

# DMG MORI

AKTIENGESELLSCHAFT

AUTOMATION

DIGITIZATION

ADDITIVE MANUFACTURING

DMQP

SUSTAINABILITY

SERVICE EXCELLENCE

FIRST QUALITY

TECHNOLOGY EXCELLENCE

GLOBE

EMPLOYEES

# ANNUAL PRESS CONFERENCE

for the financial year 2020

**Speech of the Chairman of the Executive Board**  
Christian Thönes

9 March 2021

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– Check against delivery –

**Speech at the  
Annual Press Conference of DMG MORI AKTIENGESELLSCHAFT  
for the financial year 2020**

on 9<sup>th</sup> March 2021, 11:00 a.m. in Bielefeld

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Dear Ladies and Gentlemen,

Welcome to the first virtual Annual Press Conference of DMG MORI AKTIENGESELLSCHAFT. We would have been happy to welcome you in person today – as usual – at our headquarters in Bielefeld. Hopefully this will be the case again next year!

A challenging year lies behind us. **The world has changed rapidly within a very short time. Already now it is clear: Corona was and is a catalyst.** At DMG MORI, the pandemic has accelerated a lot – above all our strategic triad: Automation, Digitization and Sustainability. We have already been advancing these future fields for years. Therefore, we can now proudly say: **Our direction – the strategic fit – is more suitable than ever and fits perfectly into the “Next Normal”!**

In times of the pandemic, “next normal” also means: health has priority. We are doing everything we can to protect our employees, customers, partners and suppliers! To this end, we implemented a large number of far-reaching measures at an early stage and acted comprehensively, quickly and proactively.

**Financial Year 2020**

A year ago, I said at this point: “2020 will be even more challenging than 2019”. This has proven to be true. 2020 was an exceptional year: Corona pandemic plus economic weakness, geopolitical uncertainties, industrial restructuring. Also DMG MORI could not escape these consequences. Order intake, sales revenues and result were clearly below the record year 2019. The negative effects of the crisis could successfully be limited by rapidly introduced and consistently implemented measures to reduce costs, increase flexibility and secure liquidity – while maintaining a stable budget for research and development.

**The key figures of DMG MORI in detail:****Order intake**

Demand for machine tools declined significantly due to the already weak global economy and rapid spread of the corona virus. Under extremely difficult global market and economic conditions, DMG MORI achieved an order intake of € 1,599.4 million, which, as expected, was significantly below the record year 2019 (-38%; previous year: € 2,563.1 million). In the core business with machine tools and services – without the Energy Solutions division – the decline was -34%.

**Sales revenues**

The development of sales revenues was also marked by corona. As you know, in April 2020, there was a temporary partial shutdown in our European production plants and in some areas of selected sales and service companies for health protection. In addition, the service and spare parts business was influenced by increasing travel restrictions over the course of the year. As expected, sales revenues of € 1,831.3 million were significantly below the previous year (-32%; € 2,701.5 million).

## Order backlog

As of 31 December 2020, the group's **order backlog** amounted to € 852.2 million. This results in an average calculated range of about four months for "Machine Tools" – a good basis for the current financial year.

## Results of operation

**DMG MORI achieved a strong result in the difficult financial year 2020. The earnings situation developed successfully despite more difficult market and economic conditions:**

- **EBITDA** was € 156.7 million (previous year: € 299.8 million).
- **EBIT** amounted to € 81.7 million (previous year: € 221.7 million).
- The **EBIT-Marge** was thus 4.5% (previous year: 8.2%).
- **EBT** reached € 74.9 million (previous year: € 219.1 million).
- **EAT** was € 52.1 million (previous year: € 154,4 million).
- By strictly securing liquidity, we achieved a positive **free cash flow** of € 15.7 million (previous year: € 168.8 million).

In April 2020, we extended our existing syndicated credit line of € 500.0 million early at improved conditions. DMG MORI has sufficient financial resources.

**In short: We have achieved a strong result. We have also fulfilled our forecasts in this exceptional year. We have secured financial stability. And we have thus significantly increased our resilience!**

**Earnings per share** amounted to € 0.66 (previous year: € 1.93). Due to the domination and profit transfer agreement, DMG MORI AKTIENGESELLSCHAFT has not paid a dividend since the financial year 2016. Instead, DMG MORI GmbH has undertaken to pay a compensation ("**guaranteed dividend**") of € 1.17 gross per share to the outside shareholders for each full financial year.

**Net worth and financial position**

The **balance sheet total** fell to € 2,191.5 million as of 31 December 2020 (previous year: € 2,469.6 million).

**Equity** decreased by € 21.9 million to € 1,259.5 million (previous year: € 1,281.4 million). The **equity ratio** rose by 5.6 percentage points to 57.5% (previous year: 51.9%).

Without question: The pandemic is a severe test. However, the low has already been overcome point in May 2020. We have created even more efficient structures, increased DMG MORI's resilience and further sustainably optimized costs. And all this with a high stability of our employees! We will continue this path in 2021 – also thanks to the outstanding cost discipline and the high commitment of our employees.

**Innovations**

**Dear Ladies and Gentlemen, to use an image from soccer: We have a strong team. Our defense stands! But to win games, you also need a strong offense.**

**Innovation is more than ever a must – and the only way out of the crisis.** Waiting is no option! The next 2-3 years will be decisive in determining who remains competitive in the long term.

We are keeping our research and development budget stable at a high level. Expenditures in 2020 amounted to € 66.7 million (previous year: € 72.0 million). Last year, we presented 22 innovations as “Global One Company” – including 6 world premieres, 4 automation solutions and 12 digital innovations that expand our core business with machine tools and integrated automation solutions. **Let me make it clear: DMG MORI should be the winner of the current change!**

## Investments

In 2020, our **capital expenditure** in property, plant and equipment as well as intangible assets amounted to € 80.0 million (previous year: € 110.0 million). Three highlights:

1. At DECKEL MAHO Pfronten we have put into operation our new **monoBLOCK Excellence Factory** last September. The core of the state-of-the-art assembly line are 34 driverless AGV transport systems (“Automated Guided Vehicles”) as well as the fully digitized value chain developed by our own employees based on the “no-code” platform TULIP. With this future-oriented assembly concept, we increase productivity by 30%.
2. At our polish production and supplier plant **FAMOT**, we have expanded the mechanical production by six machines from our portal series. All of them are equipped with our machine-specific automation, the rotary pallet storage system RPS.
3. We invested further in our “**GLOBE – Global One Business Excellence**” project. Based on SAP S4 HANA, we are implementing a uniform ERP system across the group at DMG MORI.

Ladies and gentlemen, we therefore continue to innovate – and we continue to invest!

**The machine is and remains our core!** Our 154 different machine tool models are high-tech instruments and a guarantee for progress. There is no other supplier in the world with a comparable machine portfolio and such comprehensive automation, digitization, and sustainability solutions. High-precision machine tools and technologies from DMG MORI are at the beginning of global value chains. We inspire through our innovative power! Every day, we are present for our more than 100,000 customers from 54 industries in 86 countries. With our unique global footprint, the broad machine portfolio, the far-reaching service offerings, comprehensive automation and digitization solutions we offer everything integrated end-to-end and sustainable from a single source – worldwide!

**At the same time, we are actively advancing the expansion of our strategic future fields – with dynamic and excellence – and are thus developing more and more from a machine builder into an integrated solution provider in the manufacturing environment.**

I am convinced: Until 2025 at the latest, the equation for a purchase will consist of 1/3 machine, 1/3 service and 1/3 software. At DMG MORI, customers therefore receive everything from a single source:

- high-precision, efficient and sustainable machines,
- end-to-end service for the manufacturing of the future,
- integrated, sustainable automation and digitization solutions.

**With the strategic triad of automation, digitization and sustainability DMG MORI is the No. 1 partner for the future for its customers!**

## **Future fields**

**Automation** is the key to flexible production systems. We therefore offer our customers a modular portfolio with 53 automation solutions – either for workpiece or pallet handling – bundled up with a proprietary cell controller technology. Customers thus receive complete turnkey solutions including end-to-end connectivity from a single source.

Our universal solutions include for example:

- the wide-ranging PH Cell pallet handling system for up to 40 pallets with a loading weight of 600 kg and
- the flexible Robo2Go that is available for turning machines and, since September 2020, also for milling machines.

According to an analysis by RWTH Aachen, machine tools are often operating at less than 50% productivity. It doesn't have to be that way! Automation enables an increase in quality through highly standardized processes, higher efficiency and productivity, and significantly faster payback.

**A machine tool is most productive and thus most sustainable when it runs around the clock. DMG MORI makes sure of that!**

**Digitization is the decisive strategic future field.** The corona pandemic has once again sharpened awareness of this. Microsoft CEO Satya Nadella already got to the point a year ago: “The world is experiencing two years of digital transformation in just two months”.

Three weeks ago, our innovative CELOS NEXT solution was awarded the “Intelligent Manufacturing Award 2020” by Microsoft. The award is one of the most prestigious awards for digital excellence. Our APP-based control and operating environment **CELOS** integrates the digital solutions from DMG MORI into one interface. CELOS is our digital brand core – launched in 2013 and now more than 20,000 times in the market. With CELOS NEXT, we are changing the architecture to achieve open, end-to-end and personalized digitization of the entire value chain for everyone: developers, users and customers who also have third-party machines in use.

The corona pandemic has also significantly accelerated the expansion of the whole DMG MORI digital architecture to the benefit of our customers, tested in our own production plants. From the machine to the process chain and to open ecosystems including platform-based business models, such as Equipment-as-a-Service and Software-as-a-Service, this means in concrete terms:

- 1) We develop software tools that make machine tools more productive, more future-proof and thus more sustainable.
- 2) We open up completely new, digital business models by selling digital products and data-based services.
- 3) We are increasingly digitizing our own value chain and apply all products and processes internally first. In this way, we create for our customers more transparency, efficiency and a higher quality.

Over the past four years, we have invested a high double-digit million euro sum in digitization and thus significantly increased the quality and range of our digital offerings. Some examples:

- The **Digital Twin** describes the real-time simulation of machine, automation, and process. Customers can virtually simulate the production of new components and thus optimize processes. The result: up to 30% faster production ramp-up and up to 30% lower component costs.



- Our customer portal “**my DMG MORI**” is our digital face to the customer and thus a further important pillar. Meanwhile more than 20,000 customers with over 100,000 machines are registered. They benefit from up to 70% faster response times of our service experts – thanks to direct contact, high transparency via Track & Trace and access to all information. Our goals 2021: more than 30,000 customers with over 140,000 machines on the platform and to increase the service interaction short-term to over 60%. With the upgrade to the manufacturer-independent maintenance and service platform **WERKBLiQ** it is possible for our customers to also integrate all third-party machines. The clear goal: DMG MORI is also the No. 1 in service for our customers.
- With **TULIP** we enable customers an easy entry access to digitization of manufacturing processes. With this “no code” platform, developed by engineers at the research institute MIT in Boston, our customers can create their own APPs in the shortest time – without any programming knowledge. More than 100 DMG MORI customers are already using TULIP today. More than 600 workstations and over 80 self-developed APPs are in use at ourselves – and the trend is rising.
- **ADAMOS** is an open network for digitization by machine builders for machine builders, their suppliers and customers. With this alliance we are setting a standard for new business models, together with more than 30 notable partners. The “DMG MORI Store powered by ADAMOS” will in future offer fast and direct access to digital solutions such as Planning Solutions (ISTOS) or TULIP as a subscription model. Simply via “single sign-on” from the “my DMG MORI” customer portal – with a one-time authentication of the user. The ADAMOS HUB enables cross-manufacturer, automatic data exchange between the APPs.

You can see: DMG MORI develops digital solutions and APPs – along the entire value chain of our customers. Generally, we are applying all our solutions internally before we offer them externally.

At DMG MORI, **sustainability** and **technological leadership** are in harmony. We also take on consistent responsibility in this area. Personally, I am convinced: The corona pandemic will pass – the climate crisis will remain!

Already since May 2020, we have been climate-neutral in our own value added. Our so called “**Company Carbon Footprint**” is therefore zero. Since January of this year all DMG MORI machines delivered worldwide are completely climate-neutral – and that along the entire value chain: from raw material up to the delivery of our machines to the customer. Thus, as one of the first industrial companies DMG MORI also has a climate-neutral “**Product Carbon Footprint**”.

We bundle our climate neutrality measures into three initiatives:

1. GREENMACHINE – the completely CO<sub>2</sub>-neutrally produced machine.
2. GREENMODE – the energy and emission-efficient operation at the customer:  
At DMG MORI, we continuously optimize the energy and emission efficiency of our products. This is done, for example, through CELOS APPs, consumption-optimized components such as LED lighting, regenerative braking and intelligent control of all aggregates. Compared to the predecessor model, our machines thus save up to 30% energy – and at the same time protect the environment and resources.
3. GREENTECH – our engagement for the further development of green technologies. Our customers manufacture highly innovative components on DMG MORI machines, for example for wind turbines, hydropower plants or fuel cells. In our Technology Excellence Centers, we support them worldwide with specific know-how.

Automation, digitization, sustainability – the key to success in all future fields is the same: **our employees**. I cannot emphasize this enough: Our great team is our most important success factor. In challenging times, this is truer than ever.

On 31 December 2020, the group had 6,672 employees, including 279 trainees (previous year: 7,245 employees, including 347 trainees). Together with DMG MORI COMPANY LIMITED, over 12,000 employees are there for our customers every day. DMG MORI is proud to live a diversity culture. At DMG MORI, all employees and applicants are valued regardless of nationality or ethical background, gender, age or religion. This equal opportunity and cultural exchange promotes diversity and enhances performance. On behalf of the entire Executive Board, I would like to take this opportunity to once again thank all employees of our “Global One Company” for their great commitment! Every single one of them went the famous extra mile last year, tackling tasks, developing ideas and standing up for our customers. And every single one of them – and this is also important – paid outstanding attention to costs in their own work area!

Character shows in the crisis – and the character of our team is exemplary: I am particularly proud of the exceptionally high level of empathy, loyalty, and solidarity in our “Global One Company”. DMG MORI stands firmly together – for this I would like to express my sincere thanks!

Our solidarity is based on our TOP values: **Trust, Openness and Passion**. Our employees are committed to DMG MORI – and DMG MORI to them: This is how we offer stability – especially in turbulent times.

We were very pleased that the city of Bielefeld honored DMG MORI last year as a particularly family-friendly company.

In times of change, **further education** is more important than ever. We want our employees – each of our employees – to have the skills that will be relevant tomorrow! As a permanently learning company, DMG MORI is continuously becoming an even better company. To do this, we rely on digital solutions, such as TULIP and the innovative Masterplan learning platform. There, our employees can continue their education through exclusive video content – anywhere and at any time! 2,500 employees are already active on the platform. This year, the number is set to rise to 5,000.

**Outlook for the financial year 2021**

**The world turns and changes – and DMG MORI, I tell you this with pride and conviction, is consistently expanding its position as the world's number 1 in the machine tools sector. We are accelerating our strategic triad of automation, digitization and sustainability for the benefit of our customers.**

2021 will also remain challenging. Uncertainty in the market is high worldwide. According to the forecasts of the German Machine Tool Builders' Association (VDW) and Oxford Economics worldwide consumption of machine tools should grow again (€ 64.9 billion).

**Against this background, we expect order intake and sales revenues of around € 1.7 billion for the financial year 2021. EBIT should amount to around € 30 million and free cash flow to around € 20 million – provided that there will be no significant effects from the corona mutations.**

The challenges are immense – but our confidence is great. We are strategically and financially well positioned. With our global footprint, the broad machine portfolio, the far-reaching service offerings, comprehensive automation and digitization solutions we offer everything integrated end-to-end and sustainable from a single source – worldwide!

Our second, innovative DMG MORI *Digital* Event from Pfronten at the beginning of February was also a complete success. More than 8,000 participants learned about our latest technological developments – interactively, live, in six languages as well as individually in more than 500 personal one-on-one sessions.

Over the course of the year, we will continue to focus on the future: Specifically, we are concentrating on new, pioneering business models. One example: subscription. What you have known for a long time with movies or music, we would also like to push forward in mechanical engineering: Customers no longer buy and pay for the machine – but merely subscribe to the use of the service. Our worldwide presence, size and strength as a "Global One Company" offer us clear advantages here!

This is reflected in our vision and mission. Hereby we show internally and externally what DMG MORI stands for and what drives us. Our mission: **We empower our customers in manufacturing and digitization!** Only if our customers perform efficiently in the long term DMG MORI will also be successful in the long term. Our excellent team, strong partners and our **TOP values** (**T**rust, **O**penness and **P**assion) are the pillars of this mission. Our claim: We want to be the most attractive global machine tool company with digitized and sustainable products!

With our stable ownership structure and above all the unique combination of dynamic and excellence at DMG MORI, we will also be successful in 2021. We are motivated to the maximum!

Thank you very much!

Bielefeld, 9 March 2021

Christian Thönes  
Chairman of the Executive Board

## Forward-looking statements:

This release contains forward-looking statements, which are based on current estimates of the management regarding future developments. Such statements are based on management's current expectations and certain 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 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.

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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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