DMG MORI

AKTIENGESELLSCHAFT

First half year

INTERIM REPORT 2018

Dear Shareholders,

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).

DMG MORI continues to develop positively – technologically, structurally and culturally. The current financial year is marked by Dynamics and Excellence.

- **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.

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. 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).

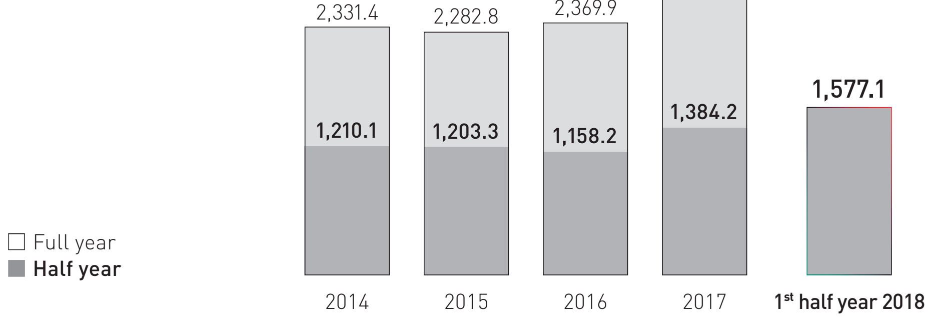
KEY FIGURES

First half year 2018

The Interim Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union. The interim financial statements have not been audited; they refer exclusively to DMG MORI AKTIENGESELLSCHAFT and its subsidiaries (in the following DMG MORI).

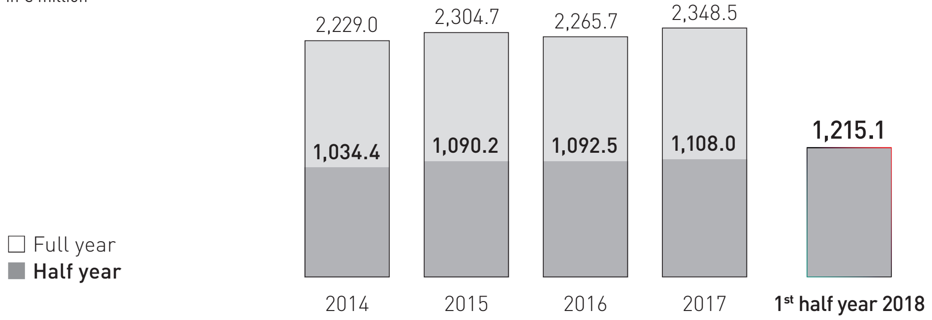
KEY FIGURES in € million	30 June 2018	30 June 2017	Changes 2018 against 2017	
Order Intake	1,577.1	1,384.2	192.9	14 %
Domestic	453.2	416.8	36.4	9 %
International	1,123.9	967.4	156.5	16 %
% International	71	70		
Sales Revenues	1,215.1	1,108.0	107.1	10 %
Domestic	384.8	339.2	45.6	13 %
International	830.3	768.8	61.5	8 %
% International	68	69		
Order Backlog	1,658.5	1,186.0	472.5	40 %
Domestic	522.9	424.6	98.3	23 %
International	1,135.6	761.4	374.2	49 %
% International	68	64		
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 %
	30 June 2018	**31 Dec. 2017**	**Changes 2018 against 2017**	
Employees	7,310	7,101	209	3 %
incl. trainees	343	359	-16	-4 %

ORDER INTAKE
in € million



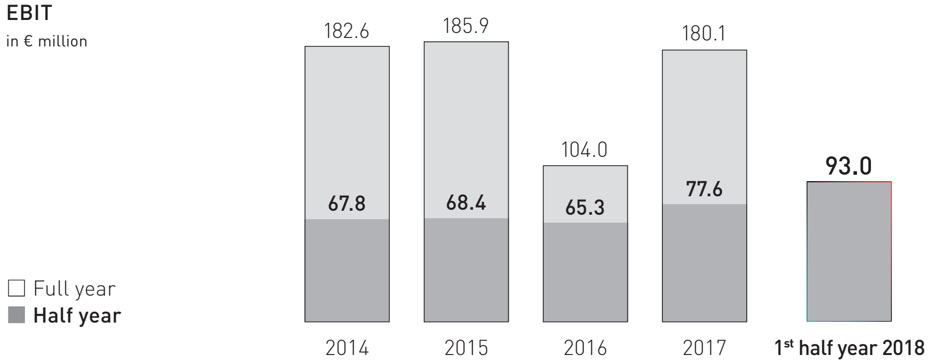
+14%
(in comparison with the first half year 2017)

SALES REVENUES
in € million



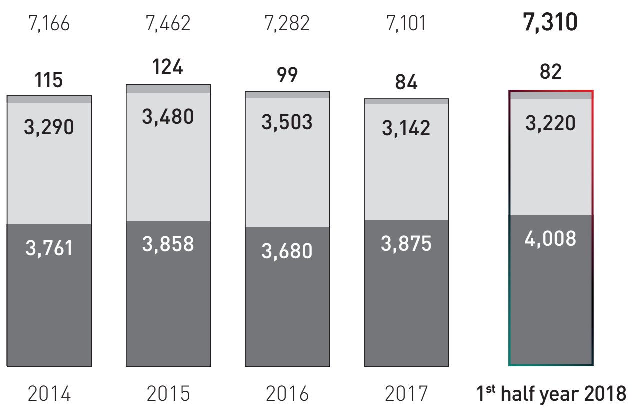
+10%
(in comparison with the first half year 2017)

EBIT
in € million



+20%
(in comparison with the first half year 2017)

EMPLOYEES
incl. trainees



Corporate Services
Industrial Services
Machine Tools

+3%
(in comparison with 2017)

TABLE OF CONTENTS

GROUP INTERIM MANAGEMENT REPORT

INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF DMG MORI AKTIEN-GESELLSCHAFT AS AT 30 JUNE 2018

ADDITIONAL INFORMATION

GROUP INTERIM MANAGEMENT REPORT

First half year 2018

GROUP STRUCTURE // DMG MORI AKTIENGESELLSCHAFT

As at 30 June 2018, the DMG MORI group is still comprised of 86 companies, including DMG MORI AKTIENGESELLSCHAFT, and thus remains unchanged compared to 31 December 2017. More information on the group structure can be found in the Notes on page 18.

CORPORATE SERVICES
DMG MORI AKTIENGESELLSCHAFT, Bielefeld

MACHINE TOOLS
GILDEMEISTER Beteiligungen GmbH, Bielefeld; Development and Production

TURNING	MILLING	ADVANCED TECHNOLOGIES	DIGITAL SOLUTIONS
GILDEMEISTER Drehmaschinen GmbH (Bielefeld) GRAZIANO Tortona S.r.l. (Tortona / Italy) GILDEMEISTER Italiana S.p.A. (Bergamo / Italy)	DECKEL MAHO Pfronten GmbH (Pfronten) DECKEL MAHO Seebach GmbH (Seebach)	SAUER GmbH (Pfronten, Idar-Oberstein) REALIZER GmbH (Bielefeld, Borchen)	DMG MORI Software Solutions GmbH (Pfronten) ISTOS GmbH (Düsseldorf) WERKBLiQ GmbH (Bielefeld)
FAMOT Pleszew Sp. z o.o. (Pleszew / Poland)	Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia)		

INDUSTRIAL SERVICES
DMG MORI Management GmbH, Bielefeld; Sales and Services

SALES AND SERVICES					ENERGY SOLUTIONS
DMG MORI Germany	DMG MORI EMEA	DMG MORI China	DMG MORI India	DMG MORI Services	GILDEMEISTER energy solutions GmbH (Würzburg)

Markets of DMG MORI COMPANY LIMITED

DMG MORI Japan*	DMG MORI Asia*	DMG MORI USA*	DMG MORI Americas*

* These markets are consolidated by DMG MORI COMPANY LIMITED.

Business Environment

The global economy slowed down in the second quarter of 2018. The Kiel Institute for the World Economy (IfW) reduced its growth forecast for the whole year to 3.8 %. Germany and the Eurozone lost momentum due to the trade dispute with the USA, the appreciation in value of the euro and the increase in oil prices. Japan and the USA continued to develop positively.

The worldwide market for machine tools is expected to carry on growing. 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. At present, growth of 6.7 % is still forecast for the German machine tools market. In Europe, machine tools consumption is expected to grow strongest with an increase of +8.0 %. In the Asian markets consumption shall increase by +5.2 %. For America, consumption growth of +6.0 % is expected.

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

The international business of DMG MORI AKTIENGESELLSCHAFT is affected by the euro's exchange rate. Of particular importance are the US dollar, the Chinese renminbi, the Russian ruble and the Japanese yen. Compared with the previous year's quarter, the euro gained in value against the US dollar, the yen and the ruble but lost in value against the renminbi.

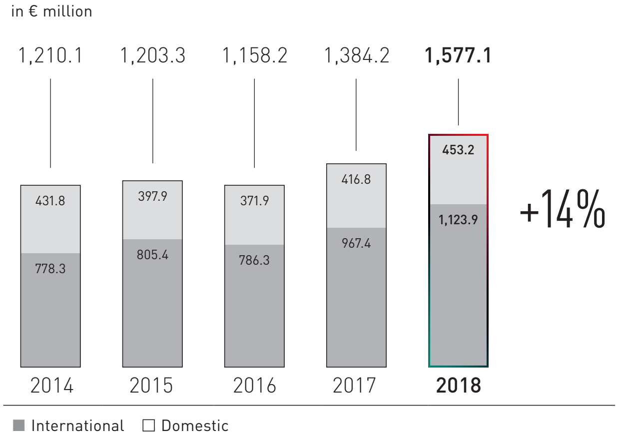
Business Development

ORDER INTAKE

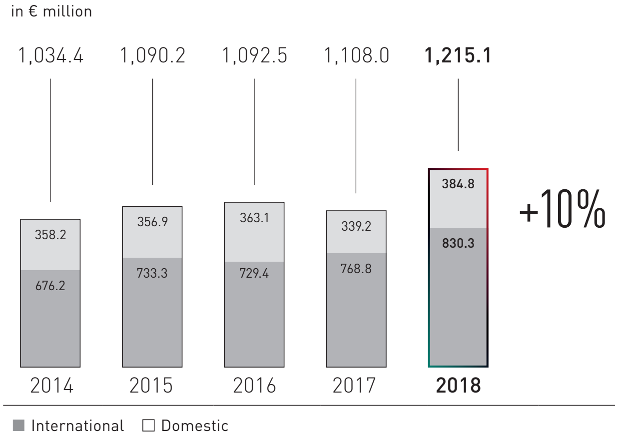
Order intake rose in the second quarter to € 755.3 million (+9 %; previous year: € 690.3 million). Thus, for the third time, orders in a quarter were more than € 700 million. This was owed in part to the successful open house exhibition in Bielefeld.

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. In the "Machine Tools" segment, orders grew by 6 % to € 878.0 million (previous year: € 825.8 million). The "Industrial Services" segment recorded order intake of € 699.0 million (+25 %; previous year: € 558.3 million) of which € 631.7 million is attributable to Services (previous year: € 528.8 million). 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 %).

ORDER INTAKE // 1st half year



SALES REVENUES // 1st half year



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). In the "Machine Tools" segment sales revenues increased by € 42.2 million to € 654.5 million (previous year: € 612.3 million). In the "Industrial Services" segment, sales revenues rose to € 560.5 million (previous year: € 495.6 million).

International sales revenues increased by 8 % to € 830.3 million (previous year: € 768.8 million). Domestic sales revenues amounted to € 384.8 million (+13 %; previous year: € 339.2 million). The export share was 68 % (previous year: 69 %).

ORDER BACKLOG

As at 30 June 2018 the order backlog for the group 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. International orders account for 68 % of current orders (corresponding date of the previous year: 64 %).

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).

Sales revenues increased by € 107.1 million to € 1,215.1 million (previous year: € 1,108.0 million). Changes in stocks of finished goods and work in progress rose by € 59.5 million to € 72.3 million (previous year: € 12.8 million). Total operating revenue rose by € 164.7 million to € 1,290.6 million (previous year: € 1,125.9 million). The cost of materials amounted to € 720.0 million (previous year: € 590.8 million). The materials ratio rose, most notably due to the increase in stock levels, to 55.8 % (previous year: 52.5 %). Gross profit increased by € 35.5 million to € 570.6 million (previous year: € 535.1 million). Personnel expenses amounted to € 290.5 million (previous year: € 272.0 million). The personnel expenses ratio improved to 22.5 % (previous year: 24.2 %).

The balance of other income and expenses was € 159.6 million (previous year: € 155.8 million). Depreciation went down to € 27.5 million (previous year: € 29.7 million). The financial result improved by € 1.7 million to € -0.7 million (previous year: € -2.4 million). EAT amounted to € 64.7 million (previous year: € 52.0 million). This gave rise to a tax expense of € 27.6 million (previous year: € 23.2 million). The tax ratio improved to 29.9 % (previous year: 30.9 %).

NET WORTH in € million	30 June 2018	31 Dec. 2017	30 June 2017
Long-term assets	733.9	737.0	815.4
Short-term assets	1,616.4	1,504.3	1,258.6
Equity	1,216.4	1,164.6	1,209.3
Outside capital	1,133.9	1,076.7	864.7
Balance sheet total	**2,350.3**	**2,241.3**	**2,074.0**

The balance sheet total increased by € 109.0 million to € 2,350.3 million (31 Dec. 2017: € 2,241.3 million)

Under assets, long-term assets decreased slightly by € 3.1 million to € 733.9 million. Intangible assets and plant, property and equipment amounted to € 617.9 million (31 Dec. 2017: € 630.7 million). Financial assets were € 50.4 million (31 Dec. 2017: € 47.3 million).

Short-term assets increased by € 112.1 million to € 1,616.4 million (31 Dec. 2017: € 1,504.3 million). Inventories rose by € 108.4 million to € 656.1 million. Raw materials and consumables grew by € 39.1 million to € 246.9 million. Unfinished goods increased by € 68.3 million to € 213.3 million. The increase was due in particular to preliminary work for the planned sales revenues in the second half year. Finished goods and goods for resale amounted to € 178.3 million (31 Dec. 2017: € 181.9 million). The turnover rate of inventories was 3.7 (previous year's period: 4.2).

Trade receivables declined by € 20.5 million to € 218.1 million despite an increase in sales volumes. Receivables from related companies rose by € 142.3 million to € 349.3 million (previous year: € 207.0 million). The rise was essentially due to an increase in a loan of € 150.0 million to DMG MORI GmbH. The turnover rate of trade receivables improved to 7.7 (previous year: 8.4). Liquid funds amounted to € 209.7 million (31 Dec. 2017: € 363.4 million).

Under equity and liabilities, equity rose by € 51.8 million to € 1,216.4 million. The equity ratio amounted to 51.8 % (31 Dec. 2017: 52.0 %). Outside capital increased by € 57.2 million to € 1,133.9 million (31 Dec. 2017: € 1,076.7 million). Prepayments received rose by € 98.9 million to € 389.1 million and trade creditors rose by € 40.1 million to € 209.9 million. Liabilities to related companies decreased by € 111.8 million to € 95.3 million. The decrease essentially arose from the payment of the profit transfer amount for 2017 to DMG MORI GmbH.

CASHFLOW in € million	2018 1st half year	2017 1st half year
Cash flow from operating activities	92.1	-11.0
Cash flow from investment activity	-155.3	7.0
Cash flow from financing activity	-89.4	-189.7
Changes in cash and cash equivalents	-153.7	-195.4
Liquid funds at the start of the reporting period	363.4	396.7
Liquid funds at the end of the reporting period	209.7	201.3

Apart from the good development of earnings, the financial position also developed positively: Cash flow from operating activities improved by € 103.1 million to € 92.1 million (previous year: € -11.0 million). Contributions to this cash flow came from EBT of € 92.3 million (previous year: € 75.2 million) and depreciation of € 27.5 million (previous year: € 29.7 million). Especially the rise in prepayments received of € 98.9 million (previous year: € 30.4 million) led to an increase in cash flow. The cash flow was reduced by a rise in inventories of € 113.3 million (previous year: € 30.1 million).

Cash flow from investment activity amounted to € -155.3 million (previous year: € +7.0 million). Payments for investments in property, plant and equipment, and in intangible assets were € -27.1 million (previous year: € -16.7 million). The cash flow from investment activity also shows the payment for the increase in the loan to DMG MORI GmbH of € -150.0 million. The sale of subsidiaries resulted in total receipts of € 21.4 million (previous year: € +19.7 million).

Cash flow from financing activity was € -89.4 million (previous year: € -189.7 million) and essentially results in an amount of € -89.9 million from the payment of the profit transfer for 2017 to DMG MORI GmbH.

Free cash flow improved by € 90.9 million to € 67.2 million (previous year: € -23.7 million). This improvement is essentially due to cash flow from operating activities, which improved by € 103.1 million from € -11.0 million to € 92.1 million.

INVESTMENTS

Investments in property, plant and equipment and in intangible assets amounted as planned for the first half year to € 25.6 million (previous year: € 16.7 million). The focus of our investments was on expanding our production capacity in Pleszew (Poland) and Pfronten, as well as strengthening our future topic of digitization.

At FAMOT in Pleszew, we are expanding the assembly, production and logistics areas by a total of 22,000 m² by mid-2019. Already on 8 October we will open a new 7,000 m² large and up-to-date assembly hall. In addition, we have started construction of a state-of-the-art 6,000 m² large production hall for the production of XXL components.

At our production site at DECKEL MAHO Pfronten, we will also build a state-of-the-art Technology and Solution Center, and additionally will expand the assembly and logistics areas. The Grand Opening shall take place in January 2021 on the occasion of the traditional Open House exhibition and the company's 100 year anniversary.

SEGMENTAL REPORTING

Our business activities include the "Machine Tools" and "Industrial Services" segments. "Corporate Services" essentially comprises DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions.

The selected machines of DMG MORI COMPANY LIMITED, which we produce under license, are included in "Machines Tools". The trade in and the services for those machines are entered in the accounts under "Industrial Services".

SEGMENT KEY FIGURES in € million	30 June 2018	30 June 2017	Changes 2018 against 2017	
Order Intake	**1,577.1**	**1,384.2**	**192.9**	**14%**
Machine Tools	878.0	825.8	52.2	6%
Industrial Services	699.0	558.3	140.7	25%
Corporate Services	0.1	0.1	0	0%
Sales Revenues	**1,215.1**	**1,108.0**	**107.1**	**10%**
Machine Tools	654.5	612.3	42.2	7%
Industrial Services	560.5	495.6	64.9	13%
Corporate Services	0.1	0.1	0	0%
EBIT	**93.0**	**77.6**	**15.4**	**20%**
Machine Tools	55.4	49.4	6.0	12%
Industrial Services	51.7	44.4	7.3	16%
Corporate Services	-13.9	-15.9	2.0	13%

MACHINE TOOLS

The "Machine Tools" segment includes the group's new machines business with the Turning and Milling, Advanced Technologies (ULTRASONIC / LASERTEC / ADDITIVE MANUFACTURING) and the Digital Solutions divisions.

Order intake in the "Machine Tools" segment in the second quarter was € 411.4 million (previous year: € 403.8 million). In the first six months, orders rose by € 52.2 million or 6% to € 878.0 million (previous year: € 825.8 million). Whereas domestic order intake rose by 10% to € 253.2 million (previous year: € 231.1 million), international order intake rose by 5% to € 624.8 million (previous year: € 594.7 million). Thus "Machine Tools" accounted for 56% of all orders (previous year: 60%). The order backlog as at 30 June 2018 amounted to € 996.6 million (same date in previous year: € 700.0 million).

Sales revenues in the second quarter rose by € 20.1 million to € 343.1 million (previous year's quarter: € 323.0 million). At the end of the first half year sales revenues increased by € 42.2 million or 7% to € 654.5 million (previous year: € 612.3 million). The "Machine Tools" segment contributed 54% of sales revenues (previous year: 55%). EBIT reached € 55.4 million (previous year: € 49.4 million).

As at 30 June 2018, the number of employees of 4,008 had risen compared with year-end 2017 (3,875). An adjustment in the employee number is due in particular to new hires for our FAMOT production plant as well as for our strategic future topics.

KEY FIGURES SEGMENT "MACHINE TOOLS" in € million	30 June 2018	30 June 2017		Changes 2018 against 2017
Order Intake	**878.0**	**825.8**	**52.2**	**6 %**
Domestic	253.2	231.1	22.1	10 %
International	624.8	594.7	30.1	5 %
% International	71	72		
Sales Revenues	**654.5**	**612.3**	**42.2**	**7 %**
Domestic	199.1	182.4	16.7	9 %
International	455.4	429.9	25.5	6 %
% International	70	70		
Order Backlog	**996.6**	**700.0**	**296.6**	**42 %**
Domestic	247.5	161.7	85.8	53 %
International	749.1	538.3	210.8	39 %
% International	75	77		
EBIT	**55.4**	**49.4**	**6.0**	**12 %**
	30 June 2018	**31 December 2017**		**Changes 2018 against 2017**
Employees	4,008	3,875	133	3 %
incl. trainees	245	276	-31	-11 %

KEY FIGURES SEGMENT "INDUSTRIAL SERVICES" in € million	30 June 2018	30 June 2017		Changes 2018 against 2017
Order Intake	**699.0**	**558.3**	**140.7**	**25 %**
Domestic	199.9	185.6	14.3	8 %
International	499.1	372.7	126.4	34 %
% International	71	67		
Sales Revenues	**560.5**	**495.6**	**64.9**	**13 %**
Domestic	185.6	156.7	28.9	18 %
International	374.9	338.9	36.0	11 %
% International	67	68		
Order Backlog	**661.9**	**486.0**	**175.9**	**36 %**
Domestic	275.4	262.9	12.5	5 %
International	386.5	223.1	163.4	73 %
% International	58	46		
EBIT	**51.7**	**44.4**	**7.3**	**16 %**
	30 June 2018	**31 December 2017**		**Changes 2018 against 2017**
Employees	3,220	3,142	78	2 %
incl. trainees	98	83	15	18 %

INDUSTRIAL SERVICES

The "Industrial Services" segment includes the business activities of the Services and the Energy Solutions divisions. In the Services division we combine the marketing activities and the LifeCycle Services for both our machines and those of DMG MORI COMPANY LIMITED. With the aid of the DMG MORI Life Cycle Services, our customers maximize the productivity of their machine tools over their entire life cycle – from their commissioning to part exchange as a used machine. The wide range of service contracts, repair and training services offered to our customers ensures the maximum cost efficiency of their machine tools.

Order intake in the "Industrial Services" segment grew in the second quarter by € 57.4 million or 20 % to € 343.9 million (previous year: € 286.5 million). Services contributed € 321.0 million (previous year: € 272.9 million). In the first half year order intake rose by € 140.7 million or 25 % to € 699.0 million (previous year: € 558.3 million). Order intake in the Services division amounted to € 631.7 million (previous year: € 528.8 million). "Industrial Services" accounted for 44 % of orders in the group (previous year: 40 %). The order backlog at the end of the first half year amounted to € 661.9 million (same date in previous year: € 486.0 million).

Sales revenues in the second quarter rose by € 39.1 million or 16 % to € 290.2 million (previous year: € 251.1 million). Services contributed € 287.8 million (previous year: € 235.3 million). In the first half year sales revenues in the segment rose by € 64.9 million or 13 % to € 560.5 million (previous year: € 495.6 million). Sales revenues in the Services division amounted to € 554.6 million (previous year: € 460.6 million). "Industrial Services" contributed 46 % of group sales revenues (previous year: 45 %). EBIT in the first six months was € 51.7 million (previous year: € 44.4 million).

In the "Industrial Services" segment, the number of employees at the end of the first half year 2018 was 3,220 (31 Dec. 2017: 3,142). The rise in the number of employees was primarily due to hiring new service personnel both in Germany and abroad.

CORPORATE SERVICES

The "Corporate Services" segment essentially comprises DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions. EBIT amounted to € -13.9 million (previous year: € -15.9 million).

KEY FIGURES SEGMENT "CORPORATE SERVICES" in € million	30 June 2018	30 June 2017	Changes 2018 against 2017	
Order Intake	0.1	0.1	0	0 %
Sales Revenues	0.1	0.1	0	0 %
EBIT	-13.9	-15.9	2.0	13 %
	30 June 2018	31 December 2017	Changes 2018 against 2017	
Employees	82	84	-2	-2 %

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).

SHARE

The DMG MORI AKTIENGESELLSCHAFT share was quoted at the start of the second quarter at € 47.40 (3 Apr. 2018) and closed on 29 June 2018 at € 46.70.

RESEARCH AND DEVELOPMENT

Expenditure on research and development in the first half year amounted to € 28.2 million (previous year: € 25.3 million). There are 572 employees working on the development of our new products, which corresponds to some 15 % of the workforce at the plants.

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 shown 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.

For easy entry into the digital factory, the IoT*connector* networks both new machines as well as DMG MORI machines with CELOS that are already installed at the customer's premises. With the two new technology cycles "TCC – Tool Control Center" and "VCS Complete" we now offer 30 digital assistants for workshop-oriented programming. The DMG MORI technology cycles increase quality, productivity, transparency and process reliability in production and ensure time-savings of up to 60 % – a true added value for the user in their daily use.

In the field of automation, the Robo2Go 2nd generation impresses with its high level of flexibility and simple programming. New workpieces can be taught quickly and efficiently in less than 15 minutes. Moreover, the first automation solutions from DMG MORI HEITEC have been successfully put into operation at customers' premises.

In the turning technology area, the Turn & Mill machining center NTX 3000|1500 offers the highest processing stability and a generous working area while taking up a floor area of only 16.5 m^2. In milling, the experience we have gained from more than 10,000 vertical machining centers has been incorporated into the new DMC 1850 V. The machine is impressive for its top dynamics and is equipped with speedMASTER spindles with a rotational speed of up to 20,000 U/min.

In ADDITIVE MANUFACTURING, the LASERTEC 30 SLM of the 2nd generation enables high-precision generative production. Its flexible and enhanced powder module rePLUG enables the powder to be changed without any contamination in less than two hours. The quality of the finished structural parts has been further increased by an optimized gas flow, among other things. The open system allows all the machine's parameters to be customized. At the same time, CELOS ensures simple and consistent operation: from the CAM programming to the machine controls.

We are pushing service excellence with the new NET*service.* Together with the SERVICE*camera,* it ensures even more customer proximity and efficiency, and sets new benchmarks for remote services. In addition, with WERKBLiQ we offer a manufacturer-independent platform, where all those involved in the maintenance process can be linked to one another simply, efficiently and transparently. This substantially speeds up the service process.

With the "First Quality" campaign DMG MORI is setting new benchmarks. Since the start of the year, all motor spindles of the MASTER series enjoy a 36-month warranty period – with unlimited hours.

IoT*connector*

SERVICE*camera*

Robo2Go
(2nd generation)

Opportunities and Risk Report

Our opportunities and risk management report is presented in detail in the Annual Report 2017 on pages 64 et seq. The statements in the report are essentially unchanged. Additional risks may arise from the current geo-political uncertainties. Several indicators suggest that the global economy might noticeably slow down due to the trade dispute with the USA, the appreciation in value of the euro and the rise in oil prices. A dampening of the macroeconomic growth dynamics may have an effect on worldwide growth in machine tool consumption. DMG MORI might be affected by this trend.

Opportunities may arise through innovations from the strategic future areas of automation, digitization, ADDITIVE MANUFACTURING, Technology Excellence and the DMG MORI Qualified Products (DMQP), as well as from the targeted expansion of our production capacity.

Forecast

Despite the lack of change in political uncertainties, the global economy is expected to continue to grow in 2018. The Kiel Institute for the World Economy (IfW) has lowered its growth forecast for the whole year to 3.8 %. Germany and Europe will continue their growth trend at a subdued rate. Economic researchers anticipate that the gross domestic product of the euro countries will only rise by 2.1 % and by 2.0 % in Germany. Asia will be the strongest growth region again in the current year with a likely steady growth of 6.5 %. In the USA the positive economic development is expected to continue. According to IfW estimates, the gross domestic product in the USA will grow by 2.8 %.

The worldwide market for machine tools is expected to carry on growing. 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.

FUTURE BUSINESS DEVELOPMENT

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. 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. We are dynamically pushing forward our future topics. We are optimizing our existing and proven achievements sustainably for excellence. At the AMB in Stuttgart (18-22 Sep. 2018) customers and other interested parties will have an opportunity to convince themselves of our power of innovation and our integrated digitization solutions.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

FIRST HALF YEAR 2018 (01 JAN – 30 JUNE) in € million	2018		2017		Changes 2018 against 2017	
Sales Revenues	**1,215.1**	**94.2 %**	**1,108.0**	**98.4 %**	**107.1**	**9.7 %**
Changes in finished goods and work in progress	72.3	5.6 %	12.8	1.1 %	59.5	464.8 %
Own work capitalized	3.2	0.2 %	5.1	0.5 %	-1.9	37.3 %
Total Work Done	**1,290.6**	**100.0 %**	**1,125.9**	**100.0 %**	**164.7**	**14.6 %**
Cost of material	-720.0	-55.8 %	-590.8	-52.5 %	-129.2	21.9 %
Gross Profit	**570.6**	**44.2 %**	**535.1**	**47.5 %**	**35.5**	**6.6 %**
Personnel costs	-290.5	-22.5 %	-272.0	-24.2 %	-18.5	6.8 %
Other income and expenses	-159.6	-12.4 %	-155.8	-13.8 %	-3.8	2.4 %
Depreciation	-27.5	-2.1 %	-29.7	-2.6 %	2.2	7.4 %
EBIT	93.0	7.2 %	77.6	6.9 %	15.4	19.8 %
Financial Result	**-0.7**	**-0.1 %**	**-2.4**	**-0.2 %**	**1.7**	**70.8 %**
EBT	**92.3**	**7.1 %**	**75.2**	**6.7 %**	**17.1**	
Income taxes	-27.6	-2.1 %	-23.2	-2.1 %	-4.4	
EAT	**64.7**	**5.0 %**	**52.0**	**4.6 %**	**12.7**	
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT	65.1	5.0 %	51.1	4.5 %	14.0	
Of which attributed to non-controlling interests	-0.4	0.0 %	0.9	0.1 %	-1.3	

Consolidated Statement of other Comprehensive Income

FIRST HALF YEAR 2018 (01 JAN – 30 JUNE) in € million	2018	2017
EAT	**64.7**	**52.0**
Other comprehensive income		
Actuarial gains / losses	0.0	0.0
Income taxes	0.0	0.0
Sum of items not reclassified to the income statement	**0.0**	**0.0**
Differences from currency translation	-12.3	-10.1
Change in market value of hedging instruments	-0.7	1.0
Market value of hedging instruments – reclassification to profit or loss	0.2	1.0
Net investments	-0.7	1.3
Income taxes	0.2	-0.6
Sum of items reclassified to the income statement	**-13.3**	**-7.4**
Other comprehensive income for the period after taxes	**-13.3**	**-7.4**
Total comprehensive income for the period	**51.4**	**44.6**
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT	51.9	44.4
Of which attributed to non-controlling interests	-0.5	0.2

Consolidated Balance Sheet

ASSETS in € million	30 June 2018	31 Dec. 2017	30 June 2017
Goodwill	139.4	139.4	137.9
Other intangible assets	48.7	51.3	58.3
Tangible assets	429.8	440.0	465.1
Equity accounted investments	48.3	45.2	46.4
Other equity investments	2.1	2.1	21.8
Trade debtors	0.3	0.8	0.8
Other long-term financial assets	11.4	5.9	9.4
Other long-term assets	3.4	2.4	17.6
Deferred taxes	50.5	49.9	58.1
Long-term assets	**733.9**	**737.0**	**815.4**
Inventories	656.1	547.7	528.4
Trade debtors	217.8	237.8	204.8
Receivables from at equity accounted companies	18.1	16.0	9.7
Receivables from other related companies	349.3	207.0	172.7
Receivables from associated companies	0.1	0.0	0.5
Receivables from down payment invoices	16.3	0.0	0.0
Other short-term financial assets	61.7	72.8	70.7
Other short-term assets	85.7	58.1	61.2
Income tax receivables	1.6	1.5	7.1
Cash and cash equivalents	209.7	363.4	201.3
Long-term assets held for sale	0.0	0.0	2.2
Short-term assets	**1,616.4**	**1,504.3**	**1,258.6**
Balance sheet total	**2,350.3**	**2,241.3**	**2,074.0**

EQUITY AND LIABILITIES in € million	30 June 2018	31 Dec. 2017	30 June 2017
Equity			
Subscribed capital	204.9	204.9	204.9
Capital reserves	498.5	498.5	498.5
Retained earnings and other reserves	510.6	458.1	502.8
Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT	**1,214.0**	**1,161.5**	**1,206.2**
Non-controlling equity interests	2.4	3.1	3.1
Total Equity	**1,216.4**	**1,164.6**	**1,209.3**
Long-term financial debts	35.0	35.0	38.7
Provisions for pension	43.4	44.6	45.9
Other long-term provisions	45.5	43.2	39.5
Trade creditors	1.3	0.0	0.0
Contract liability	0.7	0.0	0.0
Other long-term financial liabilities	9.3	9.5	9.6
Other long-term liabilities	3.1	3.9	3.6
Deferred taxes	2.7	1.8	3.4
Long-term debts	**141.0**	**138.0**	**140.7**
Short-term financial debts	5.5	11.5	8.1
Tax provisions	15.7	15.2	27.8
Other short-term provisions	179.8	183.2	168.6
Payments received on account	389.1	290.2	188.5
Trade creditors	208.6	169.8	204.2
Liabilities to at equity accounted companies	3.7	2.3	1.3
Liabilities to other related companies	95.3	207.1	68.9
Contract liability	16.8	0.0	0.0
Contract liability from down payment invoices	16.3	0.0	0.0
Other short-term financial liabilities	19.1	10.7	10.1
Other short-term liabilities	43.0	48.7	46.5
Short-term debts	**992.9**	**938.7**	**724.0**
Balance sheet total	**2,350.3**	**2,241.3**	**2,074.0**

Consolidated Cash Flow Statement

FIRST HALF YEAR 2018 (01 JAN – 30 JUNE) in € million	2018	2017
Cash flow from operating activities		
Earnings before taxes (EBT)	92.3	75.2
Income taxes	-27.6	-23.2
Depreciation	27.5	29.7
Change in deferred taxes	0.7	0.1
Change in provisions	5.0	-20.6
Other income and expenses not affecting payments	-1.5	2.3
Changes in inventories, trade debtors and other assets	-119.2	-56.9
Changes in trade creditors and other liabilities	114.9	-17.6
	92.1	**-11.0**
Cash flow from investment activity		
Cash inflows on disposal of tangible assets and intangible assets	2.2	4.0
Amounts paid out for investments in intangible and tangible assets	-27.1	-16.7
Cash flow from the takeover of control over subsidiaries	-1.5	-23.7
Cash flow from the loss of control over subsidiaries	0.0	43.4
Amounts paid out for investments in financial assets	-0.3	0.0
Amounts received from the disposal in financial assets	21.4	0.0
Amounts paid out for loans to other related companies	-150.0	0.0
	-155.3	**7.0**
Cash flow from financing activity		
Cash inflows/cash outflows for borrowings/repayment	0.5	-5.1
Payments from changes in interests in subsidiaries	0.0	-143.5
Profit transfer to DMG MORI GmbH	-89.9	-41.1
	-89.4	**-189.7**
Changes affecting payments	-152.6	-193.7
Effects of exchange rate changes on financial securities	-1.1	-1.7
Cash and cash equivalents as of 1 January	363.4	396.7
Cash and cash equivalents as of 30 June	**209.7**	**201.3**

Development of Group Equity

in € million	Subscribed capital	Capital reserve	Retained earnings and other reserves*	Total equity of shareholders of DMG MORI AKTIENGE-SELLSCHAFT	Non-controlling equity interests	**Total equity**
As at 01 January 2018	204.9	498.5	458.1	1,161.5	3.1	1,164.6
Effects from changes in the accounting methods	0.0	0.0	-1.2	-1.2	-0.2	-1.4
As at 01 January 2018 adjusted	204.9	498.5	456.9	1,160.3	2.9	1,163.2
Total comprehensive income	0.0	0.0	51.9	51.9	-0.5	51.4
Consolidation measures / Other changes	0.0	0.0	1.8	1.8	0.0	1.8
As at 30 June 2018	**204.9**	**498.5**	**510.6**	**1,214.0**	**2.4**	**1,216.4**
As at 01 January 2017	204.9	498.5	444.4	1,147.8	39.9	1,187.7
Total comprehensive income	0.0	0.0	44.4	44.4	0.2	44.6
Consolidation measures / Other changes	0.0	0.0	14.0	14.0	-37.0	-23.0
As at 30 June 2017	**204.9**	**498.5**	**502.8**	**1,206.2**	**3.1**	**1,209.3**

* adjusted due to initial application of IFRS 9 and IFRS 15

Group Segmental Reporting

part of the Selected Explanatory Notes

FIRST HALF YEAR 2018 in € million	Machine Tools	Industrial Services	Corporate Services	Transition	**Group**
Sales Revenues	654.5	560.5	0.1	0.0	1,215.1
EBIT	55.4	51.7	-13.9	-0.2	93.0
Investments	22.8	2.2	0.9	0.0	25.9
Employees	4,008	3,220	82	0	7,310

FIRST HALF YEAR 2017 in € million	Machine Tools	Industrial Services	Corporate Services	Transition	**Group**
Sales Revenues	612.3	495.6	0.1	0.0	1,108.0
EBIT	49.4	44.4	-15.9	-0.3	77.6
Investments	14.0	2.0	0.7	0.0	16.7
Employees	3,686	3,102	82	0	6,870

Selected Explanatory Notes to the Consolidated Interim Financial Statements

APPLICATION OF REGULATIONS

The consolidated financial statements of DMG MORI SEIKI AKTIENGESELLSCHAFT as at 31 December 2017 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and their interpretations as applicable at the reporting date and as adopted by the European Union. The consolidated interim financial statements as at 30 June 2018 were prepared on the basis of IAS 34 Interim Financial Reporting. The consolidated interim financial statements as at 30 June 2018 and the interim management report for the period 1 January to 30 June 2018 have not been audited nor subject to a review under section 37 of the German Securities Trading Act (WpHG). All interim financial statements of those companies that were included in the interim consolidated financial statements were prepared in accordance with the uniform accounting and valuation principles that also formed the basis for the consolidated financial statements for the year ending 31 December 2017. Bearing in mind the sense and purpose of the interim reporting as an instrument of information based on the consolidated financial statements, and in accordance with IAS 1.112, we refer to the Notes to the Consolidated Annual Financial Statements. These set out in detail the accounting, valuation and consolidation methods applied and the right of choice contained in the IFRS that has been exercised. The accounting and valuation principles as well as the consolidation methods applied have been retained for comparison with financial year 2017 (see further explanations in the Notes to the Consolidated Financial Statements as at 31 December 2017 on page 98 et seq.), with the exception of the application of new financial accounting regulations. All IFRS amendments and new standards that are required to be applied as of 1 January 2018 have been adopted.

In particular, the amendments to IFRS 9 "Financial Instruments" and to IFRS 15 "Revenue from Contracts with Customers" have an effect on the DMG MORI AKTIENGESELLSCHAFT financial reporting and further details are given in the following. None of the other obligatory applications of IFRS amendments or new standards effective as of 1 January 2018 have any material effect on the reporting of DMG MORI AKTIENGESELLSCHAFT.

NEW ACCOUNTING REGULATIONS

IFRS 9 – Financial instruments

IFRS 9 sets out a new classification and measurement model for financial assets, which takes account of the business model under which the assets are to be held and the cash flow characteristics.

The standard removes the former categories of IAS 39: held to maturity, loans and receivables, and available for sale. The three new classification categories in IFRS 9 are: amortized cost, FVTPL (fair value through profit or loss) and FVOCI (fair value through other comprehensive income).

IFRS 9 replaces the IAS 39 "incurred loss" model with a future-oriented model of "expected credit losses". Measurement in accordance with the expected credit losses approach must be applied over the entire life of the asset if the credit risk of a financial asset has risen significantly from initial recognition at the end of the reporting period; otherwise measurement is to be applied in accordance with the 12-month credit loss approach.

Measurement following the concept of expected credit losses over the entire term is nevertheless always applied to trade receivables and contractual assets without any significant financing component. There is a choice of applying this method for trade receivables and contractual assets with a significant financing component. DMG MORI has decided to apply the concept of expected credit losses over the entire term including for trade receivables and contractual assets.

In applying IFRS 9 DMG MORI has made use of the exception of not restating comparative information for previous periods with respect to a change in classification and measurement (including any impairment). Differences between the carrying amounts of financial assets and financial debt due to the application of IFRS 9 are generally recognized in revenue reserves and other reserves as at 1 January 2018.

The application of IFRS 9 has led to the following adjustments to the balance sheet as at 1 January 2018:

in € K	Additional impairment as at 1 January 2018
Trade receivables and other receivables (after tax)	-344
Cash and cash equivalents	-2
Total	**-346**

in € K	Adjustment of equity as at 1 January 2018
Revenue reserves and other reserves (after tax)	-345
Non-controlling equity interests	-1
Reduction in equity	**-346**

The credit losses taken into account for trade receivables are calculated on the basis of actual experience of credit losses over the past three years. Credit risks within each group are segmented on the basis of common default risk characteristics. For the companies these are, for example, the credit risk assessment, such as on the basis of past due and the geographical location. The underlying default rate for DMG MORI, depending on the due date (not due and past due) and the regional assignment of trade receivables, is between 0.01% and 1.24%.

A value adjustment to other receivables following the general approach was calculated for a period of six months on the basis of ratings and default probabilities and reflects short terms.

Cash and cash equivalents are deposited with banks or financial institutions that were rated as A-1 to A-2 by the rating agency S&P. A value adjustment to cash and cash equivalents was calculated on the basis of expected losses within 12 months and reflects the short terms.

DMG MORI also applies IFRS 9 to the accounting of hedging transactions as of 1 January 2018. Essentially the hedge relationships could continue in hedge accounting. DMG MORI applies the spot-to-spot method. The effects of forward components are recognized as an expense. Overall, applying the amendments under IFRS 9 only has a slight effect on the accounting of hedging transactions at DMG MORI.

Further explanatory notes to the first-time application of IFRS 9 are presented in the Notes to the Consolidated Financial Statements as at 31 December 2017 in the Annual Report on page 97 et seq.

The table below presents the reconciliation of the carrying amounts of financial assets pursuant to IAS 39 to the carrying amounts of financial assets pursuant to IFRS 9 as at 1 January 2018.

Applying IFRS 9 only had a slight effect in the first half year.

IFRS 15 – Revenue from Contracts with Customers

The group adopts IFRS 15 "Revenue from Contracts with Customers" as of 1 January 2018. For the transition to IFRS 15, DMG MORI applies the modified retrospective method by which the cumulative adjustments are recognized as at 1 January 2018.

IFRS 15 establishes a comprehensive framework for determining whether, in what amount and at which date sales revenues are recognized. It replaces the former guidelines on recognizing sales revenues, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programmes".

Sales revenue from the sale of machine tools at the DMG MORI group includes as a rule ancillary services.

RECONCILIATION OF FINANCIAL ASSETS FROM IAS 39 TO IFRS 9 in € million	Book value 31 Dec. 2017 (IAS 39)	Reclassi-fication*	Remeasure-ment	Book value 1 Jan. 2018 (IFRS 9)
IAS 39 – Loans and receivables				
Cash and cash equivalents	363.4	0.0	0.0	363.4
Trade receivables	319.8	-235.5	-0.1	84.2
Other receivables	141.8	0.0	0.0	141.8
Other financial assets	74.7	0.0	0.0	74.7
Amortized Cost	**899.7**	**-235.5**	**-0.1**	**664.1**
IAS 39 – Available for sale				
Financial assets	5.3	0.0	0.0	5.3
Reclassified from IAS 39 – Loans and receivables				
Trade receivables	0.0	235.5	-0.3	235.2
Fair value through other comprehensive income (FVOCI)	**5.3**	**235.5**	**-0.3**	**240.5**
Derivatives (freestanding)	0.6	0.0	0.0	0.6
Fair value through profit or loss (FVTPL)	**0.6**	**0.0**	**0.0**	**0.6**
Derivatives (hedge accounting)	0.1	0.0	0.0	0.1
Derivatives in hedge accounting	**0.1**	**0.0**	**0.0**	**0.1**
Total	**905.7**	**0.0**	**-0.4**	**905.3**

* Existing book value under IAS 39, reclassified from a IAS 39 category in a new IFRS 9 category

Under IFRS 15 revenues are recognized as soon as a customer has control of the goods. In addition, the company must determine its performance obligations pursuant to IFRS 15. The following applies: A contract or a sum of combined contracts may have multiple performance obligations, which are subject to individual rules with respect to the date of realization.

DMG MORI group estimates that several performance obligations arise out of the contracts for the sale of machine tools (sale of machine tools, transport and commissioning of the machine, plus training), which are all subject to individual rules with respect to the realization principle. This means that the revenue from the sale of machine tools is allocated to the individual performance obligations. The sales revenues for these performance obligations and the associated costs are recognized following contractual performance.

From the performance of services, for instance service contracts, maintenance, repair and training services, which are not incurred within the scope of machine sales, no material differences arose with respect to the date of recognition of revenues.

The application of IFRS 15 has led to the following material adjustments to the balance sheet as at 1 January 2018:

in € million	Effects of the application of IFRS 15 as at 1 January 2018
Contract liability	+25.5
of which prepayments	+13.3
Receivables from customers from prepayments	+13.3
Group equity	-1.0
Other provisions	-4.5
Other financial liabilities	-6.5

The application of IFRS 15 gave rise in the first half year 2018 to the following material effects as opposed to the application of IAS 18:

in € million	Effects of the application of IFRS 15 as at 30 June 2018
Sales revenues	-4.0
Cost of materials	+3.2
Earnings after taxes	-0.6
Group equity	-1.6
Other provisions	-7.6
Contract liability	+33.8
Receivables from customers from prepayments	+16.3
Contract liability from prepayments	+16.3
Other financial obligation	-7.8

Further discussion of first-time application of IFRS 15 on sales revenues from the sale of goods and the performance of services are presented in the Notes to the Consolidated Financial Statements as at 31 December 2017 in the Annual Report on page 100 et seq.

EFFECT OF STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 16 – Leases

IFRS 16 was published in January 2016. The standard has the effect for lessees that practically all leases are recognized in the balance sheet as the difference between operating and finance leases has been nullified for lessees. As per the new standard, an asset (the right to the use of the leased object) and a financial liability for lease payments are recognized. The only exceptions relate to short-term leases and leases for low value leased assets. Accounting by lessors will not change materially. The standard will primarily affect the accounting for operating leases at DMG MORI. As at the balance sheet date of 31 December 2017, the group had obligations under non-terminable operating leases (on a non-discounted basis) of € 54.5 million. The group has not yet determined, however, the extent to which these obligations will lead to the recognition of an asset and a liability for future payments, and the effect this will have on the group's results and the classification of cash flow. Some of these obligations may possibly fall under the exception for short-term and low-value leased assets, others may involve agreements, which do not qualify as leases in accordance with IFRS 16. The standard first becomes mandatory and applicable to reporting periods beginning on or after 1 January 2019. DMG MORI waives early application of the standard.

In December 2017, DMG MORI started a project for the introduction of IFRS 16 and continued the analysis of the effects of this application on the financial reporting. The project team assigned to this task examined in the first stage of the project in particular the contracts that so far have significantly been classified as operate lease contracts in which DMG MORI is the lessor. In particular the issues relating to initial application and discretionary scope for representative material individual cases were addressed. At the time it was not decided which of the transition methods should be applied. Further detailed explanations are given in the Notes to the Consolidated Financial Statements as at 31 December 2017 in the Annual Report on page 101 et seq.

SEASONAL EFFECTS

As a globally operating company the DMG MORI group is subject to various cyclical developments. In the section "Business environment" the cyclical influences during the reporting period have been given in detail. Industry-related seasonal fluctuations over the course of the year are normal and may lead to different sales revenues and as a result different earnings.

CONSOLIDATED GROUP

As at 30 June 2018, the DMG MORI group, including DMG MORI AKTIENGESELLSCHAFT, comprised 86 companies, of which 81 companies were included in the interim financial statements as part of the full consolidation process. Compared with 31 December 2017, the number of consolidated subsidiary companies has not increased. The change in the group structure is as follows: GILDEMEISTER ENERGY Services UK Ltd., Manchester (Great Britain), which has been founded as a 100% subsidiary of GILDEMEISTER energy solutions GmbH, Würzburg, has been newly-consolidated.

DMG MORI Hamburg GmbH, Hamburg, has merged with retroactive effect as at 1 January 2018 with DMG MORI Berlin Hamburg GmbH, Berlin.

In addition to the consolidated subsidiary companies, Magnescale Co., Ltd., Kanagawa (Japan), its subsidiary companies Magnescale Europe GmbH, Wernau, and Magnescale Americas, Inc., Davis (USA), DMG MORI Finance GmbH, Wernau, and DMG MORI HEITEC GmbH, Erlangen have been classified as associated companies and equity-accounted in the group consolidated interim financial statements.

EARNINGS PER SHARE

In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average weighted number of shares. At the same time the earnings after taxes of € 64.7 million are increased by the earnings attributed to non-controlling interests of € 0.4 million.

As in the previous year, as at 30 June 2018 there were no diluted earnings.

Group result excluding profit share of other shareholders	€ K	65,094
Average weighted number of shares		78,817,994
Earnings per share acc. to IAS 33	€	0.83

INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT

The income tax expense in the interim reporting period is determined for the whole year pursuant to IAS 34.30(c) on the basis of the currently expected effective tax rate and according to economic considerations.

Pursuant to IAS 34.16A all types of financial assets and liabilities are to be measured at fair value. In the notes to the consolidated financial statements as at 31 December 2017 the valuations of financial instruments are explained in detail. The accounting as at 30 June 2018 remains unchanged. There are only differences between the book values and fair value of long-term and short-term financial debts. The book value as at 30 June 2018 is € 40.5 million, whereas the fair value is € 41.0 million.

STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income as at 30 June 2018 of € 51.4 million comprises earnings after tax (€ 64.7 million) and "other comprehensive income after taxes" (€ -13.3 million). The earnings after taxes of € 64.7 million increased comprehensive income, whereas the differences from foreign currency translation and, the changes in market value of derivative financial instruments reduced it. Seasonally-related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

STATEMENT OF CHANGES IN EQUITY

Equity rose overall by € 51.8 million to € 1,216.4 million. The share of equity attributable to non-controlling interests fell by € 0.7 million to € 2.4 million.

Consolidated income of € 64.7 million increased equity. The currency changes recognized in other income and the change in valuation of derivative financial instruments reduced equity.

SEGMENTAL REPORTING

Within the scope of segmental reporting, pursuant to IFRS 8 regulations the business activities of the DMG MORI group have been divided into the "Machine Tools", "Industrial Services" and "Corporate Services" business segments. The segmentation follows the internal management and reporting on the basis of the different products and services. The machines of the DMG MORI COMPANY LIMITED produced under license are included in "Machine Tools". The business with DMG MORI COMPANY LIMITED products is accounted for in "Industrial Services". The demarcation of the segments and the determination of the segment results remain unchanged from 31 December 2017. The business activities of the segments are disclosed in detail in the notes to the consolidated financial statements as at 31 December 2017 on page 156 et seq.

STATEMENT OF RELATIONS WITH RELATED PARTIES

As presented in the notes to the financial statements as at 31 December 2017, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions. Related companies pursuant to IAS 24.9 (b) are all companies that belong to the DMG MORI COMPANY LIMITED group of companies or companies in which DMG MORI COMPANY LIMITED has an investment. In line with the consolidated financial statements as at 31 December 2017, relationships with related companies are shown separately in the balance sheet.

DMG MORI Finance GmbH and Magnescale Co., Ltd. together with its subsidiaries are classified as associated companies. Other related companies to the DMG MORI group are any other companies that belong to the consolidated group of DMG MORI COMPANY LIMITED.

DMG MORI AKTIENGESELLSCHAFT granted DMG MORI GmbH a loan of € 120.0 million in financial year 2016, which was increased in March 2018 by € 150.0 million. The agreement was concluded at standard market terms and conditions. The disclosure is made in the balance sheet under receivables from other related parties.

A domination and profit transfer agreement pursuant to section 291 et seq. of the German Stock Corporation Act (AktG) is in place between DMG MORI GmbH (controlling company) and DMG MORI AKTIENGESELLSCHAFT (controlled company).

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant events occurring after the balance sheet date are presented in the "Forecast". No other significant events have occurred after the end of the reporting period of the interim financial statements.

Responsibility Statement

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

Bielefeld, 26 July 2018
DMG MORI AKTIENGESELLSCHAFT
The Executive Board

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

Supervisory Board: Dr.-Eng. Masahiko Mori, Chairman

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

25 October 2018	Release for the 3rd Quarter 2018 (1 January to 30 September)
11 February 2019	Preliminary Figures for the Financial Year 2018
12 March 2019	Press conference on Financial Statements Publication Annual Report 2018 Analyst Conference
30 April 2019	Release for the 1st Quarter 2019 (1 January to 31 March)
10 May 2019	117th Annual General Meeting

Subject to alteration

YOUR CONTACT TO DMG MORI

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Languages
This report is available in German and English.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which are based on current estimates of the management of future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, which could lead to the actual future circumstances including the assets, liabilities, financial position and profit or loss of DMG MORI AKTIENGESELLSCHAFT differing materially from or being more negative than that those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI AKTIENGESELLSCHAFT are subject to a series of risks and uncertainties, which may result in forward-looking statements estimates or forecasts becoming inaccurate.

DMG MORI AKTIENGESELLSCHAFT is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in the most important business areas as well as the consequences of a recession) as these have a direct effect on 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 that which we are expecting 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 in the capital markets and a deterioration in the conditions for the credit business as well as a deterioration 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 DMG MORI; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to natural catastrophes, to supply pre-fabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures 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 events occur, or should the assumptions on which these statements are based prove incorrect, the actual results may diff er 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 change in events or developments occurring after 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 Nara, Japan. DMG MORI AKTIENGESELLSCHAFT is (indirectly) controlled by DMG MORI COMPANY LIMITED. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report 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 (Aktiengesetz – 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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