
– Check against delivery –

**Speech given at the 118th Annual General Meeting
of DMG MORI AKTIENGESELLSCHAFT on 15th May 2020**

My dear ladies and gentlemen,

I would like to warmly welcome you – also on behalf of my colleagues on the Executive Board – to the 118th Annual General Meeting of DMG MORI AKTIENGESELLSCHAFT.

We would have liked to welcome you personally today, as usual, in the Bielefeld City Hall. Instead, you have now successfully logged in digitally. Your health, dear shareholders, is our top priority. We do not accept any compromises in this instance!

2020 is an exceptional year. The corona pandemic has surprised everyone with its extent. The current situation is new and challenging for each of us. This is precisely why it is important to us to let you participate in our business development as planned. We would also like to give you an insight into our strategic future fields.

At DMG MORI we advance digital solutions at every area. Accordingly, the decision to hold our Annual General Meeting virtually this year was an obvious one for us. We are thus also setting a sign for digitization in the capital market. We are glad that you are joining us!

The topic of corona currently dominates almost all areas of our lives, also at DMG MORI. Our company – your company, dear shareholders – is in a challenging situation. However, we have worked hard and have repeatedly exceeded our key figures in recent years. This performance is now benefiting us: **DMG MORI has a stable foundation.**

We have taken various far-reaching and holistic measures to protect our health and for the good of the company. Comprehensive, fast, and proactive. **I am convinced: crises can only be mastered together. Together we are strong! A sense of responsibility, empathy and commitment is more important than ever before – and at DMG MORI this can be felt everywhere. We stand united!**

A big thank you at this point to our customers, business partners and suppliers and above all to you, dear shareholders. Your trust is important to us. **On behalf of the entire Executive Board: Thank you very much!**

Ladies and gentlemen, there is a time during corona. And there will be a time after corona. In every hardship there is also a chance. That is why we are currently working according to the motto "crisis in the morning – opportunity in the afternoon".

With the strategic orientation of our future fields we are exactly right. In the past years we have invested substantially in digitization. Accelerated by the corona crisis, digital change is gaining momentum right now.

Digitization is changing the world and working methods. We see this as a chance to advance digitization at all levels together with employees, customers, partners and suppliers. Because digitization is essential for our future!

There are many opportunities for DMG MORI:

1. internally through the digitization of our own value chain and company processes,
2. externally through software tools that make our machines more modern, more productive and more future-proof,
3. by selling digital products and data-based services,
4. through completely new, digital business models of the future.

In short: At DMG MORI, we make use of the opportunities in the crisis!

As part of "Global One Company", with clearly aligned sales and service structures worldwide, we manage the home market Germany and the EMEA region (Europe, Middle East, Africa) as well as the Chinese and Indian markets. Through DMG MORI COMPANY LIMITED, we are also successful in Japan, North and South America, and other parts of Asia. Together we have 154 sales and service locations all over the world, thereof 14 production plants.

Every day, more than 12,000 employees in our "Global One Company" work hard for over 100,000 customers from 42 industries in 79 countries. We implement their wishes intelligently. We show them new possibilities through our technological innovations. We give them – especially in these times – orientation for the future!

Dear Shareholders: 2019 seems far away due to the corona pandemic. The overall conditions have changed completely. We are aware that the good results of the past financial year are now fading into the background. Nevertheless, this Annual General Meeting will focus on developments in 2019. We would now like to inform you about these.

2019 was a very successful year for DMG MORI with new record figures – and that in a difficult market environment. As "Global One Company", we have dynamically advanced our future fields, especially Automation, Digitization and Additive Manufacturing. The wide range of innovations at the EMO in Hanover was impressive. At the world's most important trade fair for machine tools, we were the largest exhibitor, showing 45 high-tech machines, 29 automations and more than 30 digital solutions on over 10,000 m².

Ladies and gentlemen, DMG MORI is strategically well positioned for the future.

A look at our business figures for 2019:

- Sales revenues reached a new record level.
- EBIT also rose to a historic high.
- The EBIT margin was 8.2%.
- We also achieved a new record in free cash flow.

With these key figures, we met our forecasts – and this despite increasing economic headwind. DMG MORI has held up well in comparison with the industry.

Worldwide machine tool consumption continuously lost momentum in the past year. According to preliminary figures by the German Machine Tool Builders' Association (VDW) and the British economic research institute Oxford Economics, global consumption fell by -6.9% to € 72.9 billion.

There are several reasons for this decline:

- global economic downturn,
- geopolitical uncertainties,
- industrial structural change.

All this influenced the demand for capital goods already in 2019.

Order Intake

While the machine tool industry had to accept significantly higher losses partly, our **order intake** developed better and reached € 2,563.1 million as planned (previous year: € 2,975.6 million).

Sales Revenues

Sales revenues rose to € 2,701.5 million, a new record in the company's history. They increased by +2% compared to the previous year (€ 2,655.1 million). Foreign sales increased by +5% to € 1,932.3 million (previous year: € 1,833.6 million). Domestic sales amounted to € 769.2 million (previous year: € 821.5 million).

Segmental Reporting

The business activities in our segments developed as follows:

The "**Machine Tools**" segment includes the Group's new machines business. Sales revenues grew to € 1,433.2 million (previous year: € 1,454.2 million) and achieved a share of 53% (previous year: 55%).

The "**Industrial Services**" segment had a share of 47% (previous year: 45%). Sales revenues were € 1,268.1 million (previous year: € 1,200.7 million). The Energy Solutions division accounted for € 210.0 million of this (previous year: € 102.1 million). We sold major business activities in this area to a strategic investor on 1 July 2019. With this step, DMG MORI is concentrating on its core business with machine tools and services, as well as the expansion of the future fields of Automation, Digitization and Additive Manufacturing.

"**Corporate Services**" contributed a share of less than 1% to sales revenues.

Order Backlog

On 31 December 2019, the **order backlog** in the Group amounted to € 1,197.4 million (31.12.2018: € 1,609.9 million). This results in an average calculated range of about five months for "Machine Tools".

Earnings

We also improved earnings and achieved new records:

- **EBITDA** increased by +7% to € 299.8 million (previous year: € 280.8 million).
- **EBIT** improved by +2% to € 221.7 million (previous year: € 217.1 million).

In addition to the good earnings situation, the financial situation also continued to develop positively. **Free cash flow** rose by +9% to the record level of € 168.8 million (previous year: € 154.2 million).

The **earnings per share** were € 1.93 (previous year: € 1.88). Due to the domination and profit transfer agreement, DMG MORI AKTIENGESELLSCHAFT no longer distributes a dividend from financial year 2016 onward. Instead, DMG MORI GmbH undertakes to pay a compensation amount ("**guaranteed dividend**") of € 1.17 gross per share, or € 1.03 net – after corporate income tax and before personal income tax – to all outside shareholders for each full financial year.

Share Performance

At the start of the 2019 stock market year, the DMG MORI share was quoted at € 45.25 (2 Jan. 2019) and closed the year on 30 December 2019 at € 42.35. The share is currently quoted at € 41.05 (8 May 2020).

Market capitalization in the reporting period amounted to € 3.34 billion (reporting date: 30 Dec. 2019).

My dear ladies and gentlemen, let me turn to **DMG MORI AKTIENGESELLSCHAFT**:

DMG MORI AKTIENGESELLSCHAFT has management and holding functions. Earnings depend essentially on income from domestic subsidiaries. Under the domination and profit transfer agreement, the earnings after tax of € 95.7 million are transferred to DMG MORI GmbH (previous year: € 99.3 million).

My dear shareholders, you will find further details of the financial year 2019 in the Annual Report. Explanatory notes in accordance with section 289(4) and (5) and in accordance with section 315(4) of the German Commercial Code (HGB) have been set out for you by the Executive Board in the combined management and group management report. All the reports are generally accessible on the internet.

At this point, a note on **agenda item 5** of today's Annual General Meeting: Due to a change in the German Stock Corporation Act at the beginning of the year, the requirements for participating in the Annual General Meeting and exercising voting rights will change. The Executive Board and Supervisory Board therefore propose to amend the Articles of Association in accordance with this change. We ask for your approval.

The following contains some explanations of the consolidated financial statements 2019:

Net Worth and Financial Position

- The **balance sheet total** increased by € 29.1 million to € 2,469.6 million as of 31 December 2019 (previous year: € 2,440.5 million).

- **Equity** increased by € 83.7 million to € 1,281.4 million (previous year: € 1,197.7 million). The **equity ratio** thus rose by 2.8 percentage points to 51.9% despite the increase in total assets (previous year: 49.1%).
- Net financial liabilities amounted to € 154.0 million (previous year: € 152.7 million). The addition to **financial assets** amounted to € 48.5 million and resulted primarily from the participations in TULIP and Pragati.

Investments

In the past year, we again invested significantly in the future of DMG MORI. **Investments** in property, plant and equipment as well as intangible assets amounted to € 110.0 million (previous year: € 81.9 million).

The scheduled increase is mainly attributable to the expansion of our production and logistics capacities as well as the ERP project "GLOBE".

- In FAMOT, our Polish production and supplier plant, we completed a 6,100 m², energy efficient XXL production hall.
- At DECKEL MAHO Pfronten, we are expanding and modernizing the assembly and logistics area. A highlight will be the flow assembly with driverless transport systems (AGVs).
- At GILDEMEISTER in Bielefeld, we have introduced a synchronized flow assembly for Robo2Go 2nd generation and the CTX beta TC series – for considerably shorter lead times and even more transparent assembly progress.

You see: DMG MORI keeps investments at a high level even in challenging times. With dynamic and excellence, we are actively driving our future fields forward. Expenditure for research and development in

2019 amounted to € 57.4 million (previous year: € 57.9 million). We are optimizing existing and proven products and services for excellence in the long term. This makes us a strong, stable and sustainable partner for our customers, suppliers and employees.

In doing so, we are consistently evolving from a machine builder to an integrated solution provider in the manufacturing environment.

The machine is still the focus of our attention. In addition, automation and digitization are further gaining in importance. With us, customers receive everything from a single source: high-precision, efficient and reliable machines, integrated automation and digitization solutions as well as comprehensive service for the manufacturing of the future.

Our **dynamic structure** is reflected in digital units and numerous start-ups in which we have participated in recent years. They are aligning the production plants and sales and service companies of DMG MORI even more towards digitization. Through the satellite structure and uniform orientation of our digital entities, we are accelerating this process. The following applies: We first test our solutions internally and then market them externally after successful quality and serial release.

Future Fields

My dear shareholders, let me briefly discuss our individual strategic future fields.

Automation is the key to flexible production systems. Today, machines are highly automated – alone for reasons of quality and productivity. We offer our customers a broad portfolio with 52 automation solutions. Such

an extensive, integrated range of offers is unique. In the future, automation solutions will be available for almost every DMG MORI machine.

Three examples for our high innovative strength:

- our modular building block system **WH Flex**,
- the driverless transport system **PH-AGV**,
- our **Robo2Go Vision** with an innovative 3D camera system.

Digitization is the topic of the future – and I am deeply convinced that it represents a huge opportunity for DMG MORI, our customers and partners. We are now using the time to further advance our activities in this future field. We have already achieved a lot in recent years because we tackle tasks early on. Doing instead of talking – that is our motto!

With "Integrated Digitization" we offer our customers digital products and solutions along the entire value chain. Connectivity is a fundamental prerequisite for digital production. With **DMG MORI Connectivity**, we offer the complete networking of DMG MORI machines and selected third-party products.

Additional DMG MORI initiatives in the area of digitization:

- We introduced our app-based control and operating system **CELOS** as early as 2013. Today there are around 20,000 CELOS machines on the market.
- We have successfully placed our new customer portal "**myDMG MORI**". It is our digital face to the customer. Within a few months, more than 12,000 customers with over 40,000 machines have already registered. By the end of 2020, there will be around 25,000 customers with over 100,000 machines.

- All users of "my DMG MORI" can upgrade to the maintenance and repair platform **WERKBLiQ** in order to integrate machines from other manufacturers. We thereby offer open solutions – tailored to the heterogeneous manufacturing environment of our customers.
- **ADAMOS** is also developing successfully and currently has 30 partners. The ADAMOS Hub enables the manufacturer-independent use of data from different apps via a single control center. In addition, we will soon launch the ADAMOS Store for easy commercialization of manufacturing apps.

Since September we have been a strategic partner of the US software provider **TULIP**. The innovative production solutions from TULIP allow customers an easy entry into the digitization of production processes. Users can create their own apps in a very short time – without any programming knowledge. In our production plants, there are already around 200 TULIP workstations and more than 50 self-developed apps in use. We leverage the experience of our shop floor employees and enable them to digitize processes in their working environment on their own.

There is no alternative to our future field of **Additive Manufacturing**. The manufacture of complex components using powder nozzle and powder bed technology offers more flexibility for production for example individual, complex geometries as well as lightweight structures, already from batch size 1. Especially now, in times of the corona pandemic, the advantages of additive manufacturing are becoming apparent, for example in the production of components for protective masks.

We are pursuing the motto "everything from a single source" with our DMQP program, which we have strengthened further in 2019. DMQP stands for **DMG MORI Qualified Products** and is a seal of quality. It combines the expertise of more than 100 partners who offer perfectly matched peripheral equipment and accessories for our machine tools.

Dear shareholders, another topic is particularly relevant: sustainability. Climate protection concerns us all! **We must act now – and that is exactly what we are doing.**

I am pleased to inform you: **DMG MORI is already climate-neutral right now – as one of the first industrial companies worldwide.**

Sustainability is a process of continuous improvement. DMG MORI is aware of its responsibility in this field. The protection of the environment and resources is important to us. Our automation and digitization solutions ensure highly efficient usage of our machine tools around the clock. We also support society with numerous social projects and initiatives.

With our "**First Quality**" strategy, we drive numerous initiatives along the entire value chain to satisfy every customer 100%. Example: DMG MORI Components. They are developed by our highly qualified designers on the basis of decades of experience.

We also want to be the No. 1 for our customers when it comes to **service**. With numerous measures, such as "*my DMG MORI*", we have achieved a lot in 2019.

We bundle our **technological excellence** in "Technology Excellence Centers" for the important leading industries "Aerospace", "Automotive", "Die & Mold" and "Medical". Our experts are thus involved in the customer's development processes from an early stage on. This leads to cross-process, integrated turnkey solutions.

With the project **Global One Business Excellence** – in short **GLOBE** – we are currently introducing a uniform ERP system. Centralized, standardized IT structures are a great opportunity to grow together even more strongly into a "Global One Company".

Dear shareholders, our **employees** accomplish great things – these days this is relevant all the more. **Hence, at this point we would like to thank the entire DMG MORI team!** Our employees are our greatest asset.

We stand up for them, we support them in their development. Lifelong learning is essential in this respect. At DMG MORI we are continuously expanding our internal training activities – especially in the current corona situation. In this regard we also make use of the opportunities of digitization. We offer our employees an attractive range of instructional videos on the e-learning platform Masterplan, the DMG MORI Academy and our digital entities. We are convinced: **As a permanently learning company, we are continuously becoming a better company!**

On 31 December 2019, the Group had 7,245 employees, including 347 trainees (previous year: 7,503 employees, including 396 trainees). The number of employees decreased by 258, primarily due to the sale of major business activities of Energy Solutions to a strategic investor. At € 592.4 million, personnel expenses were down on the previous year (€ 595.9 million). The personnel ratio improved to 21.9% (previous year: 22.3%).

The trainee ratio at our German production plants was 10%, which was above the industry average once again. At DMG MORI, we also strengthen digital skills during the job training right from the start and train our junior staff for the networked factory of the future.

As an attractive employer with a modern corporate culture, we value trust, transparency, sustainability and passion. We live these values all over the world!

Outlook for the 2020 Financial Year

Dear shareholders, at the end, let us look at the current financial year. 2020 is an exceptional year: corona pandemic plus global economic weakness, geopolitical uncertainties, industrial structural change.

The massive consequences of the corona crisis for the global economy can be seen in the slump in demand, the breakdown of supply chains and production downtimes. The machine building sector also had to accept heavy losses and production downtimes due to the corona pandemic.

According to the latest April forecast by the Association of German Machine Tool Builders (VDW) and the British economic research institute Oxford Economics, the global market for machine tools is expected to decline by -28.3% to € 52.3 billion in 2020. Hereby, the effects of the corona crisis have not yet been fully taken into account. The forecast of the association will be adjusted in October.

DMG MORI has started the financial year 2020 under massively more difficult market and overall conditions worldwide. The business development in the first quarter was correspondingly marked.

The demand for machine tools declined significantly in the first quarter of 2020 due to the weak global economy and the rapid spread of the corona virus. DMG MORI recorded **order intake** of € 440.2 million, which, understandably, was noticeably below the high level of the previous year (-38%; € 708.3 million).

This also applies to **sales revenues**. They were – influenced by the corona crisis – at € 458.0 million (-27%; previous year: € 629.2 million). In part, the decline is due to the fact that machines could no longer be delivered because of international border and customer-side factory closings as well as to bottlenecks in transport and logistics.

As of 31 March 2020, the **order backlog** amounted to € 1,160.8 million (31 December 2019: € 1,197.4 million) – a calculated range of five months on average. As a proactive measure in the fight against the further spread of the virus, our European production plants and selected sales and service companies were temporarily and partially closed in April. Our agreement on short time working enabled us to proceed in an orderly manner. The resumption of production and assembly took place as planned on 4 May. Sales and service also resumed their work.

The **earnings situation** is also marked by the corona consequences:

- **EBIT** amounted to € 25.3 million (previous year: € 50.4 million).
- **EBIT margin** reached 5.5% (previous year: 8.0%).
- **Free cash flow** was € -36.7 million (previous year: € 31.5 million).

The duration and negative consequences of the corona pandemic are currently not foreseeable for the overall economy or industry. Due to the completely changed global economic environment, DMG MORI will also have to accept significant losses in order intake, sales revenues and earnings compared to the record values of 2019.

The forecast published in the Annual Report 2019 thus cannot be maintained. At the present time, we cannot make a reliable forecast for the 2020 financial year. As soon as an assured assessment of the consequences of COVID-19 on the business development is possible, the forecast for 2020 will be updated.

Dear shareholders, the corona pandemic prevails. So do the uncertainties. The challenges are great. But even greater is the trust in our team and our confidence that we will emerge from the crisis stronger – with even leaner structures and more efficient processes.

We have a stable foundation, a strong management team and a unique combination of dynamic and excellence. DMG MORI is fully committed to overcoming the crisis and, in particular, to further strengthening the strategic future fields.

We think long-term, stay agile, use opportunities.

My dear shareholders, your trust in us and in our work is both an incentive and an obligation for us. We are delighted that you accompany DMG MORI into the digital future.

May you and your families stay healthy!

Thank you very much for your attention!

Christian Thönes
Chairman of the Executive Board
15th May 2020

Forward-looking statements

This quarterly release contains forward-looking statements, which are based on current estimates of the management regarding future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors that could cause the actual circumstances including the results of operations, financial position and net worth of DMG MORI AKTIENGESELLSCHAFT to differ materially from or be more negative than those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI AKTIENGESELLSCHAFT are subject to a range of risks and uncertainties, which may likewise render a forward-looking statement, estimate or forecast inaccurate. Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results expressed, expected, anticipated, intended, planned, aimed at, estimated, projected or implied in these statements. Forward-looking statements must not be understood as a guarantee or assurance of the future developments or events contained therein.

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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.