DMG MORI

AKTIENGESELLSCHAFT

First half year 2016

INTERIM REPORT 2016

Dear Shareholders,

DMG MORI AKTIENGESELLSCHAFT completed in a volatile market environment the first half year 2016 according to plan: Order intake was € 1,158.2 million (previous year: € 1,203.3 million). This decline is mainly attributable to cancellations made by us due to non-receipt of advance payments. Without this measure, the order intake figure would be above the previous year's level. Sales revenues amounted to € 1,092.5 million (previous year: € 1,090.2 million). EBITDA totalled € 94.2 million (previous year: € 94.9 million), EBIT was € 65.3 million (previous year: € 68.4 million) and EBT amounted to € 61.2 million (previous year: € 65.7 million). As of 30 June 2016, the group reports earnings after taxes of € 42.8 million (previous year: € 45.3 million).

A key event in the second quarter was the increase in the shareholding of our Japanese partner, DMG MORI COMPANY LIMITED in DMG MORI AKTIENGESELLSCHAFT to 76.03% and the subsequent finalisation of a domination and profit transfer agreement. The 114th Annual General Meeting approved this agreement on 15 July, which will become effective with its entry in the commercial register. The domination and profit transfer agreement provides us with a legal framework and basis for an even closer working relationship. The further merger with our Japanese partner to form a "Global One" company enables us to consolidate our competitive position. Together, we are planning on streamlining our product range and optimising our global production capacities. Our operations will be strongly focused on further developing CELOS and state-of-the-art Industrie 4.0 applications. For us, digitisation is one of the key topics for the future. We also plan on strengthening our position as a leader in forward-looking technologies, such as DMG MORI Technology Cycles and additive manufacturing processes.

We are expecting special impetus for the order intake from the autumn machine tool exhibitions, the IMTS in Chicago, the AMB in Stuttgart and the JIMTOF in Tokyo. On 9 November, we will open our new Technology and Solution Centre in Seoul (South Korea).

With regard to the second half of the year, we continue to expect a volatile economic development. Sources of uncertainty, in particular, are the slowdown in China's growth momentum and Great Britain's vote to leave the European Union. In view of this, it is difficult to forecast future business performance. However, we reconfirm our previous forecast for financial year 2016. We are expecting a slightly better order intake than in the previous year and are currently planning sales revenues of around € 2.3 billion. At around € 160 million, EBT will be significantly below the high figure of the previous year, which was marked by the one-off effect from the sale of shares in DMG MORI COMPANY LIMITED. We are also expecting a slightly improved positive free cash flow.

KEY FIGURES 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 and refer exclusively to the DMG MORI AKTIENGESELLSCHAFT and its affiliated group companies (in the following referred to as the DMG MORI group).

01 **DMG MORI GROUP**

	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million	Changes 30 June 2016 to 30 June 2015 € million	%
Sales revenues					
Total	1,092.5	2,304.7	1,090.2	2.3	0
Domestic	363.1	762.1	356.9	6.2	2
International	729.4	1,542.6	733.3	−3.9	−1
% International	67	67	67		
Order intake					
Total	1,158.2	2,282.8	1,203.3	−45.1	−4
Domestic	371.9	785.0	397.9	−26.0	−7
International	786.3	1,497.8	805.4	−19.1	−2
% International	68	66	67		
Order backlog					
Total	930.1	884.2	1,041.9	−111.8	−11
Domestic	344.5	335.7	353.3	−8.8	−3
International	585.6	548.5	688.6	−103.0	−15
% International	63	62	66		
Investments	29.8	130.6	49.4	−19.6	−40
Personnel costs	288.5	545.5	274.2	14.3	5
Personnel ratio in %	25.6	23.2	23.8		
EBITDA	94.2	243.1	94.9	−0.7	−1
EBIT	65.3	185.9	68.4	−3.1	−5
EBT	61.2	217.3	65.7	−4.5	−7
Earnings after taxes	42.8	159.6	45.3	−2.5	−5

	30 June 2016	31 Dec. 2015	30 June 2015	Changes 30 June 2016 to 31 Dec. 2015	%
Employees	7,186	7,142	7,002	44	1
plus trainees	275	320	267	−45	−14
Total employees	7,461	7,462	7,269	−1	0

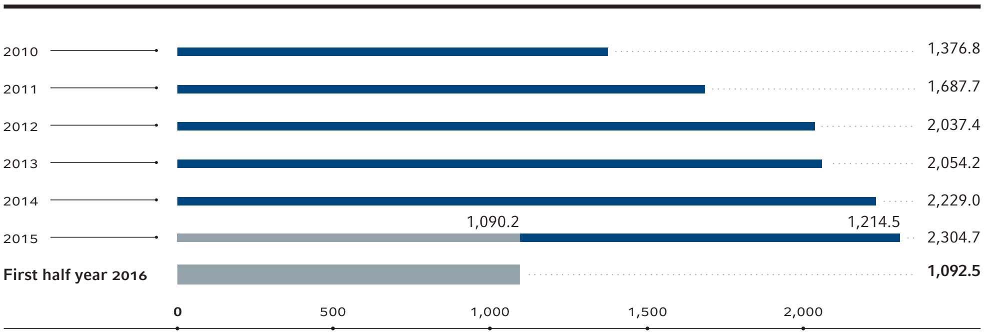
References

P Page reference for further information in the Interim Report

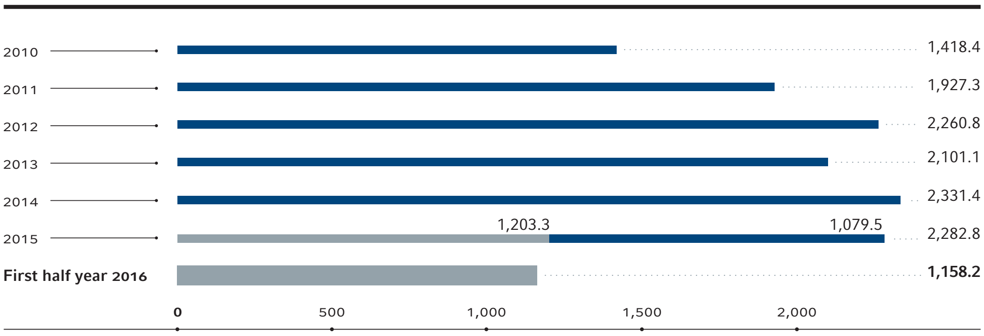
G Reference to a diagram or table providing visual representation

I Reference to further / updated information in the internet

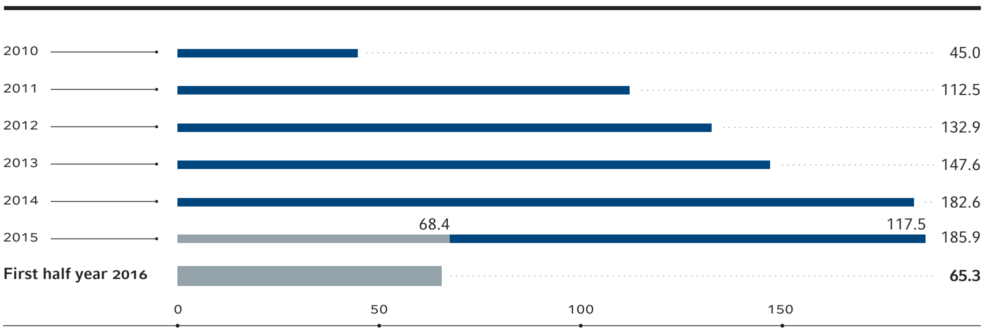
02 **SALES REVENUES** IN € MILLION



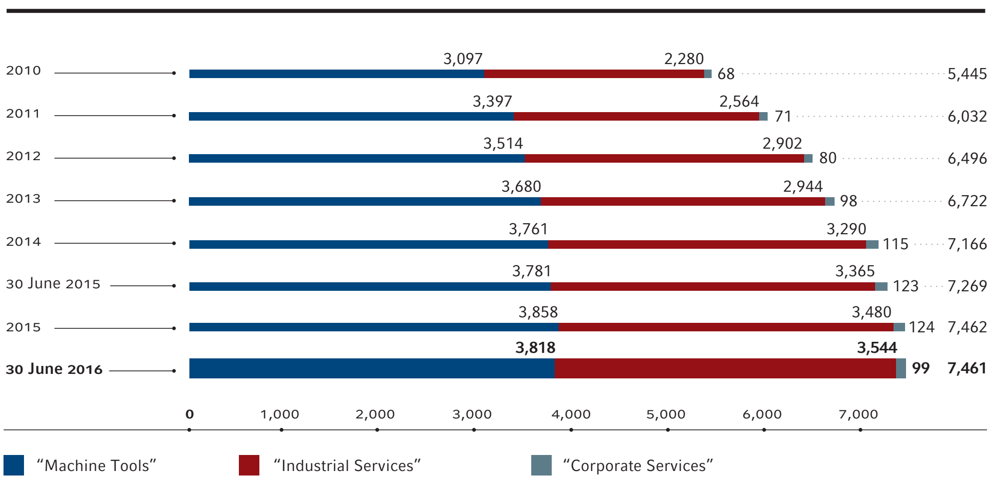
03 **ORDER INTAKE** IN € MILLION



04 **EBIT** IN € MILLION



05 **NUMBER OF EMPLOYEES** INCL. TRAINEES



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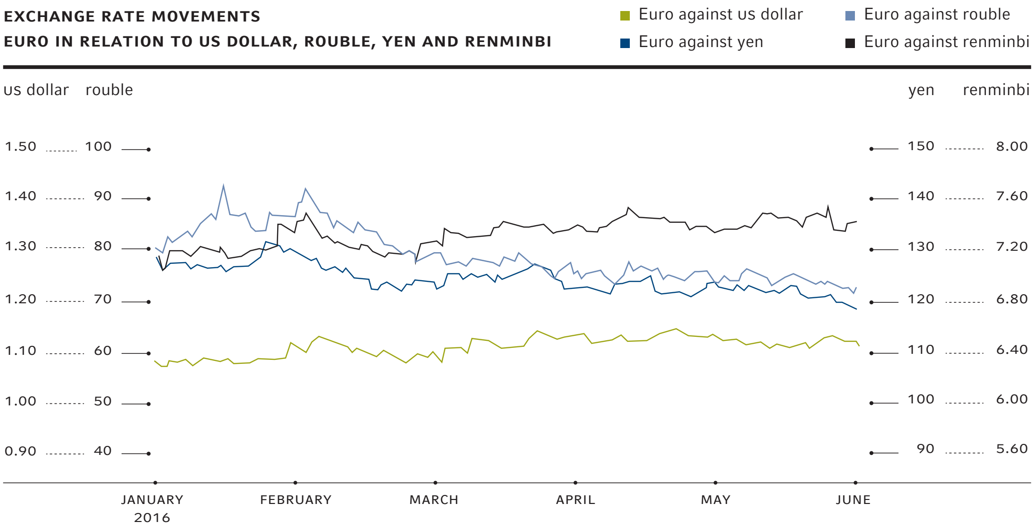
The **global economy** picked up steam slightly in the first half year of 2016 but it recorded only slight dynamics on the whole.

The economic development in **Asia** was unsteady. Following the turbulences at the stock exchanges in **China** in the beginning of the year, a further decline of growth rates set in. The economy in **Japan** has recovered slightly compared to the end of the previous year, while the growth rate, however, was substantially below the previous year. In the **USA**, the economic growth slowed down a little in the course of the half year. In **Europe**, overall continued modest growth is reported. The economic dynamic in Great Britain was influenced by the Brexit debate. **Germany's** cyclical development continues to be on moderate growth track. The economic barometer of the German Economic Research Institute (DIW) estimates that growth in the second quarter amounts to +0.3% compared to the first quarter.

The international business development of DMG MORI AKTIENGESELLSCHAFT is influenced by the exchange rates of the euro. The U.S. dollar, Chinese renminbi, the Russian rouble and the Japanese yen are of particular importance. The euro, relative to these **currencies**, excluding the Japanese yen, gained in value during the second quarter 2016. Compared to the median value of the euro, the U.S. dollar was at USD 1.13 (previous year's quarter: USD 1.11). Thus, the euro rose by 2.2% compared to the USD. The median value of the Chinese renminbi was noted at 7.38 renminbi (previous year's quarter: 6.86 renminbi) and the euro thus rose by 7.6% compared to the renminbi. Compared to the median value of the rouble, the median value of the euro rose substantially by 27.7% and it was noted at 74.33 rouble (previous year's quarter: 58.22 rouble). The median value of the euro fell by 9.2% compared to the yen and it was noted at 121.95 yen (previous year's quarter: 134.29 yen).

Sources: German Economic Research Institute (DIW), Berlin
ifo Economic Research Institute (ifo), Munich;
Institute for World Economics (IfW), Kiel

A . 01 **EXCHANGE RATE MOVEMENTS**
EURO IN RELATION TO US DOLLAR, ROUBLE, YEN AND RENMINBI



Sources: European Central Bank, Deutsche Bundesbank (German Federal Bank)

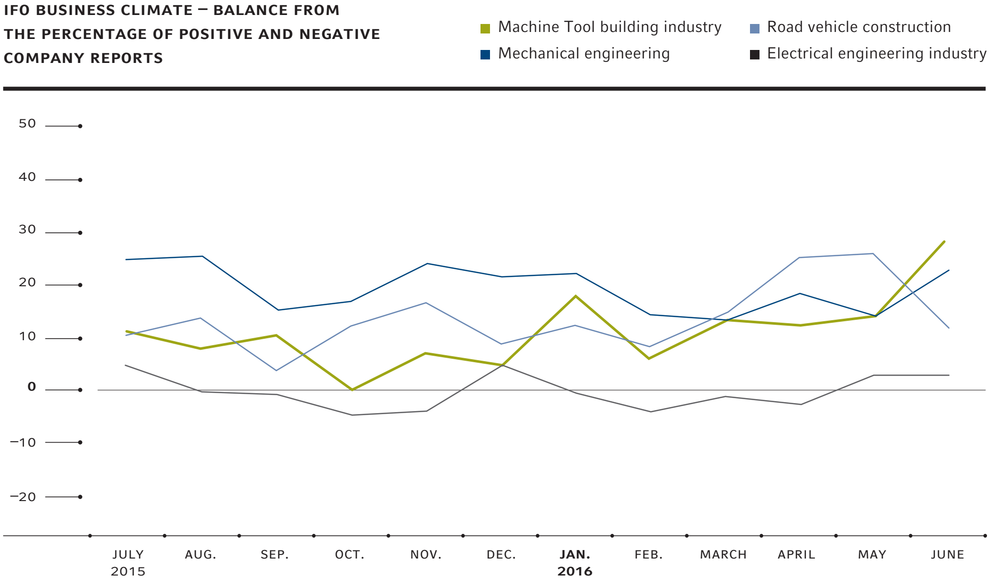
The **global market for machine tools** is expected to grow only modestly in 2016. The German Machine Tool Builders´ Association (VDW) and the British economic research institute Oxford Economics expect in their latest forecast (status: April 2016) a growth of **global consumption** by only 1.9% to reach € 68.7 billion. Demand in Asia is expected to rise by 2.7%. For America, a decline in consumption by 2.7% is forecast. Demand in Europe is expected to increase by 2.1%.

The **German machine tool market** is expected likewise to grow only modestly in the course of the year. Order intake of German machine tool manufacturers rose in the first half year. Oxford Economics forecasts a market growth of 1.5% for the whole year.

The **ifo business climate index** for Germany's industry increased recently. The majority of the main buyer industries, however, continue to evaluate the present business situation as positive.

Source: Oxford Economics, VDW (Verein Deutscher Werkzeugmaschinenfabriken)

A . 02 **IFO BUSINESS CLIMATE – BALANCE FROM THE PERCENTAGE OF POSITIVE AND NEGATIVE COMPANY REPORTS**



Source: ifo Institut, Munich

B . 01 **Group Structure**

CORPORATE SERVICES

DMG MORI AKTIENGESELLSCHAFT (Bielefeld)

MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH (Bielefeld)

Turning	Milling	Advanced Technologies
GILDEMEISTER Drehmaschinen GmbH (Bielefeld)	DECKEL MAHO Pfronten GmbH (Pfronten)	SAUER GmbH (Idar-Oberstein, Pfronten)
GRAZIANO Tortona S.r.l. (Tortona / Italy)	DECKEL MAHO Seebach GmbH (Seebach)	
GILDEMEISTER Italiana S.p.A. (Bergamo / Italy)		

The DMG MORI group counted 99 companies including DMG MORI AKTIENGESELLSCHAFT as at 30 June 2016. Compared to 31 March 2016, the number of group companies reduced by one. In the course of a realignment, DMG Electronics GmbH has been renamed to DMG MORI Software Solutions GmbH. Due to the increasing importance of CELOS and innovative software solutions, we summarize our activities in this business field.

Sales Revenues

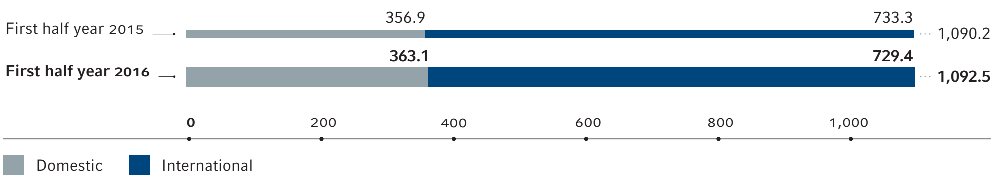
Sales revenues in the **second quarter** reached € 551.1 million (previous year: € 551.8 million). For the **half year**, sales revenues were slightly above the previous year's value at € 1,092.5 million (previous year: € 1,090.2 million).

P. 11 – 15 *Segments*

In the "Machine Tools" segment, sales revenues increased by € 25.6 million to € 602.2 million (previous year: € 576.6 million). Sales revenues in the "Industrial Services" segment amounted to € 490.2 million (previous year: € 513.5 million).

International sales revenues amounted to € 729.4 million and were thereby at about the previous year's level (€ 733.3 million). Domestic sales revenues increased to € 363.1 million (previous year: € 356.9 million). The export quota amounted to 67% as in the previous year.

B . 02 **SALES REVENUES DMG MORI GROUP**
IN € MILLION



DMG MORI ECOLINE Holding AG (Winterthur / Switzerland) Production

INDUSTRIAL SERVICES

Sales and Service locations worldwide (164)

Software Solutions

DMG MORI Software Solutions GmbH (Pfronten)

Systems

DMG MORI Systems GmbH (Wernau, Hüfingen)

ECOLINE Association

FAMOT Pleszew Sp.z o.o. (Pleszew / Poland)

DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., (Shanghai / China)

Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia)

DMG MORI Sales and Service Holding AG (Switzerland)

DMG MORI Europe
Winterthur (Switzerland) (46)

DMG MORI Germany
Stuttgart (8)

DMG MORI Asia
Shanghai, Singapore, Tokyo (55)

DMG MORI Services
Bielefeld, Pfronten (23)

DMG MORI America
Itasca (Illinois) (27)

GILDEMEISTER energy solutions GmbH
Würzburg (5)

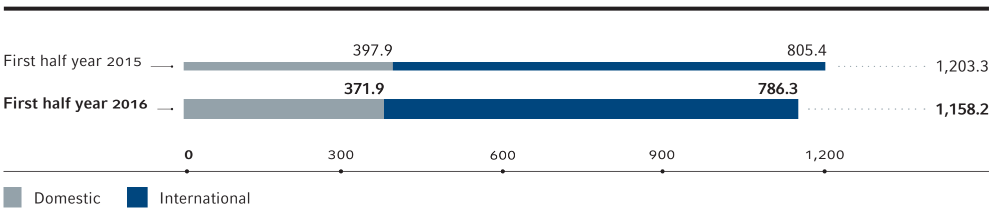
Order Intake

P. 11 – 15
Segments

In the **second quarter**, order intake amounted to € 566.6 million (previous year: € 616.1 million). In the “Machine Tools” segment, orders were at € 281.9 million (previous year: € 316.0 million). This decline is mainly attributable to cancellations made by us due to non-receipt of advance payments. Without this measure, the order intake figure would be above the previous year’s level. The “Industrial Services” segment recorded order intake of € 284.7 million (previous year: € 300.1 million); of which € 276.4 million were contributed by the Services division (previous year: € 288.4 million). This figure comprises the orders for DMG MORI COMPANY LIMITED machines amounting to € 118.5 million (previous year: € 126.6 million). Order intake in Energy Solutions amounted to € 8.3 million (previous year: € 11.7 million).

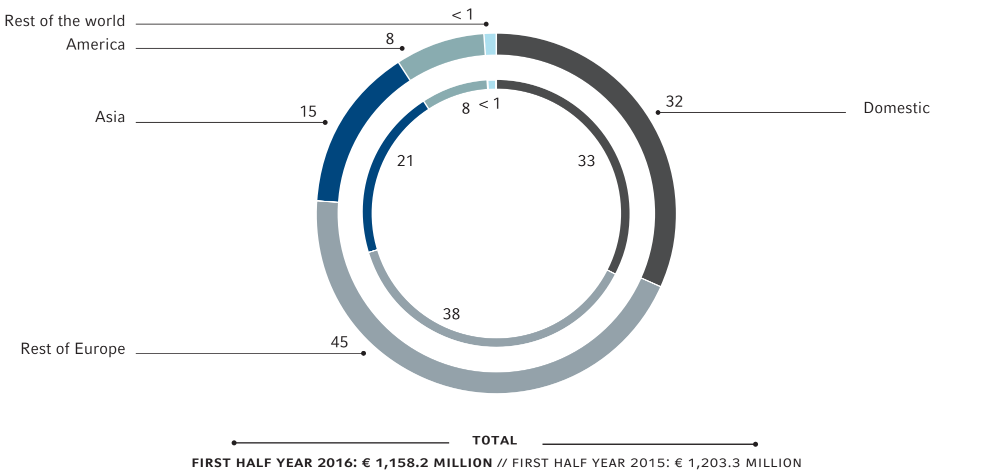
In the **first half year** order intake amounted to € 1,158.2 million (previous year: € 1,203.3 million). This figure comprises the orders for DMG MORI COMPANY LIMITED machines amounting to € 203.5 million (previous year: € 234.0 million). Domestic orders were € 371.9 million (previous year: € 397.9 million). International orders amounted to € 786.3 million (previous year: € 805.4 million). Thus the share of foreign business was 68% (previous year: 67%).

B . 03 **ORDER INTAKE DMG MORI GROUP**
IN € MILLION



In the individual market regions, order intake developed as follows:

B . 04 **ORDER INTAKE DMG MORI GROUP BY REGIONS**
IN %



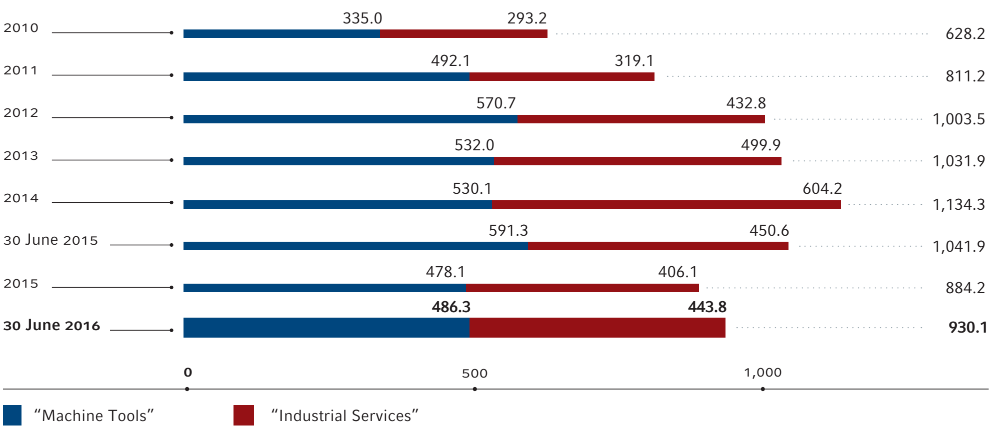
Order Backlog

P. 11 – 15
Segments

On 30 June 2016 the order backlog within the group was € 930.1 million (31 Dec. 2015: € 884.2 million).

Domestic backlog increased compared with the end of 2015 by € 8.8 million to € 344.5 million. The backlog of international orders rose by € 37.1 million to € 585.6 million. International orders account for 63 % of existing orders. The backlog developed in the individual segments as follows:

B . 05 **ORDER BACKLOG DMG MORI GROUP**
IN € MILLION



The order backlog for "Machine Tools" gives rise to a forward order book of an average of approximately four months. In this respect, the individual production companies show different degrees of capacity utilisation.

Results of Operations, Net Worth and Financial Position

Earnings of the DMG MORI group developed as follows: in the **second quarter**, **EBITDA** achieved € 51.8 million (previous year: € 52.5 million), **EBIT** amounted to € 37.3 million (previous year: € 38.4 million) and the **EBT** reached € 35.4 million (previous year: € 37.8 million).

As at the end of the **first half of the year**, **EBITDA** amounted to € 94.2 million (previous year: € 94.9 million), **EBIT** was € 65.3 million (previous year: € 68.4 million) and **EBT** reached to € 61.2 million (previous year: € 65.7 million). As of 30 June 2016, the group reports **earnings after taxes** of € 42.8 million (previous year: € 45.3 million).

Sales revenues were € 1,092.5 million (previous year: € 1,090.2 million). Total operating revenue reached to € 1,125.4 million (previous year: € 1,154.2 million). The reduction compared to the previous year essentially results from lesser changes in the inventory. The cost of materials decreased to € 577.8 million (previous year: € 612.6 million) with lower total operating revenue. The materials ratio amounted to 51.3% (previous year: 53.1%). Gross income rose by € 6.0 million to € 547.6 million (previous year: € 541.6 million). Personnel expenses were € 288.5 million (previous year: € 274.2 million). The personnel expense ratio was 25.6% (previous year: 23.8%).

P. 16
Employees

The balance of other income and expenses amounted to € 164.9 million (previous year: € 172.5 million). Depreciation amounted to € 28.9 million (previous year: € 26.5 million), due to the high investment volume in the previous years. The financial result in the first half year was € −4.1 million (previous year: € −2.7 million). In the previous year, income from the dividend payment from DMG MORI COMPANY LIMITED was included here in the amount of € 1.2 million. Earnings after taxes were € 42.8 million (previous year: € 45.3 million), which lead to tax expenses of € 18.4 million, as at 30 June 2016 (previous year: € 20.4 million). The tax ratio amounted to 30.0% (previous year: 31.0%).

P. 29
Selected Explanatory Notes to the Interim Consolidated Financial Statements

B . 06

	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million
Net worth			
Long-term assets	862.8	846.4	1,010.0
Short-term assets	1,363.4	1,437.5	1,252.0
Equity	1,399.0	1,357.5	1,374.6
Outside capital	827.2	926.4	887.4
Balance sheet total	**2,226.2**	**2,283.9**	**2,262.0**

The balance sheet total as of 30 June 2016 reduced to € 2,226.2 million (31 Dec. 2015: € 2,283.9 million).

Under **assets**, long-term assets increased by € 16.4 million to € 862.8 million, compared to 31 Dec. 2015. The intangible assets and property, plants and equipment rose to € 682.2 million (31 Dec. 2015: € 673.6 million). Financial assets amounted to € 69.2 million (31 Dec. 2015: € 69.1 million).

Short-term assets amounted to € 1,363.4 million (31 Dec. 2015: € 1,437.5 million). Inventories rose by € 54.5 million to € 576.8 million. Raw materials and consumables increased by € 15.4 million to € 211.8 million. The stock of unfinished goods increased to € 130.6 million (€ +5.0 million) and the finished goods rose to € 224.4 million (€ +26.8 million); the increase especially resulted from preliminary work for planned sales revenues with customers in the second half of the year. The turnover rate of inventories was 3.8 (previous year's period: 3.7). Trade debtors increased, as factoring volume was reduced, by € 55.3 million to € 296.3 million. Liquid funds were in the first half of the year € 363.9 million (31 Dec. 2015: € 552.1 million).

Under **equity and liabilities**, equity rose by € 41.5 million to € 1,399.0 million (31 Dec. 2015: € 1,357.5 million). The equity ratio rose to 62.8% (31 Dec. 2015: 59.4%). Outside capital fell to € 827.2 million (31 Dec. 2015: € 926.4 million). Provisions decreased as planned by € 6.0 million to € 287.9 million and trade creditors declined as planned by € 93.1 million to € 267.6 million.

The group's financial position developed as follows: In the first half of the year, **cash flow** from operating activities was € −158.3 million (previous year: € −163.5 million). Earnings before taxes (EBT) of € 61.2 million (previous year: € 65.7 million) and depreciations in the amount of € 28.9 million (previous year: € 26.5 million) made a positive contribution to cash flow. The rise in inventories by € 54.6 million and in trade debtors by € 57.8 million and a decline in trade creditors by € 92.3 million reduced cash flow.

P. 10 *Investments*

Cash flow from investment activity amounted to € −27.3 million (previous year: € −56.4 million). Payments for investments in plant, property and equipment and in intangible assets were € −29.7 million (previous year: € −58.4 million). As in the previous year, there were no payments for investments in financial assets.

Cash flow from financing activity amounted to € −1.1 million (previous year: € −21.4 million).

In the first half of the year, **free cash flow** amounted to € −185.6 million (previous year: € −196.3 million); this trend is primarily due to planned reduction of trade creditors and the increase in inventory because of the cyclical nature of our business for planned sales activities.

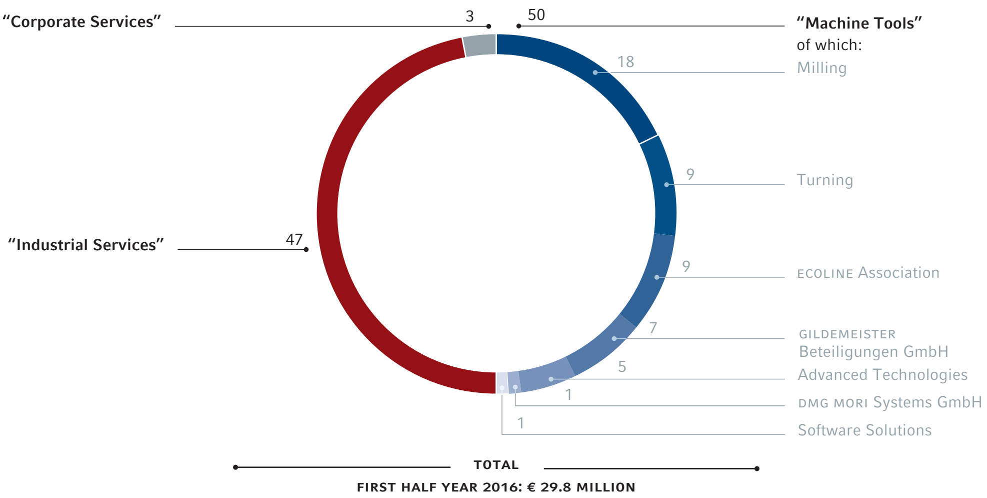
CASH FLOW	2016 First half year € million	2015 First half year € million
Cash flow from operating activities	−158.3	−163.5
Cash flow from investment activity	−27.3	−56.4
Cash flow from financing activity	−1.1	−21.4
Changes in cash and cash equivalents	−188.2	−236.1
Liquid funds at the start of the reporting period	552.1	433.0
Liquid funds at the end of the reporting period	363.9	196.9

In the second half of the year, we are planning as every year an increasing surplus in liquidity. The planned investment volume in property, plant and equipment and intangible assets is to be financed from own funds. We are planning with a slightly improved positive free cash flow for the entire year.

Investments

Investments in property, plant and equipment and intangible assets in the first half year amounted to € 29.8 million (previous year's value: € 49.4 million). An important event was the grand opening of our new Technology and Solution Centre in Moscow (Russia) on 23 May. In the emergent business field of Advanced Technologies, we expanded our ULTRASONIC technology site in Idar-Oberstein. On 9 November, we will open our new Technology and Solution Centre in Seoul (South Korea). In addition, we are investing in the development of innovative products, in tools, models and equipment necessary for production, as well as in the modernisation of technical plant and machinery.

B . 08 **CONTRIBUTION OF EACH SEGMENT / DIVISION TO INVESTMENTS IN FIXED ASSETS AND INTANGIBLE ASSETS**
IN %



Segmental Reporting

Our business activities include the "Machine Tools" and "Industrial Services" segments. The "Corporate Services" segment primarily includes the DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions. The selected machines from DMG MORI COMPANY LIMITED that we produce under licence are included in "Machine Tools". The trade in and services for these machines are entered in the accounts under "Industrial Services".

The breakdown of sales revenues, order intake and EBIT for the individual segments is presented as follows:

B . 09 **SEGMENT KEY FIGURES OF THE DMG MORI GROUP**

	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million	Changes 30 June 2016 to 30 June 2015 € million	%
Sales Revenues	**1,092.5**	**2,304.7**	**1,090.2**	**2.3**	**0**
Machine Tools	602.2	1,264.5	576.6	25.6	4
Industrial Services	490.2	1,040.0	513.5	−23.3	−5
Corporate Services	0.1	0.2	0.1	0.0	
Order Intake	**1,158.2**	**2,282.8**	**1,203.3**	**−45.1**	**−4**
Machine Tools	610.4	1,212.5	637.9	−27.5	−4
Industrial Services	547.7	1,070.1	565.3	−17.6	−3
Corporate Services	0.1	0.2	0.1	0.0	
EBIT	**65.3**	**185.9**	**68.4**	**−3.1**	**−5**
Machine Tools	34.7	102.6	34.3	0.4	1
Industrial Services	53.4	126.6	55.6	−2.2	−4
Corporate Services	−22.9	−42.6	−21.3	−1.6	

"Machine Tools"

The "Machine Tools" segment is our core segment and includes the new machines business of the group with the divisions Turning and Milling, Advanced Technologies (Ultrasonic / Lasertec), ECOLINE, Software Solutions and DMG MORI Systems.

B . 10 KEY FIGURES "MACHINE TOOLS" SEGMENT

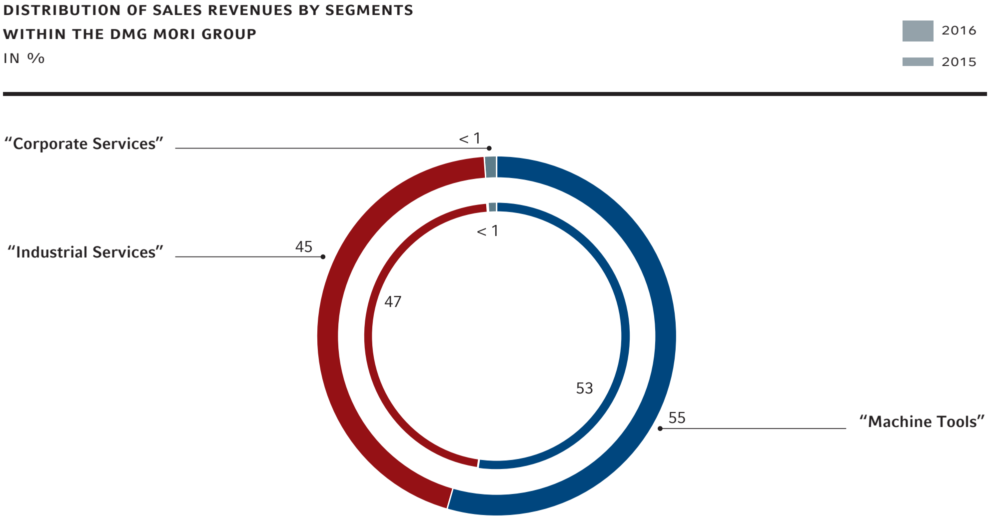
	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million	Changes 30 June 2016 to 30 June 2015 € million	%
Sales revenues					
Total	602.2	1,264.5	576.6	25.6	4
Domestic	204.3	420.8	188.5	15.8	8
International	397.9	843.7	388.1	9.8	3
% International	66	67	67		
Order intake					
Total	610.4	1,212.5	637.9	−27.5	−4
Domestic	186.6	417.7	211.6	−25.0	−12
International	423.8	794.8	426.3	−2.5	−1
% International	69	66	67		
Order backlog					
Total	486.3	478.1	591.3	−105.0	−18
Domestic	119.6	137.3	163.4	−43.8	−27
International	366.7	340.8	427.9	−61.2	−14
% International	75	71	72		
Investments	14.9	82.5	34.2	−19.3	−56
EBIT	34.7	102.6	34.3	0.4	1

	30 June 2016	31 Dec. 2015	30 June 2015	Changes 30 June 2016 to 31 Dec. 2015	%
Employees	3,598	3,599	3,566	−1	0
plus trainees	220	259	215	−39	−15
Total employees	3,818	3,858	3,781	−40	−1

In the "Machine Tools" segment, the second quarter's trend was as follows: sales revenues increased by € 0.6 million to € 304.3 million (previous year's quarter: € 303.7 million). As at 30 June 2016, sales revenues rose by € 25.6 million to € 602.2 million (previous year: € 576.6 million). The "Machine Tools" segment had a 55% share of group sales revenues (previous year's period: 53%).

With respect to the total sales revenues of the group, the "Machine Tools", "Industrial Services" and "Corporate Services" contributed as follows:

B . 11 **DISTRIBUTION OF SALES REVENUES BY SEGMENTS WITHIN THE DMG MORI GROUP**
IN %



TOTAL
FIRST HALF YEAR 2016: € 1,092.5 MILLION // FIRST HALF YEAR 2015: € 1,090.2 MILLION

Order intake in the "Machine Tools" segment in the second quarter decreased by € 34.1 million to € 281.9 million (previous year's period: € 316.0 million). This decline is mainly attributable to cancellations made by us due to non-receipt of advance payments. Without this measure, the order intake figure would be above the previous year's level. In the first half year, orders amounted to € 610.4 million (previous year: € 637.9 million). As in the previous year, "Machine Tools" accounted for 53% of all incoming orders in the group. The **order backlog** amounted to € 486.3 million as of the end of the first half of the year (previous year: € 591.3 million). **EBIT** reached € 34.7 million (previous year: € 34.3 million). As at 30 June 2016, the number of **employees** in the "Machine Tools" segment was 3,818. Compared to the end of 2015 (3,858) the number of employees reduced by 40.

"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 our cooperation partner. With the aid of the DMG MORI LifeCycle Services, our customers maximise the productivity of their machine tools over their entire life cycle – from commissioning until 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.

In **Energy Solutions** we focus on the business areas of Energy Efficiency, Services, Components and Storage Technology.

B . 12 KEY FIGURES "INDUSTRIAL SERVICES" SEGMENT

	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million	Changes 30 June 2016 to 30 June 2015 € million	Changes 30 June 2016 to 30 June 2015 %
Sales revenues					
Total	490.2	1,040.0	513.5	−23.3	−5
Domestic	158.7	341.1	168.3	−9.6	−6
International	331.5	698.9	345.2	−13.7	−4
% International	68	67	67		
Order intake					
Total	547.7	1,070.1	565.3	−17.6	−3
Domestic	185.2	367.1	186.2	−1.0	−1
International	362.5	703.0	379.1	−16.6	−4
% International	66	66	67		
Order backlog					
Total	443.8	406.1	450.6	−6.8	−2
Domestic	224.9	198.4	189.9	35.0	18
International	218.9	207.7	260.7	−41.8	−16
% International	49	51	58		
Investments	14.1	41.4	14.6	−0.5	−3
EBIT	53.4	126.6	55.6	−2.2	−4

	30 June 2016	31 Dec. 2015	30 June 2015	Changes 30 June 2016 to 31 Dec. 2015	%
Employees	3,489	3,419	3,313	70	2
plus trainees	55	61	52	−6	−10
Total employees	3,544	3,480	3,365	64	2

Sales revenues of the "Industrial Services" segment were € 246.8 million in the second quarter (previous year's quarter: € 248.1 million). As at the first half of the year they amounted to € 490.2 million (previous year: € 513.5 million).

Services recorded sales revenues of € 234.5 million in the second quarter (previous year: € 236.6 million). In the first half of the year they decreased by € 28.4 million to € 463.0 million (previous year: € 491.4 million). This results essentially from lower trading volume earned with machines of our cooperation partner. Sales revenues in the Energy Solutions division were € 12.3 million in the second quarter (previous year: € 11.5 million) and € 27.2 million in the first half of the year (previous year: € 22.1 million). "Industrial Services" contributed a total share of 45% to group sales revenues (previous year: 47%).

Order intake amounted to € 284.7 million in the second quarter (previous year's quarter: € 300.1 million). The contribution of Services amounted to € 276.4 million (previous year: € 288.4 million). Order intake in the "Industrial Services" division decreased by € 17.6 million to € 547.7 million (previous year: € 565.3 million) in the first half year. Order intake in the Services division was € 522.9 million as of 30 June (previous year: € 544.4 million). While order intake in our original business, LifeCycle Services (inter alia spare parts, maintenance and repairs) rose by € 8.9 million to € 319.3 million (previous year: € 310.4 million), orders for machines of our cooperation partner reduced to € 203.5 million (previous year: € 234.0 million). Order intake in the Energy Solutions division were € 24.8 million (previous year: € 20.9 million). As in the previous year, "Industrial Services" contributed a total share of 47% of group orders.

The **order backlog** amounted to € 443.8 million (previous year: € 450.6 million). **EBIT** in the first six months amounted to € 53.4 million (previous year: € 55.6 million). The number of **employees** in the "Industrial Services" segment at the end of the second quarter 2016 was 3,544 (31 Dec. 2015: 3,480). The risen number of employees foremost results from new hiring at our sales and service companies in Germany, France, Spain and South-East Europe.

"Corporate Services"

B . 13

KEY FIGURES "CORPORATE SERVICES" SEGMENT	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million		Changes 30 June 2016 to 30 June 2015 € million
Sales revenues	0.1	0.2	0.1		0.0
Order intake	0.1	0.2	0.1		0.0
Investments	0.8	6.7	0.6		0.2
EBIT	−22.9	−42.6	−21.3		−1.6
	30 June 2016	31 Dec. 2015	30 June 2015	Changes 30 June 2016 to 31 Dec. 2015	%
Employees	99	124	123	−25	−20

The "Corporate Services" segment primarily includes the DMG MORI AKTIENGESELLSCHAFT with its group wide holding functions. **EBIT** amounted to € −22.9 million (previous year: € −21.3 million), this includes increased personnel expenses which could be compensated in part by savings in legal and consulting costs. The financial result was € 3.2 million during the first six months (previous year: € 4.4 million). In the previous year, income from the dividend payment from DMG MORI COMPANY LIMITED was included here in the amount of € 1.2 million. **EBT** amounted to € −19.7 million (previous year: € −16.9 million).

Employees

On 30 June 2016, the group had 7,461 employees of whom 275 were trainees (31 Dec. 2015: 7,462). Compared to the end of 2015 the number of employees in the "Machine Tools" segment reduced by 40. The number of employees in the "Industrial Services" was increased in particular at our sales and service companies in Germany, France, Spain and South-East Europe. At the end of the first half year, there were 4,095 domestic employees (55%) and 3,366 employees (45%) working for the international companies. Personnel costs amounted to € 288.5 million (previous year's period: € 274.2 million). The personnel ratio was 25.6% (previous year's period: 23.8%).

Share

Domination and Profit Transfer Agreement

On 2 June 2016, DMG MORI GmbH – a 100% subsidiary of DMG MORI COMPANY LIMITED – as the controlling company and DMG MORI AKTIENGESELLSCHAFT as the controlled company concluded a domination and profit transfer agreement pursuant to section 291 seqq. of the German Stock Companies Act (AktG).

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The auditing company jointly appointed by DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT to carry out the independent evaluation, PKF Fasselt Schlage Partnerschaft mbH, arrived at the following results in the course of its company valuation according to the valuation standard IDW S1: For the compensation in accordance with section 304 AktG ("Guaranteed Dividend"), PKF has determined € 1.17 gross (€ 1.03 net following deduction of corporation tax and the solidarity surcharge) per share of DMG MORI AKTIENGESELLSCHAFT for each full financial year and, for the settlement in accordance with section 305 AktG, has determined € 25.14 per share of DMG MORI AKTIENGESELLSCHAFT.

The court-appointed contract auditor, Ebner Stolz GmbH & Co. KG, has confirmed the adequacy of the compensation determined by PKF pursuant to section 304 AktG and the settlement pursuant to section 305 AktG.

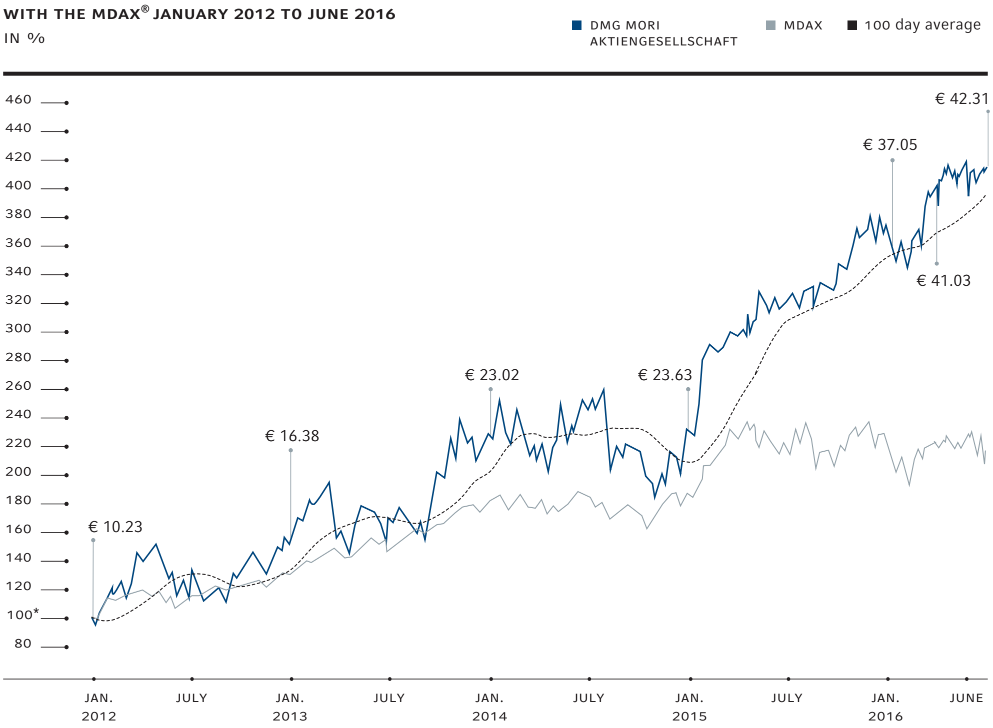
The German Financial Supervisory Authority (BaFin) has determined the volume-weighted average price per share of DMG MORI AKTIENGESELLSCHAFT as being € 37.35 in the relevant three-month period prior to the announcement on 6 April 2016 of the planned conclusion of a domination and profit transfer agreement. As this average share price is higher than the amount determined by PKF, the settlement is € 37.35.

On 15 July 2016, the 114th Annual General Meeting of DMG MORI AKTIENGESELLSCHAFT approved the domination and profit transfer agreement. Before the agreement can enter into force, it requires the registration in the commercial register of DMG MORI AKTIENGESELLSCHAFT.

Share Performance

The share price of DMG MORI AKTIENGESELLSCHAFT at the start of the second quarter was quoted at € 41.03 (01 April 2016) and closed at a price of € 42.31 at the end of the reporting period (30 June 2016). At the present time, the company is being analysed in studies conducted by nine banks. Four analysts recommend holding on to the share, while five banks recommend selling the share.

B . 14 **THE DMG MORI AKTIENGESELLSCHAFT SHARE IN COMPARISON WITH THE MDAX® JANUARY 2012 TO JUNE 2016**
IN %



* 02 January 2012 = 100, stock performance indexed, XETRA stock prices
Source: Deutsche Börse Group

For the first six months, based on the number of shares of 78.8 million, a turnover rate of 0.2 times (previous years' period: 0.7 times) was calculated. At the German stock exchanges, the trading volume averaged 102,000 shares per trading day (previous year: 414,000 shares). The trading volume in the previous year was significantly influenced by the tender offer of DMG MORI COMPANY LIMITED.

Research and Development

Expenses for research and development amounted to € 22.3 million in the first half year (previous year: € 22.9 million). 514 employees were involved in the development of our new products. This is 14% of the total workforce at the plants.

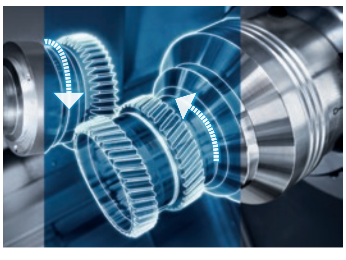
In the first half of the year, DMG MORI introduced six world premieres. In the second half of 2016, together with our Japanese partner, we will be presenting three additional world premieres, particularly at the important autumn exhibitions, the IMTS in Chicago, the AMB in Stuttgart and the JIMTOF in Tokyo.

In the era of Industrie 4.0 we are placing our focus most especially on integrated technology and software solutions. With the app-based control and operating software CELOS we are already offering our customers the key element for net-worked, intelligent production.

The traditional open house exhibition in Bielefeld was dedicated to Industrie 4.0 and digitalisation. This included the presentation of the CTX beta 800 TC, a machine fitted with sensors. This allows us to monitor the status of the machine constantly. Process parameters are visualised using the CELOS app "Condition Analyser". The recorded data are prepared, stored and finally analysed in a superordinate cloud architecture.

The continued development of our exclusive DMG MORI technology cycles allows us to offer our customers enhanced efficiency and performance in shopfloor programming. For example, the "Easy Tool Monitoring 2.0" technology cycle helps to further improve the process reliability of our machines.

Exclusive DMG MORI technology cycles



A unique feature is provided by our 24 exclusive **DMG MORI technology cycles**. Through these software solutions for simplifying complex machining we are setting new milestones for the production of the future. Interactive and user-friendly applications shorten the programming time for our customers by up to 60%.

Opportunities and Risk Management Report

In its business activities, DMG MORI is exposed to various opportunities and risks. Our opportunities and risk management assists us in identifying and assessing these timely. The Executive Board and the Supervisory Board are informed regularly about the current risk situation of the group and that of the individual business units.

Opportunities are identified and analysed within the opportunities and risk management system. With the marketing information system (MIS) we identify significant individual opportunities in the sales area by collecting customer data worldwide and evaluating market and competitor data. We assess existing opportunities in our annual company planning process and in the rolling adjustments being made periodically during the year.

Overall economic opportunities are generally created from the positive cyclical developments in Germany and our international export markets. Where potentials are arising from an improved investment tendency, we can consequently participate in resulting overall economic opportunities.

Significant industry-specific opportunities and those associated with business strategy are presented to us due to our permanent innovation and technology leadership that we are continuously developing further. In the era of Industrie 4.0 we are placing our focus most especially on integrated technology and software solutions. With CELOS we are already offering our customers the key element for networked, intelligent production.

We serve the demand in global markets for high-precision machines and machines with attractive prices with our innovative product portfolio. Besides this, we also continue expanding our successful services segment. We participate in the market of regenerative energies with our Energy Solutions segment for industrial customers. Through DMG MORI FINANCE GmbH, we offer our customers tailor-made financing solutions nationally and internationally.

By way of the domination and profit transfer agreement concluded on 2 June 2016 between DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT, significant opportunities, which have not been feasible to this extent until now, arise for the company from an even closer cooperation in the areas of sales, service, production and respectively research and development.

Risks are systematically identified, valued, aggregated, monitored and reported by the risk management department of the DMG MORI group.

Overall economic risks generally arise in particular from the cyclical development and would lead to a substantial reduction of the sales volume. Sources of uncertainty, in particular, are the slowdown in China's growth momentum and Great Britain's vote to leave the European Union. The current events in Turkey can also result in negative economic developments in the future.

Exchange rate changes in foreign currencies can furthermore take effect on our future competitive position through rising prices of our products (economic currency risk). We counteract the existing exchange rate risks by means of comprehensive currency hedging.

On the procurement side, the DMG MORI group sees itself faced with potential price hikes for materials in the machine tool business. We believe that the tax and social insurance declarations submitted by us are complete and correct. Nonetheless, claims for subsequent payments may arise in the course of audits due to differing evaluations of facts. In order to secure our future success, we are reliant on highly qualified trained employees and managers. If these cannot be recruited and retained to sufficient extent, this can hinder the development of the group for the long term.

By way of the concluded domination and profit transfer agreement, risks arise insofar as the economic development of the company can be influenced in the future also by potential instructions of DMG MORI GmbH. These 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.

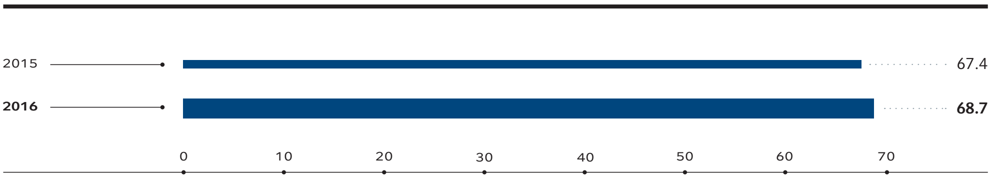
Forecast

The **global economy** is expected to reinvigorate only modestly in the present year according to the current forecasts. The Institute for World Economics (IfW) forecasts a 3.1% increase of the gross domestic product (GDP) for the year 2016 overall. The thus far unclear effects from the Brexit or a further decline of the growth rates in China, however, might effect a downturn of the global economy.

In Asia, a decline of the presently high growth rates is expected. In the USA, in contrast, economic growth continues to be expected. In Europe, the effects from the Brexit vote can presently not be estimated yet. A downturn of the currently positive growth dynamics is probable however. For Germany, a plus of 1.9% is expected.

The **global market for machine tools** is expected to grow only modestly in 2016. The German Machine Tool Builders´ Association (VDW) and the British economic research institute Oxford Economics expect in their latest forecast (status: April 2016) a growth of **global consumption** by only 1.9% to reach € 68.7 billion. Demand in **Asia** is expected to rise by 2.7%. For **America**, a decline in consumption by 2.7% is forecast. Demand in **Europe** is expected to increase by 2.1%. For Germany, growth of 1.5 % is expected.

C.01 **MACHINE TOOLS CONSUMPTION WORLDWIDE**
IN € BILLION



Future Business Development

With regard to the second half of the year, we continue to expect a volatile economic development. Sources of uncertainty, in particular, are the slowdown in China's growth momentum and Great Britain's vote to leave the European Union. In view of this, it is difficult to forecast future business performance. However, we reconfirm our previous forecast for financial year 2016. We are expecting a slightly better order intake than in the previous year and are currently planning sales revenues of around € 2.3 billion. At around € 160 million, EBT will be significantly below the high figure of the previous year, which was marked by the one-off effect from the sale of shares in DMG MORI COMPANY LIMITED. We are also expecting a slightly improved positive free cash flow.

Consolidated Income Statement

D . 01

2ND QUARTER	2016 01 April – 30 June € million	%	2015 01 April – 30 June € million	%	Changes 2016 against 2015 € million	%
Sales Revenues	551.1	96.4	551.8	97.5	−0.7	0.1
Changes in finished goods and work in progress	16.9	2.9	11.9	2.1	5.0	42.0
Own work capitalised	3.9	0.7	2.0	0.4	1.9	95.0
Total Work Done	571.9	100.0	565.7	100.0	6.2	1.1
Cost of materials	−291.8	−51.0	−285.9	−50.5	−5.9	2.1
Gross Profit	280.1	49.0	279.8	49.5	0.3	0.1
Personnel costs	−149.2	−26.1	−138.4	−24.5	−10.8	7.8
Other income and expenses	−79.1	−13.9	−88.9	−15.7	9.8	11.0
Depreciation	−14.5	−2.5	−14.1	−2.5	−0.4	2.8
Financial Result	−1.9	−0.3	−0.6	−0.1	−1.3	216.7
EBT	35.4	6.2	37.8	6.7	−2.4	
Income taxes	−10.7	−1.9	−12.0	−2.1	1.3	
Earnings after taxes	24.7	4.3	25.8	4.6	−1.1	
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	21.7	3.8	24.3	4.3	−2.6	
Profit share attributed to minority interests	3.0	0.5	1.5	0.3	1.5	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.27		0.31			
Diluted	0.27		0.31			

FIRST HALF YEAR	2016 01 Jan. – 30 June € million	%	2015 01 Jan. – 30 June € million	%	Changes 2016 against 2015 € million	%
Sales Revenues	1,092.5	97.1	1,090.2	94.5	2.3	0.2
Changes in finished goods and work in progress	27.1	2.4	60.5	5.2	−33.4	55.2
Own work capitalised	5.8	0.5	3.5	0.3	2.3	65.7
Total Work Done	1,125.4	100.0	1,154.2	100.0	−28.8	2.5
Cost of materials	−577.8	−51.3	−612.6	−53.1	34.8	5.7
Gross Profit	547.6	48.7	541.6	46.9	6.0	1.1
Personnel costs	−288.5	−25.6	−274.2	−23.8	−14.3	5.2
Other income and expenses	−164.9	−14.7	−172.5	−14.9	7.6	4.4
Depreciation	−28.9	−2.6	−26.5	−2.3	−2.4	9.1
Financial Result	−4.1	−0.4	−2.7	−0.2	−1.4	51.9
EBT	61.2	5.4	65.7	5.7	−4.5	
Income taxes	−18.4	−1.6	−20.4	−1.8	2.0	
Earnings after taxes	42.8	3.8	45.3	3.9	−2.5	
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	37.9	3.4	42.0	3.6	−4.1	
Profit share attributed to minority interests	4.9	0.4	3.3	0.3	1.6	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.48		0.53			
Diluted	0.48		0.53			

Consolidated Statement of Other Comprehensive Income

D . 02

	2016 01 Jan. – 30 June € million	2015 01 Jan. – 30 June € million
Earnings after taxes	**42.8**	**45.3**
Other comprehensive income		
Actuarial gains / losses	−11.5	0.0
Income taxes of items not reclassified to the income statemtent	3.4	0.0
Sum of items not reclassified to the income statement	**−8.1**	**0.0**
Differences from currency translation	4.9	18.6
Changes in market value of hedging instruments	−0.2	0.5
Changes in the fair value measurement of available-for-sale assets	0.0	87.8
Hedging of net investments	0.6	1.2
Income taxes on items which are reclassified to the income statement	0.1	−1.4
Sum of items which are reclassified to the income statement	**5.4**	**106.6**
Other comprehensive income for the period after taxes	**−2.7**	**106.6**
Total comprehensive income for the period	**40.1**	**151.9**
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	34.7	146.2
Profit share attributed to minority interests	5.4	5.7

Consolidated Balance Sheet

D . 03

ASSETS	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million
Long-term assets			
Goodwill	134.6	134.3	135.4
Other intangible assets	71.0	75.6	73.9
Tangible assets	476.6	463.7	437.8
Equity accounted investments	47.4	47.3	46.8
Other equity investments	21.8	21.8	242.7
Trade debtors	1.9	0.5	0.3
Receivables from other related parties	0.0	0.0	0.1
Other long-term financial assets	13.2	10.8	9.6
Other long-term assets	39.6	39.0	9.4
Deferred taxes	56.7	53.4	54.0
	862.8	**846.4**	**1,010.0**
Short-term assets			
Inventories	576.8	522.3	584.8
Trade debtors	242.4	192.4	231.8
Receivables from at equity accounted companies	14.8	7.1	12.9
Receivables from other related parties	38.9	41.3	44.0
Receivables from associated companies	0.2	0.2	2.8
Other short-term financial assets	58.4	64.6	78.6
Other short-term assets	62.9	52.2	62.6
Income tax receivables	5.1	5.3	0.4
Cash and cash equivalents	363.9	552.1	196.9
Long-term assets held for sale	0.0	0.0	37.2
	1,363.4	**1,437.5**	**1,252.0**
	2,226.2	**2,283.9**	**2,262.0**

EQUITY AND LIABILITIES	30 June 2016 € million	31 Dec. 2015 € million	30 June 2015 € million
Equity			
Subscribed capital	204.9	204.9	204.9
Capital reserve	498.5	498.5	498.5
Revenue reserves and other reserves	542.2	507.5	530.8
Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT	**1,245.6**	**1,210.9**	**1,234.2**
Minority interests' share of equity	153.4	146.6	140.4
Total equity	**1,399.0**	**1,357.5**	**1,374.6**
Long-term debts			
Long-term financial debts	40.3	41.1	68.1
Pension provisions	52.0	41.7	47.0
Other long-term provisions	36.2	35.7	35.9
Other long-term financial liabilities	1.3	4.9	1.4
Other long-term liabilities	3.8	4.1	3.1
Deferred taxes	4.0	3.9	4.4
	137.6	**131.4**	**159.9**
Short-term debts			
Short-term financial debts	11.3	10.7	7.1
Tax provisions	42.2	47.8	35.3
Other short-term provisions	157.5	168.7	155.0
Payments received on account	155.4	132.9	148.1
Trade creditors	187.4	269.1	241.5
Liabilities to at equity accounted companies	1.8	1.8	2.3
Liabilities to other related parties	78.2	89.8	61.1
Liabilities to associated companies	0.2	0.0	20.3
Other short-term financial liabilities	16.7	30.3	24.4
Other short-term liabilities	38.9	43.9	32.1
Liabilities in connection with assets held for sale	0.0	0.0	0.3
	689.6	**795.0**	**727.5**
	2,226.2	**2,283.9**	**2,262.0**

Consolidated Cash Flow Statement

D . 04

CASH FLOW FROM OPERATING ACTIVITIES	2016 01 Jan. – 30 June € million	2015 01 Jan. – 30 June € million
Earnings before taxes (EBT)	61.2	65.7
Income taxes	−18.4	−20.4
Depreciation	28.9	26.5
Change in deferred taxes	0.2	0.3
Change in long-term provisions	−0.5	3.2
Other income and expenses not affecting payments	0.2	0.3
Change in short-term provisions	−15.3	−6.7
Changes in inventories, trade debtors and other assets	−120.9	−145.5
Changes in trade creditors and other liabilities	−93.7	−86.9
	−158.3	**−163.5**
CASH FLOW FROM INVESTMENT ACTIVITY		
Amounts paid out for investments in intangible and tangible assets	−29.7	−58.4
Cash inflows on disposal of the property, plant and equipment	2.4	2.0
	−27.3	**−56.4**
CASH FLOW FROM FINANCING ACTIVITY		
Cash inflows / cash outflows for borrowings / repayment	−1.1	22.0
Dividends paid	0.0	−43.4
	−1.1	**−21.4**
Changes affecting payments	−186.7	−241.3
Effects of exchange rate changes on financial securities	−1.5	5.2
Cash and cash equivalents as of 1 January	552.1	433.0
Cash and cash equivalents as of 30 June	**363.9**	**196.9**

Development of Group Equity

D . 05

	Subscribed capital € million	Capital reserve € million	Revenue reserves € million	Total equity of shareholders of DMG MORI AKTIEN-GESELLSCHAFT € million	Minority interests' share of equity € million	**Total equity € million**
As at 01 Jan. 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
As at 30 June 2016	**204.9**	**498.5**	**542.2**	**1,245.6**	**153.4**	**1,399.0**

	Subscribed capital € million	Capital reserve € million	Revenue reserves € million	Total equity of shareholders of DMG MORI AKTIEN-GESELLSCHAFT € million	Minority interests' share of equity € million	**Total equity € million**
As at 01 Jan. 2015	204.9	498.5	428.0	1,131.4	134.7	1,266.1
Total comprehensive income	0.0	0.0	146.2	146.2	5.7	151.9
Consolidation measures / Other changes	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	−43.4	−43.4	0.0	−43.4
As at 30 June 2015	**204.9**	**498.5**	**530.8**	**1,234.2**	**140.4**	**1,374.6**

Group Segmental Reporting (part of the Selected Explanatory Notes)

D.06 **2ND QUARTER 2016**

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	304.3	246.8	0.0	0.0	551.1
EBIT	19.8	31.6	−14.1	0.0	37.3
Investments	9.9	8.6	0.5	0.0	19.0
Employees	3,818	3,544	99	0	7,461

2ND QUARTER 2015

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	303.7	248.1	0.0	0.0	551.8
EBIT	20.4	31.1	−13.1	0.0	38.4
Investments	17.9	5.9	0.2	0.0	24.0
Employees	3,781	3,365	123	0	7,269

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

FIRST HALF YEAR 2015

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	576.6	513.5	0.1	0.0	1,090.2
EBIT	34.3	55.6	−21.3	−0.2	68.4
Investments	34.2	14.6	0.6	0.0	49.4
Employees	3,781	3,365	123	0	7,269

Selected Explanatory Notes to the Interim Consolidated Financial Statements

1 APPLICATION OF REGULATIONS

The Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT as of 31 December 2015 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 2016 were prepared on the basis of IAS 34 Interim Financial Reporting. The group Interim Consolidated Financial Statements as of 30 June 2016 and the Interim Report for the period 1 January to 30 June 2016 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 Annual Financial Statements for the year ending 31 December 2015.

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 2015 (see further discussions in the Notes to the Consolidated Financial Statements as of 31 December 2015), 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 2016 has any material effect on the DMG MORI AKTIENGESELLSCHAFT reporting.

2 SEASONAL EFFECTS

As a globally operating company the DMG MORI group is subject to various cyclical developments. In the sections “Overall economic development” and “Development of the Machine Tool Industry”, the cyclical influences during the reporting period 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.

3 CONSOLIDATION GROUP

On 30 June 2016, the DMG MORI group, including DMG MORI AKTIENGESELLSCHAFT, comprised 99 companies, of which 94 companies were included in the Interim Financial Statements as part of the full consolidation process. Compared to 31 March 2016, the number of group companies reduced by one. With effect from 14 June 2016, MORI SEIKI (UK) LIMITED was dissolved.

With no change to the Consolidated Financial Statements 2015, DMG MORI Australia Pty. Ltd. is classified as a joint venture and included at equity in the Interim Consolidated Financial Statements. In addition, 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 also included at equity in the Interim Consolidated Financial Statements.

4 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 as shown below. At the same time, the group earnings after taxes of € 42.8 million are decreased by € 4.9 million by the minority interests‘ earnings.

D . 07

Group result excluding the profit share of other shareholders	€ K	37,986
Average weighted number of shares	(pieces)	78,817,994
Earnings per share ac. to IAS 33	€	0.48

There were no diluted earnings per share as at 30 June 2016.

5 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT

The income tax expense in the interim reporting period is determined pursuant to IAS 34.30(c) on the basis of the current effective tax rate expected for the entire year.

Due to the updated interest rates and a change in the mathematical valuation parameters, provisions for pension commitments were revalued. The value was assessed by means of an extrapolation based on the interest sensitivities identified in the Notes on the Consolidated Financial Statements 2015. The provisions for pensions increased by € 11.5 million due to the resulting actuarial gains or losses.

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 2015, the valuation rates of the financial instruments are explained in detail. The accounting as at 30 June 2016 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 2016 is € 51.6 million, whereas the fair value is € 52.9 million.

6 STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income as of 30 June 2016 of € 40.1 million comprised earnings after taxes (€ 42.8 million) and "Other comprehensive income after taxes" (€ −2.7 million). The consolidated income as at 30 June 2016 in the amount of € 42.8 million as well as the difference amounts from currency conversion had an increasing effect on comprehensive income, whereas the increase of pension provisions without effects on profit and the change in the market values of derivative financial instruments reduced the comprehensive income. Seasonally related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

7 DEVELOPMENT OF GROUP EQUITY

Equity rose in total by € 41.5 million to € 1,399.0 million. Minority interests in equity rose by € 6.8 million to € 153.4 million. The consolidated income as at 30 June 2016 in the amount of € 42.8 million as well as currency changes considered without effects on profit increased equity. The increase of pension provisions (€ 11.5 million) without effects on profit and the change in the value of the derivative financial instruments in the amount of € 0.2 million have led to a reduction.

8 SEGMENTAL REPORTING

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.

P. 11 – 15
Segments

The machines of our cooperation partner produced under licence are included in "Machine Tools"; the business with the products of our cooperation partner is accounted for under "Industrial Services". The demarcation of the segments and / or the determination of the segment results remain unchanged from 31 December 2015. The business activities of the segments are disclosed in detail in the Notes to the Consolidated Financial Statements as of 31 December 2015.

9 STATEMENT OF RELATIONS WITH RELATED PARTIES

There have not been any material changes as of 30 June 2016. As presented in the Notes to the Financial Statements as of 31 December 2015, 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 2015, presented in a differentiated way. DMG MORI Australia Pty. Ltd. is classified as a joint venture. 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.

For the members of the management in key positions, payments for reason of resignation were entered as expenses in the amount of € 7.9 million in the reporting period.

DMG MORI COMPANY LIMITED has transferred the shares it held directly in DMG MORI AKTIENGESELLSCHAFT completely to DMG MORI GmbH, Stuttgart, in June. DMG MORI GmbH, Stuttgart, is a 100% subsidiary of DMG MORI COMPANY LIMITED and it directly held a share of 76.03% in the registered capital and voting rights of DMG MORI AKTIENGESELLSCHAFT pursuant to the latest notifications of voting rights from 14 June 2016. DMG MORI COMPANY LIMITED is the ultimate parent company of the DMG MORI group.

On 2 June 2016, DMG MORI GmbH (controlling company) and DMG MORI AKTIENGESELLSCHAFT (controlled company) concluded a domination and profit transfer agreement in accordance with Sec. 291 seqq. German Stock Companies Act (AktG). The 114th Annual General Meeting of DMG MORI AKTIENGESELLSCHAFT approved this agreement on 15 July 2016, which will become effective with its entry in the commercial register.

Further comments in this regard can be found in the "Share" section. More details regarding the takeover of the shares are explained in the Notes to the Consolidated Financial Statements as of 31 December 2015 and in the Interim Report for the first quarter 2016 in the "Latest news" section.

10 EVENTS OCCURING 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, 28 July 2016
DMG MORI AKTIENGESELLSCHAFT
The Executive Board

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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Financial Calendar

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Financial Calendar

27 OCT. 2016	Third Quarterly Report 2016 (1 July to 30 September)
09 MARCH 2017	Press conference on Financial Statements
27 APRIL 2017	First Quarterly Report 2017 (1 January to 31 March)
05 MAY 2017	Annual General Meeting

SUBJECT TO ALTERATION

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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, unfavourable 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 and in particular uncertainties that arise from the euro debt crisis 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 the DMG MORI AKTIENGESELLSCHAFT group; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to natural catastrophe, 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 event 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.

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 Nagoya, Japan. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to the "DMG MORI group", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its group companies.

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