

Increased forecast 2018 for sales revenues, earnings and free cash flow

DMG MORI with new record values for the 1st half year 2018

- Order intake rises by 14% to € 1,577.1 million (previous year: € 1,384.2 million)
- Sales revenues of € 1,215.1 million are 10% above the previous year (€ 1,108.0 million)
- EBIT rises by 20% to € 93.0 million (previous year: € 77.6 million)
- Free cash flow improves by € 90.9 million to € 67.2 million (previous year: € -23.7 million)

Bielefeld // DMG MORI AKTIENGESELLSCHAFT has again achieved record figures – and thus the best first half-year results in the company’s history. Order intake, sales revenues, earnings and free cash flow recorded double-digit rates of growth. Order intake rose by 14% to € 1,577.1 million (previous year: € 1,384.2 million). Sales revenues increased by 10% to € 1,215.1 million (previous year: € 1,108.0 million). EBIT amounted to € 93.0 million (+20%; previous year: € 77.6 million). Free cash flow improved by € 90.9 million to € 67.2 million (previous year: € -23.7 million).

Chairman of the Executive Board Christian Thönes: “DMG MORI continues to develop positively – technologically, structurally and culturally. We continue our profitable growth and consistently strengthen our integrated automation and digitization solutions.”

Order intake //

Order intake rose in the second quarter to € 755.3 million (+9%; previous year: € 690.3 million). Thus, for the third time, orders in a quarter were more than € 700 million. This was owed in part to the successful open house exhibition in Bielefeld. In the first half year order intake rose by 14% to € 1,577.1 million (previous year: € 1,384.2 million). Thus we had the best first half year in order intake so far in the company’s history. Domestic orders were € 453.2 million (previous year: € 416.8 million). International orders amounted to € 1,123.9 million (previous year: € 967.4 million). The share of international orders thus amounted to 71% (previous year: 70%).

Sales revenues //

Sales revenues rose in the second quarter to € 633.3 million (+10%; previous year: € 574.1 million). At the end of the half-year, sales revenues grew by 10% to € 1,215.1 million and thus reached a new record high (previous year: € 1,108.0 million). The export share was 68% (previous year: 69%).

Order backlog //

As at 30 June 2018 the order backlog amounted to € 1,658.5 million (31 Dec. 2017: € 1,309.1 million). The high order backlog and the very high capacity utilization at the production plants are causing longer delivery times at present. We are specifically counteracting this development with stronger flexibility measures and our sound business relationships with our partners and suppliers.

Results of Operations, Financial Position and Net Worth //

Earnings continued to develop positively. In the second quarter EBITDA reached € 65.9 million (previous year: € 58.6 million), EBIT amounted to € 52.0 million (previous year: € 43.3 million) and EBT rose to € 52.0 million (previous year: € 42.2 million). EAT were € 36.4 million (previous year: € 29.2 million). At the end of the first half year the DMG MORI group reached new record figures: EBITDA improved to € 120.5 million (+12%; previous year: € 107.3 million). EBIT increased by 20% to € 93.0 million (previous year: € 77.6 million). EBT rose by 23% to € 92.3 million (previous year: € 75.2 million). As at 30 June 2018, the group reports EAT of € 64.7 million (previous year: € 52.0 million).

In addition to the good results of operations the financial position also developed positively: The free cash flow improved by € 90.9 million to € 67.2 million (+384%; previous year: € -23.7 million). In particular, the increase in received prepayments to € 389.1 million led to the improvement in cash flow. The balance sheet total stood at € 2,350.3 million as at 30 June 2018 (31 Dec. 2017: € 2,241.3 million). The equity ratio amounted to 51.8% (31 Dec. 2017: 52.0%).

Employees //

On 30 June 2018 the group had 7,310 employees, of whom 343 were trainees (31 Dec. 2017: 7,101). The rise in employee numbers occurred in particular in service employees both nationally and internationally. In addition, we have increased the staff to strengthen our production capacity at FAMOT in Pleszew as well as in our future strategic areas – above all in the fields of automation, digitization and ADDITIVE MANUFACTURING. At the end of the first half year, 4,309 employees (59%) worked for our domestic companies and 3,001 employees (41%) for our international companies. The personnel expenses ratio improved to 22.5% (previous year: 24.2%). The personnel costs amounted to € 290.5 million (previous year: € 272.0 million).

Research and development //

Expenditure on research and development in the first half year amounted to € 28.2 million (previous year: € 25.3 million). In financial year 2018 we will present a total of 11 world premieres together with DMG MORI COMPANY LIMITED. At international trade fairs and at our traditional

Open House exhibitions in Pfronten and Bielefeld we have so far displayed seven world premieres and many other innovations from our five strategic future areas: automation, digitization, ADDITIVE MANUFACTURING, Technology Excellence and DMG MORI Qualified Products (DMQP). We are pushing ahead in these future areas.

Forecast //

The global economy and the worldwide market for machine tools are expected to continue to grow in 2018 – although with less dynamism due to the geo-political uncertainties. In their April forecast, the German Association of Machine Tool Builders (VDW) and the British economic research institute, Oxford Economics, are expecting growth in global consumption of 5.9% to € 75.2 billion, despite the looming slowdown in the global economy.

The next forecast of the VDW and Oxford Economics will be published as scheduled in October. In view of the macroeconomic environment, we are assuming that the current rate of growth of 5.9% for 2018 will be more moderate than expected.

Therefore, we still plan to achieve order intake of about € 2.7 billion after having raised the forecast in the first quarter. Due to the good business development in the first half-year, DMG MORI raises its targets for sales revenues, EBIT and free cash flow for the whole year: For sales revenues we are now expecting about € 2.55 billion (previously: about € 2.45 billion). For EBIT we are awaiting about € 200 million instead of previously about € 180 million. For free cash flow, we are currently expecting about € 125 million (previously: about € 100 million).

DMG MORI continues to develop positively – technologically, structurally and culturally. Dynamics and Excellence characterize the current financial year.

- **technologically:** We are dynamically pushing forward our five future topics. We are optimizing our existing and proven achievements sustainably for excellence. We are targeting investment in our production capacity in Poland and Pfronten with cutting-edge technology and solution centers, as well as with new assembly and logistics areas.
- **structurally:** Through the appointment of Dr. Masahiko Mori as the new Chairman of the Supervisory Board and Michael Horn as an additional Member of the Executive Board, we have sustainably strengthened our position to actively shape the future together with our customers and partners.
- **culturally:** Through further growing together with DMG MORI COMPANY LIMITED to the "Global One Company", we are well positioned to respond to changing market conditions. Agile and flexible. Global and together.

Key Figures on Business Development

	2018	2017	Changes	
	30 June	30 June	2018 against 2017	
	€ million	€ million	€ million	%
Order intake	1,577.1	1,384.2	192.9	14
Sales revenues	1,215.1	1,108.0	107.1	10
EBITDA	120.5	107.3	13.2	12
EBIT	93.0	77.6	15.4	20
EBT	92.3	75.2	17.1	23
EAT	64.7	52.0	12.7	24
Free cash flow	67.2	-23.7	90.9	384

Key Figures on Business Development

	2018	2017	Changes	
	2 nd quarter	2 nd quarter	2018 against 2017	
	€ million	€ million	€ million	%
Order intake	755.3	690.3	65.0	9
Sales revenues	633.3	574.1	59.2	10
EBITDA	65.9	58.6	7.3	12
EBIT	52.0	43.3	8.7	20
EBT	52.0	42.2	9.8	23
EAT	36.4	29.2	7.2	25
Free cash flow	54.2	93.9	-39.7	-42

Note: Up-to-date images can be found at <http://www.ag.dmgmori.com>. All information on the DMG MORI group can also be found on Twitter at [@DMGMORIEU](https://twitter.com/DMGMORIEU).

Company Profile //

DMG MORI AKTIENGESELLSCHAFT is a worldwide leading manufacturer of machine tools with sales revenues of more than € 2.3 billion and more than 7,000 employees. As "Global One Company" – together with DMG MORI COMPANY LIMITED – we reach sales revenues of more than € 3.3 billion.

The range of products includes turning and milling machines as well as Advanced Technologies, such as ULTRASONIC, LASERTEC and ADDITIVE MANUFACTURING, plus automation and integrated technology solutions. Our technology excellence is bundled within the main sectors of "Aerospace", "Automotive", "Die & Mold", and "Medical".

With our APP-based control and operating environment CELOS as well as exclusive Technology Cycles and Powertools, we are actively shaping Industrie 4.0. More than 10,000 DMG MORI machines fitted with CELOS have been supplied so far. In addition, DMG MORI is offering its customers and suppliers an integrated digitization strategy with the open, digital platform ADAMOS.

Our customer-focused services covering the entire life cycle of a machine tool include training, repair, maintenance and a replacement parts service. Our partner program "DMG MORI Qualified Products" (DMQP) allows us to offer perfectly matched peripheral products from one source. With more than 12,000 employees the "Global One Company" is present worldwide at 157 sales and service locations – thereof 14 production plants. DMG MORI supplies customers from 42 different industries in 79 countries.

Forward-looking statements //

This press release 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 results of operations, 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 range of risks and uncertainties, which may likewise render a forward-looking statement, estimate or forecast inaccurate. Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results expressed, expected, anticipated, intended, planned, aimed at, estimated, projected or implied in these statements. 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 Nara, Japan. DMG MORI AKTIENGESELLSCHAFT is (indirectly) controlled by DMG MORI COMPANY LIMITED. This release refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this release to "DMG MORI", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its controlled companies within the meaning of Section 17 of the German Stock Corporation Act (Aktengesetz – AktG). If reference is made to "Global One Company", this refers to the joint activities of DMG MORI COMPANY LIMITED and DMG MORI AKTIENGESELLSCHAFT including all subsidiary companies.

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Supervisory Board: Dr.-Eng. Masahiko Mori, Chairman; Mario Krainhöfner, Deputy

Executive Board: Dipl.-Kfm. Christian Thönes, Chairman; Dipl.-Kfm. Björn Biermann; Dipl.-Kfm. Dr. Maurice Eschweiler, Michael Horn, M.B.A.

Local Court: HRB 7144

Financial calendar //

25 October 2018

Quarterly release for the
3rd quarter 2018
(1 January to 30 September)

11 February 2019

Press Release:
Preliminary figures for the
Financial Year 2018

12 March 2019

Press Conference on the
Balance Sheet in Bielefeld

30 April 2019

Quarterly release for the
1st quarter 2019
(1 January to 31 March)

10 May 2019

117th Annual General Meeting

Subject to alteration