

Business development in the 1st quarter of 2020 strongly marked by corona crisis

DMG MORI strengthens future field digitization

- Order intake reaches € 440.2 million (previous year's quarter: € 708.3 million)
- Sales revenues are at € 458.0 million (previous year's quarter: € 629.2 million)
- EBIT amounts to € 25.3 million (previous year's quarter: € 50.4 million)
- EBIT margin achieves 5.5% (previous year's quarter: 8.0%)
- Free cash flow amounts to € -36.7 million (previous year's quarter: € 31.5 million)

Bielefeld // DMG MORI AKTIENGESELLSCHAFT has started the financial year 2020 under massively more difficult market and overall conditions worldwide. The machine building sector had to accept heavy losses and production downtimes due to the corona pandemic. DMG MORI also could not escape the consequences of the global spread of the virus. The business development in the first quarter was correspondingly marked: order intake reached € 440.2 million. Sales revenues in the first three months were at € 458.0 million. The EBIT amounted to € 25.3 million. Free cash flow achieved € -36.7 million.

Chairman of the Executive Board Christian Thönes: "2020 is an exceptional year: pandemic plus global economic weakness, geopolitical uncertainties, industrial structural change. In this difficult time everyone at DMG MORI holds closely together. With the strategic orientation of our future fields in the past years we were exactly right. Just now digitization is gaining momentum."

Order Intake //

The demand for machine tools declined significantly in the first quarter of 2020 due to the weak global economy and the rapid spread of the Corona virus. DMG MORI recorded order intake of € 440.2 million, which, as expected, was noticeably below the high level of the previous year (-38%; € 708.3 million). Orders from Germany amounted to € 143.3 million (previous year: € 229.0 million). International orders amounted to € 296.9 million (previous year: € 479.3 million). The foreign share was 67% (previous year: 68%).

Sales Revenues //

Sales revenues – influenced by the Corona crisis – were at € 458.0 million (-27%; previous year: € 629.2 million). The decline is due in part to the fact that machines could no longer be delivered because of international border and customer-side factory closings as well as to bottlenecks in transport and logistics. The export quota amounted to 64% (previous year: 68%).

Order Backlog //

As of 31 March 2020, the order backlog amounted to € 1,160.8 million (31 December 2019: € 1,197.4 million) – a calculated range of five months on average. A proactive measure in the fight against the further spread of the virus is the temporary partial downtime planned until the end of April in the European production plants and selected sales and service companies. Production and assembly are scheduled to be resumed on 4 May 2020.

The package of measures for health protection and job security developed jointly by the Executive Board and employee representatives enables an orderly approach and flexible adjustment of production capacities. DMG MORI thus makes an important contribution to the fight against COVID-19 and wants to secure employment in a period in which demand drops, many companies stop their production and risks in the supply chains increase.

Results of Operations, Financial Position and Net Worth //

The earnings situation is also marked by the corona consequences: EBITDA was € 43.2 million (previous year: € 73.3 million). EBIT reached € 25.3 million (previous year: € 50.4 million). The EBIT margin was 5.5% (previous year: 8.0%). EBT amounted to € 24.8 million (previous year: € 49.2 million). As of 31 March 2020, the group reports an EAT of € 17.2 million (previous year: € 34.7 million). Free cash flow of € -36.7 million is significantly below the same quarter of the previous year (€ 31.5 million).

Employees //

As of 31 March 2020, the group had 7,181 employees, including 306 apprentices (31 December 2019: 7,245). At the end of the first quarter, 4,421 employees (62%) worked for our domestic and 2,760 employees (38%) for the foreign companies. Personnel expenses amounted to € 141.0 million (previous year: € 155.0 million).

Research and Development //

Expenses for research and development amounted to € 13.7 million in the first quarter (previous year: € 13.9 million). With dynamic and excellence, we consistently develop from a machine tool builder to an integrated solution provider in the manufacturing environment. At the open house in Pfronten at the beginning of the year we again presented on more than 7,500 m² 45 high-tech machines, four world premieres, 15 automation solutions and the consistent digitization of the entire process chain. The focus was on DMG MORI Connectivity – the consistent connectivity in the standard of all machines, the CELOS update of all existing versions and TULIP as an easy entry to digitization. The new customer portal "my DMG MORI" was very well received: Within a few months, 12,000 customers with over 40,000 machines registered – by the end of 2020 there will be around 25,000 customers with over 100,000 machines.

Digitization is completely changing the world and working methods. This is accelerated once again by the Corona crisis. We see the current changes as an opportunity to advance the digital age at all levels together with employees, customers, partners and suppliers. There are many opportunities for DMG MORI: internally through the digitization of the own value chain and company processes – externally through an exclusive offer of digital products and data-based services with measurable customer benefits.

Forecast 2020 //

2020 is an exceptional year. The extent of the corona crisis has surprised everyone. The massive consequences for the global economy can be seen in the slump in demand, the breakdown of supply chains and production downtimes. According to the latest April forecast by the Association of German Machine Tool Builders (VDW) and the British economic research institute Oxford Economics, the global market for machine tools is expected to decline in 2020 by -28.3% to € 52.3 billion (October forecast: -0.6%). The USA (-41.3%), China (-34.0%), Italy (-32.5%), Japan (-31.9%) and Germany (-30.1%) are expected to be most affected. The effects of the Corona crisis have not yet been fully taken into account. The forecast of the association will be adjusted in October.

The duration and negative consequences are currently not foreseeable for the overall economy or industry. Due to the completely changed global economic environment, DMG MORI – compared to the record values in 2019 – will have to accept significant losses in order intake, sales revenues and earnings. The forecast published in the Annual Report 2019 thus cannot be maintained. At the present time, we cannot make a valid forecast for the 2020 financial year. As soon as an assured assessment of the consequences of COVID-19 on the business development is possible, the forecast for 2020 will be updated. DMG MORI is fully committed to overcoming the crisis and, in particular, to further strengthening the strategic future fields.

CURRENT // Information regarding the Annual General Meeting

The 118th Annual General Meeting, which was convened for Friday, 15 May 2020 in the Federal Gazette on 21 April 2020, will be held virtually for the first time. The image and sound transmission of the entire Annual General Meeting, as well as the exercise of voting rights and the granting of powers of attorney for the shareholders, will be possible digitally. For DMG MORI health has priority. As one of the first companies that are listed, DMG MORI AKTIENGESELLSCHAFT is implementing new legal regulations for 2020, thus setting a sign for digitization in the capital market.

DMG MORI AKTIENGESELLSCHAFT
The Executive Board

Key figures

	2020	2019	Changes	
	31 March	31 March	2020 against 2019	
	€ million	€ million	€ million	%
Order intake	440.2	708.3	-268.1	-38
Sales revenues	458.0	629.2	-171.2	-27
EBITDA	43.2	73.3	-30.1	-41
EBIT	25.3	50.4	-25.1	-50
EBT	24.8	49.2	-24.4	-50
EAT	17.2	34.7	-17.5	-50
Free cash flow	-36.7	31.5	-68.2	-217

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

Company Profile // DMG MORI

DMG MORI AKTIENGESELLSCHAFT is a worldwide leading manufacturer of machine tools with sales revenues of more than € 2.7 billion and around 7,200 employees. As "Global One Company" - together with DMG MORI COMPANY LIMITED – we reach sales revenues of around € 4 billion.

With dynamic and excellence we advance future technologies. Our portfolio comprises turning and milling machines, the Advanced Technologies Ultrasonic, Lasertec and Additive Manufacturing as well as consistent automation and digitization solutions. Our modular products allow quick, easy and scalable access to digital manufacturing and end-to-end digitization along the entire process chain – from planning and preparatory work to production and monitoring to service.

Our technology excellence is bundled within the main sectors of "Aerospace", "Automotive", "Die & Mold", and "Medical". Our partner program "DMG MORI Qualified Products" (DMQP) allows us to offer perfectly matched peripheral products from a single source. Our customer-focused services covering the entire life cycle of a machine tool include training, repair, maintenance and spare parts service. The modern customer portal, "my DMG MORI" digitizes service processes.

More than 12,000 employees work for "Global One Company". With 154 sales and service locations – including 14 production plants – we are present worldwide and deliver to more than 100,000 customers from 42 industries in 79 countries.

Forward-looking statements //

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

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

Local Court: HRB 7144

Financial Calendar //

15 May 2020

118th Annual General Meeting

4 August 2020

Interim Report for the
1st half year 2020
(1 January to 30 June)

29 October 2020

Quarterly Release for the
3rd quarter 2020
(1 January to 30 September)

9 March 2021

Annual Press Conference
Publication Annual Report 2019

7 May 2021

119th Annual General Meeting

Subject to alteration