

Green machine production: from 2021 the entire value-added chain is climate-neutral

DMG MORI raises forecast 2020 slightly

- Order intake reaches € 1,187.8 million (previous year: € 2,008.4 million)
- Sales revenues are € 1,305.3 million (previous year: € 1,892.6 million)
- EBIT amounts to € 53.4 million (previous year: € 154.4 million)
- EBIT margin reaches 4.1% (previous year: 8.2%)

Bielefeld // The effects of the corona pandemic continue to be clearly felt. The weak overall economic situation led to a further decline in worldwide demand for machine tools. At DMG MORI, order intake, sales revenues and earnings in the first nine months of 2020 were also significantly below the high figures of the previous year due to corona. Order intake reached € 1,187.8 million (previous year: € 2,008.4 million). Sales revenues were € 1,305.3 million (previous year: € 1,892.6 million). The earnings situation was positive despite difficult market and economic conditions: EBIT amounted to € 53.4 million (previous year: € 154.4 million). The EBIT margin reached 4.1% (previous year: 8.2%).

Christian Thönes, Chairman of the Executive Board: „DMG MORI is resilient and future-proof. We succeeded in optimizing structures and costs during the crisis. We have also achieved a great deal in expanding our future fields – especially Automation, Digitization and Sustainability. That makes us feel positive. We are raising our forecast for 2020 slightly.”

Order Intake //

Demand for machine tools continued to decline due to the corona pandemic. Under massively aggravated market and economic conditions worldwide, DMG MORI achieved order intake of € 403.8 million in the third quarter of 2020 (-32%; previous year: € 596.1 million). Compared to the previous quarter, order intake increased (+17%; 2nd quarter 2020: € 343.8 million).

As at 30 September 2020, DMG MORI recorded a corona-related decline in order intake to € 1,187.8 million (-41%; previous year: € 2,008.4 million). In operational terms, the decrease is -37%, since the orders from the previous year – adjusted for the Energy Solutions division sold in 2019 – totaled € 1,875.7 million. Domestic orders were € 344.6 million (previous year: € 582.0 million). International orders amounted to € 843.2 million (previous year: € 1,426.4 million). As in the previous year, the share of international orders thus amounted to 71%.

Sales Revenues //

Sales revenues in the third quarter were € 467.3 million and thus below the high figure of the previous year (-24%; € 616.2 million). Compared to the previous quarter, sales revenues increased (+23%; 2nd quarter 2020: € 380.0 million). Sales revenues in the first nine months reached € 1,305.3 million (-31%; previous year: € 1,892.6 million). The decline is mainly due to the corona-related temporary partial shutdown of operations at the European production plants in April and increasing travel restrictions in the service and spare parts business. The export ratio was 69% (previous year: 71%).

Order Backlog //

On 30 September 2020, the order backlog amounted to € 983.7 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 utilization.

Results of Operations, Financial Position and Net Worth //

DMG MORI was able to successfully limit the negative effects of the crisis with rapidly introduced and consistently implemented measures to reduce costs, increase flexibility and secure liquidity. With the existing syndicated credit line, the reduced balance sheet total and further strengthening of the equity ratio, DMG MORI has a stable financial foundation, a healthy balance sheet structure and solid liquidity reserves.

Strict cost reduction: Despite difficult economic conditions, the **earnings situation** was positive both in the third quarter and in the first nine months: In the third quarter EBITDA reached € 38.4 million (previous year: € 69.7 million). EBIT was € 20.2 million (previous year: € 51.0 million). The EBIT margin was 4.3% (previous year: 8.3%). The EBT amounted to € 20.7 million (previous year: € 50.4 million). The EAT was € 14.3 million (previous year: € 35.5 million). As at 30 September EBITDA reached € 106.4 million (previous year: € 212.7 million). EBIT amounted to € 53.4 million (previous year: € 154.4 million). The EBIT margin was 4.1% (previous year: 8.2%). The EBT amounted to € 52.9 million (previous year: € 152.3 million). As at 30 September 2020, the group reported EAT of € 36.7 million (previous year: € 107.3 million).

The **financial situation** was also heavily influenced by the corona consequences. Free cash flow was positive in the third quarter at € 13.9 million (previous year: € 33.1 million). In the first nine months, free cash flow was € -65.8 million (previous year: € 115.0 million). With the existing syndicated credit line of € 500.0 million, which was extended early at improved conditions, DMG MORI has enough financial resources.

The **asset situation** developed as follows: The balance sheet total decreased to € 2,223.2 million (31 Dec. 2019: € 2,469.6 million). One of the reasons for this was the sale of the stake (44.1%) in Magnescale Co. Ltd. (Japan) to DMG MORI COMPANY LIMITED, which now holds 100% of its subsidiary again following the purchase. The sale of the shares is based on a neutral report. The equity ratio rose by 5.2 percentage points to 57.1% (31 Dec. 2019: 51.9%).

Employees //

On 30 September 2020, the group had 6,882 employees, including 287 trainees (31 Dec. 2019: 7,245). The number of employees has thus decreased by 363 when compared with year-end 2019. At the end of the third quarter, 4,333 employees (62%) worked for our domestic companies and 2,549 employees (38%) for our international companies. Personnel expenses decreased to € 373.3 million (previous year: € 449.5 million).

Research and Development //

Innovations are the only way out of the crisis. Therefore, DMG MORI keeps the development budget stable at a high level. Research and development expenses in the first nine months amounted to € 49.2 million (previous year: € 52.0 million). With dynamic and excellence, we are driving forward our future fields of Automation, Digitization, Additive Manufacturing, DMG MORI Qualified Products (DMQP), as well as Sustainability and Technology Excellence. At the "Global Development Summit", over 500 international experts from the "Global One Company" developed new product ideas digitally for the first time.

DMG MORI has already an equalized CO₂ balance (**Company Carbon Footprint**) since May 2020. From January 2021, DMG MORI will also be focusing on green production worldwide: from raw materials to delivery to the customer, all machines along the entire value-added chain will be produced completely CO₂-neutral. This makes DMG MORI one of the first industrial companies worldwide to have a climate-neutral **Product Carbon Footprint**.

The **automation portfolio** of DMG MORI is also innovative and comprehensive: Since October, our Robo2Go is also available for milling machines. This flexible automation solution can be easily used via CELOS without any knowledge of robot programming and is ideal for small and medium batch sizes. The new monoBLOCK Excellence Factory went into operation at the beginning of September. Digitally and fully automated, it can now produce up to 1,000 machine tools per year. The core of the 4,000 m², highly modern flowline assembly in Pfronten is an automated guided vehicle (AGV) transport system. With this most modern assembly line in the world, DMG MORI is setting new standards in the machine tool industry. As a world premiere, we recently presented the DMF 200|8 from the new travelling column series, which can be easily and flexibly automated with the modular PH Cell round pallet storage system.

Integrated digitization solutions enrich our core business with machine tools and integrated automation solutions. The new "Planning Board" makes it easier for small and medium-sized companies in particular to get started with digitally optimized production planning. This cloud application has a wide range of assistance functions and an easy-to-use user interface.

Forecast 2020 //

The world economy and the worldwide market for machine tools are in a deep recession due to the ongoing global spread of the corona virus. For the first time since 2003, the worldwide market for machine tools will decline for two years in succession. In their latest publication in October, the German Machine Tool Builders' Association (VDW) and the British economic research institute Oxford Economics assume that in 2020 global consumption will again fall significantly by -23.2% to € 55.1 billion (previous year: -8.4%; € 71.8 billion).

The duration and impact of the corona pandemic are still not fully foreseeable, neither for the overall economy nor for the machine tool industry. DMG MORI is expecting high losses in incoming orders, sales revenues, earnings and free cash flow in the financial year 2020 compared to the previous year due to the completely changed global economic conditions. The cost reduction and flexibilization measures initiated early in all areas support the performance and profitability of DMG MORI.

We are therefore raising our forecast 2020 for sales revenues and earnings slightly: For the full year we continue to plan order intake of around € 1.6 billion. For sales revenues, we now expect around € 1.75 billion (previously: around € 1.65 billion). EBIT is estimated to be around € 75 million, compared with around € 60 million previously. We continue to expect a balanced free cash flow. This forecast for 2020 assumes that there will be no second lockdown due to the corona pandemic in the further course of business. DMG MORI is well positioned to master this exceptional year and to get out of the crisis stronger than before. Our efficiency measures and the expansion of the future fields make DMG MORI resilient and future-proof. We are focusing especially on Automation, Digitization and Sustainability.

DMG MORI AKTIENGESELLSCHAFT
The Executive Board

Key Figures on Business Development

1st-3rd quarter

	2020	2019	Changes	
	30 September	30 September	2020 against 2019	
	€ million	€ million	€ million	%
Order Intake	1,187.8	2,008.4	-820.6	-41
Sales Revenues	1,305.3	1,892.6	-587.3	-31
EBITDA	106.4	212.7	-106.3	-50
EBIT	53.4	154.4	-101.0	-65
EBT	52.9	152.3	-99.4	-65
EAT	36.7	107.3	-70.6	-66
Free cash flow	-65.8	115.0	-180.8	-157

3rd quarter

	2020	2019	Changes	
	3 rd quarter	3 rd quarter	2020 against 2019	
	€ million	€ million	€ million	%
Order Intake	403.8	596.1	-192.3	-32
Sales Revenues	467.3	616.2	-148.9	-24
EBITDA	38.4	69.7	-31.3	-45
EBIT	20.2	51.0	-30.8	-60
EBT	20.7	50.4	-29.7	-59
EAT	14.3	35.5	-21.1	-60
Free cash flow	13.9	33.1	-19.2	-58

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](#).

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.

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 //

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
1st Quarter 2021
(1 January to 31 March)

7 May 2021

119th Annual General Meeting

27 July 2021

Interim Report for the
1st Half Year 2020
(1 January to 30 June)

Subject to alteration