

**DMG MORI**

AKTIENGESELLSCHAFT

First half year

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**INTERIM  
REPORT  
2017**

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# KEY FIGURES

## First half year 2017

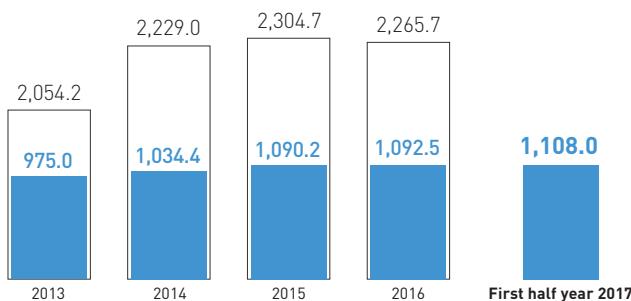
The interim consolidated financial statements of DMG MORI AKTIENGESELLSCHAFT were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union. The interim financial statements have not been audited; they refer exclusively to DMG MORI AKTIENGESELLSCHAFT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

### KEY FIGURES

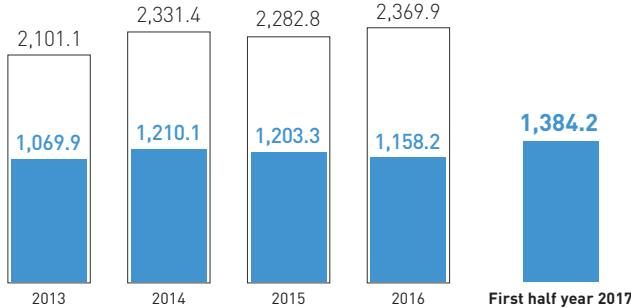
	30 June 2017 € million	30 June 2016 € million	€ million	Changes in %
<b>Sales revenues</b>	1,108.0	1,092.5	15.5	1
Domestic	339.2	363.1	-23.9	-7
International	768.8	729.4	39.4	5
% International	69	67		
 <b>Order intake</b>	 1,384.2	 1,158.2	 226.0	 20
Domestic	416.8	371.9	44.9	12
International	967.4	786.3	181.1	23
% International	70	68		
 <b>Order backlog</b>	 1,186.0	 930.1	 255.9	 28
Domestic	424.6	344.5	80.1	23
International	761.4	585.6	175.8	30
% International	64	63		
 <b>EBITDA</b>	 107.3	 94.2	 13.1	 14
 <b>EBIT</b>	 77.6	 65.3	 12.3	 19
 <b>EBT</b>	 75.2	 61.2	 14.0	 23
 <b>Earnings after taxes</b>	 52.0	 42.8	 9.2	 21
				Changes in %
	30 June 2017	31 Dec. 2016		
Employees	6,592	6,964	-372	-5
Plus trainees	278	318	-40	-13
<b>Total employees</b>	<b>6,870</b>	<b>7,282</b>	<b>-412</b>	<b>-6</b>

**SALES REVENUES**

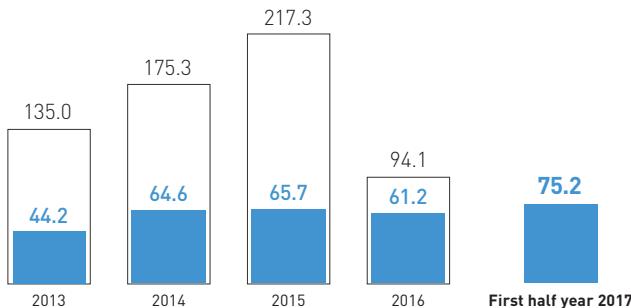
in € million

**+1%**(in comparison with  
the first half year 2016)**ORDER INTAKE**

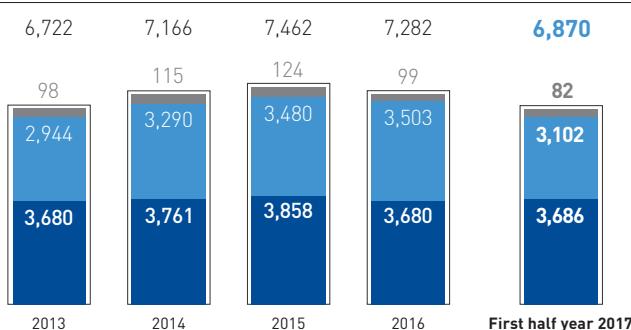
in € million

**+20%**(in comparison with  
the first half year 2016)**EBT**

in € million

**+23%**(in comparison with  
the first half year 2016)**EMPLOYEES**

incl. trainees

**-6%**(in comparison with  
the year 2016)

## Dear Shareholders,

DMG MORI AKTIENGESELLSCHAFT continued its growth trend. Following a strong first quarter 2017, we reached new record figures for the first half year. For order intake, sales revenues and earnings we recorded the best first-half year results in the company's history. Order intake rose by 22% in the second quarter to € 690.3 million (previous year: € 566.6 million). In the first half year, order intake rose by 20% to € 1,384.2 million (previous year: € 1,158.2 million). Adjusted for structural effects we even recorded a plus of 26%. Sales revenues in the second quarter rose by 4% to € 574.1 million (previous year: € 551.1 million). In the first half year, the company achieved € 1,108.0 million in sales revenues, which was slightly up on last year's figure (€ 1,092.5 million). Adjusted for structural effects from the realignment, sales revenues were 7% up compared to the previous year's figure. EBITDA rose by 14% to € 107.3 million (previous year: € 94.2 million). EBIT increased by 19% to € 77.6 million (previous year: € 65.3 million) and EBT even saw a 23% increase to € 75.2 million (previous year: € 61.2 million). As at 30 June 2017, the group recorded € 52.0 million in earnings after taxes (previous year: € 42.8 million). Apart from the good development of earnings, the financial position also developed positively. Free cash flow rose by € 161.9 million (+87%) to € –23.7 million (previous year: € –185.6 million).

The high demand for our innovative high-tech products continued in the second quarter. The industry trade fairs – the CIMT in Beijing (China), Metalloobrabotka in Moscow (Russia) and our open house exhibitions in Bielefeld and Bergamo (Italy) – were also a success for DMG MORI. Another highlight was the production launch of our LASERTEC 30 SLM in the new assembly area of REALIZER GmbH in Bielefeld. Selective powder-bed laser melting technology enables us to provide our customers with completely new application areas within the additive manufacturing sector.

The main focus of DMG MORI is Automation, Digitization, ADDITIVE MANUFACTURING and Technology Excellence. Our objective is to equip all DMG MORI machines with automation in the future. Tailored solutions allow us to provide our customers with the ideal conditions for digital transformation. The app-based control and operating software, CELOS, has helped us to make our machine tools ready for digitization. At the EMO in Hanover – the world's largest machine tool trade fair – we will be presenting eight world premieres and for the first time a 'digital factory', thus providing innovative Industrie 4.0 solutions.

Despite political uncertainties, the global economy continued to gain speed in the second quarter and is expected to grow in financial year 2017. A positive trend is also again expected for the global machine tool market. As a result of these conditions and the sustainably successful business development in the first half of the year, DMG MORI raises its forecast for the financial year: We are now expecting around € 2.5 billion in order intake and around € 2.3 billion in sales revenues. EBT shall amount to around € 160 million. Moreover, we are now expecting around € 60 million in free cash flow.

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I A I

# GROUP INTERIM MANAGEMENT REPORT

## Group Structure

The DMG MORI group counted 88 companies including DMG MORI AKTIENGESELLSCHAFT as at 30 June 2017. Compared to 31 March 2017 the number of group

companies reduced by four. The change results essentially from the merger of companies in Switzerland.

### CORPORATE SERVICES

DMG MORI AKTIENGESELLSCHAFT, Bielefeld

### MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH, Bielefeld

#### TURNING

**GILDEMEISTER**  
Drehmaschinen GmbH  
Bielefeld

**GRAZIANO** Tortona S.r.l.  
Tortona / Italy

**GILDEMEISTER** Italiana S.p.A.  
Bergamo / Italy

#### MILLING

**DECKEL MAHO**  
Pfronten GmbH  
Pfronten

**DECKEL MAHO**  
Seebach GmbH  
Seebach

#### ADVANCED TECHNOLOGIES

**SAUER** GmbH  
Idar-Oberstein, Pfronten

**REALIZER** GmbH  
Borcheln, Bielefeld

#### SOFTWARE SOLUTIONS

**DMG MORI**  
Software Solutions GmbH  
Pfronten

**ISTOS** GmbH  
Düsseldorf

**FAMOT** Pleszew Sp. z o.o.  
Pleszew / Poland

**Ulyanovsk Machine Tools ooo**  
Ulyanovsk / Russia

### INDUSTRIAL SERVICES

DMG MORI Management GmbH, Bielefeld

#### SALES AND SERVICES

**DMG MORI**  
Deutschland

**DMG MORI**  
Indien

**DMG MORI**  
EMEA

**DMG MORI**  
Services

**DMG MORI**  
China

#### ENERGY SOLUTIONS

**GILDEMEISTER**  
energy solutions GmbH  
Würzburg

**DMG MORI**  
Japan

**DMG MORI**  
Asia

**DMG MORI**  
USA

**DMG MORI**  
Americas

Markets of DMG MORI COMPANY LIMITED

These markets are consolidated by DMG MORI COMPANY LIMITED.

## Business Environment

The **global economy** continued to gain speed in the second quarter 2017. The German economy was on growth course. The Eurozone continued to enjoy a broad-based economic upswing. China saw further growth, but at a persisting slower pace. Both Japan and the USA continued to develop positively.

According to the current spring forecast (April 2017), the **global machine tool market** is expected to grow again in 2017. The German Machine Tool Builders' Association (vdw) and the British economic research institute, Oxford Economics, continue to expect a global consumption growth of +3.2% to reach € 69.8 billion. The **German machine tool market** is expected to grow by +2.9%. At +4.0%, Europe is likely to see the strongest growth in machine tool demand. Asian markets are expected to see a +3.5% growth in consumption. For America, it should remain almost constant at +0.5%.

The international business of **DMG MORI AKTIENGESELLSCHAFT** is influenced by the exchange rates of the euro. Particularly important are the us dollar, the Chinese renminbi, the Russian ruble and the Japanese yen. Compared to the same quarter last year, the euro rose against the renminbi and yen and fell against the us dollar and ruble.

## Business Development

### Sales Revenues

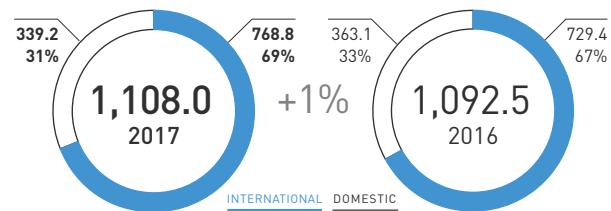
Sales revenues in the **second quarter** increased to € 574.1 million and were thereby 4% above the previous year's figure (€ 551.1 million).

For the **half year**, sales revenues increased by 1% to € 1,108.0 million (previous year: € 1,092.5 million) thus reaching a record high in the company's history. Adjusted for structural effects from the realignment, sales revenues were 7% up compared to the previous year's figure. In the 'Machine Tools' segment, sales revenues increased by € 10.8 million to € 612.3 million (previous year: € 601.5 million). Sales revenues in the 'Industrial Services' segment amounted to € 495.6 million (previous year: € 490.9 million). International sales revenues increased by 5% to € 768.8 million

(previous year: € 729.4 million). Domestic sales revenues amounted to € 339.2 million (previous year: € 363.1 million). The export quota amounted to 69% (previous year: 67%).

### SALES REVENUES

In € million



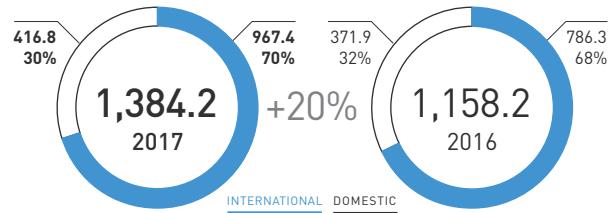
### Order Intake

In the **second quarter**, order intake rose by 22% to € 690.3 million (previous year: € 566.6 million). Following the strong previous quarter with a plus of 17%, the growth rate increased once again.

In the **first half** of the year order intake increased to € 1,384.2 million and was 20% above the previous year (€ 1,158.2 million). Thus, we also recorded our best ever first-half year figure for order intake. Adjusted for structural effects, order intake even rose by 26%. In the 'Machine Tools' segment, orders increased by € 215.4 million or 35% to € 825.8 million (previous year: € 610.4 million). The 'Industrial Services' segment recorded order intake of € 558.3 million (previous year: € 547.7 million); of which € 528.8 million were contributed by the Services division (previous year: € 522.9 million). Domestic orders were € 416.8 million (previous year: € 371.9 million). International orders amounted to € 967.4 million (previous year: € 786.3 million). Thus, the share of foreign business is 70% (previous year: 68%).

### ORDER INTAKE

In € million



## Order Backlog

On 30 June 2017 the order backlog within the group was € 1,186.0 million (31 Dec. 2016: € 937.5 million). Domestic backlog increased compared with the end of 2016 by € 63.4 million to € 424.6 million. The backlog of international orders rose by € 185.1 million to € 761.4 million. International orders account for 64% of existing orders.

## Results of Operations, Net Worth and Financial Position

Earnings of the DMG MORI group developed as follows: in the **second quarter**, **EBITDA** achieved € 58.6 million (previous year: € 51.8 million), **EBIT** amounted to € 43.3 million (previous year: € 37.3 million) and **EBT** reached € 42.2 million (previous year: € 35.4 million). **Earnings after taxes** amounted to € 29.2 million (previous year: € 24.7 million).

As at the end of the **first half year**, **EBITDA** improved to € 107.3 million (previous year: € 94.2 million), **EBIT** increased to € 77.6 million (previous year: € 65.3 million) and **EBT** rose to € 75.2 million (previous year: € 61.2 million). As of 30 June 2017, the group reports **earnings after taxes** of € 52.0 million (previous year: € 42.8 million).

Sales revenues were € 1,108.0 million (previous year: € 1,092.5 million). Total operating revenue reached € 1,125.9 million (previous year: € 1,125.4 million). The cost of materials amounted to € 590.8 million (previous year: € 577.8 million). The materials ratio increased to 52.5% (previous year: 51.3%). The change compared to the previous year results in particular from the effects of the implemented 'Smart Pricing Concept' in the Services segment. Gross profit declined by € 12.5 million to € 535.1 million (previous year: € 547.6 million). Personnel expenses reduced to € 272.0 million (previous year: € 288.5 million). The personnel expense ratio improved to 24.2% (previous year: 25.6%).

The balance of other income and expenses reduced to € 155.8 million (previous year: € 164.9 million). Depreciations amounted to € 29.7 million (previous year: € 28.9 million), due to the high investment volume in the previous years. The financial result in the first half year improved to € –2.4 million (previous year: € –4.1 million). Earnings after taxes were € 52.0 million (previous year: € 42.8 million), which lead to tax expenses of € 23.2 million, as at 30 June 2017 (previous year: € 18.4 million). The tax ratio amounted to 30.9% (previous year: 30.0%).

### NET WORTH

	30 June 2017 € million	31 Dec. 2016 € million	30 June 2016 € million
Long-term assets	815.4	833.5	862.8
Short-term assets	1,258.6	1,505.7	1,363.4
Equity	1,209.3	1,187.7	1,399.0
Outside capital	864.7	1,151.5	827.2
<b>Balance sheet total</b>	<b>2,074.0</b>	<b>2,339.2</b>	<b>2,226.2</b>

The balance sheet total as of 30 June 2017 reduced by € 265.2 million to € 2,074.0 million (31 Dec. 2016: € 2,339.2 million) in particular due to the decline in short-term assets.

Under **assets**, long-term assets reduced by € 18.1 million to € 815.4 million, compared to 31 Dec. 2016. The intangible assets and property, plants and equipment declined to € 661.3 million (31 Dec. 2016: € 681.6 million). Financial assets amounted to € 68.2 million (31 Dec. 2016: € 67.9 million).

Short-term assets declined to € 1,258.6 million (31 Dec. 2016: € 1,505.7 million). Inventories rose by € 23.3 million to € 528.4 million. Raw materials and consumables increased by € 6.4 million to € 208.5 million and the stock of unfinished goods increased by € 29.7 million to € 141.3 million. The increase especially results from preliminary work for planned sales revenues with customers in the second half of the year. The finished goods reduced to € 172.3 million (€ –5.7 million). The turnover rate of inventories was 4.2 (previous year's period: 3.8). Trade debtors increased, as factoring volume was reduced, by € 10.2 million to € 205.6 million.

Receivables from related companies amounted to € 172.7 million (previous year: € 166.4 million.) The sale of shares in the subsidiaries in the Asia and America regions results in the reduction of long-term assets held for sale by € 114.3 million to € 2.2 million. Liquid funds were in the first half of the year € 201.3 million (31 Dec. 2016: € 396.7 million).

Under **equity and liabilities**, equity rose by € 21.6 million to € 1,209.3 million. The equity ratio rose to 58.3% (31 Dec. 2016: 50.8%). Outside capital fell to € 864.7 million (31 Dec. 2016: € 1,151.5 million). Provisions decreased as planned by € 23.3 million to € 281.8 million and trade creditors declined as planned by € 31.8 million to € 204.2 million. Liabilities to related companies reduced by € 204.4 million to € 68.9 million. The planned reduction largely accrues from the purchase price payment for the acquisition of the shares in DMG MORI Europe AG in 2016 and the payment of the profit transfer amount for 2016 to DMG MORI GmbH.

The group's financial position developed positively in the first half of the year: cash flow from operating activities improved by € 147.3 million to € -11.0 million (previous year: € -158.3 million). Earnings before taxes (EBT) of € 75.2 million (previous year: € 61.2 million) and depreciations in the amount of € 29.7 million (previous year: € 28.9 million) made a positive contribution to cash flow. The rise in inventories by € 30.1 million (previous year: € 54.6 million) and in trade debtors by € 4.6 million (previous year: € 57.8 million) as well as a decline in trade creditors by € 39.2 million reduced cash flow (previous year: € 92.3 million).

Cash flow from investment activity amounted to € +7.0 million (previous year: € -27.3 million). Payments for investments in plant, property and equipment and in intangible assets were € -16.7 million (previous year: € -29.7 million). The sale and acquisition of subsidiaries resulted in total deposits amounting to € +19.7 million (previous year: € 0 million).

Cash flow from financing activity amounted to € -189.7 million (previous year: € -1.1 million) and essentially results from the purchase price payment for the acquisition of the shares in DMG MORI Europe AG in 2016 and the payment of the profit transfer amount for 2016 to DMG MORI GmbH.

In the first half of the year, **free cash flow** improved by € 161.9 million (+87%) to € -23.7 million (previous year: € -185.6 million). This improvement is primarily due to the lower inventory build-up (€ 30.1 million; previous year: € 54.6 million) compared to the previous year and trade debtors (€ 4.6 million; previous year: € 57.8 million), as well as the lesser reduction of trade creditors (€ 39.2 million; previous year: € 92.3 million).

#### CASH FLOW

	2017 first half year € million	2016 first half year € million
Cash flow from operating activities	-11.0	-158.3
Cash flow from investment activity	7.0	-27.3
Cash flow from financing activity	-189.7	-1.1
Changes in cash and cash equivalents	-195.4	-188.2
Liquid funds at the start of the reporting period	396.7	552.1
Liquid funds at the end of the reporting period	201.3	363.9

#### Investments

Investments in property, plant and equipment and intangible assets in the first half year amounted to € 16.7 million (previous year: € 29.8 million). The focus was on the targeted expansion and modernization of our production sites in Seebach and Pleszew (Poland). We started the expansion of the production space in Pleszew by 7,000 m<sup>2</sup> with the groundbreaking on 30 May.

## Segmental Reporting

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

machines from DMG MORI COMPANY LIMITED, which we produce under license, are included in 'Machine Tools'. The trade in and services for those machines are entered in the accounts under 'Industrial Services'.

## KEY FIGURES

	30 June 2017 € million	30 June 2016 € million	€ million	Changes in %
<b>Sales Revenues</b>	1,108.0	1,092.5	15.5	1
Machine Tools	612.3	601.5	10.8	2
Industrial Services	495.6	490.9	4.7	1
Corporate Services	0.1	0.1	0.0	
<b>Order Intake</b>	1,384.2	1,158.2	226.0	20
Machine Tools	825.8	610.4	215.4	35
Industrial Services	558.3	547.7	10.6	2
Corporate Services	0.1	0.1	0.0	
<b>EBIT</b>	77.6	65.3	12.3	19
Machine Tools	49.4	34.7	14.7	42
Industrial Services	44.4	53.4	-9.0	-17
Corporate Services	-15.9	-22.9	7.0	

**MACHINE TOOLS**

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

Since February 2017, REALIZER GmbH is attributed to the 'Machine Tools' segment. DMG MORI Systems is no longer included because it was deconsolidated in February. Details about this are explained in the Notes on page 15 et seq.

**KEY FIGURES\_MACHINE TOOLS**

	30 June 2017 € million	30 June 2016 € million	€ million	Changes in %
<b>Sales Revenues</b>	612.3	601.5	10.8	2
Domestic	182.4	204.3	-21.9	-11
International	429.9	397.2	32.7	8
% International	70	66		
<b>Order Intake</b>	825.8	610.4	215.4	35
Domestic	231.1	186.6	44.5	24
International	594.7	423.8	170.9	40
% International	72	69		
<b>Order Backlog</b>	700.0	487.0	213.0	44
Domestic	161.7	119.6	42.1	35
International	538.3	367.4	170.9	47
% International	77	75		
<b>EBIT</b>	49.4	34.7	14.7	42
	30 June 2017	31 Dec. 2016		Changes in %
<b>Employees</b>	3,460	3,413	47	1
Plus trainees	226	267	-41	-15
<b>Total employees</b>	3,686	3,680	6	0

In the 'Machine Tools' segment **sales revenues** in the second quarter increased by € 19.4 million or 6% to € 323.0 million (previous year's quarter: € 303.6 million). In the first half year, sales revenues rose by € 10.8 million to € 612.3 million (previous year: € 601.5 million). As in the previous year, the 'Machine Tools' segment had a 55% share of group sales revenues. **Order intake** in the second quarter rose by € 121.9 million or 43% to € 403.8 million (previous year: € 281.9 million). In the first six months, orders rose by € 215.4 million or 35% to € 825.8 million (previous year: € 610.4 million).

Domestic orders increased by 24% to € 231.1 million (previous year: € 186.6 million). International orders rose by 40% to € 594.7 million (previous year: € 423.8 million). 'Machine Tools' accounted for 60% of all incoming orders in the group (previous year: 53%). The **order backlog** amounted to € 700.0 million as at 30 June (previous year's period: € 487.0 million). **EBIT** reached € 49.4 million (previous year: € 34.7 million). As at 30 June 2017, the number of **employees** of 3,686 remained largely unchanged compared to year's end 2016 (3,680).

## INDUSTRIAL SERVICES

The 'Industrial Services' segment comprises the business activities of the Services and 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 LifeCycle Services, our customers maximize the productivity of their machine tools over their entire life cycle – from 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.

The shares in the subsidiaries in the regions of Asia (with the exception of China and India) and America were sold to DMG MORI COMPANY LIMITED and deconsolidated with effect on 1 January 2017. Details about this are explained in the Notes on page 15 et seq.

## KEY FIGURES\_INDUSTRIAL SERVICES

	30 June 2017 € million	30 June 2016 € million	€ million	Changes in %
<b>Sales Revenues</b>	495.6	490.9	4.7	1
Domestic	156.7	158.7	-2.0	-1
International	338.9	332.2	6.7	2
% International	68	68		
<b>Order Intake</b>	558.3	547.7	10.6	2
Domestic	185.6	185.2	0.4	0
International	372.7	362.5	10.2	3
% International	67	66		
<b>Order Backlog</b>	486.0	443.1	42.9	10
Domestic	262.9	224.9	38.0	17
International	223.1	218.2	4.9	2
% International	46	49		
<b>EBIT</b>	44.4	53.4	-9.0	-17
	30 June 2017	31 Dec. 2016		Changes in %
<b>Employees</b>	3,050	3,452	-402	-12
Plus trainees	52	51	1	2
<b>Total employees</b>	3,102	3,503	-401	-11

**Sales revenues** in the 'Industrial Services' segment were € 251.1 million in the second quarter (previous year: € 247.5 million). In the first half of the year they amounted to € 495.6 million (previous year: € 490.9 million). Services recorded sales revenues of € 235.3 million in the second quarter (previous year: € 235.2 million). In the first half of the year, sales revenues amounted to € 460.6 million (previous year: € 463.7 million). 'Industrial Services' contributed a total share of 45% to group sales revenues as in the previous year. **Order intake** increased to € 286.5 million in the second quarter (previous year: € 284.7 million). The contribution of Services amounted to € 272.9 million (previous year: € 276.4 million). In the first half of the year order intake increased to € 558.3 million (previous

year: € 547.7 million). Order intake in the Services division amounted to € 528.8 million (previous year: € 522.9 million). 'Industrial Services' contributed a total share of 40% of group orders (previous year: 47%). The **order backlog** amounted to € 486.0 million as at the end of the first half year (previous year's period: € 443.1 million). **EBIT** in the first six months amounted to € 44.4 million (previous year: € 53.4 million). The number of **employees** amounted to 3,102 (31 Dec. 2016: 3,503). The reduction essentially results from the sale of the shares in the sales and service companies in Asia (with exception of China and India) as well as America to DMG MORI COMPANY LIMITED with effect on 1 January 2017.

## CORPORATE SERVICES

The 'Corporate Services' segment primarily includes the **DMG MORI AKTIENGESELLSCHAFT** with its group-wide

holding functions. EBIT amounted to € –15.9 million (previous year: € –22.9 million).

### KEY FIGURES\_Corporate Services

	30 June 2017 € million	30 June 2016 € million	€ million	Changes in %
<b>Sales Revenues</b>	0.1	0.1	0.0	0
<b>Order Intake</b>	0.1	0.1	0.0	0
<b>EBIT</b>	–15.9	–22.9	7.0	31
	30 June 2017	31 Dec. 2016		Changes in %
<b>Employees</b>	82	99	–17	–17

### Employees

On 30 June 2017, the group employed 6,870 employees, including 278 trainees (31 Dec. 2016: 7,282 employees). The reduction essentially results from the sale of the sales and service companies in the 'Industrial Services' segment. At the end of the first half year, there were 4,037 domestic employees (59%) and 2,833 employees (41%) working for the international companies. Personnel costs amounted to € 272.0 million (previous year's period: € 288.5 million). The personnel ratio was 24.2% (previous year's period: 25.6%).

at the **EMO** in Hanover. At this industry highlight, our central theme will be the '**path of digitization**,' on which we will show our customers worldwide the future of the '**digital factory**'. With around 80 machines, we will present innovations in the areas of Automation, Digitization, **ADDITIVE MANUFACTURING** and Technology Excellence. More than 30 of the shown machines are equipped with automation solutions. We will expand the number of our exclusive **DMG MORI technology cycles** to 29 applications for the simple and quick shop floor programming.

### Share

The share price of **DMG MORI AKTIENGESELLSCHAFT** at the start of the second quarter was quoted at € 46.28 (3 April 2017) and closed at a price of € 49.20 on 30 June 2017. The market capitalization rose by 14% or € 0.48 billion to € 3.88 billion (record date: 30 June 2017).

In the technology field of **turning**, the new ALX series with improved user friendliness follows in the steps of the compact universal turning machines of the CL product line. These machines are available with different solutions for automation. In our entire portfolio, we rely on the technical integration of turning, milling and grinding, and offer this complete machining as of now also for all turn & mill machines. In the field of **milling**, we introduced the third generation of the **DMU 50** that has been established in the market for more than 20 years. It stands out primarily for its greater precision and much larger workspace.

### Research and Development

Expenses for research and development in the first half of the year amounted to € 25.3 million (previous year: € 22.3 million). 510 employees worked on the development of our new products, which equals a share of 15% of the staff at the plants. In the financial year 2017, we will present together with **DMG MORI COMPANY LIMITED** a total of 18 world premieres. At our traditional open house exhibition in Pfronten, we already showed four of these world premieres. We presented six world premieres together at the Iga Innovation Days in Japan in June. We will enlarge our portfolio with eight world premieres

In the field of **Advanced Technologies**, the **LASERTEC 30 SLM** of **REALIZER** GmbH and the components built with it were the highlights in June at the open house exhibition in Bielefeld. This **ADDITIVE MANUFACTURING** machine is assembled on the remodeled production areas in the Bielefeld headquarter. With our **ULTRASONIC** product line we now enable the complete processing of tools made of carbide.

We have added 10 apps and another 50 functions to our app-based control and operating software, CELOS. For the first time, we enable external partners to develop their own CELOS apps and offer an intelligent system that can help optimize maintenance intervals and avoid downtimes. The start-up ISTOS, with which we are further expanding our digitization competence, currently realizes projects for interconnecting machines.

## Opportunities and Risks Report

Our **opportunities and risks management** is described in detail in the Annual Report 2016 on pages 78 et seq. The statements are essentially unchanged in this regard. Additional opportunities and risks can furthermore be generated by planned structural and operative enhancements of our global sales and service operations, the further enhancement of our product portfolio and the optimization of production capacities. In consequence of the domination and profit transfer agreement concluded between DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT, opportunities based on the deepened cooperation arise, yet also risks for the future economic development result from potential instructions given by DMG MORI GmbH. These instructions do not necessarily have to be in the sole interest of DMG MORI AKTIENGESELLSCHAFT but they are set in the interest of the group. All risks are aggregated in an overall risk in the DMG MORI group, which does not imperil the continuation of the group in today's perspective.

## Forecast

Despite political uncertainties, **global economic** growth is again expected for 2017. The Institute for World Economics (IfW) in Kiel forecasts a 3.6% increase in global gross domestic product. Germany and Europe will show continued growth. As in Germany, economic researchers are expecting the gross domestic product of euro countries to rise by 2.0%. At an expected growth of 6.2%, Asia will be the region with the strongest growth. Economic growth in the USA is expected to pick up even more speed. In this case, the Kiel Institute for the World Economy (IfW) estimates a 2.2% increase in gross domestic product growth.

According to the current spring forecast (April 2017), the **global machine tool market** is expected to grow again in 2017. The German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, continue to expect a **global consumption** growth of +3.2% to reach € 69.8 billion (October 2016: +2.1%). The **German machine tool market** is expected to grow by +2.9% (previously: +4.0%). At +4.0%, Europe is likely to see the strongest growth in machine tool demand (previously: +4.1%). Asia is expected to see a +3.5% growth in consumption (previously: +1.7%). For America, it should remain almost constant at +0.5% (in 2016: +0.9%).

## Future Business Development

Despite political uncertainties, the global economy continued to gain speed in the second quarter and is expected to grow in financial year 2017. A positive trend is also again expected for the global machine tool market. As a result of these conditions and the sustainably successful business development in the first half of the year, DMG MORI raises its forecast for the financial year: We are now expecting around € 2.5 billion in order intake and around € 2.3 billion in sales revenues. EBT shall amount to around € 160 million. Moreover, we are now expecting around € 60 million in free cash flow.

From 18 – 23 September, DMG MORI will be presenting manufacturing technologies of the future in a 'digital factory' at the EMO 2017 in Hanover. As the largest exhibitor, we will be showing the latest trends and innovations from the areas of Automation, Digitization, ADDITIVE MANUFACTURING and Technology Excellence across 10,000 m<sup>2</sup> exhibition space. DMG MORI will be presenting around 80 high-tech machines, including 30 with automation solutions, as well as complete custom-made technology solutions at its Aerospace, Automotive, Die & Mold and Medical 'Technology Centers'.

| B |

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Income Statement

FIRST HALF YEAR 2017	2017 01 Jan. – 30 June		2016 01 Jan. – 30 June		Changes in	
	€ million	%	€ million	%	€ million	%
<b>Sales Revenues</b>	<b>1,108.0</b>	<b>98.4</b>	<b>1,092.5</b>	<b>97.1</b>	<b>15.5</b>	<b>1.4</b>
Changes in finished goods and work in progress	12.8	1.1	27.1	2.4	-14.3	52.8
Own work capitalised	5.1	0.5	5.8	0.5	-0.7	12.1
<b>Total Work Done</b>	<b>1,125.9</b>	<b>100.0</b>	<b>1,125.4</b>	<b>100.0</b>	<b>0.5</b>	<b>0.0</b>
Cost of materials	-590.8	-52.5	-577.8	-51.3	-13.0	2.2
<b>Gross Profit</b>	<b>535.1</b>	<b>47.5</b>	<b>547.6</b>	<b>48.7</b>	<b>-12.5</b>	<b>2.3</b>
Personnel costs	-272.0	-24.2	-288.5	-25.6	16.5	5.7
Other income and expenses	-155.8	-13.8	-164.9	-14.7	9.1	5.5
Depreciation	-29.7	-2.6	-28.9	-2.6	-0.8	2.8
<b>EBIT</b>	<b>77.6</b>	<b>6.9</b>	<b>65.3</b>	<b>5.8</b>	<b>12.3</b>	<b>18.8</b>
<b>Financial Result</b>	<b>-2.4</b>	<b>-0.2</b>	<b>-4.1</b>	<b>-0.4</b>	<b>1.7</b>	<b>41.5</b>
<b>EBT</b>	<b>75.2</b>	<b>6.7</b>	<b>61.2</b>	<b>5.4</b>	<b>14.0</b>	
Income taxes	-23.2	-2.1	-18.4	-1.6	-4.8	
<b>Earnings after taxes</b>	<b>52.0</b>	<b>4.6</b>	<b>42.8</b>	<b>3.8</b>	<b>9.2</b>	
Of which attributed to the shareholders of						
DMG MORI AKTIENGESELLSCHAFT	51.1	4.5	37.9	3.4	13.2	
Of which attributed to non-controlling interests	0.9	0.1	4.9	0.4	-4.0	

## Consolidated Statement of Other Comprehensive Income

	2017 01 Jan. – 30 June € million	2016 01 Jan. – 30 June € million
<b>Earnings after taxes</b>	<b>52.0</b>	<b>42.8</b>
<b>Other comprehensive income</b>		
Actuarial gains / losses	0.0	-11.5
Income taxes on items that have not been reclassified to the income statement	0.0	3.4
<b>Sum of items not reclassified to the income statement</b>	<b>0.0</b>	<b>-8.1</b>
Differences from currency translation	-10.1	4.9
Changes in market value of hedging instruments	2.0	-0.2
Hedging of net investments	1.3	0.6
Income taxes on items which are reclassified to the income statement	-0.6	0.1
<b>Sum of items which are reclassified to the income statement</b>	<b>-7.4</b>	<b>5.4</b>
<b>Other comprehensive income for the period after taxes</b>	<b>-7.4</b>	<b>-2.7</b>
<b>Total comprehensive income for the period</b>	<b>44.6</b>	<b>40.1</b>
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT	44.4	34.7
Of which attributed to non-controlling interests	0.2	5.4

## Consolidated Balance Sheet

ASSETS	30 June 2017 € million	31 Dec. 2016 € million	30 June 2016 € million
<b>Long-term assets</b>			
Goodwill	137.9	135.4	134.6
Other intangible assets	58.3	59.9	71.0
Tangible assets	465.1	486.3	476.6
Equity accounted investments	46.4	46.1	47.4
Other equity investments	21.8	21.8	21.8
Trade debtors	0.8	1.0	1.9
Other long-term financial assets	9.4	7.7	13.2
Other long-term assets	17.6	17.0	39.6
Deferred taxes	58.1	58.3	56.7
	<b>815.4</b>	<b>833.5</b>	<b>862.8</b>
<b>Short-term assets</b>			
Inventories	528.4	505.1	576.8
Trade debtors	204.8	194.4	242.4
Receivables from at equity accounted companies	9.7	4.3	14.8
Receivables from other related parties	172.7	166.4	38.9
Receivables from associated companies	0.5	0.2	0.2
Other short-term financial assets	70.7	63.4	58.4
Other short-term assets	61.2	51.5	62.9
Income tax receivables	7.1	7.2	5.1
Cash and cash equivalents	201.3	396.7	363.9
Long-term assets held for sale	2.2	116.5	0.0
	<b>1,258.6</b>	<b>1,505.7</b>	<b>1,363.4</b>
<b>Balance sheet total</b>	<b>2,074.0</b>	<b>2,339.2</b>	<b>2,226.2</b>
<hr/>			
EQUITY AND LIABILITIES	30 June 2017 € million	31 Dec. 2016 € million	30 June 2016 € million
<b>Equity</b>			
Subscribed capital	204.9	204.9	204.9
Capital reserves	498.5	498.5	498.5
Revenue reserves and other reserves	502.8	444.4	542.2
<b>Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT</b>	<b>1,206.2</b>	<b>1,147.8</b>	<b>1,245.6</b>
Non-controlling equity interests	3.1	39.9	153.4
<b>Total equity</b>	<b>1,209.3</b>	<b>1,187.7</b>	<b>1,399.0</b>
<b>Long-term debts</b>			
Long-term financial debts	38.7	40.2	40.3
Pension provisions	45.9	47.6	52.0
Other long-term provisions	39.5	32.8	36.2
Other long-term financial liabilities	9.6	1.6	1.3
Other long-term liabilities	3.6	4.0	3.8
Deferred taxes	3.4	3.0	4.0
	<b>140.7</b>	<b>129.2</b>	<b>137.6</b>
<b>Short-term debts</b>			
Short-term financial debts	8.1	14.4	11.3
Tax provisions	27.8	49.9	42.2
Other short-term provisions	168.6	174.8	157.5
Payments received on account	188.5	158.1	155.4
Trade creditors	204.2	236.0	187.4
Liabilities to at equity accounted companies	1.3	2.0	1.8
Liabilities to other related parties	68.9	273.3	78.2
Liabilities to associated companies	0.0	0.0	0.2
Other short-term financial liabilities	10.1	34.4	16.7
Other short-term liabilities	46.5	42.8	38.9
Liabilities in connection with assets held for sale	0.0	36.6	0.0
	<b>724.0</b>	<b>1,022.3</b>	<b>689.6</b>
<b>Balance sheet total</b>	<b>2,074.0</b>	<b>2,339.2</b>	<b>2,226.2</b>

## Consolidated Cash Flow Statement

	2017 01 Jan. – 30 June € million	2016 01 Jan. – 30 June € million
<b>Cash flow from operating activities</b>		
Earnings before taxes (EBT)	75.2	61.2
Income taxes	-23.2	-18.4
Depreciation	29.7	28.9
Change in deferred taxes	0.1	0.2
Change in long-term provisions	5.1	-0.5
Other income and expenses not affecting payments	2.3	0.2
Change in short-term provisions	-25.7	-15.3
Changes in inventories, trade debtors and other assets	-56.9	-120.9
Changes in trade creditors and other liabilities	-17.6	-93.7
	<b>-11.0</b>	<b>-158.3</b>
<b>Cash flow from investing activity</b>		
Amounts paid out for investments in intangible and tangible assets	-16.7	-29.7
Cash inflows on disposal of the property, plant and equipment	4.0	2.4
Cash flow from the takeover of control over subsidiaries	-23.7	0.0
Cash flow from the loss of control over subsidiaries	43.4	0.0
	<b>7.0</b>	<b>-27.3</b>
<b>Cash flow from financing activity</b>		
Cash inflows / cash outflows for borrowings / repayment	-5.1	-1.1
Profit transfer to DMG MORI GmbH	-41.1	0.0
Amounts paid out for changes in interest in subsidiaries	-143.5	0.0
	<b>-189.7</b>	<b>-1.1</b>
Changes affecting payments	-193.7	-186.7
Effects of exchange rate changes on financial securities	-1.7	-1.5
Cash and cash equivalents as of 1 January	396.7	552.1
Cash and cash equivalents as of 30 June	201.3	363.9

## Development of Group Equity

DEVELOPMENT OF GROUP EQUITY	Development of Group Equity € million	Capital reserve € million	Revenue reserves € million	Total equity of shareholders of DMG MORI AKTIEN-GESELLSCHAFT € million	Non-controlling equity interests € million	Total equity € million
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
<b>As at 30 June 2017</b>	<b>204.9</b>	<b>498.5</b>	<b>502.8</b>	<b>1,206.2</b>	<b>3.1</b>	<b>1,209.3</b>
As at 01 January 2016	204.9	498.5	507.5	1,210.9	146.6	1,357.5
Total comprehensive income	0.0	0.0	34.7	34.7	5.4	40.1
Consolidation measures / Other changes	0.0	0.0	0.0	0.0	1.4	1.4
<b>As at 30 June 2016</b>	<b>204.9</b>	<b>498.5</b>	<b>542.2</b>	<b>1,245.6</b>	<b>153.4</b>	<b>1,399.0</b>

## Group Segmental Reporting

part of the Selected Explanatory Notes

FIRST HALF YEAR 2017	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
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

FIRST HALF YEAR 2016	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	602.2	490.2	0.1	0.0	1,092.5
EBIT	34.7	53.4	-22.9	0.1	65.3
Investments	14.9	14.1	0.8	0.0	29.8
Employees	3,818	3,544	99	0	7,461

## Selected Explanatory Notes to the Interim Consolidated Financial Statements

### Application of Regulations

The Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT as of 31 December 2016 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as applicable at the reporting date and as adopted by the European Union. The Consolidated Interim Financial Statements as of 30 June 2017 were prepared on the basis of IAS 34 Interim Financial Reporting. The group Interim Consolidated Financial Statements as of 30 June 2017 and the Interim Report for the period 1 January to 30 June 2017 was not reviewed or audited pursuant to Section 37w of the German Securities Trading Law (WpHG). All interim financial statements of those companies that were included in the Interim Consolidated Financial Statements were prepared in accordance with uniform accounting and valuation principles that also formed the basis for the Consolidated Financial Statements for the year ending 31 December 2016. In view of 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 when compared to financial year 2016 (see further discussions in the Notes to the Consolidated Financial Statements as of 31 December 2016 annual report pages 106ff), with the exception of the application of new financial accounting regulations. None of the obligatory applications of IFRS amendments and new standards effective as of 1 January 2017 has any material effect on the reporting of DMG MORI AKTIENGESELLSCHAFT.

#### NEW ACCOUNTING REGULATIONS

The DMG MORI group will apply IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' for the first time as at 1 January 2018. The actual effects from the application of IFRS 9 and IFRS 15 on the consolidated financial statements and the consolidated interim reports 2018 are not known yet

and cannot be reliably estimated or quantified, but will probably not have any significant effects on the annual financial statements.

The DMG MORI group has made a preliminary assessment of the potential effects caused by the application of IFRS 9, and it arrives at the conclusion that the new classification requirements and valuation approaches for financial instruments will probably not have any significant effects on the accounting of financial assets. However, the group believes that the expenses for impairments of assets within the scope of the impairment model under IFRS 9 will likely rise and become more volatile. This is bearing in mind that the model of 'incurred loss' according to IAS 39 is replaced by a future-oriented model of 'expected credit losses' in IFRS 9. This requires substantial new calculation parameters regarding the question as to how far the expected credit losses are influenced by changes in the economic factors. This assessment is determined on the basis of weighted probabilities in different scenarios. The impairment methods to be applied have not been determined finally yet. A reliable quantification is not possible at this time yet. The classification of financial debt as well as the changes relating to the reporting of hedging transaction according to the requirements of IFRS 9 will not have any significant effects for the DMG MORI group according to the preliminary assessment. In addition, IFRS 9 demands comprehensive new disclosures in the Notes, especially regarding the accounting of hedging transactions, credit risk and credit losses to be expected.

In respect of IFRS 15 'Revenue from Contracts with Customers', the group intends to utilise a modified retrospective initial application of IFRS 15. According to a more in-depth analysis of the potential effects from the application of IFRS 15 on the consolidated financial statements, the DMG MORI group arrives at the estimation that multiple performance obligations (transport and commissioning of machines, training) can result from the contracts for the sale of machine tools, which are subject to separate rules regarding the realisation principle. This entails that the sales revenues of the performance obligations from the sale of machine tools and the related costs will be recorded later than at the present time, meaning after the fulfilment of these performance obligations. It is currently

being worked on a system solution together with the subsidiaries. For the consolidated financial statements as at 31 December 2018 and the consolidated interim financial statements in 2018, the amount of the sales revenues from these performance obligations, which will be recorded at a point later than the present, will not have any significant effects on the respective financial statements. More information on the requirements of IFRS 15 is given in the consolidated financial statements as at 31 December 2016.

### Seasonal Effects

As a globally operating company, the DMG MORI group is subject to various cyclical developments. In the sections 'Business environment', the cyclical influences have been set out 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.

### Consolidation Group

On 30 June 2017, the DMG MORI group, including DMG MORI AKTIENGESELLSCHAFT, comprised 88 companies, of which 84 companies were included in the Interim Financial Statements as part of the full consolidation process. Compared to 31 December 2016, the number of fully consolidated subsidiaries reduced by eleven. In addition, DMG MORI Australia Pty. Ltd. that has been consolidated to date 'at equity' left the basis of consolidation. The number of group companies has therefore reduced by twelve overall. The change of the group structure is composed of the following:

Effective 1 January 2017, the shares in select American and Asian subsidiaries were sold to DMG MORI COMPANY LIMITED. The shares in DMG MORI Systems GmbH were sold to a strategic investor effective 28 February 2017. Additionally in the second quarter, the following five companies were merged due to the streamlining of the corporate structure:

- › DMG MORI ECOLINE Holding AG,
- › DMG MORI ECOLINE AG,
- › DMG ECOLINE GmbH,
- › DMG MORI Management AG,
- › TECNO CONTROL S.R.L.

REALIZER GmbH, GILDEMEISTER LSG Solar Australia Pty Ltd., Brisbane (Australia) and the two subsidiaries newly founded in the reporting period by GILDEMEISTER energy solutions, Components Stahl- und Maschinenbau GmbH, Würzburg, and GILDEMEISTER LSG Solar rus, Moscow (Russia), were newly added to the consolidation group.

Besides the fully consolidated subsidiaries, Magnescale Co., Ltd., its subsidiaries Magnescale Europe GmbH, Wernau and Magnescale Americas, Inc., Davis (USA) and DMG MORI Finance GmbH are classified as associated companies and are included at equity in the Interim Consolidated Financial Statements.

### DISPOSAL OF SUBSIDIARIES

With effect on 1 January 2017 the shares held in

- › DMG MORI SEIKI CANADA INC.  
(incl. DMG MORI CANADA INC.),
- › DMG MORI Brasil Comercio de Equipamentos Industriais Ltda.,
- › DMG MORI Korea Co., Ltd.,
- › DMG MORI Australia Pty. Ltd.,
- › DMG MORI Taiwan Co. Ltd.,
- › DMG MORI Singapore Pte. Ltd.,
- › DMG MORI MALAYSIA SDN. BHD.,
- › DMG MORI Vietnam Co. Ltd.,
- › DMG MORI Mexico S.A. de C.V.

were transferred to DMG MORI COMPANY LIMITED in the course of the realignment. The acquisition price was € 50.7 million. The shares have been fully consolidated since the time of their acquisition or founding. All assets and liabilities were deconsolidated from the group at the time the shares in the companies were sold.

The consideration, the proportionate divested assets and liabilities, as well as the results from the sale, which are reported under other operating expenses, are shown in the table below. A proportionate goodwill of € 3.7 million in total was divested.

With effect from 28 February 2017, 100% of the shares in DMG MORI Systems GmbH were sold to an external investor. The shares have been fully consolidated since the time of their acquisition. With the sale of shares, all assets and liabilities were deconsolidated from the group. Overall, the group incurred a loss in the amount of € 2.4 million from the sale, which is reported under other operating expenses. A proportionate goodwill of € 15 K was divested. The divested assets and liabilities are shown in the following table:

#### DISPOSAL OF SUBSIDIARIES

	American and Asian subsidiaries	DMG MORI Systems GmbH
	€K	€K
Intangible assets	2,556	411
Goodwill	3,695	15
Tangible assets	22,870	1,228
Inventories	15,882	3,064
Trade debtors and other assets	29,738	13,474
Deferred tax assets	1,681	30
Cash and cash equivalents	21,504	1
<b>Assets sold</b>	<b>97,926</b>	<b>18,223</b>
Provisions	7,276	2,302
Trade creditors and other short-term liabilities	41,372	13,198
Deferred taxes	586	0
<b>Debt sold</b>	<b>49,234</b>	<b>15,500</b>
<b>Net assets sold</b>	<b>48,692</b>	<b>2,723</b>
Other result	2,389	0
<b>Consideration received</b>	<b>50,658</b>	<b>295</b>
<b>Gains or losses on disposal of subsidiaries</b>	<b>-423</b>	<b>-2,428</b>

#### BUSINESS COMBINATIONS

With effect on 6 February 2017, GILDEMEISTER Beteiligungen GmbH acquired 50.1% of the shares in REALIZER GmbH, Borchen. For the acquisition of remaining shares, the acquisition price is dependent, among other factors, on the contractually agreed terms. The attributable fair value of the consideration amounted to € 14.2 million and it will be remitted in payment instruments.

REALIZER GmbH has been fully consolidated since the takeover date. The acquired assets and liabilities were recognized at fair values. Details are shown in the table below:

#### BUSINESS COMBINATIONS

	REALIZER GmbH
	€K
Intangible assets	1,472
Tangible assets	197
Inventories	1,251
Trade debtors	339
Other short-term assets	156
Cash assets	45
Other provisions	401
Trade creditors	150
Other short-term liabilities	345
Deferred taxes	463
<b>Net assets</b>	<b>2,101</b>
<b>Goodwill occurring due to acquisition</b>	
Consideration transferred for the acquisition of shares	14,226
Net assets	2,101
<b>Goodwill</b>	<b>12,125</b>

The resulting positive difference of € 12.1 million was reported as goodwill and results from expected synergies for the product range in ADDITIVE MANUFACTURING. Costs incurred directly from the acquisition in the amount of € 43 K were considered as expenses in the period. Since 6 February 2017, REALIZER GmbH contributed an additional amount of € 2.4 million to the group's sales revenues. The contribution to the earnings after taxes for the same period amounted to € -0.1 K. If the acquisition of shares had already been included as at 1 January 2017, the contribution to the earnings after taxes would have been € -0.2 million and sales revenues would have amounted to € 2.6 million. The purchase price allocation is still preliminary.

### 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 group earnings after taxes of € 52.0 million are decreased by € 0.9 million by the earnings attributed to non-controlling interests.

As in the previous year, there were no diluted earnings per share at 30 June 2017.

#### EARNINGS PER SHARE

	2017	2016
Group result excluding the profit share of other shareholders	€k	51,093
Average weighted number of shares (pieces)	78,817,994	78,817,994
Earnings per share acc. to IAS 33	€	0.65
	0.48	

### Income Statement, Balance sheet, Cash flow Statement

The income tax expense in the interim reporting period is determined for the entire 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 stated at fair value. In the Notes on the Consolidated Financial Statements as at 31 December 2016, the valuation rates of the financial instruments are explained in detail. The accounting as at 30 June 2017 is unchanged. There are only differences between the book values and fair value for short-term and long-term financial debts. The book value as of 30 June 2017 is € 46.8 million, whereas the fair value is € 47.9 million. The deposits or payments made in the context of the takeover or loss of control of subsidiaries result from the acquisition / sale of subsidiaries in 2016 and respectively in the first quarter of 2017 for which the purchase price was paid in the second quarter.

### Statement of Comprehensive Income

Comprehensive income as of 30 June 2017 of € 44.6 million comprised earnings after taxes (€ 52.0 million) and 'Other comprehensive income after taxes' (€ –7.4 million). The consolidated income as at 30 June 2017 in the amount of € 52.0 million and the change in the market values of derivative financial instruments increased the comprehensive income. The difference amount from currency conversion reduced it.

Seasonally related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

### Development of Group Equity

Equity rose in total by € 21.6 million to € 1,209.3 million. Non-controlling interests in equity declined by € 36.8 million to € 3.1 million. The consolidated income as at 30 June 2017 in the amount of € 52.0 million and the change in the market values of derivative financial instruments increased equity. Currency changes considered without effects on profit decreased the equity.

### Segmental Report

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 corresponds to the internal management and reporting based on the different products and services. The machines of DMG MORI COMPANY LIMITED produced under license are included in 'Machine Tools'; the business with the products of DMG MORI COMPANY LIMITED is accounted for under 'Industrial Services'. The demarcation of the segments and / or the determination of the segment results remain unchanged from 31 December 2016. The business activities of the segments are disclosed in detail in the Notes to the Consolidated Financial Statements as at 31 December 2016. As of 1 January 2017, selected American and Asian subsidiaries are no longer in the 'Industrial Services' segment due to their deconsolidation. While DMG MORI Systems GmbH is no longer included in the 'Machine Tools' segment as of 28 February, REALIZER GmbH has been included in the 'Machine Tools' segment as of February. The new companies, Components Stahl- und Maschinenbau GmbH, the GILDEMEISTER LSG Solar Australia Pty Ltd., Brisbane (Australia) and GILDEMEISTER LSG Solar rus, Moscow (Russia), have been allocated to the 'Industrial Services' segment. The ECOLINE companies were reported in the 'Machine Tools' segment so far. Because the companies are merged, they are now attributed to the segment 'Industrial Services'. The change of the sales revenues amounted to € 0.7 million, the change in EBIT is not significant. The previous year's figures as of 30 June 2016 were adjusted accordingly.

### Statement of Relations with related Parties

As presented in the Notes to the Financial Statements as of 31 December 2016, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions. Related companies are, according to IAS 24.9 (b), all companies, which are part of the group of companies or those in which DMG MORI COMPANY LIMITED has holdings. The statement of the relationships to related companies in the balance sheet is, analogous to the Consolidated Financial Statements as at 31 December 2016, presented in a differentiated way. DMG MORI Finance GmbH as well as Magnescale Co., Ltd. and its subsidiaries are classified as associated companies. Other related companies of the DMG MORI group are all other companies, which are part of the group of consolidated companies of DMG MORI COMPANY LIMITED.

With effect on 1 January 2017, the shares of selected American and Asian subsidiaries were sold to DMG MORI COMPANY LIMITED at a price of € 50.7 million. The acquisition and the assessment of the purchase prices for equity interests in the companies are based on neutral valuation reports.

DMG MORI AKTIENGESELLSCHAFT granted a loan in the amount of € 120.0 million to DMG MORI GmbH in 2016. The contract was concluded on conditions customary in the market. It is disclosed in receivables from other related parties.

A domination and profit transfer agreement pursuant to Sec. 291 seqq. AktG (Stock Corporation Act) is in place between DMG MORI GmbH (controlling company) and DMG MORI AKTIENGESELLSCHAFT (controlled company).

### Events occurring after the Balance Sheet Date

Significant events after the balance sheet date are described in the 'Forecast' section. In addition, no other significant events have occurred after the reporting date of interim financial statements.

### Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting and reporting principles for interim reports, 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 group interim management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining business year.

Bielefeld, 27 July 2017  
DMG MORI AKTIENGESELLSCHAFT  
The Executive Board



Chairman  
Dipl.-Kfm. Christian Thönes



Dipl.-Kfm. Björn Biermann



Dipl.-Kfm. Dr. Maurice Eschweiler

Supervisory Board: Prof. Dr.-Ing. Raimund Klinkner, Chairman

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# ADDITIONAL INFORMATION

## Financial Calendar

<b>26 October 2017</b>	Third Quarterly Report 2017 (1 January to 30 September)
<b>07 February 2018</b>	Preliminary Figures for the Financial Year 2017
<b>13 March 2018</b>	Press conference on Financial Statements Publication Annual Report 2017
<b>26 April 2018</b>	First Quarterly Report 2018 (1 January to 31 March)
<b>04 May 2018</b>	Annual General Meeting

Subject to alteration

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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, unfavorable 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 differ 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.

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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. The **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 pursuant to Section 17 AktG (Stock Corporation Act).

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