

**Strong decline in demand for machine tools // Innovations as a way out of the crisis**

## **DMG MORI with positive results in the first half year 2020**

- Order intake reaches € 784.0 million (previous year: € 1,412.3 million)
- Sales revenues are € 838.0 million (previous year: € 1,276.4 million)
- EBIT amounts to € 33.2 million (previous year: € 103.4 million)
- EBIT margin reaches 4,0% (previous year: 8,1%)

**Bielefeld // The corona pandemic continues to impact the overall economic situation and is causing a strong decline in the global demand for machine tools. Also DMG MORI has not been able to avoid its consequences: order intake, sales revenues and earnings in the first six months of 2020 were significantly below the high figures of the previous year. Order intake reached € 784.0 million (previous year: € 1,412.3 million). Sales revenues were € 838.0 million (previous year: € 1,276.4 million). Despite the difficult market and economic conditions, the results of operations were positive: EBIT amounted to € 33.2 million (previous year: € 103.4 million). The EBIT margin was 4.0% (previous year: 8.1%).**

Christian Thönes, Chairman of the Executive Board: "Due to the corona crisis, our customers are speeding up the transition to the digital factory. This strengthens our intention to further expand our future fields of Automation, Digitization and Additive Manufacturing. Investing in innovations, and especially in digitization, is the only way out of the crisis. The economic situation is and remains challenging. But we are well positioned and will continue to have positive results."

### **Order Intake //**

Demand for machine tools declined significantly, due in particular to the corona pandemic. In the second quarter of 2020, and under severely difficult market and business conditions, DMG MORI recorded order intake of € 343.8 million (-51%; previous year: € 704.0 million). The previous year's figure includes orders from the Energy Solutions division, which was divested in 2019. The adjusted, comparable order intake for 2019 amounted to € 595.1 million. Thus order intake fell in the core business with machine tools and services in the second quarter of 2020 by -42%. In the first half year we achieved order intake of € 784.0 million (-44%; previous year: € 1,412.3 million). Adjusted for Energy Solutions, order intake amounted to € 1,280.8 million in the previous year. This corresponds to a decrease of -39%. Domestic orders were € 220.5 million (previous year: € 402.9 million). International orders amounted to € 563.5 million (previous year: € 1,009.4 million). Thus the share of international orders amounted to 72% (previous year: 71%).

### **Sales Revenues //**

Sales revenue development was also affected by the corona crisis and temporary part-shutdown at the European production plants in April. The resumption of production and assembly took place as planned on 4 May 2020.

Sales revenues in the second quarter of € 380.0 million were significantly below the high figure of the previous year (-41%; € 647.2 million). At the end of the first six months, sales revenues reached € 838.0 million (-34%; previous year: € 1,276.4 million). The decline is due not only to the temporary part-shutdown of plants, but also to the fact that machines could no longer be delivered owing to the closure of international borders and factories, and to bottlenecks in transport and logistics. Our services and spare parts business was also negatively impacted. Domestic sales revenues were € 270.0 million (previous year: € 388.9 million). International sales revenues amounted to € 568.0 million (previous year: € 887.5 million). The export share amounted to 68% (previous year: 70%).

### **Order Backlog //**

On 30 June 2020, the order backlog amounted to € 1,082.8 million (31 Dec. 2019: € 1,197.4 million) – a calculated production capacity of an average of five months. In this regard the individual production companies report different capacity utilisation.

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

The DMG MORI group's results of operations were positive both in the second quarter and at the end of the first half year despite the difficult environment: In the second quarter EBITDA reached € 24.8 million (previous year: € 69.7 million). EBIT amounted to € 7.9 million (previous year: € 53.0 million). EBT amounted to € 7.4 million (previous year: € 52.7 million). EAT amounted to € 5.2 million (previous year: € 37.1 million). Earnings were also positive at the end of the first half year: EBITDA reached € 68.0 million (previous year: € 143.0 million). EBIT amounted to € 33.2 million (previous year: € 103.4 million). The EBIT margin was 4.0% (previous year: 8.1%). EBT amounted to € 32.2 million (previous year: € 101.9 million). As at 30 June 2020, the group reported EAT of € 22.4 million (previous year: € 71.8 million).

The financial position was also heavily influenced by the corona crisis: free cash flow amounted to € -79.7 million (previous year: € 81.9 million). In April 2020, DMG MORI was able to extend the existing syndicated credit line early for another five years at improved conditions. The balance sheet total decreased to € 2,257.4 million (31 Dec. 2019: € 2,469.6 million). The equity ratio improved to 56.7% (31 Dec. 2019: 51.9%).

### **Employees //**

As at 30 June 2020, the group had 7,074 employees, of whom 287 were trainees (31 Dec. 2019: 7,245). The number of employees has thus decreased by 171 when compared with year-end 2019. At the end of the first half year, 4,374 employees (61%) worked for our domestic companies and

2,700 employees (39%) worked for our international companies. Personnel costs decreased to € 253.3 million (previous year: € 307.0 million).

### **Research and Development //**

With dynamic and excellence we are forging ahead with our future fields of Automation, Digitization, Additive Manufacturing and DMG MORI Qualified Products (DMQP), as well as with Sustainability and Technology Excellence and are developing into an integrated solutions provider in the manufacturing environment. Automation and digitization solutions have gained even more in importance owing to the corona pandemic. This confirms and strengthens us in the consistent further development of our future fields. In financial year 2020, together with DMG MORI COMPANY LIMITED, we are presenting 35 innovations, including 10 world premieres, 3 automation solutions, 20 digital innovations and 2 new DMG MORI Components. Since May 2020, DMG MORI has been climate-neutral and has thus as one of the first industrial enterprises worldwide a balanced CO<sub>2</sub> footprint.

### **Forecast 2020 //**

The global economy and the worldwide market for machine tools are currently in a recession following the global spread of the corona virus. The global market for machine tools is therefore expected to decline sharply in 2020. In their April forecasts, the German Association of Machine Tool Builders (VDW) and the British economic research institute, Oxford Economics, are expecting growth in global consumption to fall significantly by -28.3% to € 52.3 billion (October forecast: -0.6%; € 71.7 billion). The next forecast of the professional associations will be published as scheduled in October.

The duration and the negative impact of the corona pandemic are currently not fully foreseeable, neither for the overall economy nor for the machine tool industry. Due to the complete change in the global economic conditions, DMG MORI is expecting a sharp decline in order intake, sales revenues, earnings and free cash flow in the financial year 2020. Nevertheless, the earnings will remain positive. The cost reduction and flexibilization measures initiated early in all areas should support the performance and profitability of DMG MORI. These measures – in addition to the further expansion of our future fields Automation, Digitization and Additive Manufacturing – make DMG MORI more resilient.

From today's perspective and despite the ongoing recession, for the whole year we are planning order intake of around € 1.6 billion and sales revenues of around € 1.65 billion. EBIT is expected to amount to around € 60 million. We also expect a balanced free cash flow. The forecast 2020 assumes that there will be no second lockdown in the further course of business due to the corona pandemic.

DMG MORI AKTIENGESELLSCHAFT  
The Executive Board

## Key Figures on Business Development

### 1<sup>st</sup> half year

	<b>2020</b>	<b>2019</b>	<b>Changes</b>	
	30 June	30 June	2020 against 2019	
	€ million	€ million	€ million	%
Order intake	784.0	1,412.3	-628.3	-44
Sales revenues	838.0	1,276.4	-438.4	-34
EBITDA	68.0	143.0	-75.0	-52
EBIT	33.2	103.4	-70.2	-68
EBT	32.2	101.9	-69.7	-68
EAT	22.4	71.8	-49.4	-69
Free cash flow	-79.7	81.9	-161.6	-197

### 2<sup>nd</sup> quarter

	<b>2020</b>	<b>2019</b>	<b>Changes</b>	
	2 <sup>nd</sup> quarter	2 <sup>nd</sup> quarter	2020 against 2019	
	€ million	€ million	€ million	%
Order intake	343.8	704.0	-360.2	-51
Sales revenues	380.0	647.2	-267.2	-41
EBITDA	24.8	69.7	-44.9	-64
EBIT	7.9	53.0	-45.1	-85
EBT	7.4	52.7	-45.3	-86
EAT	5.2	37.1	-32.0	-86
Free cash flow	-43.0	50.4	-93.4	-185

**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 and provider of future-oriented technology solutions. In the financial year 2019 we reached sales revenues of around € 2.7 billion with around 7,200 employees. Together with DMG MORI COMPANY LIMITED – as “Global One Company” – we reached sales revenues of around € 4 billion in the financial year 2019.

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.

Around 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, as well as to the effects of the corona crisis, that could cause the actual circumstances including the results of operations, financial position and net worth of DMG MORI AKTIEN-GESELLSCHAFT 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.

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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 //

### 29 October 2020

Quarterly Release for the  
3<sup>rd</sup> quarter 2020  
(1 January to 30 September)

### 9 February 2021

Press Release on Preliminary  
Figures for the Financial Year 2020

### 9 March 2021

Annual Press Conference  
Publication Annual Report 2020  
Analysts' Conference

### 27 April 2021

Quarterly Release for the  
1<sup>st</sup> quarter 2021  
(1 January to 31 March)

### 7 May 2021

119<sup>th</sup> Annual General Meeting

Subject to alteration