DMG MORI

AKTIENGESELLSCHAFT

First half year

INTERIM REPORT 2019

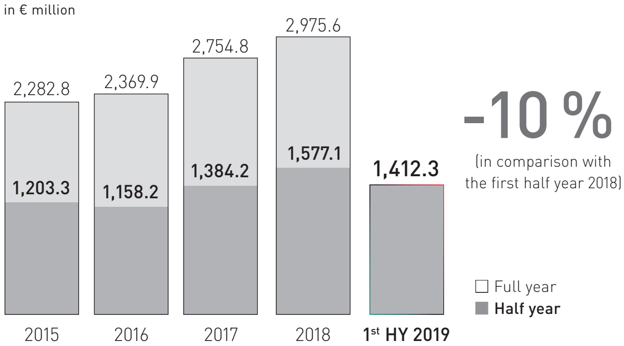
KEY FIGURES

First half year 2019

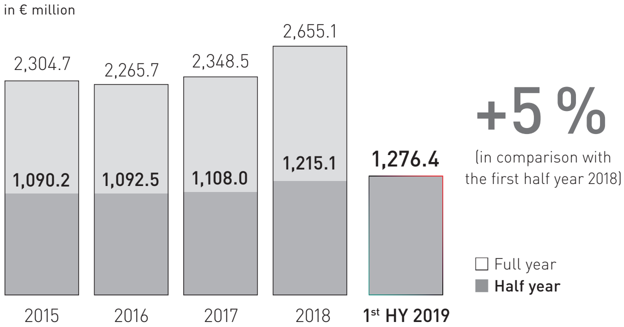
The Interim Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union. The interim financial statements have not been audited; they refer exclusively to DMG MORI AKTIENGESELLSCHAFT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

KEY FIGURES in € million	30 June 2019	30 June 2018	Changes 2019 against 2018	
Order intake	1,412.3	1,577.1	-164.8	-10 %
Domestic	402.9	453.2	-50.3	-11 %
International	1,009.4	1,123.9	-114.5	-10 %
% International	71	71		
Sales revenues	1,276.4	1,215.1	61.3	5 %
Domestic	388.9	384.8	4.1	1 %
International	887.5	830.3	57.2	7 %
% International	70	68		
Order backlog	1,745.3	1,658.5	86.8	5 %
Domestic	529.7	522.9	6.8	1 %
International	1,215.6	1,135.6	80.0	7 %
% International	70	68		
EBITDA	143.0	120.5	22.5	19 %
EBIT	103.4	93.0	10.4	11 %
EBT	101.9	92.3	9.6	10 %
EAT	71.8	64.7	7.1	11 %
Free cash flow	81.9	67.2	14.7	22 %
	30 June 2019	**31 Dec. 2018**	**Changes 2019 against 2018**	
Employees	7,444	7,503	-59	-1 %
incl. trainees	336	396	-60	-15 %

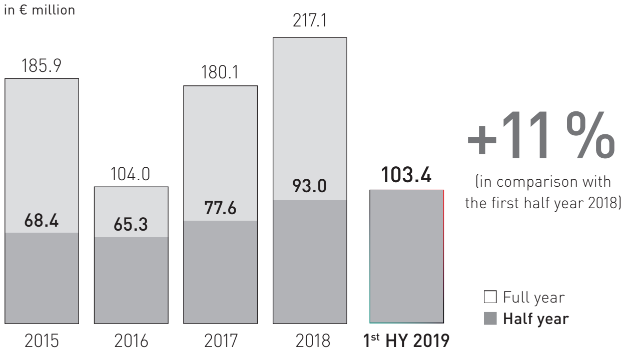
ORDER INTAKE
in € million



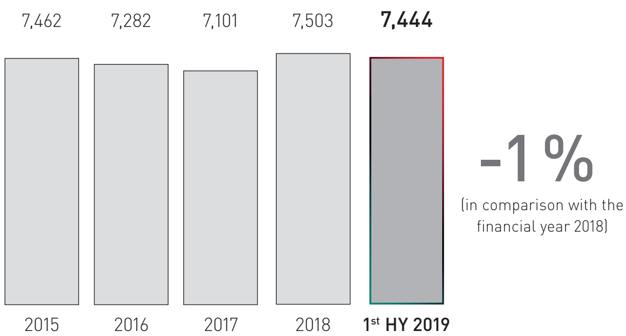
SALES REVENUES
in € million



EBIT
in € million



EMPLOYEES incl. trainees



Dear Shareholders,

DMG MORI AKTIENGESELLSCHAFT recorded a high level of steady business development in the first six months of 2019 despite an increasingly difficult market environment. As planned, order intake achieved € 1,412.3 million (-10 %; previous year: € 1,577.1 million). Sales revenues increased by +5 % to € 1,276.4 million (previous year: € 1,215.1 million). EBIT grew by +11 % to € 103.4 million (previous year: € 93.0 million). The EBIT margin improved to 8.1 % (previous year: 7.7 %). Free cash flow rose by 22 % to € 81.9 million (previous year: € 67.2 million).

The current financial year is marked by the EMO – the world's largest trade fair for machine tools. From 16th to 21st September, we will be the largest exhibitor in Hanover, showing our progress in the future fields of automation, digitization and ADDITIVE MANUFACTURING on 10,000 m².

We are dynamically advancing our future areas – for maximum quality and stability as well as 100 % satisfaction of our customers, suppliers and employees. We are optimizing our existing and established products and services for excellence. As a strong and sustainable partner, DMG MORI is increasingly developing into an integrated solution provider in the manufacturing environment.

The worldwide market for machine tools is becoming cloudier and, according to professional association forecasts, is only expected to grow by +2.3 % over the entire year. The economic slowdown and the ongoing geo-political uncertainties are having a noticeable effect on our customers' willingness to invest.

However, we are once again confirming our 2019 forecasts: For the current financial year we are still planning order intake of around € 2.6 billion and sales revenues of around € 2.65 billion. EBIT should amount to around € 200 million and the free cash flow should be around € 150 million.

TABLE OF CONTENTS

GROUP INTERIM MANAGEMENT REPORT

03 Group structure
04 Business Environment
04 Business Development
04 Order Intake
05 Sales Revenues
05 Order Backlog
05 Results of Operations, Financial Position and Net Worth
06 Investments
07 Segment Report
07 Machine Tools
09 Industrial Services
09 Corporate Services
09 Employees
09 Share
10 Research & Development
12 Opportunities and Risk Report
12 Forecast

INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF DMG MORI AKTIEN-GESELLSCHAFT AS AT 30 JUNE 2019

13 Consolidated Income Statement
13 Consolidated Statement of other Comprehensive Income
14 Consolidated Balance Sheet
16 Consolidated Cash Flow Statement
17 Development of Group Equity
17 Group Segment Report
18 Selected Explanatory Notes to the Interim Consolidated Financial Statements
22 Responsibility Statement

ADDITIONAL INFORMATION

23 Financial Calendar
23 Contact

GROUP INTERIM MANAGEMENT REPORT

First half year 2019

GROUP STRUCTURE // DMG MORI AKTIENGESELLSCHAFT

(as part of the "Global One Company" / Status: 30 July 2019)

CORPORATE SERVICES

DMG MORI AKTIENGESELLSCHAFT, Bielefeld

MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH, Bielefeld; Development and Production

TURNING	MILLING	ADVANCED TECHNOLOGIES	DIGITAL SOLUTIONS
GILDEMEISTER Drehmaschinen GmbH (Bielefeld) GILDEMEISTER Italiana S.p.A. (Bergamo / Italy)	DECKEL MAHO Pfronten GmbH (Pfronten) DECKEL MAHO Seebach GmbH (Seebach)	SAUER GmbH (Pfronten, Idar-Oberstein) REALIZER GmbH (Bielefeld, Borchen)	DMG MORI Software Solutions GmbH (Pfronten) ISTOS GmbH (Düsseldorf) WERKBLiQ GmbH (Bielefeld)
FAMOT Pleszew Sp. z o.o. (Pleszew / Poland) GRAZIANO Tortona S.r.l. (Tortona / Italy)	Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia)		

INDUSTRIAL SERVICES [1]

DMG MORI Management GmbH, Bielefeld; Sales and Services

SALES AND SERVICES

DMG MORI Germany [2]	DMG MORI EMEA	DMG MORI China	DMG MORI India	DMG MORI Services

Markets of DMG MORI COMPANY LIMITED [3]

DMG MORI Japan	DMG MORI Asia	DMG MORI USA	DMG MORI Americas

1) Significant business activities of Energy Solutions have been sold by DMG MORI to a strategic investor as of 1 July 2019 in order to focus on the core business.
2) incl. Austria
3) These markets are consolidated by DMG MORI COMPANY LIMITED.

Business Environment

The global economy lost momentum in the second quarter of 2019 – especially Germany and the Eurozone. The reasons for this are the ongoing trade dispute between the USA and China, and the weakening automotive industry. The ifo business climate index confirms this trend and in June fell to its lowest level since November 2014. In Japan, too, the economic mood has already become clouded. Only the USA still developed positively.

The worldwide market for machine tools is expected to grow at a much slower rate in 2019. In their April forecast, the German Association of Machine Tool Builders (VDW) and the British economic research institute, Oxford Economics, are only expecting growth in global consumption of +2.3 % to € 76.0 billion (October forecast: +3.6 %). At present, growth of only +0.9 % is forecast for the German machine tools market (October forecast: +5.2 %). In Europe, machine tools consumption is expected to grow by +1.5 % (October forecast: +4.8 %). In Asia, consumption is expected to grow by +2.9 % (October forecast: +3.4 %). For America, consumption growth of +2.1 % is expected (October forecast: +3.6 %).

The next forecast by VDW and Oxford Economics will be published as scheduled in October. In view of the current geo-political uncertainties and the weakening economic cycle, it can be assumed that there will be a further reduction in the rates of growth.

The international business of DMG MORI AKTIENGESELLSCHAFT is affected by the euro's exchange rate. Of particular importance are the US dollar, the Chinese renminbi, the Russian ruble and the Japanese yen. Compared with the previous year's quarter, the euro gained in value against the renminbi but lost in value against the US dollar, the yen and the ruble.

Business Development

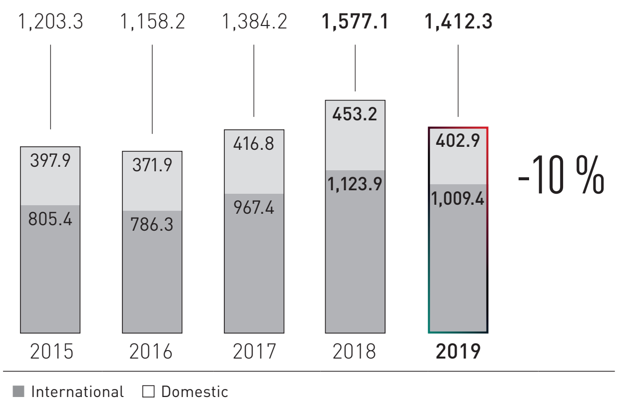
ORDER INTAKE

In the second quarter, order intake developed steadily at the high level of the previous quarters despite the increasingly difficult market environment and, as planned, reached € 704.0 million (-7 %; previous year: € 755.3 million).

In the first half year we achieved order intake of € 1,412.3 million (-10 %; previous year: € 1,577.1 million). In the "Machine Tools" segment, orders were € 744.8 million (-15 %; previous year: € 878.0 million). The "Industrial Services" segment recorded order intake of € 667.4 million (-5 %; previous year: € 699.0 million), of which € 535.9 million is attributable to Services (previous year: € 631.7 million). The change is mainly due to a decline in orders for machines of DMG MORI COMPANY LIMITED. Domestic orders were € 402.9 million (previous year: € 453.2 million). International orders amounted to € 1,009.4 million (previous year: € 1,123.9 million). Thus the share of international orders amounted to 71 % as in the previous year.

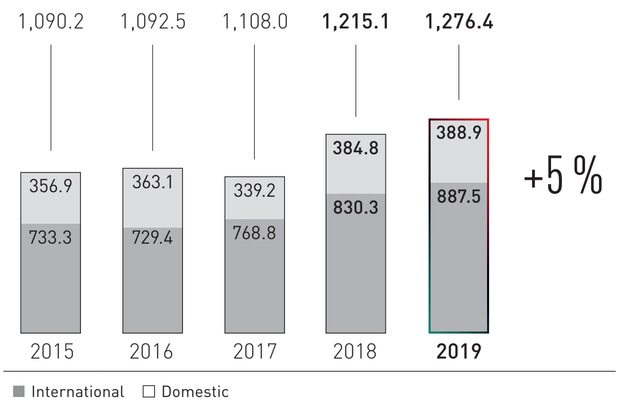
ORDER INTAKE // 1st HALF YEAR

in € million



SALES REVENUES // 1st HALF YEAR

in € million



SALES REVENUES

Sales revenues increased in the second quarter to € 647.2 million (+2 %; previous year: € 633.3 million).

At the end of the first half year, sales revenues achieved a new record level of € 1,276.4 million (+5 %; previous year: € 1,215.1 million). In the "Machine Tools" segment, sales revenues rose by € 32.6 million to € 687.1 million (+5 %; previous year: € 654.5 million). In the "Industrial Services" segment, sales revenues increased to € 589.2 million (+5 %; previous year: € 560.5 million).

International sales revenues rose by +7 % to € 887.5 million (previous year: € 830.3 million). Domestic sales revenues grew to € 388.9 million (previous year: € 384.8 million). The export share was 70 % (previous year: 68 %).

ORDER BACKLOG

As at 30 June 2019, the order backlog within the group amounted to € 1,745.3 million (31 Dec. 2018: € 1,609.9 million). The calculated production capacity averaging 7 months provides a good base for the current financial year. Targeted measures to increase efficiency and productivity are in place to convert the order backlog into sales revenues and to shorten delivery times. International orders account for 70 % of current orders (previous year: 68 %).

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET WORTH

Earnings at the DMG MORI group continued to develop positively. In the second quarter EBITDA reached € 69.7 million (previous year: € 65.9 million). EBIT amounted to € 53.0 million (previous year: € 52.0 million) and EBT rose to € 52.7 million (previous year: € 52.0 million). EAT was € 37.1 million (previous year: € 36.4 million).

At the end of the first half year EBITDA improved to € 143.0 million (+19 %; previous year: € 120.5 million). EBIT increased by +11 % to € 103.4 million (previous year: € 93.0 million). The EBIT margin improved to 8.1 % (previous year: 7.7 %). EBT rose by +10 % to € 101.9 million (previous year: € 92.3 million). As at 30 June 2019, the group reports EAT of € 71.8 million (previous year: € 64.7 million).

Sales revenues grew by +5 % resp. € 61.3 million to € 1,276.4 million (previous year: € 1,215.1 million). Changes in stocks of finished goods and work in progress rose by € 18.1 million to € 90.4 million (previous year: € 72.3 million). Total operating revenue rose by +7 % resp. € 89.4 million to € 1,380.0 million (previous year: € 1,290.6 million). The cost of materials amounted to € 779.7 million (previous year: € 720.0 million). The materials ratio rose in line with the increase in stock levels to 56.5 % (previous year: 55.8 %). Gross profit increased by € 29.7 million to € 600.3 million (previous year: € 570.6 million). Personnel expenses amounted to € 307.0 million (previous year: € 290.5 million). The personnel expenses ratio improved to 22.3 % (previous year: 22.5 %).

The balance of other income and expenses decreased to € 150.3 million (previous year: € 159.6 million). Depreciation increased to € 39.6 million (previous year: € 27.5 million). This rise was essentially due to the depreciation of right-of-use assets totaling € 10.5 million as part of the implementation of the new financial accounting standard IFRS 16 "Leases". The financial result changed to € -1.5 million (previous year: € -0.7 million). EAT reached € 71.8 million (previous year: € 64.7 million). This gave rise to a tax expense of € 30.1 million (previous year: € 27.6 million). The tax ratio improved to 29.5 % (previous year: 29.9 %).

NET WORTH in € million	**30.06.2019**	**31.12.2018**	**30.06.2018**
Long-term assets	804.2	758.1	733.9
Short-term assets	1,706.9	1,682.4	1,616.4
Equity	1,293.6	1,197.7	1,216.4
Outside capital	1,217.5	1,242.8	1,133.9
Balance sheet total	**2,511.1**	**2,440.5**	**2,350.3**

The balance sheet total increased by € 70.6 million to € 2,511.1 million (31 Dec. 2018: € 2,440.5 million).

Under assets, long-term assets rose by € 46.1 million to € 804.2 million. Intangible assets and property, plant and equipment rose by € 44.4 million to € 669.6 million (31 Dec. 2018: € 625.2 million). As part of the implementation of the new financial accounting standard IFRS 16 "Leases" as at 1 January 2019, right-of-use assets amounting to € 61.3 million were recognized as at 30 June 2019. Financial assets amounted to € 63.8 million (31 Dec. 2018: € 61.3 million).

Short-term assets rose by € 24.5 million to € 1,706.9 million (31 Dec. 2018: € 1,682.4 million). Inventories went up by € 105.9 million to € 731.3 million. Raw materials and consumables grew by € 10.2 million to € 293.1 million. Unfinished goods increased by € 59.1 million to € 223.2 million and finished goods and goods for resale increased by € 30.1 million to € 197.5 million. The increase in inventories was notably due to preliminary work for the planned sales revenues in the second half year. The turnover rate of inventories was 3.5 (previous year's period: 3.7).

Trade receivables from third parties rose alongside a rise in sales volume by € 9.3 million to € 237.6 million. Receivables from other related companies decreased by € 39.0 million to € 441.7 million (31 Dec. 2018: € 480.7 million). Liquid funds amounted to € 124.8 million (31 Dec. 2018: € 152.7 million).

Under equity and liabilities, equity rose by € 95.9 million to € 1,293.6 million. The equity ratio improved to 51.5 % (31 Dec. 2018: 49.1 %). Outside capital decreased by € 25.3 million to € 1,217.5 million (31 Dec. 2018: € 1,242.8 million).

Payments received on account rose by € 13.8 million to € 356.4 million. Trade payables to third parties rose by € 58.6 million to € 254.0 million due to higher total work done. Liabilities to other related companies decreased by € 130.3 million to € 106.3 million. This decrease essentially arose from the payment of the profit transfer amount for 2018 to DMG MORI GmbH. The implementation of the new financial accounting standard IFRS 16 "Leases" as from 1 January 2019 has resulted in lease liabilities of € 60.6 million as at 30 June 2019.

CASH FLOW in € million	**2019** 1st half year	**2018** 1st half year
Cash flow from operating activities	86.3	92.1
Cash flow from investment activity	-3.5	-155.3
Cash flow from financing activity	-109.6	-89.4
Changes in cash and cash equivalents	-27.9	-153.7
Liquid funds at the start of the reporting period	152.7	363.4
Liquid funds at the end of the reporting period	124.8	209.7

Alongside the good earnings performance, the financial position also developed positively. Cash flow from operating activities amounted to € 86.3 million (previous year: € 92.1 million). EBT of € 101.9 million (previous year: € 92.3 million) and depreciation of € 39.6 million (previous year: € 27.5 million) contributed to this cash flow. The cash flow was reduced due to a rise in inventories of € 99.7 million (previous year: € 113.3 million). In particular, the rise in payments received on account of € 13.8 million and in trade payables to third parties of € 58.6 million (previous year: € 40.1 million) led to an increase in cash flow.

Cash flow from investment activity amounted to € -3.5 million (previous year: € -155.3 million). Payments for investments in intangible and tangible assets were € -33.0 million (previous year: € -27.1 million); the disposal resulted in payment receipts of € 28.6 million (previous year: € 2.2 million). Cash flow from investment activity also recognized a payment in the previous year for an increase in the loan to DMG MORI GmbH of € -150.0 million.

Cash flow from financing activity was € -109.6 million (previous year: € -89.4 million) and essentially resulted from the payment of the profit transfer for 2018 to DMG MORI GmbH of € 99.3 million.

Free cash flow improved by € 14.7 million to € 81.9 million (+22 % previous year: € 67.2 million).

INVESTMENTS

Investments in intangible and tangible assets in the first half year amounted to € 36.4 million (previous year: € 25.6 million). The planned increase from the previous year is essentially attributable to the expansion of our production and logistics capacity as well as to our project "GLOBE – Global One Business Excellence" for the implementation of a new global ERP system. As a result of the first-time application of the financial accounting standard IFRS 16 "Leases", additions from rights of use have also been included in investments (€ 3.4 million).

At our Polish FAMOT production plant we have completed the new state-of-the-art XXL production hall. Two XXL machining centers form the core of the 6,000 m^2 large, energy-efficient hall that has a nearly constant temperature. These machining centers will be able to produce components weighing up to 40 tonnes for other DMG MORI plants. We are also commissioning three universal machining centers with a linear pallet pool (LPP). This system enables automatic feeding of workpieces and leads to more flexible and efficient mechanical production. At DECKEL MAHO in Pfronten we are in the construction phase for the expansion and modernization of the assembly and logistics areas. A highlight will be the flow assembly line with automated guided transport systems (AGVs) for our monoBLOCK machines. At GILDEMEISTER Drehmaschinen GmbH in Bielefeld, synchronized assembly has been introduced for the Robo2Go 2nd Generation and the CTX beta TC series – for noticeably shorter processing times and transparent assembly progress.

SEGMENT REPORT

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

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

SEGMENT KEY FIGURES in € million	30 June 2019	30 June 2018		Changes 2019 against 2018
Order intake	**1,412.3**	**1,577.1**	**-164.8**	**-10 %**
Machine Tools	744.8	878.0	-133.2	-15 %
Industrial Services	667.4	699.0	-31.6	-5 %
Corporate Services	0.1	0.1	0	0 %
Sales revenues	**1,276.4**	**1,215.1**	**61.3**	**5 %**
Machine Tools	687.1	654.5	32.6	5 %
Industrial Services	589.2	560.5	28.7	5 %
Corporate Services	0.1	0.1	0	0 %
EBIT	**103.4**	**93.0**	**10.4**	**11 %**
Machine Tools	57.4	55.4	2.0	4 %
Industrial Services	56.9	51.7	5.2	10 %
Corporate Services	-10.9	-13.9	3.0	22 %

MACHINE TOOLS

The "Machine Tools" segment includes the group's new machines business with the turning and milling, Advanced Technologies (ULTRASONIC / LASERTEC / ADDITIVE MANUFACTURING) and Digital Solutions divisions.

There is noticeably less willingness on the part of our customers to make capital investments. Order intake in the "Machine Tools" segment in the second quarter amounted to € 341.2 million (previous year: € 411.4 million). In the first six months, orders fell to € 744.8 million (-15 %; previous year: € 878.0 million). Domestic order intake was € 218.5 million (previous year: € 253.2 million). International orders were € 526.3 million (previous year: € 624.8 million).

"Machine Tools" accounted for 53 % of all orders received (previous year: 56 %). As at 30 June 2019, the order backlog amounted to € 959.0 million (30 June 2018: € 996,6 million).

Sales revenues in the second quarter rose to € 344.3 million (previous year: € 343.1 million). At the end of the first half year sales revenues increased by € 32.6 million to € 687.1 million (+5 %; previous year: € 654.5 million). The "Machine Tools" segment contributed 54 % of sales revenues as in the previous year. EBIT improved to € 57.4 million (previous year: € 55.4 million).

As at 30 June 2019, the number of employees in the "Machine Tools" segment was 4,099 (31 Dec. 2018: 4,120).

KEY FIGURES FOR THE "MACHINE TOOLS" SEGMENT in € million	30 June 2019	30 June 2018		Changes 2019 against 2018
Order intake	**744.8**	**878.0**	**-133.2**	**-15 %**
Domestic	218.5	253.2	-34.7	-14 %
International	526.3	624.8	-98.5	-16 %
% International	71	71		
Sales revenues	**687.1**	**654.5**	**32.6**	**5 %**
Domestic	220.1	199.1	21.0	11 %
International	467.0	455.4	11.6	3 %
% International	68	70		
Order backlog	**959.0**	**996.6**	**-37.6**	**-4 %**
Domestic	211.3	247.5	-36.2	-15 %
International	747.7	749.1	-1.4	0 %
% International	78	75		
EBIT	**57.4**	**55.4**	**2.0**	**4 %**
	30 June 2019	**31 Dec. 2018**		**Changes 2019 against 2018**
Employees	4,099	4,120	-21	-1 %
incl. trainees	248	284	-36	-13 %

KEY FIGURES FOR THE "INDUSTRIAL SERVICES" SEGMENT in € million	30 June 2019	30 June 2018		Changes 2019 against 2018
Order intake	**667.4**	**699.0**	**-31.6**	**-5 %**
Domestic	184.3	199.9	-15.6	-8 %
International	483.1	499.1	-16.0	-3 %
% International	72	71		
Sales revenues	**589.2**	**560.5**	**28.7**	**5 %**
Domestic	168.7	185.6	-16.9	-9 %
International	420.5	374.9	45.6	12 %
% International	71	67		
Order backlog	**786.3**	**661.9**	**124.4**	**19 %**
Domestic	318.4	275.4	43.0	16 %
International	467.9	386.5	81.4	21 %
% International	60	58		
EBIT	**56.9**	**51.7**	**5.2**	**10 %**
	30 June 2019	**31 Dec. 2018**		**Changes 2019 against 2018**
Employees	3,259	3,299	-40	-1 %
incl. trainees	88	112	-24	-21 %

INDUSTRIAL SERVICES

The "Industrial Services" segment comprised in the reporting period the business activities of the Services and Energy Solutions divisions. In the Services division we combine the marketing activities and the LifeCycle services for our machines and also for those of DMG MORI COMPANY LIMITED. With the aid of the DMG MORI LifeCycle Services, our customers maximize the productivity of their machine tools over the entire life cycle – from the commissioning to part exchange as a used machine. The wide range of service contracts, repair and training services offered to our customers ensures the maximum cost efficiency of their machine tools. Significant business activities of the Energy Solutions were sold by DMG MORI as of 1 July 2019 to a strategic investor. By taking this step, DMG MORI is focusing on the core business of machine tools and services, as well as on developing the future areas of automation, digitization and ADDITIVE MANUFACTURING. The existing order backlog at Energy Solutions will essentially be processed by the end of 2019.

Order intake in the "Industrial Services" segment grew in the second quarter by +5 % to € 362.8 million (previous year: € 343.9 million). In the first half year order intake was lower at € 667.4 million (previous year: € 699.0 million). Order intake in the services division amounted to € 535.9 million (previous year: € 631.7 million). The change is mainly due to a decline in orders for machines of DMG MORI COMPANY LIMITED. "Industrial Services" accounted for 47 % of orders in the group (previous year: 44 %). The order backlog at the end of the first half year increased to € 786.3 million (30 June 2018: € 661.9 million).

Sales revenues in the second quarter rose to € 302.9 million (+4 %; previous year: € 290.2 million). In the first half year sales revenues in the "Industrial Services" segment increased by +5 % to € 589.2 million (previous year: € 560.5 million). Sales revenues in the services division amounted to € 534.8 million (previous year: € 554.6 million). "Industrial Services" contributed 46 % of group sales revenues as in the previous year. EBIT rose in the first six months to € 56.9 million (previous year: € 51.7 million).

In the "Industrial Services" segment, the number of employees as at 30 June 2019 totaled 3,259 (31 Dec. 2018: 3,299).

CORPORATE SERVICES

The "Corporate Services" segment essentially comprises DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions. EBIT amounted to € -10.9 million (previous year: € -13.9 million).

KEY FIGURES FOR THE "CORPORATE SERVICES" SEGMENT in € million	**30 June 2019**	**30 June 2018**		**Changes 2019 against 2018**
Order intake	**0.1**	**0.1**	**0**	**0 %**
Sales revenues	**0.1**	**0.1**	**0**	**0 %**
EBIT	**-10.9**	**-13.9**	**3.0**	**22 %**
	30 June 2019	**31 Dec. 2018**		**Changes 2019 against 2018**
Employees	86	84	2	2 %

EMPLOYEES

On 30 June 2019 the group had 7,444 employees, of whom 336 were trainees (31 Dec. 2018: 7,503). In comparison with year-end 2018, the number of employees has practically remained the same. At the end of the first half year, 4,495 employees (60 %) worked for our domestic companies and 2,949 employees (40 %) for our international companies. Personnel costs amounted to € 307.0 million (previous year: € 290.5 million). The personnel expenses ratio improved to 22.3 % (previous year: 22.5 %).

SHARE

The DMG MORI AKTIENGESELLSCHAFT share was quoted at the start of the second quarter at € 43.30 (1 Apr. 2019) and closed on 28 June 2019 at € 43.60. Since 24 June 2019, DMG MORI is once again listed on the SDAX.

RESEARCH & DEVELOPMENT

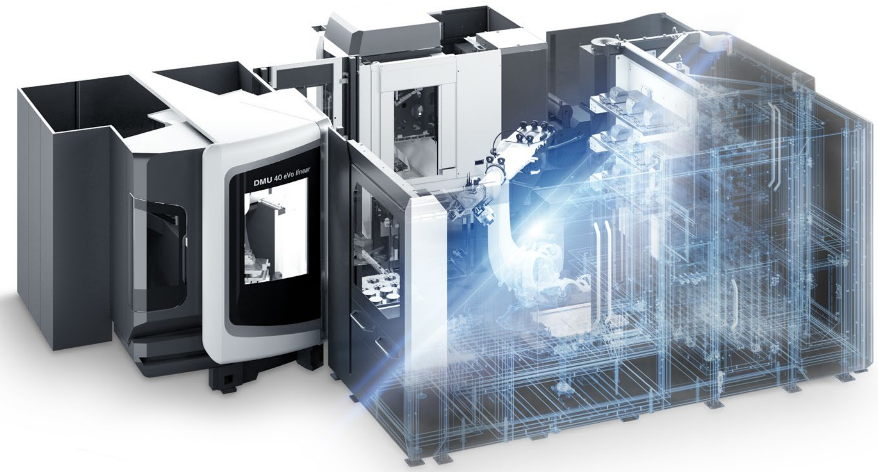
Expenditure on research and development in the first half year amounted to € 28.0 million (previous year: € 28.2 million). A total of 588 employees worked on the development of our new products. This corresponds to 15 % of the workforce at the plants.

In the financial year 2019, together with DMG MORI COMPANY LIMITED we present more than 30 innovations, including 5 world premieres. In this way we are advancing our future areas of automation, digitization, ADDITIVE MANUFACTURING, Technology Excellence and DMG MORI Qualified Products (DMQP) and are systematically expanding our innovative solutions portfolio. We are also satisfying specific customer requests with customized solutions.

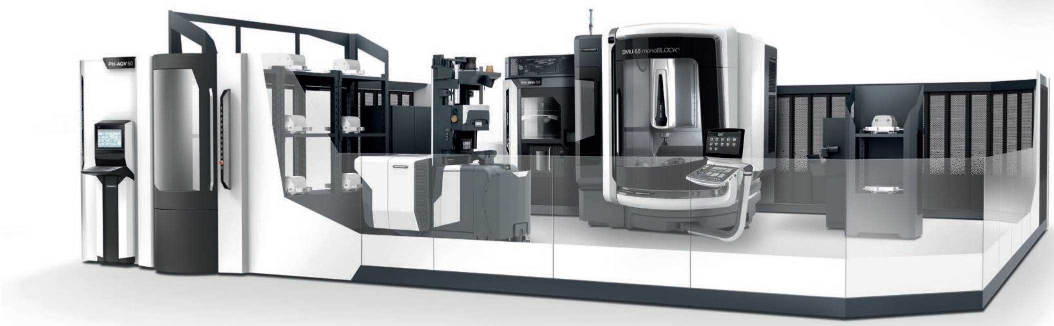
Overall, and in addition to its fully integrated, customized solutions, DMG MORI has more than 50 standard automation products in its portfolio. Just about every DMG MORI machine can now be automated.

The Robo2Go 2nd Generation allows customers to increase the productivity of their machine tools at low cost. The handling of the integrated control via CELOS is intuitive for every user – even without any prior knowledge of programming robots. At the EMO we will be presenting the Robo2Go with an innovative camera system. This optimizes processing reliability and operation even further.

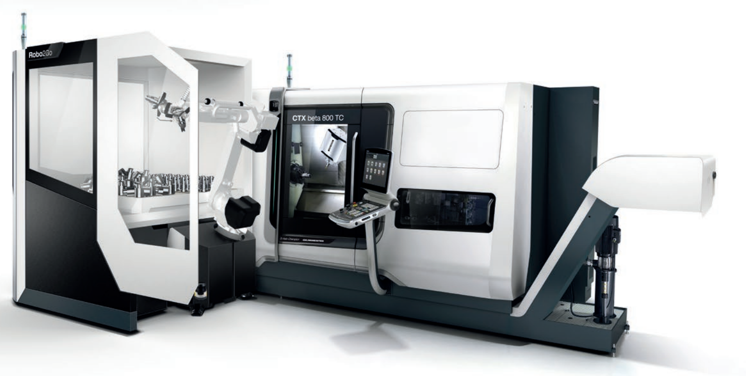
The automation solutions WH Flex and PH-AGV, which will be available as of the EMO Hanover, offer the highest degree of flexibility. The WH Flex can be easily customized to suit the customer due to its modular design and can be linked to up to nine turning or milling machines. The "Digital Twin" makes installation faster by up to 80 % through the prior real time simulation of all processes. The PH-AGV is an automated guided transport system that enables automated loading and unloading of workpiece pallets. This



WH Flex automation module // 80% faster installation thanks to Digital Twin



DMU 65 monoBLOCK // PH-AGV



CTX beta 800 TC // Robo2Go 2nd Generation with innovative camera system

DMG MORI Connectivity // Complete machine connection

***my* DMG MORI** // Customer portal for service optimization

new automation solution can be easily and flexibly extended and ensures free access to the machine. The DMG MORI Cell Controller optimizes all processes in production.

DMG MORI has an integrated digitization strategy at all levels of value creation – from the planning and preparatory work to production and monitoring up to service.

DMG MORI Connectivity enables the complete networking of DMG MORI and selected third-party machines with digital products and all relevant platforms. This vertical and horizontal integration is based on standardized interfaces to the shop floor, edge and cloud. As of EMO, all newly acquired DMG MORI machines will be equipped with DMG MORI Connectivity at no extra cost. For existing CELOS machines there will be an update with new functions as of EMO, such as the new APPLICATION CONNECTOR, which visualizes every digital application directly via the CELOS interface.

Our new customer portal *my* DMG MORI ensures integrated service optimization. It offers fast and direct contact to the DMG MORI service experts and provides a status update for all current activities plus access to all related documents. Service queries can be initiated through the interactive request form at the click of a button.

As a global full liner, in the area of ADDITIVE MANUFACTURING we are offering four complete process chains. At the Open House Bielefeld we presented SLM technology both in connection with upstream milling processing as well as with downstream turn & mill processing. This combines the advantages of highly complex additive manufacturing components with the precision of CNC machining into integrated solutions. The innovative OPTOMET software simplifies and speeds up the determination of optimum process parameters.

We support our customers fully in the implementation of additive manufacturing, for example with our practice-oriented consulting service "Additive Intelligence" and with selected DMQP. For LASERTEC SLM machines, our offer includes the "DMQP Powder Cycle" with a comprehensive selection of qualified ready-to-use materials. These can be ordered simply and fast via the DMG MORI web shop.

With the DMG MORI technology cycles, we provide our customers with a total of 42 effective assistants for workshop-oriented programming at the EMO. Newly introduced cycles enable, for example, the complete technology integration of turning, milling and grinding or the simplified production of gears. The VCS Complete technology cycle calibrates the machine at the touch of a button and thus ensures 30 % higher accuracy over the entire life cycle. With the new QUICK CHECK function, the accuracy can be checked at any time in less than ten minutes. The technology cycle is available for all monoBLOCK machines and also for further series in the future.

The advantages of the proven monoBLOCK design have been transferred to the LASERTEC 125 Shape in the Advanced Technologies area. The machine sets new standards in the surface structuring of components up to a diameter of 1,250 mm. In the milling sector, we presented the highly dynamic DMP 70 as the successor to the MILLTAP 700, which has already been installed more than 3,000 times.

In DMG MORI Components we are presenting the new inlineMASTER spindle. In future, all CMX V and CMX U machines will be available with this spindle as an option. DMG MORI offers 36 months warranty on all motor spindles in the "MASTER" series – without limitation of hours.

Opportunities and Risk Report

Our opportunities and risk management report is presented in detail in the Annual Report 2018 on pages 64 et seq. The statements in the report are essentially unchanged. Increasingly occurring and supplementary risks arise moreover from the slowdown and loss of momentum in the global economy, geo-political uncertainties and aggravated international trade disputes, and also as a consequence of structural changes in the automotive industry and its suppliers. DMG MORI is affected by this global tendency as well. We expect the impact to increase over the next twelve months.

Opportunities may arise through innovations from the strategic future areas of automation, digitization, ADDITIVE MANUFACTURING, Technology Excellence and DMG MORI Qualified Products, as well as from the targeted expansion of our production capacity.

Forecast

The global economy and the worldwide market for machine tools are losing momentum in 2019 due to the current geo-political uncertainties. The overall economic situation is becoming more difficult. Demand for capital goods is falling noticeably.

In its June forecast, the Kiel Institute for the World Economy (IfW) lowered the growth rate of the global economy for the whole year to +3.2 % (March forecast: +3.3 %). In their April forecast, the German Association of Machine Tool Builders (VDW) and the British economic research institute, Oxford Economics, are expecting the global consumption of machine tools to grow only by +2.3 % to € 76.0 billion (October forecast: +3.6 %). The next forecast of the VDW and Oxford Economics will be published as scheduled in October. In view of the current geo-political uncertainties and the weakening economic cycle, it can be assumed that rates of growth will be further reduced.

However, we are once again confirming our 2019 forecasts: For the current financial year we are still planning order intake of around € 2.6 billion and sales revenues of around € 2.65 billion. EBIT should amount to around € 200 million and the free cash flow should be around € 150 million.

The current financial year is marked by the EMO Hanover. At the world's largest machine tool trade fair, DMG MORI will be presenting a breath-taking range of innovations, especially in the future fields Automation, Digitization and ADDITIVE MANUFACTURING.

Automation
- 29 automation solutions
- WH Flex – modular automation concept for workpiece and pallet handling for up to nine machine tools
- new automated guided vehicle systems (AGV)
- "Digital Twin" – 80 % faster to productivity

Integrated Digitization – more than 30 digital innovations
- DMG MORI Connectivity – for fully networked production
- *my* DMG MORI – the new customer portal for service optimization
- new CELOS APPs, such as the APPLICATION CONNECTOR
- comprehensive DMG MORI Monitoring
- efficient production planning and control
- WERKBLiQ – digital maintenance optimization

ADDITIVE MANUFACTURING
- integrated process chains – from the material cycle to simulation to service and consulting
- LASERTEC 65 3D hybrid – new with adaptive process control

As a strong and sustainable partner, DMG MORI is increasingly developing into an integrated solution provider in the manufacturing environment.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

FIRST HALF YEAR 2019 (01 JAN – 30 JUNE) in € million	2019		2018		Changes 2019 against 2018	
Sales Revenues	**1,276.4**	**92.5 %**	**1,215.1**	**94.2 %**	**61.3**	**5.0 %**
Changes in finished goods and work in progress	90.4	6.6 %	72.3	5.6 %	18.1	25.0 %
Own work capitalized	13.2	0.9 %	3.2	0.2 %	10.0	312.5 %
Total Work Done	**1,380.0**	**100.0 %**	**1,290.6**	**100.0 %**	**89.4**	**6.9 %**
Cost of material	-779.7	-56.5 %	-720.0	-55.8 %	-59.7	8.3 %
Gross Profit	**600.3**	**43.5 %**	**570.6**	**44.2 %**	**29.7**	**5.2 %**
Personnel costs	-307.0	-22.3 %	-290.5	-22.5 %	-16.5	5.7 %
Other income and expenses	-150.3	-10.8 %	-159.6	-12.4 %	9.3	5.8 %
Depreciation	-39.6	-2.9 %	-27.5	-2.1 %	-12.1	44.0 %
EBIT	**103.4**	**7.5 %**	**93.0**	**7.2 %**	**10.4**	**11.2 %**
Financial Result	**-1.5**	**-0.1 %**	**-0.7**	**-0.1 %**	**-0.8**	**114.3 %**
EBT	**101.9**	**7.4 %**	**92.3**	**7.1 %**	**9.6**	
Income taxes	-30.1	-2.2 %	-27.6	-2.1 %	-2.5	
EAT	**71.8**	**5.2 %**	**64.7**	**5.0 %**	**7.1**	
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT	71.4	5.2 %	65.1	5.0 %	6.3	
Of which attributed to non-controlling interests	0.4	0.0 %	-0.4	0.0 %	0.8	

Consolidated Statement of other Comprehensive Income

FIRST HALF YEAR 2019 (01 JAN – 30 JUNE) in € million	2019	2018
EAT	**71.8**	**64.7**
Other comprehensive income	**0.0**	**0.0**
Actuarial gains / losses	0.0	0.0
Income taxes	0.0	0.0
Sum of items not reclassified to the income statement	**0.0**	**0.0**
Differences from currency translation	18.7	-12.3
Change in market value of hedging instruments	0.2	-0.7
Market value of hedging instruments – reclassification to profit or loss	0.1	0.2
Net investments	-0.7	-0.7
Income taxes	-0.1	0.2
Sum of items reclassified to the income statement	**18.2**	**-13.3**
Other comprehensive income for the period after taxes	**18.2**	**-13.3**
Total comprehensive income for the period	**90.0**	**51.4**
Of which attributed to the shareholders of DMG MORI AKTIENGESELLSCHAFT	88.8	51.9
Of which attributed to non-controlling interests	1.2	-0.5

Consolidated Balance Sheet

ASSETS in € million	30 June 2019	31 Dec. 2018	30 June 2018
Goodwill	139.4	139.4	139.4
Other intangible assets	53.1	50.9	48.7
Tangible assets	477.1	434.9	429.8
Equity accounted investments	61.4	58.9	48.3
Other equity investments	2.4	2.4	2.1
Trade receivables from third parties	0.2	1.3	0.3
Other long-term financial assets	11.6	12.0	11.4
Other long-term assets	2.5	2.7	3.4
Deferred tax assets	56.5	55.6	50.5
Long-term assets	**804.2**	**758.1**	**733.9**
Inventories	731.3	625.4	656.1
Trade receivables from third parties	237.4	227.0	217.8
Receivables from at equity accounted companies	22.8	21.2	18.1
Receivables from other related companies	441.7	480.7	349.3
Receivables from associated companies	0.0	0.0	0.1
Receivables from down payment invoices	10.3	33.3	16.3
Other short-term financial assets	63.0	60.2	61.7
Other short-term assets	65.4	81.3	85.7
Income tax receivables	0.2	0.6	1.6
Cash and cash equivalents	124.8	152.7	209.7
Long-term assets held for sale	10.0	0.0	0.0
Short-term assets	**1,706.9**	**1,682.4**	**1,616.4**
Balance sheet total	**2,511.1**	**2,440.5**	**2,350.3**

EQUITY AND LIABILITIES in € million	30 June 2019	31 Dec. 2018	30 June 2018
Equity			
Subscribed capital	204.9	204.9	204.9
Capital reserves	498.5	498.5	498.5
Retained earnings and other reserves	577.3	489.8	510.6
Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT	**1,280.7**	**1,193.2**	**1,214.0**
Non-controlling equity interests	12.9	4.5	2.4
Total Equity	**1,293.6**	**1,197.7**	**1,216.4**
Long-term financial debts	0.0	0.0	35.0
Long-term lease liabilities	42.8	0.0	0.0
Provisions for pensions	37.1	37.8	43.4
Other long-term provisions	47.3	58.2	45.5
Trade payables to third parties	0.0	0.0	1.3
Contract liabilities	1.6	1.9	0.7
Other long-term financial liabilities	5.9	8.2	9.3
Other long-term liabilities	2.2	2.6	3.1
Deferred tax liabilities	2.6	2.5	2.7
Long-term debts	**139.5**	**111.2**	**141.0**
Short-term financial debts	0.0	0.0	5.5
Short-term lease liabilities	17.8	0.0	0.0
Tax provisions	14.4	17.9	15.7
Other short-term provisions	212.7	209.2	179.8
Payments received on account	356.4	342.6	389.1
Trade payables to third parties	254.0	195.4	208.6
Liabilities to at equity accounted companies	3.2	2.3	3.7
Liabilities to other related companies	106.3	236.6	95.3
Contract liabilities	24.4	21.5	16.8
Contract liability from down payment invoices	10.3	33.2	16.3
Other short-term financial liabilities	20.8	31.1	19.1
Other short-term liabilities	52.9	41.8	43.0
Liabilities in connection with assets held for sale	4.8	0.0	0.0
Short-term debts	**1,078.0**	**1,131.6**	**992.9**
Balance sheet total	**2,511.1**	**2,440.5**	**2,350.3**

Consolidated Cash Flow Statement

FIRST HALF YEAR 2019 (01 JAN – 30 JUNE) in € million	2019	2018
Cash flow from operating activities		
Earnings before taxes (EBT)	101.9	92.3
Income taxes	-30.1	-27.6
Depreciation	39.6	27.5
Change in deferred taxes	-0.9	0.7
Change in provisions	-10.2	5.0
Other income and expenses not affecting payments	-0.8	-1.5
Changes in inventories, trade debtors and other assets	-59.9	-119.2
Changes in trade creditors and other liabilities	46.7	114.9
	86.3	**92.1**
Cash flow from investment activity		
Cash inflows on disposal of tangible assets and intangible assets	28.6	2.2
Amounts paid out for investments in intangible and tangible assets	-33.0	-27.1
Cash flow from the takeover of control over subsidiaries	-2.3	-1.5
Cash flow from the loss of control over subsidiaries	3.5	0.0
Amounts paid out for investments in financial assets	-0.3	-0.3
Amounts received from the disposal in financial assets	0.0	21.4
Amounts paid out for loans to other related companies	0.0	-150.0
	-3.5	**-155.3**
Cash flow from financing activity		
Cash inflows / cash outflows for borrowings / repayment	0.0	0.5
Payments for repayment of liabilities from lease agreements	-10.3	0.0
Profit transfer to DMG MORI GmbH	-99.3	-89.9
	-109.6	**-89.4**
Changes affecting payments	-26.8	-152.6
Reclassification of funds for assets held for sale	-1.8	0.0
Effects of exchange rate changes on financial securities	0.7	-1.1
Cash and cash equivalents as of 1 January	152.7	363.4
Cash and cash equivalents as of 30 June	**124.8**	**209.7**

Development of Group Equity

in € million	Subscribed capital	Capital reserve	Retained earnings and other reserves	Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT	Non-controlling equity interests	**Total equity**
As at 01 January 2019	**204.9**	**498.5**	**489.8**	**1,193.2**	**4.5**	**1,197.7**
Total comprehensive income	0.0	0.0	88.8	88.8	1.2	90.0
Consolidation measures / Other changes	0.0	0.0	-1.3	-1.3	7.2	5.9
As at 30 June 2019	**204.9**	**498.5**	**577.3**	**1,280.7**	**12.9**	**1,293.6**

As at 01 January 2018	**204.9**	**498.5**	**458.1**	**1,161.5**	**3.1**	**1,164.6**
Effects from changes in accounting methods	0.0	0.0	-1.2	-1.2	-0.2	-1.4
As at 01 January 2018 adjusted*	**204.9**	**498.5**	**456.9**	**1,160.3**	**2.9**	**1,163.2**
Total comprehensive income	0.0	0.0	51.9	51.9	-0.5	51.4
Consolidation measures / Other changes	0.0	0.0	1.8	1.8	0.0	1.8
As at 30 June 2018	**204.9**	**498.5**	**510.6**	**1,214.0**	**2.4**	**1,216.4**

* adjusted due to first-time adoption of IFRS 9 and IFRS 15

Group Segment Report

part of the Selected Explanatory Notes

FIRST HALF YEAR 2019 in € million	Machine Tools	Industrial Services	Corporate Services	Transition	**Group**
Sales Revenues	687.1	589.2	0.1	0.0	1,276.4
EBIT	57.4	56.9	-10.9	0.0	103.4
Investments	31.3	4.8	0.6	0.0	36.7
Employees	4,099	3,259	86	0	7,444

FIRST HALF YEAR 2018 in € million	Machine Tools	Industrial Services	Corporate Services	Transition	**Group**
Sales Revenues	654.5	560.5	0.1	0.0	1,215.1
EBIT	55.4	51.7	-13.9	-0.2	93.0
Investments	22.8	2.2	0.9	0.0	25.9
Employees	4,008	3,220	82	0	7,310

Selected Explanatory Notes to the Interim Consolidated Financial Statements

APPLICATION OF REGULATIONS

The consolidated financial statements of DMG MORI AKTIENGESELLSCHAFT as at 31 December 2018 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and their interpretations as applicable at the reporting date and as adopted by the European Union. The interim consolidated financial statements as at 30 June 2019 were prepared on the basis of IAS 34 Interim Financial Reporting. The interim consolidated financial statements as at 30 June 2019 and the interim management report for the period 1 January to 30 June 2019 have not been audited or subject to a review under section 37w of the German Securities Trading Act (WpHG). All interim financial statements of those companies that were included in the interim consolidated financial statements were prepared in accordance with the uniform accounting and valuation principles that also formed the basis for the consolidated financial statements for the year ending 31 December 2018. Bearing in mind 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 for comparison with financial year 2018 (see further explanations in the Notes to the Consolidated Financial Statements as at 31 December 2018 on page 94 et seq.), with the exception of the application of new financial accounting regulations. All IFRS amendments and new standards that are required to be applied as of 1 January 2019 have been adopted.

In particular the amendments to IFRS 16 "Leases" have an effect on the DMG MORI AKTIENGESELLSCHAFT financial reporting and further details are given in the following. None of the other obligatory applications of IFRS amendments or new standards effective as of 1 January 2019 have any material effect on the reporting of DMG MORI AKTIENGESELLSCHAFT.

NEW ACCOUNTING REGULATIONS

IFRS 16 introduces a financial accounting model that requires leases to be reported on the balance sheet of the lessee. A lessee reports a right-of-use asset, which shows the lessee's right to the use of the underlying lease asset, as well as the financial liability from the lease, which shows the lessee's obligation to make lease payments. There are exemptions for short-term leases and leases of low-value assets. The financial accounting for the lessor is comparable to the former standard, that is, the lessor continues to classify leases as finance or operating leases.

IFRS 16 replaces the current guidelines on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

The DMG MORI group applied IFRS 16 for the first time as at 1 January 2019 and chose to apply the modified retrospective approach; the right-of-use asset is recognized at the amount of the lease liability. Comparative information has not been restated.

The simplification rule on retaining the definition of a lease was made use of during the transition. Consequently, the DMG MORI Group has applied IFRS 16 to all contracts that were concluded prior to 1 January 2019 and that have been identified as leases under IAS 17 and IFRIC 4.

Leases where the DMG MORI group is the Lessee

The DMG MORI group has recognized new assets and liabilities for former operating leases in the balance sheet. The rights-of-use assets are recognized under plant, property and equipment at acquisition costs less depreciation and any impairment required as appropriate. Initial recognition of lease liabilities is determined at the present value of the leasing payment to be made. These are discounted at the interest rate of the lease or, insofar as this cannot be readily determined, at the incremental borrowing rate of interest. The weighted average incremental borrowing rate of interest as at 1 January 2019 was 2.8 %. In subsequent measurement the carrying amount of the lease liability is increased by the interest cost and reduced by the lease payments made with no effect on income.

The exemption has been made use of for short-term leases and leases of low-value assets and thus the recognition of a right-of-use asset and a lease liability has been waived. The related lease payments are recognized as an expense in the income statement as before. Lease and non-lease components are accounted for separately as a rule.

The application of IFRS 16 results in a change in the type of expenses as the group will now recognize depreciation on right-of-use assets and interest expenses from lease liabilities. Contrary to previous approaches, by which expenses for operating leases were reported entirely in the EBIT, the interest expenses from compounding the lease liability under IFRS 16 are now reported under the financial result.

In the cash flow statement, the interest and principal repayments for leases are recognized in the cash flow from financing activity. Previously, cash flows for operating leases were reported in the cash flow from operating activity.

As part of the transition to IFRS 16, as at 1 January 2019 the right-of-use assets and lease liabilities were recognized in an amount of € 66.3 million.

The difference between the expected future minimum lease payments for operating leases as at 31 December 2018 of € 66.8 million and the lease liabilities recognized in the opening balance sheet of € 66.3 million arises essentially from the re-assessment of the obligations to be recognized in the balance sheet as per the requirements of IFRS 16 and the lease periods to be considered, the non-recognition of lease payments for non-lease components, short-term and low-value leases as well as the discounting effect.

As at 30 June 2019, the DMG MORI Group reports rights-of-use assets of € 61.3 million under plant, property and equipment as well as lease liabilities of € 60.6 million. In connection with these leases, depreciation of € 10.5 million and interest expenses of € 0.5 million are reported for the first half year 2019. Additions to rights-of-use assets as at 30 June 2019 amounted to € 3.4 million.

As a consequence of applying IFRS 16, other operating expenses decreased whereas depreciation increased in the first half year 2019. This gave rise to an increase in EBITDA and a slight improvement in the EBIT. The change in reporting in the cash flow statement in the first half year 2019 resulted in an increase in free cash flow. Cash flow from financing activity changed accordingly.

Leases where the DMG MORI Group is the Lessor

Lessor accounting requirements pursuant to IAS 17 have been taken over in IFRS 16 with practically no changes. The lessor continues to have to classify to finance and operating leases. There are no material changes for the DMG MORI group as at 1 January 2019.

SEASONAL EFFECTS

As a globally operating company the DMG MORI group is subject to various cyclical developments. In the section "Business Environment" the cyclical influences during the reporting period are 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.

CONSOLIDATED GROUP

As at 30 June 2019, the DMG MORI group, including DMG MORI AKTIENGESELLSCHAFT, comprised 86 companies, of which 80 companies were included in the interim financial statements as part of the full consolidation process. In comparison with 31 December 2018, the number of consolidated subsidiary companies has decreased by one.

DMG MORI Global Service Milling GmbH, Pfronten, has merged with retroactive effect as at 1 January 2019 with DMG MORI Global Service Turning GmbH, Bielefeld. DMG MORI Global Service Turning GmbH has been re-named to DMG MORI Global Service GmbH. DMG MORI Vertriebs und Service GmbH has sold 49% of its shares in DMG MORI Machine Tools Trading Co., Ltd., Shanghai, to DMG MORI COMPANY LIMITED. The change in non-controlling interests in equity is essentially due to this transaction.

In addition to the consolidated subsidiary companies, Magnescale Co. Ltd. Kanagawa (Japan), its subsidiary companies Magnescale Europe GmbH, Wernau, and Magnescale Americas, Inc., Davis (USA), as well as DMG MORI Finance GmbH, Wernau, INTECH DMLS PRIVATE LIMITED, Bangalore (India), and DMG MORI HEITEC GmbH, Erlangen, have been classified as associate companies and accounted for at-equity in the group interim consolidated financial statements.

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. In doing so, the earnings after taxes of € 71.8 million are reduced by the earnings attributed to non-controlling interests of € 0.4 million.

As in the previous year, as at 30 June 2019 there were no diluted earnings.

Group result excluding profit share of other shareholders	€ K	71,420
Average weighted number of shares	Pcs.	78,817,994
Earnings per share acc. to IAS 33	€	0.91

INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT

The income tax expense in the interim reporting period is determined for the whole year pursuant to IAS 34.30(c) on the basis of the currently expected effective tax rate and according to economic considerations.

Pursuant to IAS 34.16A all types of financial assets and liabilities are to be measured at fair value. In the notes to the consolidated financial statements as at 31 December 2018, the valuations of financial instruments are explained in detail. The accounting as at 30 June 2019 remains unchanged. There are no differences between the book values and fair value. Application of IFRS 9 in the first half year 2019 only had an insignificant impact.

As at 1 July 2019, significant business activities of Energy Solutions were sold to a strategic investor. The existing order backlog at Energy Solutions will essentially be processed by the end of the financial year 2019 and will contribute to sales revenues.

As at 30 June 2019, therefore, all the assets and liabilities of the companies involved were presented in the balance sheet item "Long-term assets held for sale" or "Liabilities in connection with long-term assets held for sale".

The following table includes a reconciliation of sales revenues for the period 1 January 2019 to 30 June 2019 and the corresponding period in the previous year according to sales region and the most important products and services of the reportable segments.

The original service business essentially comprised the LifeCycle Services for our machines (including spare parts, maintenance, repair and training).

Further explanations on the application of IFRS 15 to sales revenues from the sale of goods and the provision of services are presented in the Notes to the Consolidated Financial Statements as at 31 December 2018 in the Annual Report on page 97 et seq.

BREAKDOWN OF REVENUES FROM CONTRACTS WITH CUSTOMERS in € million	Machine Tools		Industrial Services		Corporate Services		Group	
	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018	30.06.2019	30.06.2018
Sales area								
Germany	220.2	199.1	168.7	185.4	0.0	0.0	388.9	384.5
EU (excl. Germany)	227.8	221.7	258.8	249.3	0.0	0.0	486.6	471.0
USA	5.4	11.5	6.1	1.6	0.0	0.0	11.5	13.1
Asia	185.3	167.9	118.8	108.1	0.0	0.0	304.1	276.0
Other countries	48.4	54.3	36.8	16.1	0.0	0.0	85.2	70.4
Total	**687.1**	**654.5**	**589.2**	**560.5**	**0.0**	**0.0**	**1,276.3**	**1,215.0**
Important product / service lines								
Machine Tools sales	687.1	654.5	0.0	0.0	0.0	0.0	687.1	654.5
Sales revenues from trade with products of DMG MORI CO. LTD.	0.0	0.0	266.6	273.1	0.0	0.0	266.6	273.1
Original service business	0.0	0.0	268.2	281.5	0.0	0.0	268.2	281.5
Other	0.0	0.0	54.4	5.9	0.0	0.0	54.4	5.9
Total	**687.1**	**654.5**	**589.2**	**560.5**	**0.0**	**0.0**	**1,276.3**	**1,215.0**
Revenue from contracts with customers	**687.1**	**654.5**	**589.2**	**560.5**	**0.0**	**0.0**	**1,276.3**	**1,215.0**
Other sales revenues	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.1**	**0.1**	**0.1**
External sales revenues	**687.1**	**654.5**	**589.2**	**560.5**	**0.1**	**0.1**	**1,276.4**	**1,215.1**

STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income as at 30 June 2019 of € 90.0 million comprises earnings after taxes (€ 71.8 million) and "other comprehensive income after taxes" (€ 18.2 million). The earnings after taxes of € 71.8 million increased comprehensive income. Additionally, the differences from foreign currency translation and the change in market value of derivative financial instruments caused comprehensive income to rise. Seasonally-related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

STATEMENT OF CHANGES IN EQUITY

Equity rose overall by € 95.9 million to € 1,293.6 million. The share of equity attributable to non-controlling interests increased by € 8.4 million to € 12.9 million.

Consolidated income of € 71.8 million increased equity. The currency changes recognized in other income and the change in valuation of derivative financial instruments likewise increased equity.

SEGMENT REPORT

Within the scope of segment 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 follows the internal management and reporting on the basis of the different products and services.

The DMG MORI COMPANY LIMITED machines produced under license are included in "Machine Tools". The business with DMG MORI COMPANY LIMITED products is accounted for in "Industrial Services". The demarcation of the segments and the determination of the segment results remain unchanged from 31 December 2018. The business activities of the segments are disclosed in detail in the notes to the consolidated financial statements as at 31 December 2018 on page 146 et seq.

STATEMENT OF RELATIONS WITH RELATED PARTIES

As presented in the notes to the financial statements as at 31 December 2018, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions. Related companies pursuant to IAS 24.9 (b) are all companies that belong to the DMG MORI COMPANY LIMITED group of companies or to companies in which DMG MORI COMPANY LIMITED has an investment. In line with the consolidated financial statements as at 31 December 2018, relationships with related companies are shown separately in the balance sheet.

DMG MORI Finance GmbH, INTECH DMLS PRIVATE LIMITED, DMG MORI HEITEC GmbH and Magnescale Co., Ltd. together with its subsidiaries are classified as associated companies. Other related companies to the DMG MORI group are any other companies that belong to the consolidated group of DMG MORI COMPANY LIMITED.

DMG MORI AKTIENGESELLSCHAFT granted DMG MORI GmbH a loan of € 120.0 million in financial year 2016, which has been gradually increased since them by € 250.0 million to € 370.0 million. The agreement was concluded at standard market terms and conditions. The disclosure is made in the balance sheet under receivables from other related companies.

A domination and profit transfer agreement pursuant to section 291 et seq. of the German Stock Corporation Act (AktG) is in place between DMG MORI GmbH (controlling company) and DMG MORI AKTIENGESELLSCHAFT (controlled company).

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred after the end of the reporting period of the interim financial statements.

Responsibility Statement

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

Bielefeld, 30 July 2019
DMG MORI AKTIENGESELLSCHAFT
The Executive Board

Chairman
Dipl.-Kfm. Christian Thönes

Dipl.-Kfm. Björn Biermann

Michael Horn, M.B.A.

Supervisory Board: Dr. Eng. Masahiko Mori, Chairman

ADDITIONAL INFORMATION

FINANCIAL CALENDAR

31 October 2019	Release for the 3rd Quarter 2019 (1 January to 30 September)
11 February 2020	Press release on the preliminary figures for the financial year 2019
10 March 2020	Press conference on the financial statements Publication of the Annual Report 2019 Analysts Conference
28 April 2020	Release for the 1st Quarter 2020 (1 January to 31 March)
15 May 2020	118th Annual General Meeting

Subject to alteration

YOUR CONTACT TO DMG MORI

DMG MORI AKTIENGESELLSCHAFT
Gildemeisterstraße 60
D-33689 Bielefeld
www.dmgmori-ag.com

ISIN: DE0005878003

CORPORATE COMMUNICATIONS // INVESTOR RELATIONS

Tanja Figge
Phone: + 49 (0)5205 / 74-3001
Telefax: + 49 (0)5205 / 74-453001
Email: ir@dmgmori.com

Languages
This report is available in German and English.

Orders
We will gladly send you further copies and additional information on DMG MORI AKTIENGESELLSCHAFT upon request free of charge.

carbon neutral
natureOffice.com | DE-141-399192
print production

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C002727

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 as well as a deterioration in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of DMG MORI; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to natural catastrophes, to supply prefabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures of public bodies; the potential effects of these investigations and proceedings on the business of DMG MORI AKTIENGESELLSCHAFT and various other factors.

Should one of these factors of uncertainty or other unforeseeable events occur, or should the assumptions on which these statements are based prove incorrect, the actual results may diff er 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 Nara, Japan. DMG MORI AKTIENGESELLSCHAFT is (indirectly) controlled by DMG MORI COMPANY LIMITED. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to "DMG MORI", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its controlled companies 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.

DMG MORI AKTIENGESELLSCHAFT

Gildemeisterstraße 60
D-33689 Bielefeld

Local Court Bielefeld HRB 7144

Phone: + 49 (0) 5205 / 74-0
Telefax: + 49 (0) 5205 / 74-3273
E-Mail: info@dmgmori.com

www.dmgmori.com