are:

- increasing machine functionality and full network connectivity to our business organisation through our app-based control and operating software, CELOS,
- standardising components (SCOPE) and increasing vertical integration for core-components (DMG MORI COMPONENTS),
- increasing the value retention and user-friendliness of our machines through the new Corporate Design. The changeover of our product portfolio to the new Corporate Design was successfully completed for the EMO autumn trade show in Milan,
- market-directed consolidation and development of the product portfolio (product streamlining),
- expanding the localisation of machines and components.

Expenses for research and development (R&D) at € 45.9 million were around 4.1% above the previous year's figure (€ 44.1 million).

Together with our Japanese partner, we presented 18 world premieres at 75 national and international trade fairs, as well as at open house exhibitions in the reporting period and thus demonstrated our innovative capacity. This included ten of our own developments, three joint developments and five world premieres from our partner. For our app based control and operating software, CELOS, we have presented a total of five new apps within the reporting year: PALLET CHANGER, JOB SCHEDULER, MESSENGER, SERVICE AGENT and TOOL HANDLING. Thus, CELOS now has 16 apps in total with the prospect of adding further cutting-edge apps.

We have continued to enhance our "Industrial Services" segment portfolio in all areas. As a leading manufacturer of cutting machine tools, DMG MORI provides customised Service products for your machine's entire life cycle, guaranteeing higher performance and machine availability.

In Energy Solutions, the GILDEMEISTER energy monitor enables users to constantly monitor consumption and costs and helps prepare their companies for the new EU Energy Efficiency Directive (EED). Detailed analysis functions display specific cost reduction options for efficiently reducing energy costs and consumption.

Our new “Service Plus” product family offers attractive service contracts for preserving the long-term productivity of our customers’ machines. With the DMG MORI software, processes can be optimised in all phases of production.

You can find more detailed information on research and development in the group management report.

## **Report on Economic Position**

### **Overall Economic Development**

In 2015, the global economy has slowed its pace. In Asia, China’s phase of economic weakness dampens the global economic growth. The economy in the USA continued its recovery. The euro zone continues to be on a path of modest growth. The global machine tool market was strongly influenced by the exchange rate fluctuations and stagnated on the whole.

### **Development of the Machine Tool Building Industry**

#### **International Development**

According to the information of the German Machine Tool Builders' Association (VDW), exchange rate fluctuations had a strong impact on the global machine tool market in 2015. In terms of figures, the market volume grew in euros to € 67.3 billion (previous year: € 62.9 billion). However, measured in terms of local currencies affecting consumption, market volume fell by 0.4%. The major cause of this was the devaluation of the euro compared to the US dollar, the Chinese renminbi, the Japanese yen and the Korean won.

Measured in local currencies, Asia recorded a decline of 5.3% in the past reporting year (previous year: + 6.9%; in euro: + 7.8%). In North and South America, the development was likewise declining by – 3.6% (previous year: – 6.1%; in euro: + 10.7%). In Europe, demand for machine tools fell by 2.6% (previous year: + 6.8%).

In China, the worldwide largest market, the consumption of machine tools fell by –11.4% measured in renminbi (in euro: + 4.0%). The USA, being the second most important market for machine tools, recorded a reduction of 15.6% measured in US dollars (in euro: + 1.1%). In the third largest market Germany, consumption rose by 4.7% in the reporting year. Japan climbing by 26.5% measured in yen ranks fourth (in euro: + 32.1%). As in the previous year, South Korea ranked fifth with a decline of 2.8% measured in won (in euro: + 8.1%). The ten most important consumption markets accounted for a calculatory 79% of the machine tool consumption in the reporting year, measured on euro basis.

Research and Development  
Report on Economic Position  
Development of the Machine  
Tool Building Industry  
Results of Operations, Net  
Worth and Financial Position

The vdw calculated for global production on euro basis a calculatory € 67.3 billion (previous year: € 62.9 billion). The worldwide largest producer of machine tools in the year 2015, in spite of a drop by 6.0% in renminbi was China again (in euro: + 10.3%). Production in Japan measured in yen rose by 5.0% (in euro: + 9.7%). Germany was once more the third largest producer and recorded a production growth of 2.1%.

The ten key production countries again, as in the previous year, account on euro basis for calculatory 90% of all machine tools.

### German Machine Tool Industry

The ifo business climate index for trade and industry is the leading indicator for economic development in Germany. The survey indicates for the main buyer industries (mechanical engineering, road vehicle manufacturing and electrical engineering) index values for the most part that are slightly below the level of the previous year. This reflects the presently uncertain economic situation.

In 2015, the German machine tool industry recorded stable order intake, increasing production and increasing sales revenues. At € 14.9 billion, the order intake of plants in Germany were slightly above the level of the previous year (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%). The vdw reports that order intake for cutting machines rose by 3.0% (previous year: + 4.0%). In the forming machines area, order intake decreased by 6.0% (previous year: + 5.0%). Order intake at foreign plants of German manufacturers is not included in this figure.

Sales revenues of German machine tool manufacturers rose by 2.0% compared to the previous year (previous year: - 5.0%).

### Results of Operations, Net Worth and Financial Position

The earnings of DMG MORI AKTIENGESELLSCHAFT were essentially determined by income from financial assets (€ 86.1 million), which arise from the profit and loss transfers from DMG Vertriebs und Service DECKEL MAHO GILDEMEISTER of € 26.7 million (previous year: € 34.7 million) and of GILDEMEISTER Beteiligungen GmbH of € 57.0 million (previous year: € 88.5 million) and income from investment of DMG MORI COMPANY LIMITED, Nagoya, of € 2.4 million (previous year: € 2.1 million).

Overall, the DMG MORI AKTIENGESELLSCHAFT closed with a profit on ordinary business activities of € 83.0 million (previous year: € 96.8 million) and an annual surplus of € 47.1 million (previous year: € 55.0 million). Taking into account the profit carryforward of the previous year of € 1.7 million, net retained profits totalled € 48.8 million (previous year: € 45.1 million).

In the reporting year sales revenues (group cost allocations and rents) were € 20.6 million (previous year: € 15.5 million). Other operating income increased in the same period by € 9.5 million to € 28.2 million (previous year: € 18.7 million).

The increase is primarily due to higher exchange rate gains from the valuation of receivables in foreign currencies and from the valuation of forward exchange contracts. The exchange rate gains are contrasted with the corresponding losses. These effects result from the hedging contracts concluded by the DMG MORI AKTIENGESELLSCHAFT on behalf of group companies.

Expenses incurred for purchased services mainly cover maintenance of the grounds and premises at the Bielefeld site. These amounted to € 3.8 million, or around € 0.7 million over the previous year (€ 3.1 million).

Personnel expenses rose by € 10.6 million to € 35.5 million (previous year: € 24.9 million). Other operating expenses amounted to € 53.2 million and were thus € 15.2 million above the previous year's figure (€ 38.0 million). In 2015, there were higher currency losses from the valuation of receivables and liabilities in foreign currencies and valuation losses from forward exchange contracts than in the previous year, which as described above were offset by contrary effects in other operating revenue. Further detrimental expenses were offset by the increased sales revenues (allocation).

The investment result declined from € 125.4 million in the previous year to € 86.1 million in the reporting period. Of this, € 83.7 million arose from transfer of profit agreements as well as € 2.4 million from investment income from a 9.6% investment held in DMG MORI COMPANY LIMITED, Nagoya until the fourth quarter. The shares were completely sold in the fourth quarter.

The financial result rose to € 45.8 million (previous year: € 6.0 million). This was mainly attributable to income from the sale of shares in DMG MORI COMPANY LIMITED (€ 37.8 million) to DMG MORI COMPANY LIMITED.

Within the scope of the strategic cooperation, DMG MORI AKTIENGESELLSCHAFT has held a share of 9.6% in DMG MORI COMPANY LIMITED, Nagoya (Japan). As a result of DMG MORI COMPANY LIMITED acquiring a majority interest in DMG MORI AKTIENGESELLSCHAFT during the reporting year, DMG MORI AKTIENGESELLSCHAFT was obligated to sell its interest in DMG MORI COMPANY LIMITED, in order to comply with statutory provisions. The total shares were sold to DMG MORI COMPANY LIMITED in the scope of a buy-back programme in November 2015.

The tax expense recognised of € 35.6 million resulted from current tax expenses (€ 36.7 million), from deferred tax assets of € 1.7 million and from tax expenses for previous years of € 0.7 million.

The balance sheet total as of 31 December 2015 decreased by 1.3% to € 1,482.4 million (previous year: € 1,501.8 million).

Fixed assets are declined on the balance sheet from € 746.1 million to € 647.8 million. Disposals occurred in financial assets from the complete sale of shares of DMG MORI COMPANY LIMITED amounting to € 115.9 million. Accruals arose in financial assets through

the equity increase at the group company DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER (€ 18.6 million). Investments in fixed assets primarily include further modernisation of our production facilities and equipment, the expansion of the energy solutions park with a geothermal power station and the replacement of heating and air conditioning devices at the companies located in Bielefeld.

Current assets rose against the previous year by € 71.6 million to € 819.0 million. The change primarily is the result of the increase in bank balance in the amount of € 111.0 million, which arose from the complete sale of shares in DMG MORI COMPANY LIMITED and the reduction of receivables from affiliated companies. Under equity and liabilities, equity rose slightly from € 964.8 million to € 968.5 million. The equity ratio amounted to 65.3% due to the lower balance sheet total (previous year: 64.2%). The share capital since the capital increase in September 2013 is unchanged and amounted to € 204,926,784.40 and is divided into 78,817,994 no par value shares.

The provisions increased over the previous year's € 47.1 million to € 58.0 million. The liabilities have fallen to € 455.9 million (previous year: € 489.9 million). These are almost exclusively liabilities to affiliated companies, declining by € 41.3 million to € 437.1 million. As in the previous year, there were no liabilities to banks.

The DMG MORI AKTIENGESELLSCHAFT covers its capital requirements from the transfer of profit agreements of group companies and from intra-group cash pooling. The amount of the agreed financing lines totalled € 726.4 million in financial year 2015. The essential components were a syndicated credit line of € 450.0 million with a term until August 2016 and other aval lines of € 53.3 million.

In February 2016, a new syndicated credit facility was agreed with a total volume of € 500.0 million and a term of five years (until February 2021). It consists of a cash tranche in the amount of € 200.0 million and an aval tranche of € 300.0 million. The syndicated credit facility expiring in August 2016 was thereby completely replaced prematurely. The new syndicated credit facility was concluded on improved conditions with a consortium of international banks.

The DMG MORI group does not have a corporate rating as we are not planning any capital market financing and any such rating would involve significant costs.

Our financing includes agreements in line with the market for the observation of certain covenants. All covenants were adhered to as of 31 December 2015. Through this financing mix we have sufficient financing lines with which we can supply the necessary liquidity for our group business at DMG MORI AKTIENGESELLSCHAFT.

DMG MORI group financing is carried out centrally. Only if group financing is not advantageous due to the legal framework is local financing concluded in individual cases. Cash pooling is used to utilise the liquidity surpluses of subsidiaries cost-effectively within the group.

## Dividend

The Executive Board and the Supervisory Board will propose to the Annual General Meeting on 6 May 2016 that a dividend of € 0.60 per share be distributed for financial year 2015, after having paid out a dividend for the previous year of € 0.55 per share. Moreover, it will be proposed to the Annual General Meeting to carry forward the remaining net retained profits of DMG MORI AKTIENGESELLSCHAFT of € 1.5 million to new account.

## Employees

As of 31 December 2015, DMG MORI AKTIENGESELLSCHAFT was divided into four executive units, which are organised as follows:

- Chairman Dr. Rüdiger Kapitza: Corporate Strategy / Key accounting / Human resources / Purchasing / Audit / Compliance / Investor- and Corporate Public-Relations,
- Mr. Björn Biermann, Controlling / Finance / Accounting / Tax / Risk Management (board member as of 27 Dec. 2015),
- Mr. Christian Thönes: Product development / Production and Technology,
- Dr. Maurice Eschweiler: Industrial Services / Information Technology (IT),
- Deputy chairman Dr. Thorsten Schmidt: Sales and Marketing (board member until 31 Dec. 2015).

As of 31 December 2015, DMG MORI AKTIENGESELLSCHAFT had 125 employees (previous year: 115 employees).

## Overall Statement of the Executive Board on Financial Year 2015

The business development of DMG MORI AKTIENGESELLSCHAFT was positive on the whole in financial year 2015. The targets have been mainly fulfilled. The earnings before tax (EBT) were below the forecast due to the reasons explained in respective area. Overall, DMG MORI AKTIENGESELLSCHAFT closes the financial year with an annual profit of € 47.1 million (previous year: € 55.0 million). DMG MORI AKTIENGESELLSCHAFT was able to confirm its positive forecast for the financial year 2015. The annual surplus is slightly lower compared to the previous year. Taking into account the profit carryforward of the previous year of € 1.7 million, the net retained profits as at 31 December 2015 totalled € 48.8 million (previous year: € 45.1 million). The Executive Board and the Supervisory Board will propose to the Annual General Meeting on 6 May 2016 that a dividend of € 0.60 per share be distributed following € 0.55 in the previous year.

Dividend  
Employees  
Overall Statement of  
the Executive Board on  
Financial Year 2015  
Supplementary Report  
Opportunities and Risk  
Management Report

## Supplementary Report

The year started off according to plan for the DMG MORI group. Order intake in January and February was € 399.2 million (previous year: € 372.0 million). Sales revenues amounted to € 322.2 million (previous year: € 337.2 million). The order backlog as at 29 February 2016 rose by € 77.0 million to € 961.2 million. As a result of the long time to market in the machine tools business, there will be a time delay before the order backlog increase is first reflected in the sales revenues. The earnings (EBT) in January and February were below the previous year's figure. A more detailed statement is premature at the present time.

In February 2016, a new syndicated credit line was agreed with a total volume of € 500.0 million and a term of five years (until February 2021). The syndicated credit line expiring in August 2016 was thereby completely replaced prematurely.

There were no material changes in the first two months of the year to the legal corporate structure. No equity investments have been purchased.

Between the reporting date of the financial year (31 December 2015) and publication (8 March 2016), no events occurred requiring reporting.

## Opportunities and Risk Management Report

In its business activities, the DMG MORI AKTIENGESELLSCHAFT is exposed to various opportunities and risks. Our opportunities and risk management assists us in identifying and assessing these timely. The Executive Board and the Supervisory Board are informed regularly about the current risk situation of the company and that of the individual business units.

DMG MORI AKTIENGESELLSCHAFT is integrated in the opportunities and risk management of the DMG MORI group.

### Opportunities Management System (OMS)

Opportunities are identified and analysed within the opportunities and risk management system of the DMG MORI group. With our Marketing Information System (MIS) we identify significant individual opportunities by compiling customer data worldwide and evaluating market and competitor data. On this basis we measure, assess and check all sales and service activities and other activities for effectiveness and cost-efficiency. We continuously monitor our markets and can thereby identify any broader economic and industry-specific opportunities early on. In addition, we evaluate trade fair data in detail in order to detect trends and developments in good time. This allows us to draw up short-term and medium-term forecasts on expected customer orders per machine type and sales region. As the holding company, DMG MORI AKTIENGESELLSCHAFT shares in the opportunities

of its subsidiaries. These are described in detail in the group management report. If the subsidiaries are able to make use of their opportunities, this has a positive effect on income from financial assets and thus on the earnings of DMG MORI AKTIENGESELLSCHAFT.

#### Risk Management System (RMS)

The risk management system of the DMG MORI group is comprised of the early risk identification system, the internal control system (ICS) and the central insurance management.

In our early risk identification system, we record and control the risks in the future development of the DMG MORI group. The recorded, assessed and controlled risks in question are circumstances which contain an inherent element of potential risk due to the prevailing environmental situation, and which are registered, assessed and controlled in an adequate manner. Our early risk identification system consists of five elements:

1. the company-specific Risk Management Manual, in which the system is defined,
2. central risk management officer, who develops, implements and monitors the present risk management concept, updates the related software systems, and coordinates the measures for risk reduction or risk elimination,
3. local risk officers in any group company, who are responsible for the decentralised recording, analysis and communication of existing risks,
4. area-specific, quarterly risk assessments according to predefined risk fields and an inventory of related measures for risk reduction or risk elimination with a quantitative assessment and prioritisation by means of the value-at-risk dimension,
5. risk reporting at the level of the group and the individual companies with ad-hoc reporting of relevant risks.

The early risk identification system is based on the generally accepted COSO framework. The objectives of the risk management system are the complete and reliable recording throughout the group of existing potential risks within the following 12 months, a comprehensive risk summary and evaluation, the retrieval and setting up of effective measures to reduce risk, continuous risk monitoring and comprehensive risk reporting.

The strategy of the existing early risk identification system therefore comprises a group-wide systematic identification, assessment, aggregation, monitoring and notification of existing risks and the related measures needed to reduce or eliminate them. These risks are identified in an IT-supported, standardised periodic process in the individual business units every quarter. The identified risk potentials are analysed and assessed in a gross approach and in consideration of the maximum risks and probabilities of occurrence,

in order to then coordinate or develop in supplementation the measures for risk reduction or risk elimination. Based on the existing net risks after measures were taken, reporting is provided by the affiliates of the group to the group Risk Management Division.

Risks threatening the continuation of business are reported immediately, also outside of the periodic reporting.

The structure of the early risk identification system is designed in such a way that we determine the individual local and central risks, as well as the effect on the group, in order to present the overall risk situation of the group:

- Local risks are individual risks that the group companies are exposed to and that we can assess locally.
- Central risks are risks that can only be assessed centrally – at least in part. These include, for example, risks arising out of the group's financing.
- Group effects usually arise from consolidation requirements; this includes, for example, the double counting of risks, which have then to be adjusted correspondingly.

Potential maximum stress arising from the overall risk situation of the group is simulated by means of quantitative methods (Monte Carlo simulation). Besides the expected value at risk, the result of the Monte Carlo simulation represents a key risk control figure.

The Executive Board and the Supervisory Board are informed regularly about the risk situation of the group and that of the DMG MORI AKTIENGESELLSCHAFT. They discuss the causes of the current risk position and the corresponding measures taken in-depth.

The early risk identification system set up by the Executive Board pursuant to Section 91(2) German Stock Corporation Act (AktG) is examined by the auditors, is continuously being further developed within the group and is adapted to suit changing circumstances on an ongoing basis.

The internal control system (ICS) of the DMG MORI group is an integral part of the group-wide risk management system. The existing internal control system of the DMG MORI group serves to minimise or eliminate the controllable risks in day-to-day business processes. It conforms to both the German statutory requirements of the German Corporation Act (AktG) and the Japanese statutory requirements of the "Japanese Financial Instruments and Exchange Acts" in the form of documentation which conforms to J-SOX / Naibutousei.

The goal of our ICS is to ensure the consistent implementation of strategic and operative directives from the Executive Board within DMG MORI AKTIENGESELLSCHAFT and at all group companies, the achievement of operative efficiency targets, and the compliance with all legal, norm and value-related requirements demanded of our group.

In addition, the accounting-related ICS serves the purpose of ensuring the completeness, correctness and reliability of our consolidated financial statements according to IFRS, and the local financial statements, as well as the books underlying them.

It covers all organisational, control and monitoring structures to ensure the legally compliant recording, processing and consideration of business matters, and their subsequent adoption in the relevant financial statements.

Within our ICS, building on an annually updated analysis and the documentation of significant business processes, the controllable risks are recorded and eliminated through the definition of the structural and procedural organisation, as well as suitable control activities or the risks are reduced to an appropriate level. Our ICS meanwhile includes both preventive as well as detecting control activities, which also includes authorisations and releases, plausibility checks, reviews and the four-eyes principle, etc. in different variations. In addition, a suitable design of the structural and procedural organisation of business processes ensures an appropriate separation of functions.

This is supported by the existing internal guidelines and instructions as a part of the ICS.

The accounting-related ICS comprises, in supplementation, the principles, procedures and measures for ensuring the propriety of the annual company accounts. For this purpose, we analyse new laws, accounting standards and other public notices with respect to their effect on the annual financial statements. We standardise relevant regulations throughout the group in accounting-related guidelines, for example, those contained in the accounting manual. These accounting-related guidelines and the financial statements calendar form the basis for the preparation of the financial statements. As required, the DMG MORI AKTIENGESELLSCHAFT avails itself of external service providers, for example for measuring pension obligations. Employees who are entrusted with drawing up the financial reports undergo regular training.

The effectiveness of ICS in the company is assessed based on annual management testing of the central departments of DMG MORI AKTIENGESELLSCHAFT. The results of these effectiveness tests are reported regularly to the Executive Board and the Supervisory Board.

In addition, the effectiveness of the ICS is reviewed and analysed in random tests by the internal audit department. The results of these effectiveness tests are reported regularly to the Executive Board and the Supervisory Board.

As a further component of the risk management, the DMG MORI group has a central insurance management in place. The group-wide insurance strategy is determined and implemented for economically appropriate and insurable risks.

As a holding company, the DMG MORI AKTIENGESELLSCHAFT is also affected by the risks of its subsidiaries. This is described in detail in the group management report. Risks of the subsidiaries can have a negative effect on the revenue from financial investments and / or cause expenses to financial investments from write-offs and thus affect the result of DMG MORI AKTIENGESELLSCHAFT.

In addition, the following risks arise directly from the company, stemming from the DMG MORI AKTIENGESELLSCHAFT's activities as a holding company:

Corporate strategic risks lie mainly in false estimations of future market development and in possible misjudgements in technological developments. We counteract these risks through intensive monitoring of the market and competition, regular strategy discussions with customers and suppliers, a comprehensive trade fair presence in all of the important markets and through constant enhancement of MIS, our early warning system. We estimate any possible losses arising out of corporate strategic risks at about € 10.6 million with a low probability of occurrence (0% – 20%).

Procurement and purchasing risks are those that we are particularly exposed to due to price increases for materials in the machine tools business. Further risks exist in possible supplier shortfalls and quality problems. We counteract these risks through the standardisation of structural parts and components as well as through international sourcing with a minimum of two suppliers for essential materials. We quantify potential losses from the procurement and purchasing risk at € 3.0 million with a low probability of occurrence.

Due to our continuous need for highly qualified management staff and employees, risks may arise through not being able to attract and retain these employees in sufficient numbers and this may restrain the group's development. We counteract these risks through intensive programmes to offer vocational training, attract new employees, increasing the qualifications of existing employees and through performance-related remuneration with a profit-based incentive scheme, as well as through deputising arrangements that cushion the loss of specialists and managers, and through early successor planning. The necessary availability at any one time of highly qualified managers and staff could also be negatively affected by a high rate of illness. We counteract this risk in particular through a preventive occupational health care scheme. On the basis of the above-mentioned measures, we consider the probability of occurrence of estimated losses of about € 3.0 million as slight.

Financial risks result inter alia from our international activities in the form of currency-related risks that we assess and hedge by means of our currency strategy. At the present time, we expect currency related risks in the amount of about € 3.3 million.

The essential components of the financing of DMG MORI AKTIENGESELLSCHAFT are: a syndicated loan, which comprises a cash and aval tranche and is firmly agreed until February 2016, and factoring programmes. All financing agreements include an agreement on compliance with standard covenants. The liquidity of the DMG MORI AKTIENGESELLSCHAFT is considered sufficient. In principle, DMG MORI AKTIENGESELLSCHAFT bears the risk of bad debt, which may result in value adjustments or in individual cases may even result in default.

Possible losses from financial risks, including currency-related risks mentioned above, amount in total to € 10.5 million. The probability of occurrence of any loss is low (0% – 20%).

Risks with respect to the assets of DMG MORI AKTIENGESELLSCHAFT arise mainly through the accounting and assessment of financial assets. Financial assets are accounted for at acquisition cost or with the lower fair value. The value retention of financial assets is determined annually with the aid of the capitalised income value calculation, which is based on the budget overview of the associated companies. Due to the values determined, there was no need for downwards adjustment at the reporting date. In the event that the planned results are not achieved, adjustment to the lower fair value may be required. The current existing budget overview gives no reason for impairment in 2015. Insofar as deferred tax assets on loss carry forwards or interest carry forwards are not impaired, it is assumed in the planning period that this potential tax reduction can be used against taxable income. We assume that the tax and social insurance declarations we submit are complete and correct. Nevertheless, due to differing assessments of the facts, additional charges may arise within the scope of an audit. Overall, we have assessed any possible losses arising out of tax risks at € 5.4 million with a low probability of occurrence.

We consider the risks to be manageable and do not consider them to jeopardize the continued existence of DMG MORI AKTIENGESELLSCHAFT as a going concern. In comparison with the previous year, the risks have increased overall.

#### **Establishment of Transparency Department**

In response to the different shareholder structure at DMG MORI AKTIENGESELLSCHAFT, the company set up a transparency department in 2015. The main task of the transparency department is to monitor transactions with the company's major shareholders. The transparency department collects, documents and verifies information on business relationships with major shareholders and discusses these relationships with the Supervisory Board's Shareholder Transaction Committee (STC). The transparency department is supported by a major auditing firm when reviewing compliance with market standards. The transparency department also provides support in preparing the report on company relationships with affiliated companies (dependency report).

### **Disclosures required by Section 289(4) German Commercial Code (HGB) as amended by the Takeover Directive Implementation Act (Übernahmerichtlinie-Umsetzungsgesetz)**

#### **As to Section 289(4)(1) German Commercial Code (HGB)**

The registered capital of DMG MORI AKTIENGESELLSCHAFT amounts to € 204,926,784.40. It is divided into 78,817,994 no par value bearer shares with a theoretical par value of € 2.60 per share.

#### **As to Section 289(4)(3) German Commercial Code (HGB)**

As evidenced by its annual financial statements for the year ending 31 December 2015 published on 10 February 2016, DMG MORI COMPANY LIMITED held a 60.67% share in the share capital of DMG MORI AKTIENGESELLSCHAFT. According to other voting rights notifications communicated as of 31 December 2015, the following shareholder also held more than 10% of voting rights: As at the date of their latest voting rights notification, Paul Singer / Elliott Asset Management and affiliated companies held 15.16% of the share capital.

#### **As to Section 289(4)(6) German Commercial Code (HGB)**

Pursuant to Section 84 of the German Stock Corporation Act (AktG), the Supervisory Board shall appoint and withdraw members of the Executive Board. This authorisation is specified in Article 7(2) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT to the effect that the Supervisory Board appoints the members of the Executive Board, determines their number and assigns their duties.

Pursuant to Section 119(1)(5) of the German Stock Corporation Act (AktG), the Annual General Meeting passes resolutions on changes to the Articles of Association. The correspondingly defined rules of procedure are contained in Sections 179, 181 of the German Stock Corporation Act (AktG) in conjunction with Section 15(4) of the Articles of Association of DMG MORI AKTIENGESELLSCHAFT.

#### **As to Section 289(4)(7) German Commercial Code (HGB)**

Pursuant to Article 5(3) of the articles of association, the Executive Board is authorised, as of 31 December 2015, with the approval of the Supervisory Board, to increase the share capital by up to a nominal amount of € 102,463,392.20 during the period until 15 May 2019 through a one-time or repeated issue of up to 39,408,997 new no par value bearer shares for contributions in cash and / or in kind (authorised capital). At the same time, the Executive Board is authorised to issue shares disapplying the pre-emptive rights of shareholders to a value of € 5,000,000.00 to employees of the company and of companies affiliated with the company.

In addition, the Executive Board is authorised, with the approval of the Supervisory Board, to disapply the statutory pre-emptive rights of shareholders in certain cases that are stipulated in detail in the articles of association (authorised capital).

#### As to Section 289(4)(8) German Commercial Code (HGB)

The essential financing agreements of DMG MORI AKTIENGESELLSCHAFT in 2015 are subject to a change of control (this means the acquisition of 30% or more of voting rights) as a result of a tender offer as defined by Section 315(4) no. 8 HGB.

The key financing agreements of DMG MORI AKTIENGESELLSCHAFT, finalised at the beginning of 2016, are subject to a change of control (i.e. the acquisition of either (i) 30% or more of the voting rights in DMG MORI AKTIENGESELLSCHAFT if the shareholdings of DMG MORI COMPANY LIMITED in DMG MORI AKTIENGESELLSCHAFT are or fall below 50%, or (ii) 50% or more of the voting rights in DMG MORI AKTIENGESELLSCHAFT (other than by DMG MORI COMPANY LIMITED) or (iii) 50% or more of the voting rights in DMG MORI COMPANY LIMITED).

A change of control is thus ruled out, as long as DMG MORI COMPANY LIMITED holds more than 50% of the voting rights in DMG MORI AKTIENGESELLSCHAFT. Furthermore, an increase of the voting rights share of DMG MORI COMPANY LIMITED in DMG MORI AKTIENGESELLSCHAFT to 75% or more does not lead to a change in control.

Pursuant to Section 289(4) of the German Commercial Code (HGB), the Executive Board makes the following explanatory statements:

- As of 31 December 2015, the share capital of the company was € 204,926,784.40 divided into 78,817,994 no par value bearer shares. Each share has a voting right and is the determining factor for participation in the profits. The company may not exercise voting rights for treasury shares and is not participating pro rata in the profits.
- The most recent amendment of the Articles of Association took place in May 2015 when Article 1(1) and Article 12(1–7) of the Articles of Association were revised.
- In the reporting period the Executive Board did not exercise the above-referred authorisation.
- The change of control conditions comply with customary agreements. They do not lead to an automatic termination of the above-referred agreements but, in the event of a change of control, merely grant our contractual partners the possibility of terminating these.

#### Forecast Report

Although the earnings position of DMG MORI AKTIENGESELLSCHAFT differs from that of the group in terms of level and structure, nevertheless it is significantly affected by the group results. Therefore in the following the group forecast will initially be detailed.

The overall economic development in 2016 is expected to moderately accelerate. For the current year, the Institute for World Economy is forecasting growth in global gross domestic product of 3.4%; for 2017, it is assuming a gain of 3.8%. A continued expansive monetary policy and low oil prices presently favour the cyclical development, particularly in the industrialised countries. The current economic crisis in China, altogether low raw materials prices, and geopolitical conflicts in emerging countries, however, continue to be a burden on the global economy.

For the worldwide machine tool market growth is expected in 2016. The current forecasts of the VDW and the British economic research institute, Oxford Economics, expect worldwide market volume to grow in value terms by 4.1%. Experience shows that these forecasts will be corrected again during the course of the year. Growth in consumption of 4.0% is expected for China, whereas for the USA and Japan at 2.6% and 2.4%, lower rates of growth are forecast. Growth of 4.1% is expected in 2016 for South Korea. For 2017, the VDW is forecasting a rise in world consumption of 4.4% (as at October 2015).

The DMG MORI group intends to strengthen and expand further its market position as a worldwide leading manufacturer of cutting machine tools. With our innovative and diversified product portfolio, our efforts are specifically aimed at the continuous improvement of our products' market penetration. The partnership with the Japanese DMG MORI COMPANY LIMITED is a central component of this strategy. We perceive the major potentials in the joint product development and production, in purchasing through the expansion of our global supplier partnerships, and in the optimisation of our international sales and service structures.

We perceive additional growth potentials in our core market in Europe as well as in the USA, Japan, China, Korea, India, Mexico, Taiwan, and the countries in South East Asia. In these markets, we intend to raise the presence of DMG MORI through targeted measures, such as the expansion of new technology centres and increasing the number of sales regions. In addition, we support our Japanese partner in the important market of the USA.

In the beginning of the year 2016, the order intake developed slightly better than in the previous year. For the first quarter of 2016, we are expecting order intake of around € 600 million (previous year: € 587.2 million). For the current financial year, we are planning with a slightly better order intake than the previous year. We are anticipating growth in "Industrial Services".

In the first quarter 2016 we are expecting sales revenues approximately at the previous year's level (1<sup>st</sup> quarter 2015: € 538.4 million). For financial year 2016, we are planning again sales revenues of around € 2.3 billion. EBT will be significantly below the high level of the previous reporting year.

For the financial year 2016, we expect a slightly improved positive free cash flow. The improvement will largely result from the reduced investment volume. Our financing structure should essentially remain unchanged and we are aiming once again for a positive net financing surplus by year-end. Our goal is to improve the net working capital moderately.

In the financial year 2016, our financing framework will cover the necessary liquidity. We have sufficient financial leeway. In respect of the market interest rates, we expect a slightly increasing level. We estimate the effects on our interest result and capital costs to be rather insignificant from the current perspective.

The following table provides an overview of the budgeted values of the financial and key performance indicators of the DMG MORI AKTIENGESELLSCHAFT:

<b>FINANCIAL AND KEY PERFORMANCE INDICATORS OF DMG MORI AKTIENGESELLSCHAFT</b>			
	Actual 2014 € K	Actual 2015 € K	Plan 2016 € K
Sales revenues	15,505	20,550	around 22,500
EBT	96,754	82,913	nearly constant
Investments in tangible fixed assets / intangible assets	5,093	5,285	around 8,000
Number of employees (annual average)	107	123	slight decrease

#### **Overall Statement of the Executive Board on Future Business Development**

For the financial year 2016, we expect a volatile overall economic development: Negative economic effects may arise from a continued weakness in emerging markets. Economic experts are predicting a fall in China's economic growth rate for 2016 and the poor economic climate in Russia will also have an impact on Germany and the EU. Moreover, exchange rate fluctuations between international currencies and the state debt problem in Europe will continue to burden the economy and, in particular, the investments within the companies. Economic experts are expecting world energy prices to remain low.

According to forecasts by the German Machine Tool Builders' Association (VDW) and the British Economic Research Institute, Oxford Economics, global machine tool consumption should see a 4.1% rise this year. In view of the volatile global economic growth mentioned above, we consider this figure too optimistic. We are expecting to see major differences between individual markets and a substantially increase in competitive pressure.

Forecast Report  
Other Disclosures

Together with our Japanese partner DMG MORI COMPANY LIMITED, we are in a strong strategic position to successfully tackle the challenges ahead. We see significant potential in our joint product development and production, as well as in purchasing through the expansion of our global supplier partnerships and optimisation of our international sales and service structures.

For financial year 2016, we are expecting a slightly better order intake than in the previous year and are planning again sales revenues of around € 2.3 billion. EBT will be significantly below the high level of the previous reporting year. Investments in property, plant and equipment and in intangible assets are to amount to around € 100 million and are to be financed largely from own funds. Furthermore, we expect a slightly improved positive free cash flow. The improvement will largely result from the reduced investment volume. In addition, we are planning to pay a dividend.

In view of the economic environment in 2016, at DMG MORI AKTIENGESELLSCHAFT, we are expecting income from investments to remain relatively unchanged from the previous year's figure. In general, we are also expecting EBT to remain at around the same level as last year. We are not expecting any significant changes in the assets and financial position in 2016.

## Other Disclosures

### Concluding statement of the Executive Board on the Dependency Company Report

According to its annual financial statements for the year ending 31 December 2015 issued on 10 February 2016, DMG MORI COMPANY LIMITED held a 60.67% share in the share capital of DMG MORI AKTIENGESELLSCHAFT. As a result, an absolute majority of votes at future annual general meetings is expected. Thus, for financial year 2015, a dependency relationship exists as defined by Section 17(2) AktG (German Stock Corporation Act) between DMG MORI AKTIENGESELLSCHAFT and DMG MORI COMPANY LIMITED.

There was no control or profit transfer agreement between DMG MORI COMPANY LIMITED and DMG MORI AKTIENGESELLSCHAFT in the financial year 2015, nor was DMG MORI AKTIENGESELLSCHAFT merged into another limited company. The obligation to prepare financial statements is thus not waived pursuant to Section 312(1)(1), Section 316 or Section 323(1)(3) of the German Corporation Act (AktG).

Therefore, the Executive Board of DMG MORI AKTIENGESELLSCHAFT has, in accordance with Section 312 of the AktG, prepared a report on the relationships of the company with affiliated companies in financial year 2015 (dependency report): "For all the legal transactions detailed in the report on the relationships of the company with affiliated companies in the financial year 2015, according to the circumstances known to us at the time each legal transaction was made, we received suitable compensation for all legal transactions detailed in the report. There were no other measures taken in the reporting period."

**Notes for the Financial Year 2015 of  
DMG MORI AKTIENGESELLSCHAFT**

**A. General Declaration**

The annual financial statements of DMG MORI AKTIENGESELLSCHAFT (until 5 June 2015: DMG MORI SEIKI AKTIENGESELLSCHAFT) for the year ending 31 December 2015 were prepared in compliance with the regulations stipulated in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The form of the previous year's statement, particularly the sub-division of the balance sheet and the income statement, has been retained. The income statement is drawn up according to the total cost method of accounting. DMG MORI COMPANY LIMITED, Nagoya, is the ultimate parent company within the DMG MORI group.

**B. Accounting and Valuation Principles**

The intangible assets acquired against payment and tangible fixed assets were recognised at their acquisition costs and, if applicable, reduced by amortisation and depreciation. In the case of a possible impairment, special write-downs are made to the lower fair value. For depreciation the straight-line method was applied in accordance with the useful life expectancy.

**USEFUL LIFE OF ASSETS**

Intangible assets	3 up to 4 years
Office and factory buildings	10 up to 50 years
Factory and office equipment	5 up to 13 years

Amortisation and depreciation of additions to intangible assets and fixed assets was carried out in the year of acquisition pro rata temporis according to the straight-line method. Additions with procurement costs of € 150 to € 1,000 were combined in a compound item and were amortised and depreciated over five years. The depreciation / amortisation method has not changed from the previous year. The rates of depreciation / amortisation also remained unchanged with respect to intangible assets, office and factory building, and factory and office equipment. Financial assets are recognised on the balance sheet at their acquisition costs or the lower fair value.

Receivables and other assets with a term of up to one year were shown at face value, receivables and other assets with a term of more than one year were recognised in the balance sheet at their cash value. Receivables in foreign currencies with a term of one

year or less were translated at the average spot exchange rate pursuant to Section 256a HGB (Commercial Code). Insofar as there are indications for impairment, receivables and other assets are measured at lower fair market value.

The valuation of bank balances was based on the nominal value. The valuation of bank balances in foreign currency is based on the average spot exchange rate. Measurement of internal and external derivatives is made at market value. Assets that are not accessible to other creditors and may only be used to cover pension commitments or comparable long-term obligations (so-called plan assets) are recognised in the income statement at fair market value and are offset against these liabilities. Moreover, existing assets are shown on the DMG MORI AKTIENGESELLSCHAFT balance sheet. Reinsurance policies for pension obligations or claims from life assurance policies under plan assets are measured at the lower of cost or market and thus at fair value within the meaning of Section 255(4)(4) German Commercial Code (HGB) corresponding to the so-called actuarial reserves of the insurance policy specified in the business plan plus any existing credit from contribution refunds (so-called irrevocable distributed profit participation). This value is also consistent with the taxable asset value.

Provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven financial years corresponding to their remaining term. For pension provisions or comparable long-term obligations, a flat discounting rate was applied at an average market interest rate that results upon an assumed remaining term of 15 years. Provisions with a remaining term of exactly one year or less are not liable to discount. They are not discounted.

The measurement of pension commitments was carried out by the projected unit credit method (PUC method) on the basis of an interest rate for accounting purposes of 3.89% (previous year: 4.62%). For this purpose, the reference tables of Prof. Klaus Heubeck published in July 2005 were taken as a basis. Externally funded pension benefits are measured at the fair value of the plan assets. Provisions for obligations arising from partial retirement agreements include expenses for wage and salary payments to employees during the pre-retirement passive phase and for top-up payments. Furthermore, the provisions include top-up payments, which the employer cannot avoid due to a collective pay agreement or a works agreement. These provisions are accumulated pro-portionally from the start of the active phase of the partial retirement and measured at present value, based on an actuarial interest rate of 2.46% (previous year: 3.37%). Partial retirement claims are safeguarded against possible insolvency within the framework of a two-way trust relationship. To safeguard these claims, liquid funds are transferred to a contractual trust arrangement and set off against provisions for partial retirement. The remaining provisions were calculated so that they allow for all identifiable risks and contingent

obligations. The measurements were made on the basis of prudent business judgement. In each case the expected probable settlement amount was taken into account. Provisions for payments on the occasion of employee jubilees are discounted at an interest rate of 3.89% p.a. (previous year: 4.62%).

In recognising hedges for foreign currency, the gross hedge presentation method has been used since 2010.

Liabilities are recognised at their settlement amounts. Liabilities in foreign currency are measured at the average spot exchange rate.

### C. Notes on the individual balance sheet items

#### Assets

The movements of the individual fixed assets are set out in the fixed-asset movement schedule, which is attached to the notes.

**1 INTANGIBLE ASSETS AND FIXED ASSETS** The value disclosed for industrial property rights and similar rights includes mainly data processing software.

**2 FINANCIAL ASSETS** The changes in financial assets of DMG MORI AKTIENGESELLSCHAFT are set out in the balance sheet supplement to the notes. The companies included in the “Shares in affiliated companies” item, and the corresponding information on registered office, equity, capital shares and results as of 31 December 2015 are set out in a separate summary at the end of the notes.

No impairments of financial assets were carried out in the financial year. DMG MORI AKTIENGESELLSCHAFT has concluded control and profit and loss transfer agreements with the following companies:

- GILDEMEISTER Beteiligungen GmbH, Bielefeld
- DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER, Bielefeld

<b>3 RECEIVABLES AND OTHER ASSETS</b>	<p>Receivables owed by affiliated companies of € 442,043 κ (previous year: € 474,128 κ) primarily arose from profit and loss transfer agreements and financial clearing (€ 415,154 κ) and cost allocation (€ 26,889 κ). Other assets amounted to € 9,705 κ (previous year: € 17,026 κ). In addition, they include receivables from derivatives of € 2,916 κ (previous year: € 7,410 κ) and tax refund claims of € 6,286 κ (previous year: € 3,865 κ) amongst others.</p> <p>Receivables and other assets to the value of € 17 κ (previous year: € 137 κ) include receivables with a remaining term of more than one year.</p>
<b>4 CASH ASSETS, BANKS BALANCES</b>	<p>The disclosure refers to credit balances with banks and the cash in hand value and rose to € 367,257 κ (previous year: € 256,282 κ). The increase is primarily due to the sales of shares in DMG MORI COMPANY LIMITED.</p>
<b>5 PREPAID EXPENSES</b>	<p>The prepaid expenses under assets relates to payments amounting to € 153 κ (previous year: € 182 κ) before the reporting date which are expenses for the following years.</p>
<b>6 DEFERRED TAX ASSETS</b>	<p>Deferred tax assets totalling € 9,840 κ (previous year: € 8,105 κ) arise as of 31 December 2015 from temporary differences in the carrying amount between the financial statements and the tax accounts. Temporary differences in the carrying amount exist at the reporting date in provisions for receivables from subsidiaries and for tax consolidated companies essentially through differences in carrying amounts in provisions. In determining deferred tax assets, an average tax rate of 29.6% has been taken as a basis (previous year: 29.6%).</p>
<b>7 EXCESS OF PLAN ASSETS OVER PENSION LIABILITY</b>	<p>DMG MORI AKTIENGESELLSCHAFT has taken out appropriate reinsurance policies for certain pension obligations. As these are plan assets, the fair value of the assets were netted against the pension obligation. The costs of acquisition of the offset assets are € 16,108 κ (previous year: € 7,773 κ). The settlement amount of the provision is € 11,312 κ (previous year: € 9,391 κ); of which € 718 κ (previous year: € 796 κ) pursuant to Section 67(1) Introductory Act to the Commercial Code (EGHGB – Einführungsgesetz zum Handelsgesetzbuch) have not yet been recognised as a provision as of 31 December 2015. In conformity with the offsetting of assets and debts, income of € 374 κ and expenses of € 889 κ are shown balanced in interest expenses.</p>

## Equity and liabilities

### Subscribed capital

**8 EQUITY** The share capital of DMG MORI AKTIENGESELLSCHAFT amounts as in the previous year to € 204,926,784.40 and is fully paid up.

It is divided into 78,817,994 no par value bearer shares with a theoretical par value of € 2.60 per share.

The following statements have essentially been taken from the articles of association of DMG MORI AKTIENGESELLSCHAFT (version 30 June 2015).

The Executive Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to a nominal amount of € 102,463,392.20 until 15 May 2019 through the issue of up to 39,408,997 new no par value bearer shares for contributions in cash and / or in kind (authorised capital). This authority can be exercised once or several times in partial amounts.

The new shares may be taken over by one or more banks or companies, designated by the Executive Board, with the obligation to offer them to the shareholders (indirect pre-emptive right) in the sense of Section 186(5)(1) of the German Corporation Act (AktG).

The Executive Board is authorised, with the consent of the Supervisory Board, to disapply shareholders' statutory pre-emptive rights in the following cases:

- a) with respect to a partial amount of € 5,000,000 for the issue of share of company employees and companies affiliated with the company capital increases through contribution in kind so as to acquire in suitable cases companies, parts of companies or interests in companies, or other assets in return for shares;
- b) for capital increases against cash contributions, if the issuing price of the new shares is not significantly lower, in accordance with Section 203, (1) and (2), and Section 186(3)(4) of the German Stock Corporation Act, than the stock market price on the final effective date of the issuing price determined by the executive board and if the total pro rata amount of the share capital attributable to the new shares, for which the shareholders' pre-emptive rights are excluded, neither on the effective date nor on the date of exercise of this authorisation exceeds 10% of the share capital. Shares that are issued or sold during the validity of the authorised capital with the exclusion of shareholders' pre-emptive rights, in direct or analogous application of Section 186(3) sentence 4 of the German Stock Corporation Act, are to be included in the maximum limit of 10% of the share capital,
- c) to exclude any fractional amounts from the pre-emptive right.

All the shares issued on the basis of the aforementioned authorisation disapplying pre-emptive rights of shareholders pursuant to point b) and c) above may not exceed 20% of the share capital either at the time of the authorisation taking effect or at the time of its utilisation. Included in this 20 per cent limit are those shares that are issued during

the term of the aforementioned authorisation from any other authorised capital disapplying the pre-emptive rights of shareholders, excluded from the aforementioned figure is the disapplication of pre-emptive rights to compensate for fractional amounts or the issue of shares to company employees and to affiliated companies.

The Executive Board is authorised, with the approval of the Supervisory Board, to stipulate additional details of the capital increase and its implementation. The Supervisory Board is authorised to amend the articles of association according to the respective utilisation of authorised capital or, if the authorised capital is not utilised or not utilised in full by 15 May 2019, shall cancel this upon the expiry of the term.

#### Capital reserves

The capital reserves of DMG MORI AKTIENGESELLSCHAFT also include the premiums from the issue of shares from past capital increases. As at the reporting date, capital reserves amounted to € 516,197,471 (previous year: € 516,197,471).

#### Retained earnings

##### Statutory reserves

The statutory reserves of € 680,530 have not changed since the previous year.

##### Retained earnings for shareholdings in a controlling company and other retained earnings

Other retained earnings are € 197,898,830 (previous year: € 81,994,901). As a result of the sale of shares in DMG MORI COMPANY LIMITED amounting to € 115,903,929 the provisions for shares in controlling enterprises pursuant to Section 272(4)(1) of the German Commercial Code (HGB) were released and transferred to other retained earnings, as the allocation of provisions in 2014 was taken from other retained earnings.

##### Proposed appropriation of profits

The financial year 2015 of DMG MORI AKTIENGESELLSCHAFT closes with a profit for the year of € 47,059,426.56. After taking into account the profit carryforward from the previous year in the amount of € 1,709,264.83 net retained profits of € 48,768,691.39 remain. On 6 May 2016, it will be proposed to appropriate these retained profits as follows:

- to distribute € 47,290,796.40 to the shareholders by payment of a dividend of € 0.60 per share,
- to carry the remaining net retained profit of € 1,477,894.99 forward to new account.

<b>DEVELOPMENT OF NET RETAINED PROFIT</b>	
	€ K
Net retained profit at 31 Dec. 2014	45,059
Dividend distribution	-43,349
Annual profit 2015	47,059
<b>Net retained profit at 31 Dec. 2015</b>	<b>48,769</b>

For the amount of the deferred tax assets of € 9,840,207 (previous year: € 8,105,172) pursuant to Section 268(8) German Commercial Code (HGB) there is a restriction on distribution with respect to the annual earnings insofar as the freely available reserves are not sufficient to cover the basic amount that is barred from distribution. However, as the current freely available other revenue reserves of € 197,899 K exceed the amount of the deferred tax assets of € 9,840 K, there is no restriction on distribution according to Section 268(8) HGB of the net retained profits.

**9 PENSION PROVISIONS** The measurement of pension obligations was carried out by the projected unit credit method (PUC method). The provisions amount has been determined by taking account of trend assumptions with respect to future development of entitlements or pensions as well as of fluctuation probabilities. An actuarial interest rate of 3.89% p.a. and a pension increase of 2.00% p.a. have been assumed. The provisions for widows' / widowers' entitlements are carried out in accordance with the collective method, in which the probability of marriage that arose from the calculation basis employed was taken as a basis. In principle the contractually agreed pension age was used as the age for ending the financing. Within the framework of implementing the German Accounting Law Modernisation Act (BilMoG) as of 1 January 2010, DMG MORI AKTIENGESELLSCHAFT exercised the option under Art. 67(1)(1) of the Introductory Act on the German Commercial Code (EGHGB). Art. 67(1)(1) EGHGB contains the option to accumulate at least a fifteenth of the allocations to provisions determined on the basis of the revised measurement of current pensions and vested pensions rights at the latest by 31 December 2024 in each financial year. The total allocation determined as of 1 January 2010 was € 3,178 K. Of this, as in the previous year, one-fifteenth (€ 212 K) (previous year: € 212 K) was recognised as an expense and recognised under extraordinary expense in financial year 2015. An amount of € 1,906 K remains from this obligation for non-established provisions for subsequent years. As of the reporting date, provisions were € 8,936 K (previous year: € 9,994 K).

**10 PROVISIONS FOR TAXES** Tax provisions of € 20,618 K (previous year: € 11,303 K) include liabilities for trade tax (€ 13,711 K) and for corporation tax (€ 6,907 K) for financial year 2015 and – due to tax audits – for previous year.

**11 OTHER PROVISIONS** Other provisions include anticipated bonus payments of € 17,525 κ (previous year: € 14,569 κ) and expenses for other personnel expenses in an amount of € 5,070 κ (previous year: € 3,714 κ), of these severance payments accounted for € 4,023 κ (previous year: € 2,630 κ). The increase is due to any future payments to a former Executive Board member.

Furthermore, a provision for anticipated losses is included of € 1,145 κ from the ineffectiveness of an interest rate hedging instrument (interest rate swap), which is no longer included in this financial year.

The provisions accrued in 2015 for outstanding invoices amounts to € 2,102 κ (previous year: € 2,597 κ). Additionally, other provisions include amounts for legal, advisory and annual financial statement costs of € 1,957 κ (previous year: € 1,714 κ), provisions for Supervisory Board members' remuneration of € 1,601 κ (previous year: € 1,085 κ) and other provisions of € 196 κ (previous year: € 967 κ).

## 12 LIABILITIES

	Statement of financial position as of 31 Dec. 2015 € K	of which residual term up to 1 year € K	of which residual term 1 to 5 years € K	of which residual term more than 5 years € K	Statement of financial position as of 31 Dec. 2014 € K
1. Trade payables	5,706	5,706	0	0	1,561
2. Liabilities to affiliated companies	437,136	437,136	0	0	478,394
3. Other liabilities <sup>1)</sup>	13,035	13,035	0	0	9,979
Residual terms 31 Dec. 2015	455,877	455,877	0	0	489,934
Residual terms 31 Dec. 2014		489,934	0	0	489,934

<sup>1)</sup> of which from taxes: € 9,433 κ (previous year: € 2,887 κ), of which accrued interest payments: € 375 κ (previous year: € 658 κ), of which € 11 κ (previous year: € 1) was part of the social security contributions.

The short and medium-term working capital needs of DMG MORI AKTIENGESELLSCHAFT and, as part of the intragroup cash management system, of the majority of domestic subsidiaries, are covered by cash flow from operations as well as by a syndicated loan agreement.

DMG MORI AKTIENGESELLSCHAFT has a syndicated credit line amounting to € 450.0 million in total. This breaks down into a cash tranche of € 200.0 million and an aval tranche amounting to € 250.0 million. The credit line has a five-year term (until August 2016).

The financing agreements for the syndicated loan require DMG MORI AKTIENGESELLSCHAFT to comply with customary covenants. All covenants had been complied with as of 31 December 2015.

The lending banks have completely waived the collateral requirement for financing the syndicated credit line. The companies DECKEL MAHO Pfronten GmbH, DECKEL MAHO Seebach GmbH, GILDEMEISTER Drehmaschinen GmbH, DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER, GILDEMEISTER Beteiligungen GmbH, GILDEMEISTER energy solutions GmbH, GILDEMEISTER Partecipazioni S.r.l., FAMOT Pleszew Sp. z o.o. and GILDEMEISTER Italiana S.p.A. are guarantors for the loan agreement.

In February 2016, an agreement was signed for a new syndicated credit line amounting to € 500.0 million in total and with a term of five years (until February 2021). It comprises a revolving usable cash tranche amounting to € 200.0 million and an aval tranche of € 300.0 million. Thus, the syndicated credit line due to expire in August 2016 was redeemed early. The new syndicated loan was finalised with an international bank syndicate at better terms and bears interest plus a markup based on the current money market rate (1 to 6 month-EURIBOR). The new syndicated credit line also requires DMG MORI AKTIENGESELLSCHAFT to comply with a customary covenant. Various group companies are guarantors for the credit agreements.

The liabilities to affiliated companies in the amount of € 437,136 K (previous year: € 478,394 K) primarily resulted from liabilities from financial clearing (€ 427,314 K) and trade creditors (€ 9,822 K).

**13 CONTINGENCIES  
AND OTHER FINANCIAL  
OBLIGATIONS**

At the balance sheet date the following contingencies and other financial obligations existed, shown at their nominal amount:

<b>CONTINGENCIES</b>	<b>31. Dec. 2015</b>	<b>31. Dec. 2014</b>
	<b>€ K</b>	<b>€ K</b>
Guarantees	488,006	523,281
Warranties	47,290	65,740
	<b>535,356</b>	<b>589,021</b>
<b>OBLIGATIONS FROM TENANCY AND LEASE AGREEMENTS DUE</b>		
within 1 year	467	332
within 1 to 5 years	344	432
after 5 years	0	0
	<b>811</b>	<b>764</b>

The guarantees of DMG MORI AKTIENGESELLSCHAFT include maximum-amount guarantees for affiliated companies of € 16,463 κ (previous year: € 15,144 κ) and payment sureties of € 76,067 κ (previous year: € 76,506 κ). The corresponding bank liabilities are value-dated as of 31 December 2015 at € 5,767 κ (previous year: € 7,996 κ). DMG MORI AKTIENGESELLSCHAFT was jointly and severally liable for liabilities of € 162,050 κ (previous year: € 162,050 κ) as of the balance sheet date.

An amount of € 1,549 κ (previous year: € 2,940 κ) was given as prepayment guarantees to customers of several group companies.

DMG MORI AKTIENGESELLSCHAFT also has a guarantee line, which can be used to guarantee advance payment and warranties of domestic and foreign subsidiaries with secondary liability of DMG MORI AKTIENGESELLSCHAFT. As of 31 December 2015 the amount availed of was € 104,763 κ (previous year: € 121,281 κ).

Moreover, DMG MORI AKTIENGESELLSCHAFT has issued comfort letters for GILDEMEISTER Italiana S.p.A., SAUER GmbH, GILDEMEISTER energy solutions GmbH, DMG MORI Benelux B.V., DMG MORI Malaysia SDN BHD, DMG Asia PTE, FAMOT Pleszew Sp. z o.o., DMG MORI Benelux B.V.B.A. and DMG MORI Used Machines GmbH totalling € 19,347 κ. The liabilities in this respect were valued at € 277 κ as at 31 December 2015.

The probability of any imminent claim by the beneficiaries based on previous experience is considered to be very slight in our estimation.

#### 14 DERIVATIVE FINANCIAL INSTRUMENTS

The nominal amount and fair market values of derivative financial instruments existing at the balance sheet date are set out below:

DERIVATIVE FINANCIAL INSTRUMENTS OF THE DMG MORI AKTIENGESELLSCHAFT	Nominal volume		Fair market value	
	31. Dec. 2015	31. Dec. 2014	31. Dec. 2015	31. Dec. 2014
	€ κ	€ κ	€ κ	€ κ
Forward foreign exchange contracts	271,957	308,437	1,166	1,023
Interest rate swap	0	60,000	0	-1,397
	<b>271,957</b>	<b>368,437</b>	<b>1,166</b>	<b>-374</b>

The notional amount corresponds to the total of all absolute sale and purchase amounts of derivative financial transactions. The fair market values disclosed correspond with the price at which third parties would assume the rights or obligations arising from the financial instruments. The fair market values are the current values of the derivative

financial instruments excluding any adverse trends in value from underlying transactions. The fair market values of the derivative financial instruments used are determined on the basis of quoted market prices or through accrual methods based on customary models. The fair market values of the forward foreign exchange contracts are balanced at € 1,166 κ (previous year: € 1,023 κ) and comprise positive market values of € 4,326 κ (previous year: € 7,410 κ) and negative market values of € 3,160 κ (previous year: € 6,387 κ).

The DMG MORI AKTIENGESELLSCHAFT concludes intra-group forward exchange contracts in the amount of the expected cash flows from order intake, as well as trade payables for group subsidiaries. The term of these transactions is normally less than a year. The expected cash flows from these intra-group forward exchange contracts and from loan receivables from group companies in foreign currencies are hedged externally with banks.

The conclusion and settlement of derivative financial instruments is based on binding internal regulations defining scope, responsibilities, reporting and monitoring.

The forward foreign exchange contracts concluded show a residual term of up to two years as of the balance sheet date and serve to hedge foreign currency receivables from group companies in USD, CAD, SGD, JPY, GBP, AUD, RUB and PLN.

The interest rate swap with a nominal volume amounting to € 60,000 κ expired on 29 May 2015.

In cases where the requirements were met, the forward exchange contracts were summarised to evaluation units per currency. In doing so, the direct posting method was applied, so that € 2,916 κ were recorded in other assets from derivatives and € 3,160 κ in other liabilities.

The hedge is in place for the entire duration of the underlying transaction. The dollar offset method is used to determine the effectiveness.

Notes on the individual  
balance sheet items  
Notes to individual items  
in the Income Statement

DMG MORI AKTIENGESELLSCHAFT had the following two types of hedges in the financial year just ended:

TYPES OF HEDGES OF THE DMG MORI AKTIENGESELLSCHAFT		Nominal amount of underlying transaction in € κ	Hedged risks in € κ (offset)
No.	Underlying transaction		
1	Internal forward exchange contracts (not offset): Cash flow hedges from order intake and subsidiaries' debts to suppliers.	105,849	- 689
2	Internal group foreign currency loans (not offset)	74,549	- 252

Valuation units are generated from external forward exchange contracts and intra-group forward exchange contracts to hedge order intake and supplier payments with a nominal value of € 105,849 κ. The hedged risk was € - 689 κ as of 31 December 2015. Also, valuations units from external forward exchange contracts and intra-group foreign currency loans were generated with a nominal amount of € 74,549 κ. The hedged currency risk was € - 252 κ as of 31 December 2015.

#### 15 TRANSACTIONS WITH RELATED COMPANIES AND PERSONS

In financial year 2015, DMG MORI AKTIENGESELLSCHAFT only concluded transactions at customary market conditions with related companies and persons. In the reporting year, the Institute for Manufacturing Excellence GmbH (IMX GmbH) invoiced a net expense of € 1,529 κ (previous year: € 1,483 κ) for consulting services. As at the end of the financial year 2015, the outstanding items with respect to IMX GmbH amounted to € 109 κ (previous year: € 112 κ). The institute was founded by Prof. Dr.-Ing. Klinkner, who is also managing partner.

#### D. Notes to individual items in the Income Statement

#### 16 SALES REVENUES

Sales revenues of € 20,550 κ (previous year: € 15,505 κ) essentially involve sales arising from the group-wide holding functions. Of this, Germany had € 17,359 κ (previous year: € 13,266 κ), the rest of Europe € 1,377 κ (previous year: € 1,026 κ), and the rest of world € 1,814 κ (previous year: € 1,213 κ).

**17 OTHER OPERATING INCOME** Other operating income of € 28,151 κ (previous year: € 18,743 κ) includes exchange rate gains from the valuation of receivables and liabilities in foreign currencies and from the valuation of forward exchange contracts amounting to € 22,943 κ (previous year: € 13,719 κ) which break down into realised foreign exchange and currency gains of € 18,146 κ (previous year: € 4,327 κ) and foreign exchange and currency gains from valuation amounting to € 4,797 κ (previous year: € 9,392 κ). This also includes income from cost allocations and cost refunds of € 3,993 κ (previous year: € 4,558 κ). In addition, income unrelated to the accounting period is included from the reversal of provisions of € 656 κ (previous year: € 53 κ).

**18 PERSONNEL EXPENSES** For financial year 2015, the employee pension plan expense totalled € 2,226 κ (previous year: € 2,764 κ). Direct remuneration of the members of the Executive Board, was € 13,584 κ (previous year: € 9,679 κ). Of this, € 2,851 κ was allocated to the fixed remuneration (previous year: € 2,252 κ), € 5,740 κ (previous year € 5,804 κ) to the STI. The individual remuneration for services rendered amounted to € 3,590 κ (previous year: € 581 κ) and included a payment for the extraordinary and successful work of the Executive Board Chairman for an important group project. The STI takes account of the target achievement of the Executive Board. The fair value of LTI on the granting date was € 1,276 κ (previous year: € 924 κ). Benefits in kind accounted for € 127 κ (previous year: € 118 κ).

Former members of the Executive Board and their surviving dependents received € 605 κ (previous year: € 610 κ) in pensions. The amount of pension obligations (entitlement cash value of future pension commitments or defined benefit obligation) for former executive board members and their surviving dependants were € 9,863 κ (previous year: € 9,126 κ).

A total of € 135 κ in salary was paid to the former Executive Board member André Danks for the financial year 2015 for the time period from the revocation of his Executive Board appointment until 31 December 2015. The concluded service contract with Mr. Danks remains unaffected for now. Mr. Danks will receive the contractually agreed fixed salary until the end of the contract. Mr. Danks participates in the variable remuneration STI programme, LTI programme and the individual performance-based remuneration components of the company. The accrued provisions for any future payments to Mr. Danks amount to € 1,393 κ as at 31 December 2015.

Advances and loans to members of governing bodies were not granted. No liability arrangements were entered into in favour of any members of governing bodies (Section 285(9c) HGB). Further details on executive board remuneration can be found in the remuneration report in the management report.

In comparison with the previous year, the average number of employees has changed as follows:

EMPLOYEE DEVELOPMENT		
	2015	2014
Salary earners	123	107

**19 DEPRECIATION OF FIXED ASSETS AND PLANT, PROPERTY AND EQUIPMENT** The depreciation increased over the previous year due to investments and unscheduled depreciation of € 2,037 κ (previous year: € 0 κ) in consequence of adjustments of plant, property and equipment to € 5,183 κ (previous year: € 3,001 κ).

**20 OTHER OPERATING EXPENSES** Other operating expenses resulted among other things from other external services amounting to € 10,292 κ (previous year: € 8,956 κ), expenses for legal and consultancy fees and costs for the preparation of the annual accounts of € 9,522 κ (previous year: € 7,109 κ), travel and entertaining expenses of € 3,074 κ (previous year: € 2,705 κ), insurance contributions of € 2,936 κ (previous year: € 1,879 κ) and rental and lease expenses of € 888 κ (previous year: € 718 κ).

Exchange and currency losses in the amount of € 22,510 κ (previous year: € 12,863 κ) break down in exchange and currency losses in the amount of € 15,051 κ (previous year: € 3,604 κ) and exchange and currency losses from valuation in the amount of € 7,459 κ (previous year: € 9,259 κ). These were offset against € 22,943 κ (previous year: € 13,719 κ) exchange and currency gains, which are reported in other operating income.

#### Auditor's fees and services

In the financial year 2015, the fees of the auditor of the financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, were recognised as expense in the amount of € 559 κ (previous year: € 387 κ) and include the fees and expenses for the statutory audit of the annual and consolidated financial statements and other audit services. Also, € 760 κ in other confirmation services or valuation services were recognised in expenses (previous year: € 252 κ), as were € 410 κ for tax consulting services (previous year: € 405 κ), and € 951 κ for other services (previous year: € 508 κ).

### Remuneration of the Supervisory Board

In the financial year 2015, € 1,601 κ (previous year: € 1,085 κ) were allocated to provisions for Supervisory Board members' remuneration. Further details of the remuneration of the Supervisory Board are given in the Management Report.

<b>21 INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS</b>	DMG MORI AKTIENGESELLSCHAFT achieved income from profit and loss transfer agreements of € 83,694 κ (previous year: € 123,219 κ) from GILDEMEISTER Beteiligungen GmbH and from DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER.
<b>22 INCOME FROM EQUITY INVESTMENTS</b>	The income from equity investments of € 2,446 κ (previous year: € 2,150 κ) related to the dividend distribution of DMG MORI COMPANY LIMITED.
<b>23 REVENUE FROM SALES OF SHARES</b>	The revenue from the complete sale of shares in DMG MORI COMPANY LIMITED amounted to € 37,840,548 in the fourth quarter.
<b>24 OTHER INTEREST AND SIMILAR INCOME</b>	In the reporting period, interest and guarantee commissions were invoiced to related companies in the amount of € 15,450 κ (previous year: € 19,593 κ).
<b>25 INTEREST AND SIMILAR EXPENSES</b>	The interest expense of € 7,578 κ (previous year: € 13,809 κ) includes interest of € 4,314 κ (previous year: € 8,790 κ), which has been charged by affiliated companies as well as an interest expense from addition of accrued interest from provisions of € 529 κ (previous year: € 611 κ). The remaining part of interest expense was primarily interest and commitment fees for liabilities to banks.
<b>26 EXTRAORDINARY RESULT</b>	In extraordinary expenses of € 212 κ (previous year: € 212 κ) the amount recognised in expenses in the financial year for allocations to pension provisions due to measurement adjustments in accordance with the BilMoG is disclosed. We refer to our explanatory notes in Section (9) Provisions.
<b>27 TAX ON INCOME AND EARNINGS</b>	Taxes on income and earnings includes expenses unrelated to the accounting period in an amount of € 690 κ (previous year: € 3,088 κ) as well as tax expenses of € 36,687 κ (previous year: € 38,704 κ). In addition, an amount of € 1,735 κ deferred tax revenue is included (previous year: € 268 κ deferred tax expenses).

## E. Other Disclosures

**28 TENDER OFFER** On 21 January 2015, DMG MORI COMPANY LIMITED announced its plans to submit a public tender offer for the outstanding shares of DMG MORI AKTIENGESELLSCHAFT. The acceptance period commenced on 11 February 2015 and ended on 13 April 2015. The tender offer was accepted for 9,377,464 DMG MORI AG shares. This was an 11.9% share of the share capital and voting rights of DMG MORI AKTIENGESELLSCHAFT. Immediately after settlement of the tender offer, the total number of shares held by the bidder and companies acting jointly with the bidder amounted to 41,408,563 according to the voting rights notification. This was a 52.54% share of the share capital and voting rights of DMG MORI AKTIENGESELLSCHAFT. During the voluntary public tender offer of DMG MORI COMPANY LIMITED, the free float shares of DMG MORI AG were reduced accordingly in 2015. DMG MORI COMPANY LIMITED, Nagoya (Japan), according to its annual financial statements published on 10 February 2016, held a 60.67% share of voting rights in the share capital of DMG MORI AKTIENGESELLSCHAFT as at 31 December 2015.

**29 STATUTORY NOTIFICATION PURSUANT TO SECTION 26 WPHG** Three companies held more than 3% of the voting rights up to 31 December 2015 pursuant to the notifications of voting rights. DMG MORI COMPANY LIMITED, Nagoya, Japan, held a share in the voting rights of 52.54% of the share capital of the company. Paul Singer / Elliott Asset Management and affiliated companies held a 15.16% of the share capital since the last voting rights notification. The UBS Group AG, Zurich and affiliated companies held a voting rights share of a total of 4.87%, which is broken down as follows: voting rights share on the basis of (financial / other) instruments pursuant to Section 25a German Securities Trading Act (wPHG): 1.37%, voting rights share pursuant to Section 25(1) wPHG: 1.49%, and voting rights share pursuant to Sections 21–22 wPHG: 2.01%

**30 DECLARATION OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE OF PRACTICE** The latest declaration of conformity in accordance with Section 161 of the German Stock Corporate Act (AktG) was issued in November 2015 – just as the declarations of conformity of the previous years – and has been made permanently accessible on our website at [www.dmgmori.com](http://www.dmgmori.com)

**31 GROUP AFFILIATION** DMG MORI COMPANY LIMITED, Nagoya (Japan), is the ultimate parent company of DMG MORI AKTIENGESELLSCHAFT. DMG MORI AKTIENGESELLSCHAFT is included in the consolidated financial statements of DMG MORI COMPANY LIMITED, Nagoya (Japan). These can be found on the company website, [www.dmgmori.co.jp](http://www.dmgmori.co.jp).

## F. Corporate directory

### Supervisory Board

- Supervisory Board mandate pursuant to Section 100 AktG (German Companies Act)
- \* member of comparable domestic and foreign bodies of business enterprises

**Prof. Dr.-Ing. Raimund Klinkner,**  
Munich, born in 1965,  
Chairman,  
Managing partner, INSTITUTE FOR  
MANUFACTURING EXCELLENCE GmbH  
\* Terex Corporation, Westport  
Conneticut, USA,  
member of Board of Directors

**Hermann Lochbihler,**  
Vils, born in 1956,  
1<sup>st</sup> Deputy Chairman,  
Director of purchasing for  
DECKEL MAHO Pfronten GmbH,  
Senior Executives' representative

**Mario Krainhöfner,**  
Pfronten, born in 1964,  
Deputy Chairman,  
Group Works Council Chairman at  
DMG MORI AKTIENGESELLSCHAFT,  
Chairman of the Works Council at  
DECKEL MAHO Pfronten GmbH

**Dr. Helmut Rothenberger,**  
Frankfurt, born in 1949,  
Member and Deputy Chairman,  
Chairman of the management of  
Dr. Helmut Rothenberger Holding GmbH,  
• AUTANIA AG, Chairman of Supervisory Board,  
• ROTHENBERGER AG,  
Chairman of Supervisory Board,  
• PEIKER ACUSTIC GmbH & Co. KG,  
Chairman of Supervisory Board

**Prof. Dr. Edgar Ernst,**  
Bonn, born in 1952,  
President of Deutsche Prüfstelle für  
Rechnungslegung DPR e.V.,  
• Deutsche Postbank AG, Bonn,  
Member of the Supervisory Board,  
• Vonovia SE,  
Member of the Supervisory Board,  
• TUI AG, Hanover,  
Member of the Supervisory Board,  
• Wincor Nixdorf AG, Paderborn,  
Member of the Supervisory Board

**Ulrich Hocker,**  
Düsseldorf, born in 1950,  
General Manager of Deutsche Schutz-  
vereinigung für Wertpapierbesitz e.V.,  
• FERI AG, Bad Homburg,  
Deputy Chairman of the Supervisory Board,  
\* Phoenix Mecano AG, Stein am Rhein,  
Switzerland, President of the Administrative  
Board

**Prof. Dr.-Ing. Berend Denkena,**  
Hanover, born in 1959,  
Director of the Institute of Production  
Engineering and Machine Tools (IFW)  
at Leibniz University Hanover

**Dr.-Ing. Masahiko Mori,**  
Nara, born in 1961,  
President of DMG MORI COMPANY LIMITED

**Dietmar Jansen,**  
Memmingen, born in 1965,  
1<sup>st</sup> Director and Treasurer of IG Metall  
office Allgäu,  
\* AGCO GmbH, Marktobendorf,  
Deputy Chairman of Supervisory Board

**Dr. Constanze Kurz,**  
Frankfurt am Main, born in 1961,  
Political secretary of the Board  
of IG Metall, Head of Ressort  
employment development,  
Frankfurt am Main

**Matthias Pfuhl,**  
Schmerbach, born in 1960,  
Supply Technician,  
Member of the Works Council  
at DECKEL MAHO Seebach GmbH

**Peter Reinoss,**  
Bergisch Gladbach, born in 1958,  
Electronic service technician,  
Works Council Chairman at  
DMG Vertriebs und Service GmbH  
DECKEL MAHO GILDEMEISTER,  
Member of the Group Workers Council  
at DMG MORI AKTIENGESELLSCHAFT

## Executive Board

**Dipl.-Kfm. Dr. Rüdiger Kapitz,**

Vaduz, Liechtenstein,  
Chairman,

\* Zumtobel AG, Dornbirn, Austria,  
Member of the Supervisory Board  
since 24 July 2015

**Dipl.-Kfm. Dr. Thorsten Schmidt,**

Bielefeld,  
Deputy Chairman,  
until 31 December 2015

**Dipl.-Kfm. Björn Biermann,**

Bielefeld, since 27 November 2015

**Dipl.-Kfm. André Danks,**

Herne, until 26 November 2015

**Dipl.-Kfm. Dr. Maurice Eschweiler,**

Bielefeld

**Dipl.-Kfm. Christian Thönes,**

Bielefeld

## List of Shareholdings of the Cooperations

PRODUCTION PLANTS, SALES AND SERVICE COMPANIES, PROCUREMENT / COMPONENTS	National currency	Equity <sup>1)</sup>	€ K	Participation quota in %	Earnings of
					Financial Year 2015 <sup>1)</sup>
					€ K
GILDEMEISTER Beteiligungen GmbH, Bielefeld <sup>2/3/4)</sup>			273,866	100.0	
DECKEL MAHO Pfronten GmbH, Pfronten <sup>3/5/6)</sup>			78,427	100.0	
SAUER GmbH, Stipshausen / Idar-Oberstein <sup>3/7/8)</sup>			7,455	100.0	
Alpenhotel Krone GmbH & Co. KG, Pfronten <sup>3/7)</sup>			2,559	100.0	47
Alpenhotel Krone Beteiligungsgesellschaft mbH, Pfronten <sup>3/7)</sup>			28	100.0	
DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., Shanghai, China <sup>5)</sup>	CNY K	125,315	17,748	100.0	- 1,817
GILDEMEISTER Drehmaschinen GmbH, Bielefeld <sup>3/5/6)</sup>			24,000	100.0	
GILDEMEISTER Partecipazioni S.r.l., Brembate di Sopra (Bergamo), Italy <sup>5)</sup>			99,370	100.0	- 752
GILDEMEISTER Italiana S.p.A., Brembate di Sopra (Bergamo), Italy <sup>9)</sup>			35,190	100.0	3,505
GRAZIANO Tortona S.r.l., Tortona, Italy <sup>9)</sup>			27,029	100.0	3,675
DMG MORI Global Service Turning S.r.l., Brembate di Sopra (Bergamo), Italy <sup>9)</sup> (previously: DMG Service Drehen Italia S.r.l.)			1,216	100.0	246
GILDEMEISTER ENERGY SERVICES ITALIA S.R.L., Milan, Italy <sup>9)</sup>			1,501	100.0	- 36
CARLINO FTV 3.2 S.R.L., Bolzano, Italy <sup>9)</sup>			16,710	100.0	86
DECKEL MAHO Seebach GmbH, Seebach <sup>3/5/6)</sup>			43,000	100.0	
DMG Electronics GmbH, Pfronten <sup>3/5/6)</sup>			1,100	100.0	
DMG MORI Spare Parts GmbH, Geretsried <sup>3/4/5/6/30)</sup>			25,000	100.0	
Ulyanovsk Machine Tools ooo, Ulyanovsk, Russia <sup>5)</sup>	RUB K	5,989,476	74,243	100.0	- 3,000
MITIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Bielefeld KG, Bielefeld <sup>3)</sup>			54	100.0	11
MITIS Grundstücks-Vermietungsgesellschaft mbH, Bielefeld <sup>3)</sup>			129	100.0	16
DMG Vertriebs und Service GmbH					
DECKEL MAHO GILDEMEISTER, Bielefeld <sup>2/3/4)</sup>			244,059	100.0	
DMG MORI Deutschland GmbH, Leonberg <sup>3/4/10/11/30)</sup>			63,968	100.0	
DMG MORI München GmbH, Munich <sup>3/4/12/13/30)</sup>			5,000	100.0	
DMG MORI Hilden GmbH, Hilden <sup>3/4/12/13/30)</sup>			4,200	100.0	
DMG MORI Bielefeld GmbH, Bielefeld <sup>3/4/12/13/30)</sup>			2,800	100.0	
DMG MORI Berlin GmbH, Berlin <sup>3/4/12/13/30)</sup>			3,400	100.0	
DMG MORI Frankfurt GmbH, Bad Homburg <sup>3/4/12/13/30)</sup>			2,700	100.0	
DMG MORI Hamburg GmbH, Hamburg <sup>3/4/12/13/30)</sup>			2,100	100.0	
DMG MORI Stuttgart GmbH, Leonberg <sup>3/4/12/13/30)</sup>			7,000	100.0	
DMG MORI Services GmbH, Bielefeld <sup>3/4/10/11/30)</sup>			29,635	100.0	
DMG MORI Microset GmbH, Bielefeld <sup>3/4/14/15)</sup>			1,405	100.0	

List of Shareholdings  
of the Cooperations

PRODUCTION PLANTS, SALES AND SERVICE COMPANIES, PROCUREMENT / COMPONENTS	National currency	Equity <sup>1)</sup>	€ K	Participation quota in %	Earnings of
					Financial Year 2015 <sup>1)</sup>
					€ K
DMG MORI Global Service Turning GmbH, Bielefeld <sup>3/4/14/15)</sup> (previously: DMG Service Drehen GmbH DECKEL MAHO GILDEMEISTER) Bielefeld			1,700	100.0	
DMG MORI Global Service Milling GmbH, Pfronten <sup>3/4/14/15)</sup> (previously: DMG Service Fräsen GmbH)			3,500	100.0	
DMG MORI Academy GmbH, Bielefeld <sup>3/4/14/15/30)</sup>			4,000	100.0	
DMG MORI Systems GmbH, Wernau <sup>3/4/14/15)</sup>			2,600	100.0	
DMG MORI Used Machines GmbH, Geretsried <sup>3/4/14/15/30)</sup>			17,517	100.0	
DMG MORI Netherlands Holding B.V., Veenendaal, Netherlands <sup>10)</sup> (previously: DMG Netherlands B.V.)			348,885	100.0	- 589
antiquitas Verwaltungsgesellschaft mbH, Klaus, Austria <sup>16)</sup> (previously: Cellstrom GmbH)			11,191	100.0	- 7,038
DMG ECOLINE GmbH, Klaus, Austria <sup>22)</sup>			2,849	100.0	- 272
GILDEMEISTER energy storage GmbH, Vienna, Austria <sup>16)</sup> (previously: DMG Energie Speichertechnologie GmbH)			11,068	100.0	- 3,740
DMG MORI ECOLINE Holding AG, Winterthur, Switzerland <sup>16/30)</sup>			103,890	100.0	9,770
DMG MORI ECOLINE AG, Winterthur, Switzerland <sup>27/30)</sup>			1,227	100.0	- 1,349
FAMOT Pleszew Sp. z o.o., Pleszew, Poland <sup>27)</sup>	PLN K	302,359	70,911	100.0	15,023
DMG MORI Sales and Service Holding AG, Winterthur, Switzerland <sup>16)</sup> (previously: DMG Holding AG, Dübendorf, Switzerland)	CHF K	273,964	252,851	100.0	- 3,087
DMG MORI Europe AG, Winterthur, Switzerland <sup>17/30)</sup>			246,227	60.0	6,979
DMG MORI Austria International GmbH, Klaus, Austria <sup>18/30)</sup>			1,318	100.0	263
DMG MORI Austria GmbH, Klaus, Austria <sup>19/30)</sup>			10,337	100.0	2,506
DMG MORI BENELUX B.V., Veenendaal, Netherlands <sup>18/30)</sup>			5,349	100.0	712
DMG MORI Benelux BVBA – SPRL., Zaventem, Belgium <sup>18/30)</sup>			2,788	100.0	573
DMG MORI Czech s.r.o., Brno, Czech Republik <sup>18/30)</sup>	CZK K	179,621	6,647	100.0	1,894
DMG MORI DENMARK ApS, Copenhagen, Denmark <sup>18/30)</sup>	DKK K	20,003	2,680	100.0	279
DMG MORI FRANCE SAS, Paris, France <sup>18/30)</sup>			14,032	100.0	1,948

PRODUCTION PLANTS, SALES AND SERVICE COMPANIES, PROCUREMENT / COMPONENTS		National currency	Equity <sup>1)</sup>	€ K	Participation quota in %	Earnings of Financial Year 2015 <sup>1)</sup> € K
DMG MORI Kft., Budapest, Hungary <sup>18)</sup> (previously: DMG / MORI SEIKI Hungary Kereskedelmi és Szerviz Kft.)				4,900	100.0	809
DMG MORI IBERICA S.L.U., Ripollet, Spain <sup>18/30)</sup>				10,513	100.0	1,487
DMG MORI Italia S.r.l., Milan, Italy <sup>18/30)</sup>				39,063	100.0	2,208
DMG MORI SEIKI MIDDLE EAST FZE, Dubai, United Arab Emirates <sup>18)</sup>	AED K	6,875		1,719	100.0	479
DMG MORI Israel Ltd., Tel Aviv, Israel <sup>18)</sup>	ILS K	0		0	100.0	
DMG MORI POLSKA Sp. z o.o., Pleszew, Poland <sup>18/30)</sup>	PLN K	34,018		7,978	100.0	1,417
DMG MORI Schweiz AG, Winterthur, Switzerland <sup>18/30)</sup>	CHF K	11,531		10,642	100.0	1,014
DMG / MORI GREECE M.E.P.E., Thessaloniki, Greece <sup>18)</sup> (previously: DMG / MORI SEIKI South East Europe M.E.P.E.)				402	100.0	155
DMG MORI Sweden AB, Gothenburg, Sweden <sup>18/30)</sup>	SEK K	71,813		7,815	100.0	655
DMG MORI NORWAY AS, Langhus, Norway <sup>18)</sup> (previously: DMG Scandinavia Norge AS)	NOK K	9,198		958	100.0	24
DMG MORI Finland Oy Ab, Tampere, Finland <sup>18)</sup>				2,122	100.0	122
DMG MORI UK Limited, Luton, Great Britain <sup>18/30)</sup>	GBP K	20,066		27,340	100.0	1,721
MORI SEIKI (UK) Limited, Coventry, Great Britain <sup>20)</sup>	GBP K	0		0	100.0	
DMG MORI ROMANIA S.R.L., Bukarest, Romania <sup>18/30)</sup>	RON K	12,949		2,862	100.0	336
DMG MORI BULGARIA EOOD, Sofia, Bulgaria <sup>18)</sup>	BGN K	0		0	100.0	
DMG MORI Management AG, Winterthur, Switzerland <sup>17/30)</sup>	CHF K	2,708		2,499	100.0	-2,580
DMG MORI Europe Holding AG, Winterthur, Switzerland <sup>17/30)</sup>				59,533	100.0	796
DMG MORI Istanbul Makine Ticaret ve Servis Limited Sirketi, Istanbul, Turkey <sup>21/30)</sup>	TRY K	14,946		4,705	100.0	2,107
DMG MORI Rus ooo, Moscow, Russia <sup>21/30)</sup>	RUB K	1,410,876		17,489	90.0	-1,458
DMG Egypt for Trading in Machines Manufactured LLC, Cairo, Egypt <sup>21)</sup>	EGP K	200		23	100.0	
Mori Seiki Egypt for Trading in Machines & Equipments LLC, Cairo, Egypt <sup>21)</sup>	EGP K	200		23	100.0	
DMG Mori Seiki Egypt for Machines Trading & Services, Cairo, Egypt <sup>28)</sup>	EGP K	-583		-68	100.0	-103
DMG MORI SEIKI CANADA INC., Toronto, Canada <sup>17)</sup>	CAD K	17,239		11,404	51.0	-2,237
DMG MORI SEIKI ELLISON CANADA INC., Vancouver, Canada <sup>26)</sup>	CAD K	17,786		11,766	67.0	-5,480

List of Shareholdings  
of the Cooperations

<b>PRODUCTION PLANTS, SALES AND SERVICE COMPANIES, PROCUREMENT / COMPONENTS</b>	National currency	Equity <sup>1)</sup>	€ K	Participation quota in %	Earnings of Financial Year 2015 <sup>1)</sup> € K
DMG MORI BRASIL COMÉRCIO DE EQUIPAMENTOS INDUSTRIAIS LTDA., São Paulo, Brasil <sup>17/30)</sup>	BRL K	236	55	51.0	-1,946
DMG MORI Singapore Pte. Ltd., Singapore <sup>17)</sup> (previously: DMG Mori Seiki South East Asia Pte. Ltd.)	SGD K	25,493	16,535	51.0	-530
DMG MORI MALAYSIA SDN. BHD., Shan Alam / Selangor, Malaysia <sup>23/30)</sup>	MYR K	10,831	2,306	100.0	-279
DMG MORI (Vietnam) Co. Ltd., Hanoi, Vietnam <sup>23/30)</sup>	VND K	17,089,885	701	100.0	91
DMG America Inc., Itasca, USA <sup>17)</sup>	USD K	39,925	36,672	100.0	1,314
DMG MORI MEXICO S.A. de C.V., Queretaro, Mexico <sup>24/30)</sup>	MXN K	148,629	7,858	51.0	2,700
DMG Asia Pte. Ltd., Singapore <sup>17)</sup>			24,580	100.0	402
DMG MORI Machine Tools Spare Parts (Shanghai) Ltd., Shanghai, China <sup>17)</sup>	CNY K	5,983	847	100.0	640
DMG MORI Taiwan Co. Ltd., Taichung, Taiwan <sup>17/30)</sup>	TWD K	112,258	3,140	100.0	-126
DMG MORI KOREA CO., LTD., Siheung-si / Gyeonggi-do, Korea <sup>17/30)</sup>	KRW K	9,881,682	7,715	100.0	555
DMG MORI India Private Limited, Bangalore, India <sup>17)</sup> (previously: DMG MORI SEIKI INDIA MACHINES AND SERVICES PRIVATE LIMITED)	INR K	475,574	6,603	51.0	-2,187
DMG MORI SEIKI Machine Tools Trading Co., Ltd., Shanghai, China <sup>10)</sup>	CNY K	106,008	15,014	100.0	903
GILDEMEISTER energy solutions GmbH, Würzburg <sup>3/4/10/11)</sup> (previously: a+f GmbH)			52,100	100.0	
GILDEMEISTER energy efficiency GmbH, Stuttgart <sup>25)</sup>			104	60.0	-25
GILDEMEISTER ENERGY SERVICES IBERICA, SOCIEDAD LIMITADA, Madrid, Spain <sup>25)</sup>			239	100.0	-125
Simon Solar S.r.l., Milan, Italy <sup>25)</sup>			1,776	100.0	516
Rena Energy S.r.l., Milan, Italy <sup>25)</sup>			991	100.0	185
Winch Puglia Foggia S.r.l., Milan, Italy <sup>25)</sup>			1,607	100.0	435
Cucinella S.r.l., Milan, Italy <sup>25)</sup>			367	100.0	142
Magnescape Co. Ltd., Kanagawa, Japan	JPY K	6,496,000	49,561	44.1	1,765
Magnescape Europe GmbH, Wernau <sup>29)</sup>			2,330	44.1	-278
Magnescape Americas, Inc., Davis, USA <sup>29)</sup>	USD K	1,033	949	44.1	86
DMG MORI MANUFACTURING USA, Inc., Davis, USA (previously: Mori Seiki Manufacturing USA)				19.0	1,092
DMG MORI Australia Pty. Ltd., Clayton Victoria, Australia <sup>30)</sup>	AUD K	5,429	3,644	50.0	390

<b>PRODUCTION PLANTS, SALES AND SERVICE COMPANIES, PROCUREMENT / COMPONENTS</b>	National currency	Equity <sup>1)</sup>	€ κ	Participation quota in %	Earnings of Financial Year 2015 <sup>1)</sup> € κ
<b>Associates</b>					
DMG MORI Finance GmbH, Wernau			22,105	42.6	982

1) The figures correspond with the financial statements prepared in accordance with local regulations; they do not show the respective companies' contribution to the Consolidated Financial Statements. Foreign currencies with respect to equity were translated at the market price on reporting date.

2) Management and profit and loss transfer agreement with DMG MORI AKTIENGESELLSCHAFT

3) The domestic subsidiary has complied with the conditions required by Section 264 paragraph 3 HGB (German Commercial Code) regarding the application of the exemption regulations and therefore waives the disclosure of its annual financial statements and relating documents.

4) The domestic subsidiary has complied with the conditions required by Section 264 paragraph 3 HGB (German Commercial Code) regarding the application of the exemption regulations and therefore waives the preparation of a management report.

5) Equity investment of GILDEMEISTER Beteiligungen GmbH

6) Management and profit and loss transfer agreement with GILDEMEISTER Beteiligungen GmbH

7) Equity investment of DECKEL MAHO Pfronten GmbH

8) Management and profit and loss transfer agreement with DECKEL MAHO Pfronten GmbH

9) Equity investment of GILDEMEISTER Partecipazioni S.r.l.

10) Equity investment of DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER

11) Management and profit and loss transfer agreement with DMG Vertriebs und Service GmbH DECKEL MAHO GILDEMEISTER

12) Equity investment of DMG MORI Deutschland GmbH

13) Management and profit and loss transfer agreement with DMG MORI Deutschland GmbH

14) Equity investment of DMG MORI Services GmbH

15) Management and profit and loss transfer agreement with DMG MORI Services GmbH

16) Equity investment of DMG MORI Netherlands Holding B.v.

17) Equity investment of DMG MORI Sales and Service Holding AG

18) Equity investment of DMG MORI Europe AG

19) Equity investment of DMG MORI Austria International GmbH

20) Equity investment of DMG MORI UK Limited

21) Equity investment of DMG MORI Europe Holding AG

22) Equity investment of antiquitas Verwaltungsgesellschaft mbH

23) Equity investment of DMG MORI Singapore Pte. Ltd.

24) Equity investment of DMG America Inc.

25) Equity investment of GILDEMEISTER energy solutions GmbH

26) Equity investment of DMG MORI SEIKI CANADA INC.

27) Equity investment of DMG MORI ECOLINE Holding AG

28) Equity investment of DMG Egypt for Trading in Machines Manufactured LLC (50%) and Mori Seiki Egypt for Trading in Machines & Equipments LLC (50%)

29) Subsidiary of Magnescale Co. Ltd.

30) Renaming in the financial year 2015

**Income Statement for the period 01 January to  
31 December 2015 of DMG MORI AKTIENGESELLSCHAFT**

	Notes	2015 €	2014 €
1. Sales revenues	16	20,550,320	15,504,983
2. Other operating income	17	28,151,182	18,743,057
		48,701,502	34,248,040
3. Cost of materials			
Cost of purchased services		-3,828,370	-3,049,672
		-3,828,370	-3,049,672
4. Personnel expenses	18		
a) Wages and salaries		-31,817,279	-20,858,638
b) Social contributions, pensions and other benefits		-3,708,513	-3,995,085
		-35,525,792	-24,853,723
5. Depreciation and amortization of intangible assets and property, plant and equipment	19	-5,183,006	-3,000,881
6. Other operating expenses	20	-53,225,007	-37,977,693
7. Income from profit transfer agreements	21	83,693,775	123,218,951
8. Income from investments	22	2,446,306	2,149,660
9. Income from the sale of investment	23	37,840,548	0
10. Other interest receivable and similar income	24	15,571,232	19,828,317
11. Interests payable and similar expenses	25	-7,577,802	-13,809,035
12. Profit on ordinary activities		82,913,386	96,753,964
13. Extraordinary expense		-211,847	-211,849
14. Extraordinary result	26	-211,847	-211,849
15. Tax on income	27	-35,642,112	-41,524,064
16. Net profit		47,059,427	55,018,051
17. Profit carryforward from previous year		1,709,265	41,111
18. Appropriation to other revenues provisions		0	10,000,000
<b>19. Net profit for the year</b>		<b>48,768,692</b>	<b>45,059,162</b>

**Balance Sheet as at 31 December 2015**  
**of DMG MORI AKTIENGESELLSCHAFT**

ASSETS		31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
	Notes	€	€	€
<b>A. Fixed assets</b>				
I. Intangible assets	1			
Industrial property and similar rights and values and licences to such rights and values			169,925	287,641
II. Tangible assets	1			
1. Land and buildings		23,153,115		24,050,062
2. Other equipment, factory and office equipment		13,066,653		14,418,003
3. Payments on account and construction in progress		3,049,701		1,579,201
			<b>39,269,469</b>	<b>40,047,266</b>
III. Financial assets	2			
1. Shares in affiliated companies		601,732,790		525,628,032
2. Investments		6,657,493		180,099,180
			<b>647,829,677</b>	<b>746,062,119</b>
<b>B. Current assets</b>				
I. Receivables and other assets	3			
1. Receivables from affiliated companies		442,043,793		474,127,659
2. Receivables from companies in which participations are held		17,145		
3. Other assets		9,705,295		17,026,163
			<b>451,766,233</b>	<b>491,153,822</b>
II. Cash assets and bank balances	4		367,257,164	256,281,615
<b>C. Prepaid expenses</b>	5		<b>153,436</b>	<b>182,454</b>
<b>D. Deferred tax assets</b>	6		<b>9,840,207</b>	<b>8,105,172</b>
<b>E. Assets arising from the overfunding of pension obligations</b>	7		<b>5,507,285</b>	<b>0</b>
			<b>1,482,354,002</b>	<b>1,501,785,182</b>

## Balance Sheet

<b>EQUITY AND LIABILITIES</b>		31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
	Notes	€	€	€
<b>A. Equity</b>				
I. Subscribed capital	8		204,926,785	204,926,785
II. Capital provision			516,197,471	516,197,471
III. Revenue provisions				
1. Statutory provision			680,530	680,530
2. Provisions for shares of a controlling company			0	115,903,929
3. Other revenue provisions			197,898,830	81,994,901
IV. Net profit			<b>48,768,692</b>	<b>45,059,162</b>
			<b>968,472,308</b>	<b>964,762,778</b>
<b>B. Provisions</b>				
1. Pension provisions	9	8,936,200		9,993,861
2. Tax provisions	10	20,617,859		11,302,867
3. Other provisions	11	28,450,281		25,791,238
			<b>58,004,340</b>	<b>47,087,966</b>
<b>C. Liabilities</b>				
1. Trade payables	12	5,705,535		1,561,278
2. Amounts owned to affiliated companies		437,136,354		478,394,349
3. Other liabilities		13,035,465		9,978,811
			455,877,354	489,934,438
			<b>1,482,354,002</b>	<b>1,501,785,182</b>

**Fixed Asset Movement Schedule as at 31 December 2015  
of DMG MORI AKTIENGESELLSCHAFT**

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**AQUISITION AND PRODUCTION COSTS**

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**I. Intangible assets**

Industrial and similar rights and values and licences to  
such rights and values acquired against payment

---

**II. Tangible assets**

1. Land and buildings
  2. Other equipment, factory and office equipment
  3. Payments on account and construction in progress
- 

**III. Financial assets**

1. Shares in affiliated companies
  2. Investments
- 

**Total fixed assets**

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**DEPRECIATION AND IMPAIRMENT OF VALUE**

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**I. Intangible assets**

Industrial and similar rights and values and licences to  
such rights and values acquired against payment

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**II. Tangible assets**

1. Land and buildings
  2. Other equipment, factory and office equipment
  3. Payments on account and construction in progress
- 

**III. Financial assets**

1. Shares in affiliated companies
  2. Investments
- 

**Total fixed assets**

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Fixed Asset Movement  
Schedule

	As at 1 Jan. 2015 €	Additions €	Disposals €	Book Transfer €	As at 31. Dec. 2015 €
	17,948,892	19,002	0	7,744	17,975,638
	<b>17,948,892</b>	<b>19,002</b>	<b>0</b>	<b>7,744</b>	<b>17,975,638</b>
	48,028,902	507,071	0	0	48,535,973
	26,509,022	1,697,696	817,480	1,402,960	28,792,198
	1,579,201	2,992,452	111,248	-1,410,704	3,049,701
	<b>76,117,125</b>	<b>5,197,219</b>	<b>928,728</b>	<b>-7,744</b>	<b>80,377,872</b>
	525,628,032	18,567,000	0	57,537,758	601,732,790
	180,099,180	0	115,903,929	-57,537,758	6,657,493
	<b>705,727,212</b>	<b>18,567,000</b>	<b>115,903,929</b>	<b>0</b>	<b>608,390,283</b>
	<b>799,793,229</b>	<b>23,783,221</b>	<b>116,832,657</b>	<b>0</b>	<b>706,743,793</b>

## CARRYING AMOUNT

As at 1 Jan. 2015 €	Additions €	Disposals €	Book Transfer €	As at 31. Dec. 2015 €	As at 31. Dec. 2015 €	As at 31. Dec. 2014 €
17,661,251	144,462	0	0	17,805,713	169,925	287,641
<b>17,661,251</b>	<b>144,462</b>	<b>0</b>	<b>0</b>	<b>17,805,713</b>	<b>169,925</b>	<b>287,641</b>
23,978,840	1,404,018	0	0	25,382,858	23,153,115	24,050,062
12,091,019	3,634,526	0	0	15,725,545	13,066,653	14,418,003
0	0	0	0	0	3,049,701	1,579,201
<b>36,069,859</b>	<b>5,038,544</b>	<b>0</b>	<b>0</b>	<b>41,108,403</b>	<b>39,269,469</b>	<b>40,047,266</b>
0	0	0	0	0	601,732,790	525,628,032
0	0	0	0	0	6,657,493	180,099,180
0	0	0	0	0	<b>608,390,283</b>	<b>705,727,212</b>
<b>53,731,110</b>	<b>5,183,006</b>	<b>0</b>	<b>0</b>	<b>58,914,116</b>	<b>647,829,677</b>	<b>746,062,119</b>

**Responsibility Statement**

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Bielefeld, 8 March 2016

DMG MORI AKTIENGESELLSCHAFT

Executive Board



Dipl.-Kfm. Dr. Rüdiger Kapitza



Dipl.-Kfm. Björn Biermann



Dipl.-Kfm. Dr. Maurice Eschweiler



Dipl.-Kfm. Christian Thönes

### Auditor's report

We have audited the financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of DMG MORI AKTIENGESELLSCHAFT, Bielefeld (until 5 June 2015: DMG MORI SEIKI AKTIENGESELLSCHAFT), for the financial year from 1 January to 31 December 2015. The maintenance of the books and records and the preparation of the financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and, as a whole, provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Berlin, 8 March 2016

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Dr. Tonne  
Auditor

Bröker  
Auditor

## Financial Calendar

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10 MARCH 2016	—	Press Conference of the Balance Sheet, Frankfurt
		Publication of the Annual Report 2015
		Analysts' Conference, Frankfurt
26 APRIL 2016	—	First Quarterly Report 2016 (1 January to 31 March)
06 MAY 2016	—	114 <sup>th</sup> Annual General Meeting
09 MAY 2016	—	Dividend Distribution
28 JULY 2016	—	Second Quarterly Report 2016 (1 April to 30. June)
27 OCT. 201	—	Third Quarterly Report 2016 (1 July to 30 September)
05 MAY 2017	—	115 <sup>th</sup> Annual General Meeting

SUBJECT TO ALTERATION

## Forward-looking statements

This report contains forward-looking statements, which are based on current estimates of 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 that could cause the actual circumstances including the assets, financial position and net worth of DMG MORI AKTIENGESELLSCHAFT to differ materially from or be more negative than 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 likewise render a forward-looking statement, estimate or forecast inaccurate.

DMG MORI AKTIENGESELLSCHAFT is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in major business areas as well as the consequences of a recession) as these directly impact processes, suppliers and customers. Due to their differences, not all business areas are affected to the same extent by changes in the economic environment; significant differences exist with respect to the timing and extent of the effects of any such changes. This effect is further intensified by the fact that, as a global entity, DMG MORI AKTIENGESELLSCHAFT operates in various markets with very different economic rates of growth. Uncertainties arise inter alia from the risk that customers may delay or cancel orders or they may become insolvent or that prices become further depressed by a persistently, unfavourable market environment than we expect at the current time; developments on the financial markets, including fluctuations in interest rates and exchange rates, in the price of raw materials, in borrowing and equity margins as well as in financial assets in general; growing volatility and further decline in the capital markets and a deterioration in the conditions for the credit business and in particular in the growing uncertainties that arise from the financial market and liquidity crises including that of the euro debt crisis as well as in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of the DMG MORI group; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to a natural catastrophe, to supply pre-fabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other acts of public bodies; the potential effects of these investigations and proceedings on the business of DMG MORI AKTIENGESELLSCHAFT and various other factors.

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. DMG MORI AKTIENGESELLSCHAFT neither intends to nor does DMG MORI AKTIENGESELLSCHAFT assume any separate obligation to update any forward-looking statements to reflect any events or developments occurring after the end of the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of the 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 report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to the "DMG MORI group", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its group companies.

DMG MORI AKTIENGESELLSCHAFT

Gildemeisterstraße 60

D-33689 Bielefeld

Local Court HRB 7144

Phone: +49 (0) 52 05 / 74-0

Fax: +49 (0) 52 05 / 74-45 3273

Internet: [www.dmgmori.com](http://www.dmgmori.com)

E-Mail: [info@dmgmori.com](mailto:info@dmgmori.com)