One Brand *for the World.*

# Interim Report

3rd Quarter 2013

**ONE PARTNERSHIP – ONE NAME**

A strong global partnership, the combinaton of innovative power and engineering expertise – as of 1 October 2013 this is represented by one name: DMG MORI SEIKI. GILDEMEISTER Aktiengesellschaft became DMG MORI SEIKI AKTIENGESELLSCHAFT – tradition, precision and technological leadership on a global scale.


DMG MORI SEIKI

AKTIENGESELLSCHAFT

**Dear Shareholders,**

a strong global partnership, combined innovative power and engineering expertise as well as a unique product portfolio in machine tool building – represented by one name: DMG MORI SEIKI. On 1 October 2013 GILDEMEISTER Aktiengesellschaft became DMG MORI SEIKI AKTIENGESELLSCHAFT.

As at 30 September 2013, we were able to improve sales revenues and income: sales revenues reached € 1,480.5 million (previous year: € 1,432.9 million). EBIT amounted to € 88.3 million (previous year: € 83.3 million) and EBT rose to € 79.8 million (previous year: € 72.7 million). As of 30 September 2013, the group reports earnings after taxes of € 55.1 million (previous year: € 49.8 million).

Despite the difficult market conditions, order intake reached € 1,616.6 million (–5%; previous year: € 1,706.4 million). In the third quarter, order intake rose by 6% to € 546.7 million (previous year € 518.0 million). Amongst others, this is due to the EMO 2013 in Hanover (16 – 21 September); as a result of this most important trade fair for machine tools we were able to sell 1,137 products to a value of € 276.4 million. The international trade visitors' main focus fell on CELOS – from the idea to the finished product, the new corporate design and the 18 world premieres.

In the third quarter we successfully implemented the capital increases that were announced in March. We have further strengthened the cooperation with our Japanese partner through the alignment of the company names and the Joint Committee, which coordinates the activities of both companies, has taken up its duties. We will continue to follow this successful path: In addition to jointly opening up further markets, in particular China and Russia, we now intend to push joint product development. Furthermore, we will equip our machines with CELOS; CELOS offers a uniform user interface for our new high-tech machines and simplifies and speeds up the process from the idea to the finished product. In future we will offer all our machines in the new corporate design.

The orders placed at the EMO confirm the growing demand for machine tools overall. We are now planning an order intake for financial year 2013 of more than € 2 billion. Sales revenues should likewise amount to more than € 2 billion. In the fourth quarter, we are planning with a rise in sales revenues and improvement in the quality of earnings. Based on the premise that the market will continue to develop in line with our expectations, we are planning to achieve an EBT of around € 130 million and, as a result, an annual net profit of around € 90 million. For financial year 2013 we are planning a higher dividend payment than for the previous year.

KEY FIGURES The interim consolidated financial statements of DMG MORI SEIKI AKTIENGESELLSCHAFT were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union (EU). The interim financial statements have not been audited and refer exclusively to the DMG MORI SEIKI AKTIENGESELLSCHAFT and its affiliated group companies (in the following referred to as the DMG MORI SEIKI group).

01 **DMG MORI SEIKI GROUP**

| | **30 Sept. 2013** | 31 Dec. 2012 | 30 Sept. 2012 | Changes 30 Sept. 2013 to 30 Sept. 2012 | |
|---|---|---|---|---|---|
| | **€ million** | € million | € million | € million | % |
| Sales revenues | | | | | |
| Total | 1,480.5 | 2,037.4 | 1,432.9 | 47.6 | 3 |
| Domestic | 480.6 | 722.1 | 537.4 | –56.8 | –11 |
| International | 999.9 | 1,315.3 | 895.5 | 104.4 | 12 |
| % International | 68 | 65 | 62 | | |
| Order intake | | | | | |
| Total | 1,616.6 | 2,260.8 | 1,706.4 | –89.8 | –5 |
| Domestic | 527.5 | 735.8 | 582.1 | –54.6 | –9 |
| International | 1,089.1 | 1,525.0 | 1,124.3 | –35.2 | –3 |
| % International | 67 | 67 | 66 | | |
| Order backlog | | | | | |
| Total | 1,121.1 | 1,003.5 | 1,053.1 | 68.0 | 6 |
| Domestic | 299.1 | 252.2 | 282.2 | 16.9 | 6 |
| International | 822.0 | 751.3 | 770.9 | 51.1 | 7 |
| % International | 73 | 75 | 73 | | |
| Investments | 168.1* | 74.5 | 39.5 | 128.6 | |
| Personnel costs | 342.4 | 440.4 | 328.2 | 14.2 | 4 |
| Personnel ratio in % | 22.7 | 21.4 | 22.2 | | |
| EBITDA | 122.4 | 173.8 | 113.0 | 9.4 | 8 |
| EBIT | 88.3 | 132.9 | 83.3 | 5.0 | 6 |
| EBT | 79.8 | 120.1 | 72.7 | 7.1 | 10 |
| Earnings after taxes | 55.1 | 82.4 | 49.5 | 5.3 | 11 |

S P. 10
*Investments*

* Of which € 106.4 million capital inflow to financial assets substantially as a result of the successfully implemented capital increase against contributions in kind

| | **30 Sept. 2013** | 31 Dec. 2012 | 30 Sept. 2012 | Changes 30 Sept. 2013 to 31 Dec. 2012 | |
|---|---|---|---|---|---|
| | | | | | % |
| Employees | 6,453 | 6,267 | 6,236 | 186 | 3 |
| plus trainees | 228 | 229 | 230 | –1 | –1 |
| Total employees | 6,681 | 6,496 | 6,466 | 185 | 3 |

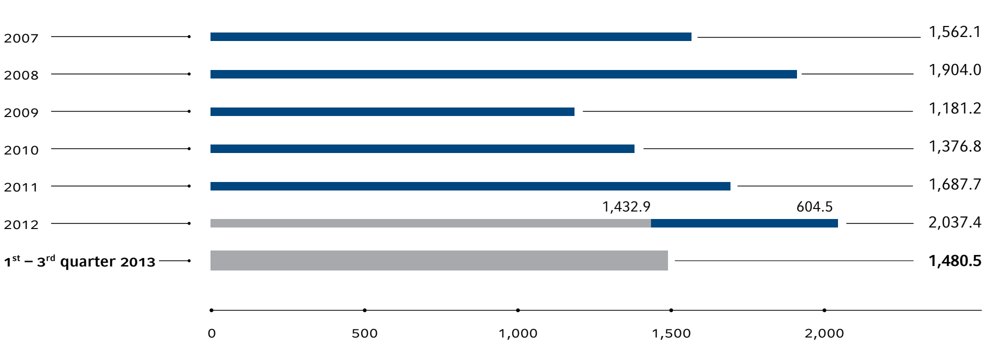
**References**

P Page reference for further information in the Interim Report

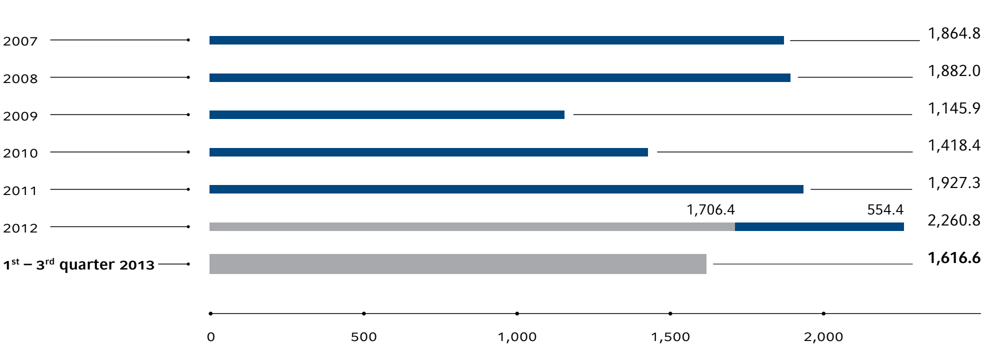
G Reference to a diagram or table providing visual representation

I Reference to further / updated information in the internet

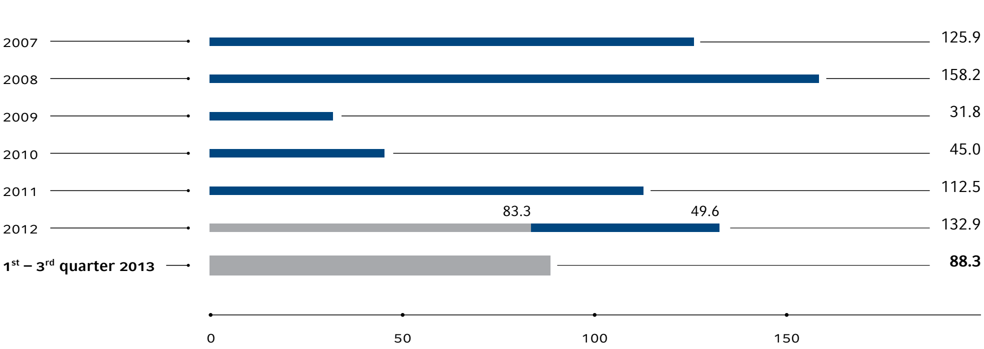
02 **SALES REVENUES** IN € MILLION



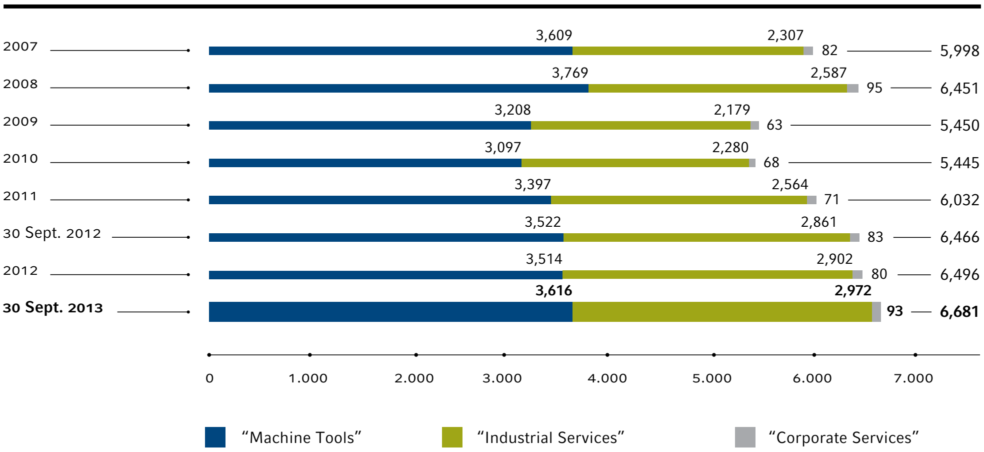

03 **ORDER INTAKE** IN € MILLION




04 **EBIT** IN € MILLION




05 **NUMBER OF EMPLOYEES** INCL. TRAINEES



## Table of Contents




**COVER IMAGE** // One Partnership – One Name

Jointly successful for our shareholders, customers and employees: DMG MORI SEIKI brings together German and Japanese tradition, precision and technological leadership in machine tool building. Behind DMG MORI SEIKI is the combined engineering expertise of 65 years of Mori Seiki and 143 years of GILDEMEISTER.

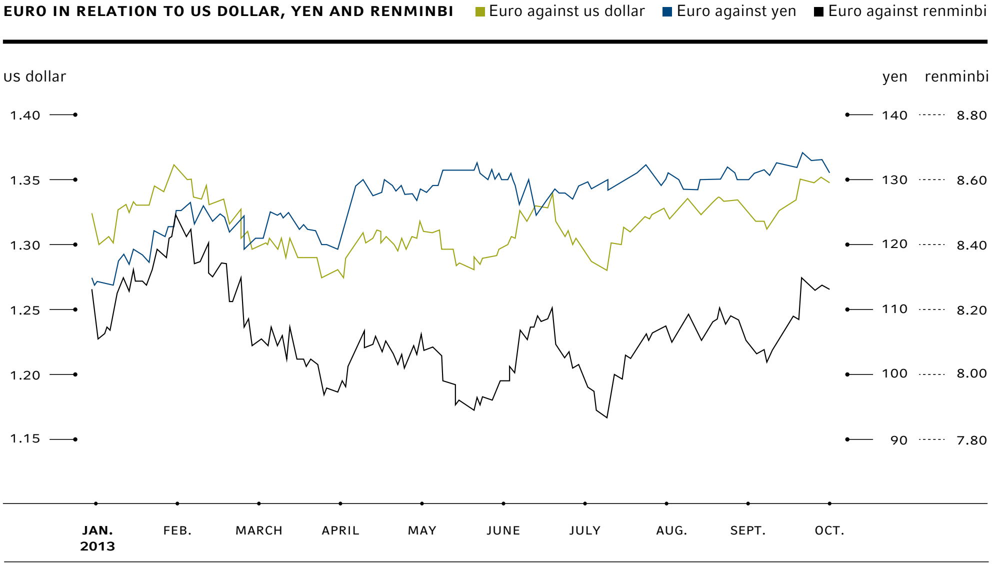
P. 24 further information

The **development of the economy as a whole** has picked up again slightly. As part of growing positive indications and the constant expansionary monetary policy, capital expenditure rose again. In **China** economic growth recovered and recorded stronger growth in the third quarter than in the previous months. In **Japan** the economy continued to benefit from the government's expansionary monetary and fiscal policy. The devaluation of the yen is supporting exporting companies. The **US economy** provided a positive surprise with solid growth. Economic growth in **Europe** was most recently strengthened by developments in Germany and in France; however, the euro-area countries that are affected by crises are also showing signs of the economic downturn having bottomed out. The **German economy** is continuing to follow a moderate upwards trend. The economic barometer of the German Economic Research Institute (DIW Berlin) assumes growth of 0.2% in the third quarter compared to the second quarter.

The DMG MORI SEIKI group's international business is affected by the euro's exchange rate. Of particular importance are the US dollar, the Chinese renminbi and the Japanese yen. The euro gained in value against these **currencies** in the third quarter of 2013 in comparison with the previous year's quarter. Compared to the average value of the euro, the US dollar was USD 1.32 (previous year's quarter: USD 1.25). Thus the euro gained 5.9% against the US dollar. The average value of the Chinese renminbi was quoted at 8.11 renminbi (previous year's quarter: 7.94 renminbi) and thus the euro gained 2.1% against the renminbi. For customers in the USA, in the dollar-dependent markets and in China, the price of our products from our European production has risen slightly. The average value of the yen fell sharply against the euro by 33.3% and was quoted at 131.02 yen (previous year's quarter: 98.3 yen). This results in a competitive advantage for Japanese suppliers in the eurozone. The machines of our cooperation partner, which we market in Europe, can therefore be offered at more favourable terms.

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, YEN AND RENMINBI**




Sources: European Central Bank

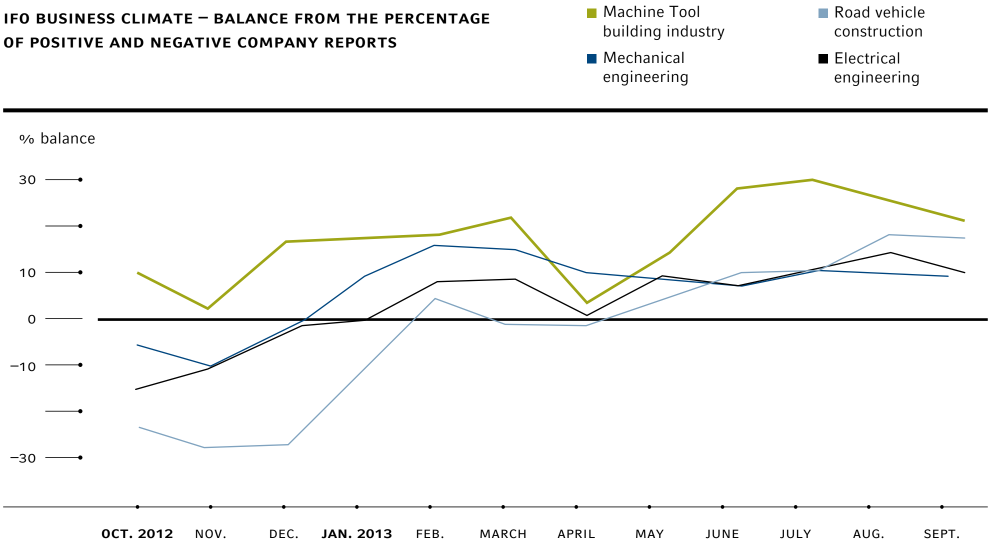
The **worldwide market for machine tools** is expected to decline in 2013 contrary to previous forecasts. The German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, have corrected their latest forecast (October 2013) substantially once again; they are now anticipating a decline in world consumption of 7.4% to € 61.6 billion (previously: +2.4%; € 68.1 billion). The reasons for this correction are primarily the heavily revised information from China on actual consumption and the production in the country. The institutes now expect consumption in China to fall by 12% this year or € 4.2 billion to € 20.9 billion (previously: +5.8%; € 25.1 billion).

The **German machine tool industry** should show a slight decline according to the forecasts. The VDW is expecting a decline in consumption of 1.9% for the whole year. Order intake for cutting machine tools in the first eight months was 14% below the previous year's comparable figure. Our order intake (–5%) developed better than the orders within the industry despite the difficult market conditions.

The **ifo business climate index** for industry and trade in Germany has risen for the fifth consecutive time. Sentiment in the consumer industries is that their current economic situation is less satisfactory than a month ago. However, expectations of further business development have once again turned out to be positive.

Source: Oxford Economics, VDW (German Machine Tool Builders' Association)

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




Source: ifo Institute, Munich

B.01 **Group structure**

| CORPORATE SERVICES | MACHINE TOOLS | | |
|---|---|---|---|
| **DMG MORI SEIKI AKTIENGESELLSCHAFT (Bielefeld)** | **GILDEMEISTER Beteiligungen GmbH (Bielefeld)** | | |
| | **Turning Association** | **Milling Association** | **Milling and Processing Association** |
| | GILDEMEISTER Drehmaschinen GmbH (Bielefeld) | DECKEL MAHO Pfronten GmbH (Pfronten) | DECKEL MAHO Seebach GmbH (Seebach) |
| | GRAZIANO Tortona S.r.l. (Tortona / Italien) | SAUER GmbH (Idar-Oberstein, Pfronten) | FAMOT Pleszew Sp. z o.o. (Pleszew / Poland) |
| | GILDEMEISTER Italiana S.p.A. (Bergamo / Italy) | | |

P. 33
*Selected Notes*

As of 30 September 2013, the DMG MORI SEIKI group, including DMG MORI SEIKI AKTIENGESELLSCHAFT, comprised 107 companies of which 103 have been fully consolidated. Thus when compared to 30 June 2013, the number has risen by two companies.

In July, DMG Holding AG (Dübendorf, Switzerland) founded DMG MORI SEIKI Canada Inc. with registered office in Toronto as a 51% subsidiary; 49% of the shares are held by DMG MORI SEIKI USA, Inc. The new company will take over sales and services in the cooperation market Canada.

Within the scope of the capital increase against contributions in kind in August, DMG MORI SEIKI AKTIENGESELLSCHAFT acquired 44.1% of the shares in Magnescale Co. Ltd. (Kanagawa, Japan), and thus can exercise significant influence; the shares are accounted for at book value and pro rata results under the equity method (at equity) in the consolidated financial statements. The 19.0% shareholding in Mori Seiki Manufacturing USA, Inc. (Davis, USA) is recognised as an equity investment.

P. 10
*Investments*

| ECOLINE Association | Electronics |
|---|---|
| DMG ECOLINE GmbH (Klaus / Austria, Dübendorf / Switzerland) | DMG Electronics GmbH (Pfronten) |
| DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., (Shanghai / China) | |
| Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia) | |

INDUSTRIAL SERVICES

**Sales and Service locations worldwide (146)**

| | | |
|---|---|---|
| **DMG / MORI SEIKI Germany** Stuttgart (8) | **DMG / MORI SEIKI Europe** Dübendorf / Switzerland (35) | **DMG / MORI SEIKI Services** Bielefeld, Pfronten (22) |
| **DMG / MORI SEIKI America** Itasca / Illinois (4) | **DMG / MORI SEIKI Asia** Shanghai, Singapore (54) | **a+f GmbH** Würzburg (6) |
| **DMG / MORI SEIKI USA*** (12) | **DMG / MORI SEIKI Asia / Australia*** (5) | |

* These markets are served and consolidated by our cooperation partner DMG MORI SEIKI COMPANY LIMITED.

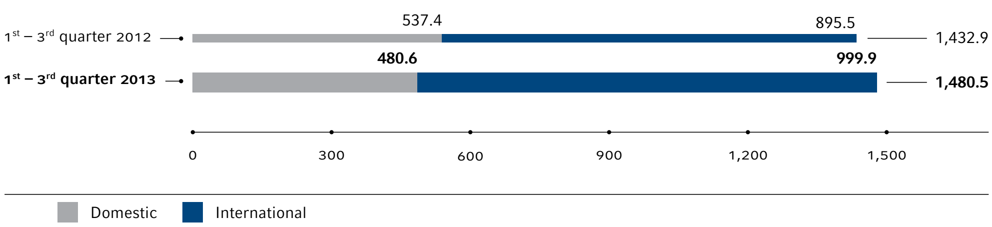
## Sales revenues

P. 11 – 15
*Segments*

The sales revenues of the DMG MORI SEIKI group in the third quarter amounted to € 505.5 million (previous year: € 516.1 million). In the first nine months, sales revenues reached **€ 1,480.5 million** and thus were 3% above the previous year's figure (previous year: € 1,432.9 million).

The group's international sales revenues rose by 12% to € 999.9 million, domestic sales revenues amounted to € 480.6 million. The export share was 68% (previous year: 62%).

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




## Order intake

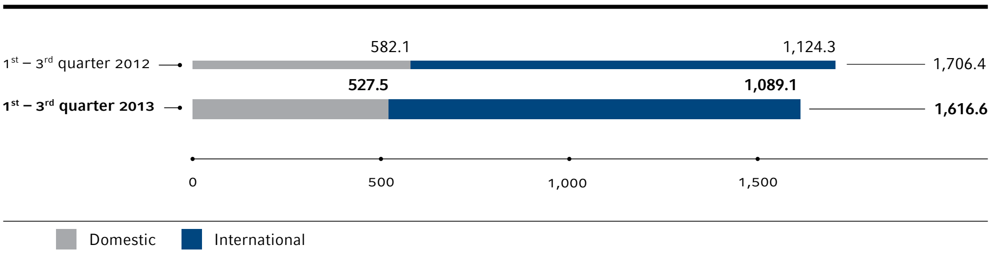
Order intake rose in the **third quarter** by 6% to € 546.7 million (previous year: € 518.0 million). In the "Machine Tools" segment orders were € 302.7 million (previous year: € 251.2 million). The "Industrial Services" segment, which includes Services and Energy Solutions, recorded order intake of € 244.0 million (previous year: € 266.7 million). The Services division, where the sale of machines of our cooperation partner is also entered in the books, achieved € 234.5 million (previous year: € 262.0 million). This decline resulted from lower commissions in the machine tools business; the primary service business and the sale of machines of our cooperation partner developed positively. In Energy Solutions, orders were € 9.5 million (previous year: € 4.7 million).

P. 11 – 15
*Segment "Industrial Services"*

Despite difficult market conditions, order intake in the **first nine months,** reached **€ 1,616.6 million** (– 5%; previous year: € 1,706.4 million). Our order intake thus performed better than orders within the industry, which in the first eight months were 14% below the previous year's comparable figure (Source: VDW). Domestic orders amounted to € 527.5 million (previous year: € 582.1 million). International orders were € 1,089.1 million (previous year: € 1,124.3 million). The proportion of international orders amounted to 67 % (previous year: 66%).

At the **EMO 2013 in Hanover,** together with our cooperation partner we were the largest exhibitor. As a result of this trade fair, which is the most important one for machine tools, we were able to sell 1,137 products to a value of € 276.4 million. The 6,083 new requests for quotation provide a strong boost to expectations of good post-trade fair business; this equates to an increase of 6% when compared to EMO 2011.

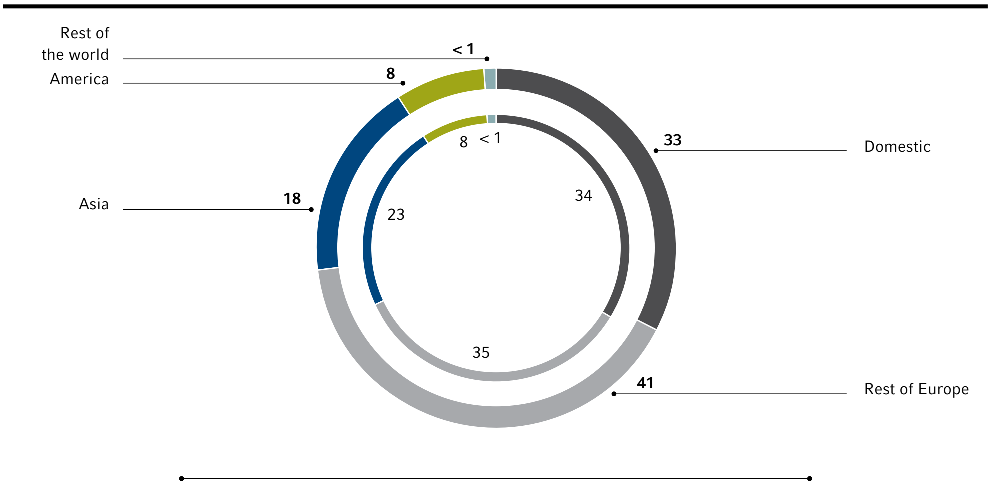
B . 03 **ORDER INTAKE DMG MORI SEIKI GROUP**
IN € MILLION




S P. 11 – 15 *Segments*

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

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



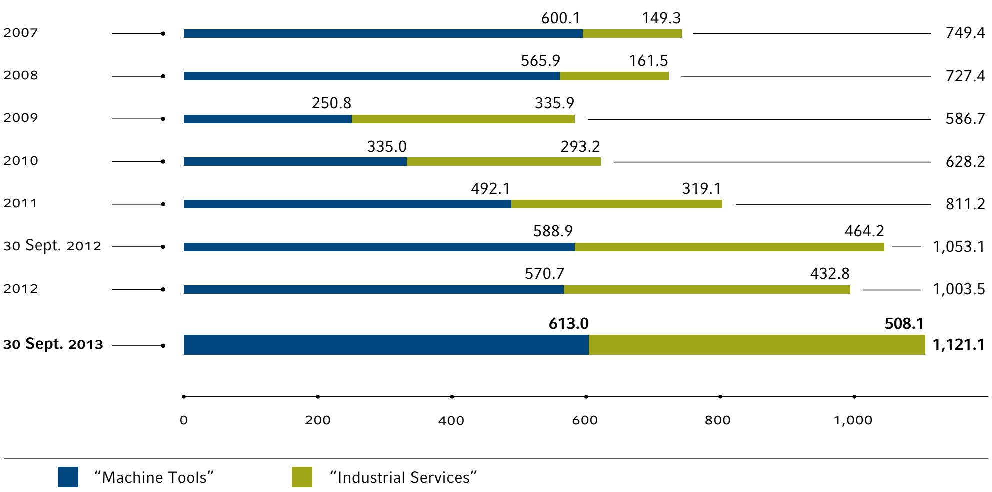

**1st – 3rd quarter 2013: € 1,616.6 million** // 1st – 3rd quarter 2012: € 1,706.4 million

## Order backlog

On 30 September 2013 the order backlog within the group was € 1,121.1 million (previous year: € 1,053.1 million). The domestic order backlog amounted to € 299.1 million. The backlog for international orders grew by € 51.1 million to € 822.0 million. International orders account for 73% of existing orders.

The backlog developed in the individual segments as follows:

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




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

## Results of Operations, Net Worth and Financial Position

The DMG MORI SEIKI group was able to improve income in the **third quarter:** EBITDA rose to € 50.7 million (previous year: € 48.3 million), EBIT reached € 39.2 million (previous year: € 37.9 million) and EBT amounted to € 35.6 million (previous year: € 34.5 million).

As of 30 September EBITDA was € 122.4 million (previous year: € 113.0 million), EBIT reached € 88.3 million (previous year: € 83.3 million) and EBT rose to € 79.8 million (previous year: 72.7 million). As of 30 September 2013, the group reports earnings after taxes of € 55.1 million (previous year: € 49.8 million).

As of 30 September sales revenues reached € 1,480.5 million (previous year: € 1,432.9 million). Total operating revenue rose to € 1,507.7 million (previous year: € 1,478.2 million). The cost of materials amounted to € 810.4 million (previous year: € 811.2 million). The materials ratio improved to 53.8% (previous year's period: 54,9%). Gross income rose by € 30.3 million to € 697.3 million (previous year: € 667.0 million). Personnel expenses rose by € 14.2 million to € 342.4 million (previous year: € 328.2 million). The personnel expenses ratio was 22.7% (previous year: 22.2%).

P. 15
Employees

The balance of other income and expenses amounted to € 232.5 million (previous year: € 225.8 million). This increase is essentially due to sales revenue-dependent expenses. Depreciation rose alongside an increase in capital expenditure to € 34.1 million (previous year: € 29.7 million). Net financial costs improved due to the lower interest rate and the lower utilisation of credit lines during the period to € −8.5 million (previous year: € −10.6 million). As of 30 September 2013, a tax expense of € 24.7 million arose, which leads to earnings after taxes of € 55.1 million (previous year: € 49.8 million). The tax ratio fell slightly and was 31.0% (previous year: 31.5%).

P. 33
Selected Notes

B . 06

| | 30 Sept. 2013 € million | 31 Dec. 2012* € million | 30 Sept. 2012* € million |
|---|---|---|---|
| **Net worth** | | | |
| Long-term assets | 732.2 | 564.6 | 533.9 |
| Short-term assets | 1,203.9 | 1,054.1 | 1,049.0 |
| Equity | 1,112.9 | 775.2 | 737.1 |
| Outside capital | 823.2 | 843.5 | 845.8 |
| **Balance sheet total** | **1,936.1** | **1,618.7** | **1,582.9** |

* adjusted as a result of the first time application of IAS 19 (rev. 2011)

The balance sheet total as of 30 September 2013 rose to € 1,936.1 million (31 Dec. 2012: € 1,618.7 million).

Under **assets**, long-term assets rose by € 167.6 million to € 732.2 million. The rise was due firstly to the capital increase against contributions in kind, which was carried out in August, through the contribution of 19% of the shares in Mori Seiki Manufacturing USA, Inc., Davis (USA) and 44.1% of the shares in Magnescale Co., Ltd. Secondly the rise is a result of increasing our shareholding in DMG MORI SEIKI COMPANY LIMITED from 5.5% to 9.6% of the shares with voting rights and the valuation of these shares on the stock exchange. Due to the positive share performance, there was an increase in value of € 35.8 million. The rise in the amount of capital expenditure on plant, property and equipment and intangible assets also contributed to the increase (€ 61.7 million; previous year: € 39.5 million).

Short-term assets rose by € 149.8 million to € 1,203.9 million. Inventories rose by € 56.2 million to € 542.5 million. Raw materials and consumables grew by € 15.9 million to € 216.2 million. This increase arose mainly from taking over the spare parts business of DMG MORI SEIKI COMPANY LIMITED for Europe; the stock of spare parts for the service business in raw materials and consumables amounts to € 78.1 million (31 Dec. 2012: € 66.5 million). Unfinished goods amounted to € 122.6 million (€ −0.5 million). Finished goods and goods for resale rose to € 200.4 million (€ +43.8 million); the rise was due in particular to preliminary work for the planned sales revenues in the fourth quarter. The turnover rate of inventories was 3.6 (previous year's period: 3.5). Trade debtors rose by € 3.2 million to € 231.8 million. Liquid funds rose due to the capital increase with pre-emptive rights of shareholders carried out in August, to € 256.4 million (31 Dec. 2012: € 173.3 million).

P. 17
Capital increases

Under **equity and liabilities,** equity rose by € 337.7 million to € 1,112.9 million (31 Dec. 2012: € 775.2 million). This increase was due in particular to the successfully completed capital increases (€ 266.8 million) as well as to earnings after taxes (€ 55.1 million). The equity ratio improved to 57.5% (31 Dec. 2012: 47.9%). Outside capital decreased by € 20.3 million to € 823.2 million. Trade creditors were € 308.8 million (€ –20.9 million), prepayments received € 137.7 million (€ –18.1 million) and provisions € 240.8 million (€ –13.9 million). Financial liabilities were € 63.8 million (€ +51.5 million).

The group's financial position developed as follows: As of 30 September, **cash flow** from operating activities was € –49.6 million (previous year: € 17.9 million). Based on earnings before taxes (EBT) of € 79.8 million (previous year: € 72.7 million), depreciation (€ +34.1 million) made a positive contribution to cash flow. The rise in inventories (€ 57.5 million), the decline in trade creditors (€ –26.4 million) and prepayments received (€ –18.1 million) reduced cash flow. In the previous year the cash flow from operating activities was positively affected essentially through high prepayments for a major order.

P. 10
*Investments*

Cash flow from investment activity amounted to € –112.2 million (previous year: € –35.8 million); this includes payments for investments in property, plant and equipment of € –56.6 million and for investments in financial assets of € –49.5 million essentially to increase the shareholding in DMG MORI SEIKI COMPANY LIMITED. Cash flow from financing activity was € +246.8 million (previous year: € –18.4 million). The payment received from the capital increase with pre-emptive rights of shareholders had a positive effect.

**The free cash flow** as of 30 September as a result of seasonal effects amounted to € –105.5 million (previous year: € 17.9 million). In the third quarter the **free cash flow** was € –31.6 million (previous year's quarter: € 59.6 million).

For the fourth quarter we are once again planning a clear liquidity excess. We are working intensively on reducing inventories following the EMO and, despite a planned rise in capital expenditure in our international activities, on achieving a positive free cash flow of around € 75 million for the financial year.

B . 07

| | **2013 3rd quarter € million** | 2012 3rd quarter € million | **2013 1st – 3rd quarter € million** | 2012 1st – 3rd quarter € million |
|---|---|---|---|---|
| **Cash Flow** | | | | |
| Cash flow from operating activities | –9.4 | 71.5 | –49.6 | 17.9 |
| Cash flow from investment activity | –70.1 | –11.9 | –112.2 | –35.8 |
| Cash flow from financing activity | 247.5 | –59.5 | 246.8 | –18.4 |
| Changes in cash and cash equivalents | 167.7 | –0.5 | 83.1 | –37.0 |
| Liquid funds at the start of the reporting period | 88.7 | 68.7 | 173.3 | 105.2 |
| Liquid funds at the end of the reporting period | 256.4 | 68.2 | 256.4 | 68.2 |
| Free cash flow* | –31.6 | 59.6 | –105.5 | –17.9 |

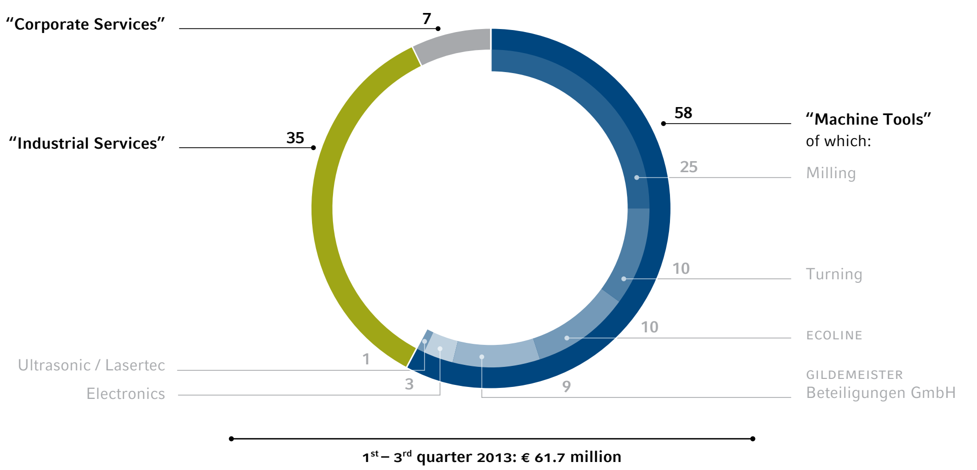
* Balance of cash flow from operating activity and investment activity (without investments to financial assets)

## Investments

Capital expenditure in property, plant and equipment, and in intangible assets in the first nine months amounted to € 61.7 million (previous year's figure: € 39.5 million). This rise was a result of the following major projects: In Ulyanovsk (Russia) the construction of our modern production and assembly plant is making progress as planed. At our site in Pfronten, we have started to expand our large machines production. On 1 October, we held a ground-breaking ceremony for the commencement of construction of our new European headquarter in Winterthur (Switzerland). Together with our cooperation partner, DMG MORI SEIKI COMPANY LIMITED, we will coordinate our entire sales and service activities throughout Europe from Winterthur in future. Further main emphases have been placed on updating technical installations and making the necessary tools, models and production equipment available for production as well as on the development of our innovative products.

Additions to financial assets amounted to € 106.4 million. Essentially, this comes from DMG MORI SEIKI COMPANY LIMITED within the scope of the capital increase against contributions in kind and consists of shares from the subsidiaries Mori Seiki Manufacturing USA, Inc., Davis (USA) and Magnescale Co., Ltd., Kanagawa (Japan), of € 56.8 million, as well as from increasing the number of shares with voting rights that we hold in DMG MORI SEIKI COMPANY LIMITED to 9.6%. In the first nine months, capital expenditure totalled € 168.1 million (previous year's figure: € 39.5 million).

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. "Corporate Services" essentially comprises DMG MORI SEIKI AKTIENGESELLSCHAFT with its groupwide holding functions.

The selected machines from our cooperation partner that we produce under licence are included in "Machines 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 SEIKI GROUP**

| | 30 Sept. 2013 € million | 31 Dec. 2012 € million | 30 Sept. 2012 € million | Changes 30 Sept. 2013 to 30 Sept. 2012 € million | % |
|---|---|---|---|---|---|
| **Sales revenues** | **1,480.5** | **2,037.4** | **1,432.9** | **47.6** | **3** |
| "Machine Tools" | 865.4 | 1,175.0 | 826.6 | 38.8 | 5 |
| "Industrial Services" | 615.0 | 862.2 | 606.1 | 8.9 | 1 |
| "Corporate Services" | 0.1 | 0.2 | 0.2 | −0.1 | −50 |
| **Order intake** | **1,616.6** | **2,260.8** | **1,706.4** | **−89.8** | **−5** |
| "Machine Tools" | 907.7 | 1,253.6 | 923.4 | −15.7 | −2 |
| "Industrial Services" | 708.8 | 1,007.0 | 782.8 | −74.0 | −9 |
| "Corporate Services" | 0.1 | 0.2 | 0.2 | −0.1 | −50 |
| **EBIT** | **88.3** | **132.9** | **83.3** | **5.0** | **6** |
| "Machine Tools" | 50.9 | 69.3 | 39.3 | 11.6 | 30 |
| "Industrial Services" | 60.2 | 88.4 | 62.2 | −2.0 | −3 |
| "Corporate Services" | −22.4 | −25.5 | −18.0 | −4.4 | 24 |

EBIT in the "Machine Tools" and "Industrial Services" segments was affected by a change in the internal transfer pricing structure. Compared to the previous year, this led to an improvement in EBIT in the "Machine Tools" segment and to a reduction in the "Industrial Services" segment. Thus the preconditions were created to be able to invest more intensely in up-to-date production concepts and trend-setting product developments.

## "Machine Tools"

The "Machine Tools" segment is our core segment and includes the group's new machines business with the turning and milling, ULTRASONIC / LASERTEC and ECOLINE and ELECTRONICS business areas.

B.10 KEY FIGURES "MACHINE TOOL" SEGMENT

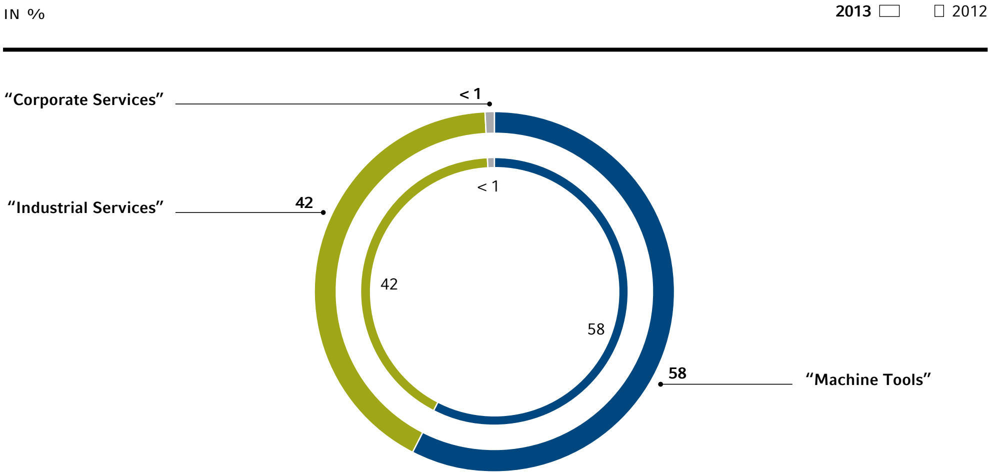
| | 30 Sept. 2013 € million | 31 Dec. 2012 € million | 30 Sept. 2012 € million | Changes 30 Sept. 2013 to 30 Sept. 2012 € million | % |
|---|---|---|---|---|---|
| Sales revenues | | | | | |
| Total | 865.4 | 1.175.0 | 826.6 | 38.8 | 5 |
| Domestic | 244.7 | 396.9 | 282.8 | –38.1 | –13 |
| International | 620.7 | 778.1 | 543.8 | 76.9 | 14 |
| % International | 72 | 66 | 66 | | |
| Order intake | | | | | |
| Total | 907.7 | 1.253.6 | 923.4 | –15.7 | –2 |
| Domestic | 267.4 | 386.3 | 294.7 | –27.3 | –9 |
| International | 640.3 | 867.3 | 628.7 | 11.6 | 2 |
| % International | 71 | 69 | 68 | | |
| Order Backlog | | | | | |
| Total | 613.0 | 570.7 | 588.9 | 24.1 | 4 |
| Domestic | 152.9 | 130.2 | 152.7 | 0.2 | 0 |
| International | 460.1 | 440.5 | 436.2 | 23.9 | 5 |
| % International | 75 | 77 | 74 | | |
| Investments | 35.6 | 47.6 | 24.5 | 11.1 | 45 |
| EBIT | 50.9 | 69.3 | 39.3 | 11.6 | 30 |

| | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 | Changes 30 Sept. 2013 to 31 Dec. 2012 | % |
|---|---|---|---|---|---|
| Employees | 3,397 | 3,293 | 3,300 | 104 | 3 |
| plus trainees | 219 | 221 | 222 | –2 | –1 |
| Total employees | 3,616 | 3,514 | 3,522 | 102 | 3 |

The "Machine Tools" segment performed as follows: **sales revenues** in the third quarter were € 295.9 million (previous year's: € 294.5 million). As of 30 September 2013, sales revenues increased to € 865.4 million and thus overall were 5% above the comparable period in the previous year (€ 826.6 million). The "Machine Tools" segment contributed 58% of group sales revenues in a year-on-year comparison.

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 SEIKI GROUP**
IN %




1st – 3rd quarter 2013: € 1,480.5 million // 1st – 3rd quarter 2012: € 1,432.9 million

**Order intake** in the "Machine Tools" segment in the first nine months was € 907.7 million (previous year's period: € 923.4 million). In the third quarter orders were € 302.7 million (previous year: € 251.2 million). Thus "Machine Tools" accounted for 56% of all incoming orders (previous year: 54%). The **order backlog** on 30 September amounted to € 613.0 million (year-on-year: € 588.9 million). EBIT rose to € 50.9 million (previous year: € 39.3 million). As of 30 September, the "Machine Tools" segment had 3,616 **employees** (31 Dec. 2012: 3,514). The increase of 102 employees was due to hiring additional production staff at our sites in Pleszew, Bielefeld and Pfronten. Furthermore, the first employees were taken on for our production site in Ulyanovsk. The initial training and targeted advance training for these employees is taking place at our production site in Poland.

### "Industrial Services"

The "Industrial Services" segment comprises the Services and Energy Solutions divisions.

In **Services** we have brought together the sales and service activities for machine tools as well as all products linked to our machines. Assisted by DMG MORI SEIKI LifeCycle Services, our customers can optimise the productivity of their machine tools over their entire life cycle – from their commissioning until part exchange as a used machine. The wide range of training, repair and maintenance services offered to our customers ensures the maximum cost-efficiency of their machine tools.

In **Energy Solutions** we focus on the Cellstrom, Energy Efficiency, Services and Components divisions. We are no longer developing the project business with large-scale solar plants. We are further developing our activities in the field of storage technology and intend to share in the market growth in future with our mature vanadium redox technology.

B.12 **KEY FIGURES "INDUSTRIAL SERVICES" SEGMENT**

| | 30 Sept. 2013 € million | 31 Dec. 2012 € million | 30 Sept. 2012 € million | Changes 30 Sept. 2013 to 30 Sept. 2012 € million | % |
|---|---|---|---|---|---|
| Sales revenues | | | | | |
| Total | 615.0 | 862.2 | 606.1 | 8.9 | 1 |
| Domestic | 235.8 | 325.0 | 254.4 | −18.6 | −7 |
| International | 379.2 | 537.2 | 351.7 | 27.5 | 8 |
| % International | 62 | 62 | 58 | | |
| Order intake | | | | | |
| Total | 708.8 | 1,007.0 | 782.8 | −74.0 | −9 |
| Domestic | 260.0 | 349.3 | 287.2 | −27.2 | −9 |
| International | 448.8 | 657.7 | 495.6 | −46.8 | −9 |
| % International | 63 | 65 | 63 | | |
| Order Backlog | | | | | |
| Total | 508.1 | 432.8 | 464.2 | 43.9 | 9 |
| Domestic | 146.2 | 122.0 | 129.5 | 16.7 | 13 |
| International | 361.9 | 310.8 | 334.7 | 27.2 | 8 |
| % International | 71 | 72 | 72 | | |
| Investments | 21.6 | 17.6 | 10.0 | 11.6 | 116 |
| EBIT | 60.2 | 88.4 | 62.2 | −2.0 | −3 |

| | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 | Changes 30 Sept. 2013 to 31 Dec. 2012 | % |
|---|---|---|---|---|---|
| Employees | 2,963 | 2,894 | 2,853 | 69 | 2 |
| plus trainees | 9 | 8 | 8 | 1 | 13 |
| Total employees | 2,972 | 2,902 | 2,861 | 70 | 2 |

**Sales revenues** in the "Industrial Services" segment in the third quarter amounted € 209.6 million (previous year: € 221.5 million). Sales revenues rose in the first nine months to € 615.0 million (previous year: € 606.1 million). Services recorded sales revenues in the third quarter of € 192.9 million (previous year: € 195.2 million). In the first nine months, these amounted to € 572.9 million (previous year: € 560.1 million). Sales revenues in Energy Solutions in the third quarter were € 16.7 million (previous year: € 26.3 million) and in the first nine months were € 42.1 million (previous year: € 46.0 million). Similar to the previous year's period, "Industrial Services" contributed a total share of 42% of the group sales revenues (previous year: 42%).

**Order intake** in the segment "Industrial Services" in the third quarter was € 244.0 million (previous year's quarter: € 266.7 million). In the first nine months, it was € 708.8 million (previous year: € 782.8 million). The share attributed to Services amounted to € 664.1 million (previous year: € 735.7 million). Whilst the business with services (including maintenance, repair and spare parts) continued to perform positively, sales commission for machine tools declined. Orders for the machines of our cooperation partner rose in the third quarter. As of 30 September they amounted to € 241.6 million (previous year: € 259.6 million). For the current financial year we are planning order intake of about € 330 million.

Energy Solutions recorded order intake in the last nine months of € 44.7 million (previous year: € 47.1 million). "Industrial Services" thus accounted for 44% of incoming orders in the group (previous year: 46%).

The **order backlog** amounted to € 508.1 million (previous year: € 464.2 million). **EBIT** in the first nine months amounted to € 60.2 million (previous year: € 62.2 million). In the "Industrial Services" segment, the number of **employees** at the end of the third quarter was 2,972 (31 Dec. 2012: 2,902). The rise in the number of employees by 70 was predominantly as a result of expanding our sales and service capacity in Russia, Italy and Germany. More employees were also taken on at Cellstrom GmbH.

## "Corporate Services"

B.13 **KEY FIGURES "CORPORATE SERVICES" SEGMENT**

| | 30 Sept. 2013 € million | 31 Dec. 2012 € million | 30 Sept. 2012 € million | Changes 30 Sept. 2013 to 30 Sept. 2012 € million |
|---|---|---|---|---|
| Sales revenues | 0.1 | 0.2 | 0.2 | −0.1 |
| Order intake | 0.1 | 0.2 | 0.2 | −0.1 |
| Investments | 110.9* | 9.3 | 5.0 | 105.9 |
| EBIT | −22.4 | −25.5 | −18.0 | −4.4 |

* Of which € 106.4 million capital inflow to financial assets substantially as a result of the successfully implemented capital increase against contributions in kind

P. 10
*Investments*

| | 30 Sept. 2013 | 31 Dec. 2012 | 30 Sept. 2012 | Changes 30 Sept. 2013 to 31 Dec. 2012 | % |
|---|---|---|---|---|---|
| Employees | 93 | 80 | 83 | 13 | 16 |

The "Corporate Services" segment comprises DMG MORI SEIKI AKTIENGESELLSCHAFT with its group-wide holding functions. **EBIT** amounted to € −22.4 million (previous year: € −18.0 million); this includes higher consultancy costs for international projects, a rise in personnel expenses and the costs of modernising the Bielefeld site.

Additions to financial assets of € 106.4 million resulted from the shares acquired in Magnescale Co. Ltd. and in Mori Seiki Manufacturing USA, Inc., within the framework of the capital increase against contributions in kind, as well as from increasing our shareholding in DMG MORI SEIKI COMPANY LIMITED.

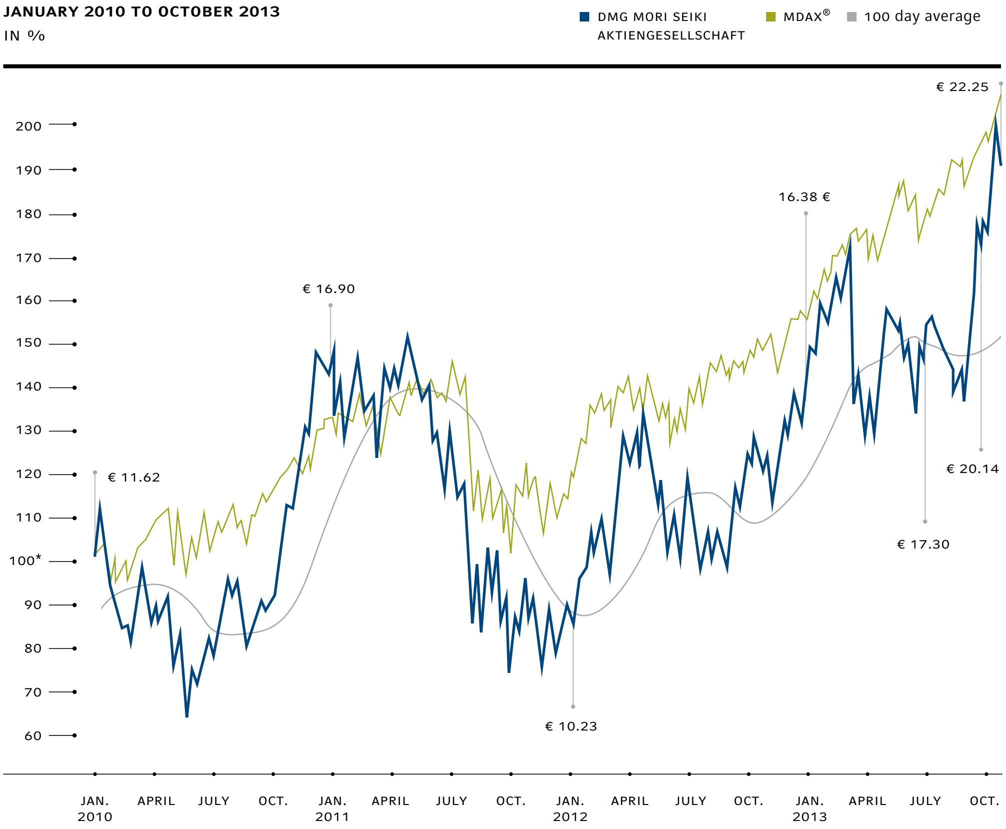
## Employees

On 30 September 2013, the group had 6,681 employees of whom 228 were trainees (31 Dec. 2012: 6,496). Compared to year-end 2012, the number of employees has risen by 185. This increase in personnel occurred at the manufacturing plants mainly from taking on additional production staff at our sites in Pleszew, Bielefeld and Pfronten, as well as hiring employees for the new Ulyanovsk site. Moreover, we have increased our sales and service capacity in Russia, Italy and Germany. Our domestic companies have 3,802 employees (57%) and our foreign companies have 2,879 employees (43%). Personnel costs amounted to € 342.4 million (previous year's period: € 328.2 million). The personnel expenses ratio was 22.7% (previous year's period: 22.2%).

## Share

The DMG MORI SEIKI AKTIENGESELLSCHAFT share performed positively over the course of the third quarter. Of prime importance were the overall positive business performance and the successfully implemented capital increases against contributions in kind and through pre-emptive rights of shareholders. Added to this was the positive order intake performance during the leading trade fair, the EMO. The share was quoted at the start of the third quarter at € 17.30 (1 Jul. 2013) and closed the reporting period at € 20.14 (30 Sep. 2013). The share is currently being quoted at € 22.25 (25 Oct. 2013). The company is currently being analysed by 14 banks, of which five recommend buying the share and two banks who rate the share as "overweight". One bank recommends "accumulating" the share, five analysts recommend holding the share and one study advises selling the share.

B . 14 THE DMG MORI SEIKI SHARE IN COMPARISON WITH THE MDAX®
JANUARY 2010 TO OCTOBER 2013
IN %




* 04 January 2010 = 100 stock performances indexed, XETRA stock prices
Source: Deutsche Börse Group

For the first nine months, on the basis of the number of shares following the two capital increases, a weighted turnover resulted of 1.3-times (previous year's period: 1.1 times). The trading volume averaged approximately 406,000 shares per trading day (previous year: 349,000 shares).

B . 15 **KEY FIGURES FOR THE DMG MORI SEIKI AKTIENGESELLSCHAFT SHARE**

| | | 30 Sept. 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|
| Share capital | € million | 204.9 | 156.4 | 156.4 | 118.5 | 118.5 | 112.6 | 112.6 |
| Number of shares | MIO Stück | 78.8 | 60.2 | 60.2 | 45.6 | 45.6 | 43.3 | 43.3 |
| | | | | | | | | |
| Closing price [1] | € | 20.14 | 15.25 | 9.75 | 16.70 | 11.33 | 7.85 | 18.50 |
| Highest price [1] | € | 20.74 | 16.11 | 17.50 | 17.19 | 11.69 | 23.38 | 22.80 |
| Lowest price [1] | € | 15.00 | 9.74 | 8.69 | 7.53 | 4.25 | 4.79 | 9.20 |
| Market capitalisation | € million | 1,587.4 | 917.6 | 586.6 | 761.2 | 516.4 | 339.9 | 801.1 |
| | | | | | | | | |
| Earnings per share [2] | € | 0.83 | 1.32 | 0.85 | 0.09 | 0.10 | 1.87 | 1.16 |
| Price-to-earnings ratio [3] | | 24.3 | 11.6 | 11.5 | 185.6 | 113.3 | 4.2 | 15.9 |

1) Closing price based on XETRA
2) ac. to IAS 33
3) Closing price / Earnings per share

## Capital increases

In August and September, DMG MORI SEIKI AKTIENGESELLSCHAFT successfully carried out two capital increases.

DMGMORISEIKI.COM
*Investor Relations*

Within the scope of the **capital increase against contributions in kind,** excluding the pre-emptive rights of shareholders, the share capital was increased through the issue of 3,247,162 new no par value bearer shares by € 8,442,621.20 to € 164,880,053.00. This corresponds to about 5.4% of the paid up share capital at that time. All the new shares were subscribed to by DMG MORI SEIKI COMPANY LIMITED (previously Mori Seiki Co., Ltd.) at an issue price of € 17.5063 per new share. For this purpose, DMG MORI SEIKI COMPANY LIMITED contributed 19.0% of the shares in its subsidiary, Mori Seiki Manufacturing USA, Inc., Davis (USA), and 44.1% of the shares in its subsidiary, Magnescale Co., Ltd., Kanagawa (Japan), as contribution in kind. Through these equity investments, DMG MORI SEIKI AKTIENGESELLSCHAFT receives access to production capacity in the state-of-the-art production workshops for machine tools in the USA established by the cooperation partner as well as to the high-precision position measurement technology of Magnescale in Japan. The completion of the capital increase for contribution in kind was entered in the commercial register on 20 August 2013.

Within the scope of the **capital increase with pre-emptive rights of shareholders** of shareholders in an amount of 24.3% of the paid up share capital at the time, 15,402,589 new no par value bearer shares were offered to all shareholders in the ratio of 4:1.

The subscription price was € 14.50. The shareholders made extensive use of their pre-emptive rights; the placement level was 99.6%. The registration of the completion of the capital increase for cash was made in the commercial register on 17 September 2013. The share capital since then amounts to € 204,926,784.40 and is divided into 78,817,994 individual shares. The new shares were included in the existing stock exchange listing on 18 September 2013.

The group intends to use the net proceeds from the capital increase of about € 210 million primarily to further open up the Russian market (in particular through the construction of a production and assembly plant in Ulyanovsk and the expansion and reconstruction of a technology centre in Moscow). Other proceeds will be used to extend additional technology centres, to update existing production plants, to enhance control software for machine tools and for general business expansion. Furthermore, any remaining part of the net proceeds will be used to further strengthen equity.

### Research & development

Expenditure on research and development in the first nine months amounted to € 39.6 million (previous year: € 41.4 million). There are currently 499 employees working on the development of our new products; this is the equivalent of 15% of the workforce at the plants. In the first nine months the DMG MORI SEIKI group together with its cooperation partner presented 27 new developments as planned. At this year's EMO in Hanover, the most important trade fair worldwide for machine tools, the main interest of the international trade visitors fell on CELOS – from the idea to the finished product, the new corporate design, and the 18 world premieres. Together with our cooperation partner, as the largest exhibitor we displayed a total of 104 high-tech exhibits in Hall 2.

With CELOS we presented a unique joint development, which simplifies the process from the idea to the finished product and also establishes a basis for paperless production. CELOS enables consistent, digitalised administration, documentation and visualisation of the order, process and machine data through the use of diverse CELOS APPS, which are operated via a multi-touch display. The SMART*key*® gives the operator the ease of individual configuration, which speeds up the processing of orders markedly. CELOS is compatible with PPS and ERP systems, can be networked with CAD / CAM applications and is open to CELOS APP enhancements. CELOS integrates the digital information and interaction chain from the company's control level to the machine and thus is a key element in networked, intelligent production.

**CELOS – From The idea to the finished product**

CELOS offers a uniform interface for all high-tech machines of DMG MORI SEIKI. CELOS APPS enable the consistant administration, documentation and visualisation of order, process and machine data.

The innovative new corporate design offers improved functionality, user-friendliness and a high level of stability through the new interface. The new design comes in a choice of "BLACK" or "WHITE".

As a world premiere in **turning** technology, at the EMO we presented in the universal area additions to the successful NLX series: the NLX 2500 / 500, NLX 3000 MC / 1250 and NLX 4000 BY / 1500. The milling functionality of the CTX BETA 2000 TC makes it possible to machine complex and large structural parts. The vertical production turning machine, CTV 315 *linear*, with workpiece feed, provides solutions for large workpieces in the automotive industry. The SPRINT 65, with up to three tool turrets and B-axis, rounds off the upper end of automated turning machines in the SPRINT series.

In the **milling** technology area, the DMC 650 V vertical machining centre, as well as the 5-axis milling machines, DMU 80 P DUOBLOCK® and DMC 85 FD MONOBLOCK®, were presented at the EMO. The cooperation project *DIXI* 270 is a high-end precision machine for workpieces up to 12 tonnes. Other world premieres were the DMF 600 *linear* travelling column machine for slim aerospace big structural parts and the high-precision and fast HSC machines, the HSC 30 *linear* and HSC 70 *linear*.

The **ECOLINE** was displayed with the first two machines from the entry level series CTX ECOLINE: the CTX 450 ECOLINE and the CTX 650 ECOLINE. With the ULTRASONIC 30 *linear* from **SAUER** for the machining of brittle materials and the new presetter device for tools, the UNO 20|40 from **MICROSET**, the distinct product ranges of the DMG MORI SEIKI group were extended.

**Opportunities and Risk Management Report**

In its worldwide business dealings, the DMG MORI SEIKI group is confronted with 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 by compiling customer data worldwide and evaluating market and competitor data.


**Highlight at the EMO in the 3rd Quarter: 2013: DMC 650 V**

The new vertical machining centre, the DMC 650 V, is impressive in its unique machine concept and offers high-performance features as standard. The DMC 650 V offers a wide range of applications from medical to machine tool and mold and die production. The DMC 650 V is the first machine in a newly developed series and is offered in the corporate design and with CELOS.

**General economic opportunities:** The DMG MORI SEIKI group is consistently working the growth markets, in particular Russia and China. In Russia we are therefore planning to commission a new production and assembly plant with training and technology centre in Ulyanovsk in 2014.

In addition, we are working the emerging markets in Asia, Latin America and other emerging countries long-term. We see high growth potentials in these markets and want to gain a significant amount of market share in these countries. At the same time, we are consolidating our position as a market leader in the machine tools business in established markets.

**Industry-specific opportunities** are taken advantage of with our ECOLINE series in the world markets for favourably-priced machines with innovative technology. In addition, the DMG MORI SEIKI group continues to record a generally high level of interest in its products in the machine tools business. Through the significant decline in value of the Japanese yen, additional sales opportunities arise for the machines of the DMG MORI SEIKI COMPANY LIMITED, which we distribute in the eurozone. Consequently, these machines can be offered at more favourable conditions. In the constantly growing market for renewable energies we are taking advantage of opportunities, in particular in energy storage and energy efficiency consulting, which we are able to share in with “Energy Solutions“.

**Corporate strategy opportunities** present themselves to the DMG MORI SEIKI group through a sustained leadership in innovations and technology, as well as through market-leading product quality. This gives rise to opportunities to further strengthen our position in numerous markets. As a full-liner we are constantly expanding our services and extending our Advanced Technologies in the area of large machines and the ECOLINE series. In addition, we have developed CELOS, which will be available for our machines from 2014.

In the third quarter we successfully carried out two capital increases, one by way of contributions in kind and the other with pre-emptive rights of shareholders. Following on from this, GILDEMEISTER Aktiengesellschaft was renamed as of 1 October 2013 to DMG MORI SEIKI AKTIENGESELLSCHAFT. In this way we are emphasising the sustainable, successful cooperation with DMG MORI SEIKI COMPANY LIMITED.

Simultaneously, we are continuing to build up our sales activities. In this connection, the cooperation being aimed for in the areas of sales and services with the DMG MORI SEIKI COMPANY LIMITED in the Russian and Chinese markets is already being implemented. Additionally, we are extending the cooperation within the current year to the Brazilian and Canadian markets. Through MG Finance we offer our customers tailor-made financing solutions nationally and internationally.

**Performance-related opportunities** arise as a result of our involving our suppliers actively in the value added process and thereby strengthening their supply loyalty. Our worldwide direct sales and service network ensures our customers receive excellent service.

**Risks** are systematically identified, assessed, aggregated, monitored and notified through the DMG MORI SEIKI group risk management system. The risks in the individual company areas are identified every quarter and the resulting risk potential determined is analysed and evaluated using quantitative methods. Any risks that jeopardize the company as a going concern are reported on an ad hoc basis outside the regular reporting schedule.

**Overall economic risks** arise in particular for the DMG MORI SEIKI group from cyclical developments. The economic situation in Germany was marked in the third quarter 2013 by a moderate upwards trend. The cyclical development in Europe was particularly sustained by Germany and France. In addition, a slight recovery was noted in the eurozone countries affected by crises. Further growth prospects throughout Europe as a whole depend materially on the further development of the state debt crises and the economic performance in the euro-area. A renewed intensification of the state debt crises, in particular in the southern European countries, could have a significant effect on the entire European economy and spill over to the rest of the global economy. In China another economic slowdown on a high level is expected. In addition, growth is following a declining trend in India. The current steady cyclical development in the USA is additionally threatened by further developments in the budget shutdown. A distinct economic decline worldwide would have a material influence on the world market for machine tools and would lead to a considerable reduction in order intake and in the margins achievable.

**Industry-specific risks** exist in the form of intense competition and a higher pressure on prices in the markets. Through the considerable decline in value of the Japanese yen, there are additional competitive advantages for Japanese suppliers in the eurozone. We counteract these with a technological lead and a focus on our customers and markets. Risks may still result for the group in its role as the general contractor for projects already completed in the “Energy Solutions“ area. There are still some issues with respect to licensing regulations. General operator risks may result from the ongoing operation of solar parks for some customers.

Overall we consider the probability of occurrence of losses from industry-specific risks as slight.

**Corporate strategy risks** lie mainly in false estimations of future market development and in possible misjudgements in technological developments. We counteract these risks through intensive monitoring of the market and competition, regular strategy discussions with customers and suppliers, a comprehensive trade fair presence in all important markets and through MIS, our early warning system. We consider the probability of occurrence of losses from corporate strategic risks to be slight.

**Procurement and purchasing risks** are those that we are particularly exposed to due to price increases for materials in the machine tool business. Further risks exist in possible supplier shortfalls and quality problems. We counteract these through the standardisation of structural parts and components and through international sourcing with at least two suppliers for essential materials. We estimate potential losses from procurement and purchasing risks to be about € 9.6 million with a low probability of occurrence.

**Production risks** are subject to continuous control by the DMG MORI SEIKI group through key figures on assembly and manufacturing progress, throughput time and continuity. In principle, we avoid incalculable projects and therefore we consider these risks to be manageable and controllable. We estimate any possible losses from production risks to be € 6.7 million with a low probability of occurrence.

**Personnel risks** due to our continuous need for highly-skilled specialists and managers may arise through not being able to attract and retain these employees in sufficient numbers and this may restrict the group's development long-term. We counteract these risks through intensive programmes to train, attract new employees and increase the qualifications of existing employees, and through performance-related remuneration with a profit-related incentive scheme, deputising arrangements, which are intended to cushion the loss of specialists and managers, and early successor planning. We consider the probability of occurrence of estimated losses of about € 6.0 million to be low due to the above-referred measures.

**IT risks** exist due to the increasing networking of our systems, parts of which are highly complex. IT risks may arise from network failure or from data being falsified or destroyed through user and program errors or through external influences. We counteract these risks through regular investment in our hardware and software, by the use of virus scanning programs, firewall systems, and by controlling access and authorisations. Possible losses arising out of this area amount to € 2.0 million at the current time and are controllable. We consider the probability of occurrence to be slight.

**Risks from operations-related activities** arise in that our products are subject to constant price competition in international markets. We counteract this risk through cost reductions, improved production and procurement processes, and optimised product startups. We consider the probability of occurrence of losses from the above-referred risks to be slight.

**Financial risks:** Currency-related risks arise out of our international activities, which we evaluate and hedge through our currency strategy. At the present time we expect specific currency-related risks of about € 2.8 million.

The essential parts of the DMG MORI SEIKI group's financing are a syndicated loan, which comprises a cash and an aval tranche and is agreed until 2016, and a factoring programme. All financing agreements include an agreement on compliance with standard covenants. The liquidity of the DMG MORI SEIKI group is considered sufficient. In principle, we bear the risk of bad debt which may result in value adjustments or in individual cases may even result in default. Possible losses from all financial risks amount in total to about € 13.5 million. The probability of occurrence of any loss is low.

**Other risks:** Legal risks arise out of the operational business – in particular from possible warranty claims due to customer complaints when purchasing machine tools and services, which cannot always be completely prevented by our efficient quality management. To maintain the existing risks at a manageable and calculable level, warranties and liabilities at the DMG MORI SEIKI group are limited in time. Insofar as deferred tax assets have not been impaired on loss carryforwards or interest carry forwards, we assume that this possible reduction in tax can be applied to taxable income. We assume that the tax and social insurance declarations we submit are complete and correct. Nevertheless, due to differing assessments of the facts, additional charges may arise within the scope of an audit. Should there be additional charges, or should it not be possible to use loss and interest carryforwards, this could adversely affect the net assets, financial position and results of operations of the DMG MORI SEIKI group. Overall, we have calculated any possible losses arising out of tax risks at € 12.8 million with a low probability of occurrence.

**Overall risk:** All risks are aggregated to a total risk with the Monte Carlo simulation, which from today's perspective does not endanger the future of the group as a going concern. The risks have risen slightly compared to the last report on the first half-year 2013.

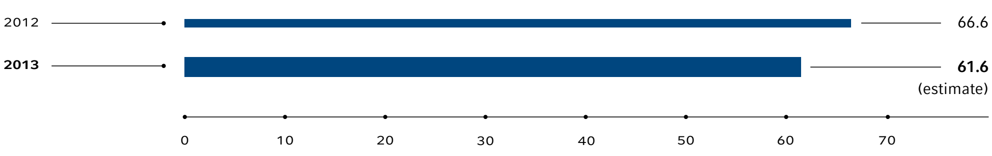
### Forecast

The **world economy** will continue to grow according to the latest forecasts of the Kiel Institut für Weltwirtschaft (IfW – Kiel Institue for the World Economy). Currently an increase in global gross domestic product (GDP) of 3.1% is expected for the year 2013 and 3.8% for the year 2014. Dynamic growth is forecast for **Asia**. The Chinese economy is expected to continue to grow; forecasts for GDP in China are for 7.5% in 2013 and 7.0% for 2014. In the **USA** the economy is expected to develop positively in the coming year with growth of 2.3%. Economic growth in **Europe** was most recently strengthened by developments in Germany and in France mainly; however, the countries in the euro-area that are affected by crises are also showing signs of the economic downturn having bottomed out. For the year 2013 a slight growth of 0.1% and for 2014 further growth of 1.3% are forecast. In **Germany** the economy is continuing to follow a moderate upwards trend; according to the latest forecasts, GDP will grow in 2013 by 0.5% and in 2014 by 1.8%.

The **worldwide market for machine tools** is expected to decline in 2013 – contrary to previous forecasts. The German Machine Tool Builders' Association (VDW) and the British economic research institute, Oxford Economics, have corrected their latest forecast (October 2013) substantially once again: They are now anticipating a decline in world consumption of 7.4% to € 61.6 billion (previously: +2.4%; € 68.1 billion). The reasons for this correction are primarily the heavily revised information from China on actual consumption and the production in the country. The institutes now expect consumption in China to fall by 12% this year or € 4.2 billion to € 20.9 billion (previously: +5.8%; € 25.1 billion).

The **German machine tool industry** should show a slight decline according to the forecast. The VDW expects a decline in consumption of 1.9% for the whole year.

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




Source: VDW (German Machine Tool Builders' Association), Oxford Economics, Institue for Economics (IfW)

The DMG MORI SEIKI group intends to intensify its global market presence. The cooperation with DMG MORI SEIKI COMPANY LIMITED is a significant component of our **long-term strategy.** In the current financial year we are combining our joint sales and service activities in China and Russia, and following this intend to extend our cooperation to Canada and Brazil. This means that by year-end 2013, we will be jointly present on all the important markets worldwide. In addition, we are expanding our production capacity in strategically important markets.

In future, our cooperation will focus more strongly on leveraging synergies in product development and production. We intend to achieve this by increasingly developing joint products, streamlining our product range and achieving purchasing advantages through standardisation. In addition to this, we will target the use of our worldwide production capacity for local production. With our international centres of excellence we are targeting growing industries, such as the aerospace, automotive, medical technology and energy industries.

We intend to increase the efficiency of our **service business** with its worldwide leading range of services – especially in the areas of repair, maintenance and spare parts – and through this to increase further profitability.

The orders placed at this year's EMO in Hanover, the most important trade fair worldwide for machine tools, confirm the growing demand for machine tools overall. We are now planning an order intake for **financial year 2013** of more than € 2 billion. Sales revenues should likewise amount to more than € 2 billion. The allocation to the "Machine Tools" and "Industrial Services" segments will follow the trend up until 30 September. In the **fourth quarter** we are expecting a rise in sales revenues and an improvement in the quality of earnings. Based on the premise that the market will continue to develop in line with our expectations, we are planning to achieve an EBT of around € 130 million and, as a result, an annual net profit of around € 90 million. For financial year 2013 we are planning to distribute a higher dividend than for the previous year.

The DMG MORI SEIKI group has a solid financial framework for the coming years. The successful capital increase with pre-emptive rights of shareholders, which we carried out in the third quarter, has further strengthened **liquidity**. Through this we have created the basis for financing our further internationalisation and the planned business expansion.

We are working intensively on reducing inventories following the EMO and, despite planed investments in our international activities, on achieving a **free cash flow** of around € 75 million million for the financial year.

**CURRENT**


One partnership – One Name: On 1 October 2013, GILDEMEISTER Aktiengesellschaft became DMG MORI SEIKI AKTIENGESELLSCHAFT, and Mori Seiki Co., Ltd. became DMG MORI SEIKI COMPANY LIMITED. The alignment of the names reflects the intensification of our successful cooperation and is part of the Cooperation Agreement of March 2013. Alongside the change of name, a new logo has also been introduced for all sales and service companies worldwide – DMG MORI.

DMG MORI

For the current financial year we are planning on increasing **investments** in plant, property and equipment, and on intangible assets – without taking account of goodwill additions – as a result of the consistent implementation of our global growth strategy and the far-reaching modernisation measures to about € 110.0 million. We are undertaking a big, strategic step particularly by the construction of a state-of-the-art production and assembly plant in Ulyanovsk and a new European headquarter in Winterthur. In 2014 we will resolutely continue along our chosen path. In 2015 the level of investments will return to normal.

Activities in **research and development** are aimed at series start-up of innovations presented at the EMO, especially CELOS, the new corporate design as well as the 18 world premieres. With our cooperation partner, we intend to develop innovative products for the global markets and to streamline our product range. We are working on generating additional synergies by standardisation of components and processes. As planned, together with our cooperation partner, we are presenting 27 world premieres in financial year 2013. Research and development expense in the current financial year will be around € 52 million in line with plans (previous year: € 55.9 million).

### General statement on future business development 2014 and 2015

The economic indicators for 2014 have brightened appreciably according to information of the German Institute for Economic Research (DIW Berlin): Overall the global economy is expected to grow more strongly than in 2013. The economy is expected to develop positively both in China and in the USA. Also in the euro-area, the forecasts for next year are assuming growth. As before, the euro and state debt crisis, as well as the budget dispute in the USA, may lead to negative trends in the world economy.

**Machine tool consumption worldwide,** according to the latest forecast of the VDW and Oxford Economics, should grow by 5%. A positive boost is expected to come primarily from the markets in China, Japan and the USA. The eurozone will also contribute to this. The DMG MORI SEIKI group is assuming positive business growth and rising sales revenues in **financial year 2014.** The quality of earnings is expected to improve further.

The **cooperation** with DMG MORI SEIKI COMPANY LIMITED should continue to bear fruit. We see potential in the joint development of growth markets, in particular Russia and China. We view additional long-term opportunities in the emerging markets in Asia, Latin America and other emerging countries. Alongside opening up further markets, we intend to push joint product development from now on. In addition to this, we will fit our machines with CELOS and offer them in the new corporate design.

Sound forecasts on **financial year 2015** cannot be made at the present time due to the varying developments and conditions on the world markets.

## Consolidated Income Statement

D.01

| 3rd quarter 2013 | 2013 01 July – 30 Sept. € MILLION | % | 2012 01 July – 30 Sept. € MILLION | % | Changes 2013 against 2012 € MILLION | % |
|---|---|---|---|---|---|---|
| **Sales Revenues** | 505.5 | 101.8 | 516.1 | 99.8 | −10.6 | 2.1 |
| Changes in finished goods and work in progress | −11.2 | −2.3 | −1.2 | −0.2 | −10.0 | 833.3 |
| Own work capitalised | 2.3 | 0.5 | 1.9 | 0.4 | 0.4 | 21.1 |
| **Total Work Done** | 496.6 | 100.0 | 516.8 | 100.0 | −20.2 | 3.9 |
| Cost of materials | −256.3 | −51.6 | −282.1 | −54.6 | 25.8 | 9.1 |
| **Gross profit** | 240.3 | 48.4 | 234.7 | 45.4 | 5.6 | 2.4 |
| Personnel costs | −110.4 | −22.2 | −108.4 | −21.0 | −2.0 | 1.8 |
| Other income and expenses | −79.2 | −16.0 | −78.0 | −15.1 | −1.2 | 1.5 |
| Depreciation | −11.5 | −2.3 | −10.4 | −2.0 | −1.1 | 10.6 |
| **Financial Result** | −3.6 | −0.7 | −3.4 | −0.7 | −0.2 | 5.9 |
| **EBT** | 35.6 | 7.2 | 34.5 | 6.6 | 1.1 | |
| Income taxes | −11.0 | −2.2 | −10.9 | −2.1 | −0.1 | |
| **Earnings after taxes** | 24.6 | 5.0 | 23.6 | 4.5 | 1.0 | |
| Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT | 22.5 | 4.5 | 23.0 | 4.5 | −0.5 | |
| Profit share attributed to minority interests | 2.1 | 0.5 | 0.6 | 0.0 | 1.5 | |
| | | | | | | |
| **Earnings per share pursuant to IAS 33 (in euros)** | | | | | | |
| Undiluted | 0.36 | | 0.40 | | | |
| Diluted | 0.35 | | 0.40 | | | |

| 1st – 3rd quarter 2013 | 2013 01 Jan. – 30 Sept. € MILLION | % | 2012 01 Jan. – 30 Sept. € MILLION | % | Changes 2013 against 2012 € MILLION | % |
|---|---|---|---|---|---|---|
| **Sales Revenues** | 1,480.5 | 98.2 | 1,432.9 | 97.0 | 47.6 | 3.3 |
| Changes in finished goods and work in progress | 18.9 | 1.3 | 40.4 | 2.7 | − 21.5 | 53.2 |
| Own work capitalised | 8.3 | 0.5 | 4.9 | 0.3 | 3.4 | 69.4 |
| **Total Work Done** | 1,507.7 | 100.0 | 1,478.2 | 100.0 | 29.5 | 2.0 |
| Cost of materials | −810.4 | −53.8 | −811.2 | −54.9 | 0.8 | 0.1 |
| **Gross Profit** | 697.3 | 46.2 | 667.0 | 45.1 | 30.3 | 4.5 |
| Personnel costs | −342.4 | −22.7 | −328.2 | −22.2 | −14.2 | 4.3 |
| Other income and expenses | −232.5 | −15.4 | −225.8 | −15.3 | −6.7 | 3.0 |
| Depreciation | −34.1 | −2.2 | −29.7 | −2.0 | −4.4 | 14.8 |
| **Financial Result** | −8.5 | −0.6 | −10.6 | −0.7 | 2.1 | 19.8 |
| **EBT** | 79.8 | 5.3 | 72.7 | 4.9 | 7.1 | |
| Income taxes | −24.7 | −1.6 | −22.9 | −1.5 | −1.8 | |
| **Earnings after taxes** | 55.1 | 3.7 | 49.8 | 3.4 | 5.3 | |
| Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT | 49.9 | 3.3 | 49.4 | 3.4 | 0.5 | |
| Profit share attributed to minority interests | 5.2 | 0.4 | 0.4 | 0.0 | 4.8 | |
| | | | | | | |
| **Earnings per share pursuant to IAS 33 (in euros)** | | | | | | |
| Undiluted | 0.83 | | 0.85 | | | |
| Diluted | 0.82 | | 0.85 | | | |

## Consolidated Income Statement

D.01

| 1. October 2012 – 30. September 2013 | 01 Oct. 2012 – 30 Sept. 2013 € MILLION | % | 01 Oct. 2011 – 30 Sept. 2012 € MILLION | % | Changes 2013 against 2012 € MILLION | % |
|---|---|---|---|---|---|---|
| **Sales Revenues** | 2,085.0 | 100.0 | 1,926.3 | 98.1 | 158.7 | 8.2 |
| Changes in finished goods and work in progress | –13.5 | –0.6 | 27.3 | 1.4 | –40.8 | 149.5 |
| Own work capitalised | 13.1 | 0.6 | 9.7 | 0.5 | 3.4 | 35.1 |
| **Total Work Done** | 2,084.6 | 100.0 | 1,963.3 | 100.0 | 121.3 | 6.2 |
| Cost of materials | –1,128.5 | –54.1 | –1,077.3 | –54.9 | –51.2 | 4.8 |
| **Gross Profit** | 956.1 | 45.9 | 886.0 | 45.1 | 70.1 | 7.9 |
| Personnel costs | –454.6 | –21.8 | –430.6 | –21.9 | –24.0 | 5.6 |
| Other income and expenses | –318.3 | –15.3 | –285.9 | –14.6 | –32.4 | 11.3 |
| Depreciation | –45.3 | –2.2 | –40.2 | –2.0 | –5.1 | 12.7 |
| **Financial Result** | –10.7 | –0.5 | –16.3 | –0.8 | 5.6 | 34.4 |
| **EBT** | 127.2 | 6.1 | 113.0 | 5.8 | 14.2 | |
| Income taxes | –39.5 | –1.9 | –35.8 | –1.9 | –3.7 | |
| **Earnings after taxes** | 87.7 | 4.2 | 77.2 | 3.9 | 10.5 | |
| Profit share of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT | 77.8 | 3.7 | 77.1 | 3.9 | 0.7 | |
| Profit share attributed to minority interests | 9.9 | 0.5 | 0.1 | 0.0 | 9.8 | |
| | | | | | | |
| **Earnings per share pursuant to IAS 33 (in euros)** | | | | | | |
| Undiluted | 1.30 | | 1.34 | | | |
| Diluted | 1.29 | | 1.33 | | | |

## Group Statement of Comprehensive Income

D.02

| | **2013 01 July – 30 Sept. € MILLION** | 2012 01 July – 30 Sept.* € MILLION | **2013 01 Jan. – 30 Sept. € MILLION** | 2012 01 Jan. – 30 Sept.* € MILLION | 01 Oct. 2012 – 30 Sept. 2013 € MILLION | 01 Oct. 2011 – 30 Sept. 2012* € MILLION |
|---|---|---|---|---|---|---|
| **Earnings after taxes** | **24.6** | **23.6** | **55.1** | **49.8** | **87.7** | **77.2** |
| **Other comprehensive income** | | | | | | |
| Actuarial gains / losses | 0.1 | –3.9 | 1.0 | –3.9 | 9.9 | –3.4 |
| Income taxes on items which have not been reclassified to the income statement | 0.0 | 1.1 | –0.3 | 1.1 | –2.9 | 1.0 |
| **Sum of items which have not been reclassified to the income statement** | **0.1** | **–2.8** | **0.7** | **–2.8** | **7.0** | **–2.4** |
| Differences from currency translation | –1.7 | –1.6 | –8.4 | –6.9 | –2.4 | 2.0 |
| Change in fair value of derivative financial instruments | 1.0 | 2.5 | 0.4 | 3.3 | 1.2 | 1.5 |
| Change in fair value of available-for-sale assets | 23.8 | –11.3 | 35.8 | –11.0 | 45.5 | – 10.6 |
| Income tax expense on items which have been reclassified to the income statement | –0.3 | –0.7 | –0.1 | –1.0 | –0.3 | –0.4 |
| **Sum of items that can be reclassified to the income statement** | **22.8** | **–11.1** | **27.7** | **–15.6** | **44.0** | **–7.5** |
| **Other comprehensive income for the period after taxes** | **22.9** | **–13.9** | **28.4** | **–18.4** | **51.0** | **–9.9** |
| **Total comprehensive income for the period** | **47.5** | **9.7** | **83.5** | **31.4** | **138.7** | **67.3** |
| Profit share attributable to shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT | 46.1 | 9.1 | 79.4 | 31.0 | 129.5 | 67.0 |
| Profit share attributable to minority interests | 1.4 | 0.6 | 4.1 | 0.4 | 9.2 | 0.3 |

* adjusted as a result of first time application of IAS 19 (rev. 2011)

## Consolidated Balance Sheet

D . 03

| ASSETS | 30 Sept. 2013 € MILLION | 31 Dec. 2012* € MILLION | 30 Sept. 2012* € MILLION |
|---|---|---|---|
| **Long-term assets** | | | |
| Goodwill | 119.5 | 119.5 | 113.5 |
| Other intangible assets | 70.6 | 65.1 | 62.1 |
| Tangible assets | 287.7 | 263.2 | 238.4 |
| Equity accounted investments | 46.0 | 7.6 | 7.5 |
| Other equity investments | 147.4 | 45.3 | 35.8 |
| Trade debtors | 0.5 | 0.5 | 2.3 |
| Receivables from associated companies | 0.0 | 0.0 | 4.7 |
| Other long-term financial assets | 10.5 | 9.8 | 10.7 |
| Other long-term assets | 0.7 | 4.1 | 4.0 |
| Deferred taxes | 49.3 | 49.5 | 54.9 |
| | **732.2** | **564.6** | **533.9** |
| **Short-term assets** | | | |
| Inventories | 542.5 | 486.3 | 553.2 |
| Trade debtors | 197.6 | 195.6 | 243.4 |
| Receivables from at equity accounted companies | 8.8 | 12.0 | 8.8 |
| Receivables from related parties | 22.9 | 19.7 | 10.2 |
| Receivables from associated companies | 2.0 | 0.8 | 5.2 |
| Other short-term financial assets | 67.8 | 61.1 | 79.2 |
| Other short-term assets | 48.0 | 49.5 | 39.8 |
| Cash and cash equivalents | 256.4 | 173.3 | 68.2 |
| Long-term assets held for sale | 57.9 | 55.8 | 41.0 |
| | **1,203.9** | **1,054.1** | **1,049.0** |
| | **1,936.1** | **1,618.7** | **1,582.9** |

* adjusted as a result of first time application of IAS 19 (rev. 2011)

## Consolidated Balance Sheet

| EQUITY AND LIABILITIES | 30 Sept. 2013 € MILLION | 31 Dec. 2012* € MILLION | 30 Sept. 2012* € MILLION |
|---|---|---|---|
| **Equity** | | | |
| Subscribed capital | 200.2 | 151.7 | 151.7 |
| Capital provisions | 480.3 | 257.2 | 257.2 |
| Revenue provisions | 340.7 | 281.7 | 241.7 |
| **Total equity of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT** | **1,021.2** | **690.6** | **650.6** |
| Minority interests' share of equity | 91.7 | 84.6 | 86.5 |
| **Total equity** | **1,112.9** | **775.2** | **737.1** |
| | | | |
| **Long-term liabilities** | | | |
| Long-term financial debts | 2.2 | 3.2 | 12.1 |
| Pension provisions | 36.8 | 37.9 | 37.1 |
| Other long-term provisions | 17.4 | 19.9 | 18.6 |
| Trade creditors | 0.2 | 0.2 | 0.3 |
| Other long-term financial liabilities | 7.9 | 8.3 | 8.9 |
| Other long-term liabilities | 2.6 | 2.7 | 2.6 |
| Deferred taxes | 5.3 | 7.6 | 12.8 |
| | **72.4** | **79.8** | **92.4** |
| **Short-term liabilities** | | | |
| Short-term financial debts | 61.6 | 9.1 | 11.7 |
| Tax provisions | 22.9 | 34.5 | 23.5 |
| Other short-term provisions | 163.7 | 162.4 | 160.7 |
| Payments received on account | 137.7 | 155.8 | 171.3 |
| Trade creditors | 234.0 | 264.5 | 266.4 |
| Liabilities to at equity accounted companies | 0.1 | 0.1 | 0.1 |
| Liabilities from related parties | 64.6 | 56.0 | 22.3 |
| Liabilities to associated companies | 9.9 | 8.9 | 23.2 |
| Other short-term financial liabilities | 15.0 | 25.9 | 29.0 |
| Other short-term liabilities | 31.2 | 35.6 | 34.3 |
| Liabilities in connection with assets held for sale | 10.1 | 10.9 | 10.9 |
| | **750.8** | **763.7** | **753.4** |
| | **1,936.1** | **1,618.7** | **1,582.9** |

* adjusted as a result of first time application of IAS 19 (rev. 2011)

## Consolidated Cash Flow Statement

D . 04

| | 2013 01 July – 30 Sept. € MILLION | 2012 01 July – 30 Sept. € MILLION | 2013 01 Jan. – 30 Sept. € MILLION | 2012 01 Jan. 30 Sept. € MILLION | 01 Oct. 2012 – 30 Sept. 2013 € MILLION | 01 Oct. 2011 – 30 Sept. 2012 € MILLION |
|---|---|---|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITES** | | | | | | |
| Earnings before tax (EBT) | 35.6 | 34.5 | 79.8 | 72.7 | 127.2 | 113.0 |
| Income taxes | −11.0 | −10.9 | −24.7 | −22.9 | −39.5 | −33.2 |
| Depreciation | 11.5 | 10.4 | 34.1 | 29.7 | 45.3 | 40.2 |
| Change in deferred taxes | 3.7 | 0.5 | 1.1 | −3.6 | 3.8 | −3.2 |
| Change in long-term provisions | 1.1 | 0.9 | −3.0 | 1.7 | −2.0 | −8.3 |
| Other income and expenses not affecting payments | −2.1 | −0.5 | −1.2 | −1.9 | −6.3 | 1.5 |
| Change in short-term provisions | −4.3 | 22.3 | −9.4 | 21.3 | 1.3 | 26.1 |
| Changes in inventories, trade debtors and other assets | −0.7 | −14.1 | −62.9 | −112.0 | 43.3 | −48.0 |
| Changes in trade creditors and other liabilities | −43.2 | 28.4 | −63.4 | 32.9 | −71.9 | 31.5 |
| | **−9.4** | **71.5** | **−49.6** | **17.9** | **101.2** | **119.6** |
| **CASH FLOW FROM INVESTMENT ACTIVITY** | | | | | | |
| Amounts paid out for investments in intangible and tangible assets | −22.2 | −12.4 | −56.6 | −36.9 | −91.5 | −59.2 |
| Amounts paid out for investments in financial assets | −47.9 | 0.0 | −49.5 | 0.0 | −49.5 | 0.0 |
| Cash flow from obtaining control of subsidiaries | −0.1 | 0.0 | −6.8 | 0.0 | −0.2 | 0.0 |
| Cash inflows on disposal of the property, plant and equipment | 0.1 | 0.5 | 0.7 | 1.1 | 1.8 | 1.6 |
| | **−70.1** | **−11.9** | **−112.2** | **−35.8** | **−139.4** | **−57.6** |
| **CASH FLOW FROM FINANCING ACTIVITY** | | | | | | |
| Cash inflows / outflows for taking out/repayment of financial debts | 31.2 | −59.5 | 48.5 | −8.0 | 36.6 | −59.9 |
| Payment for the costs of the capital increase | −7.3 | 0.0 | −7.9 | 0.0 | −7.9 | −0.1 |
| Dividends paid | 0.0 | 0.0 | −20.4 | −14.6 | −20.4 | −14.6 |
| Payment received from the capital increase | 223.6 | 0.0 | 223.6 | 0.0 | 223.6 | 0.0 |
| Cash inflows / outflows for changes in interests of subsidiaries | 0.0 | 0.0 | 0.0 | −2.5 | −2.2 | 5.4 |
| Changes to consolidated companies | 0.0 | 0.0 | 0.0 | 6.7 | −6.7 | 6.7 |
| Cash inflows of minority interests | 0.0 | 0.0 | 3.0 | 0.0 | 3.0 | 0.0 |
| | **247.5** | **−59.5** | **246.8** | **−18.4** | **226.0** | **−62.5** |
| Changes affecting payments | 168.0 | 0.1 | 85.0 | −36.3 | 187.8 | −0.5 |
| Effects of changes to the consoldiated group on cash and cash equivalents | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 |
| Effects of exchange rate changes on financial securities | −0.3 | −0.6 | −1.9 | −0.7 | 0.1 | 0.7 |
| Cash and cash equivalents at the beginning of the period | 88.7 | 68.7 | 173.3 | 105.2 | 68.2 | 68.0 |
| Cash and cash equivalents at the end of the period | 256.4 | 68.2 | 256.4 | 68.2 | 256.4 | 68.2 |

## Development of Group Equity

D.05

| | Subscribed capital € MILLION | Capital provisions € MILLION | Revenue provisions* € MILLION | Total equity of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT € MILLION | Minority interests' share of equity € MILLION | **Total equity € MILLION** |
|---|---|---|---|---|---|---|
| **As at 1 Jan. 2013** | **151.7** | **257.2** | **294.3** | **703.2** | **84.6** | **787.8** |
| Effects from changing the accounting method | 0.0 | 0.0 | –12.6 | –12.6 | 0.0 | –12.6 |
| **As at 1 Jan. 2013 adjusted** | **151.7** | **257.2** | **281.7** | **690.6** | **84.6** | **775.2** |
| **Total comprehensive income** | 0.0 | 0.0 | 79.4 | 79.4 | 4.1 | 83.5 |
| Capital increases | 48.5 | 223.1 | 0.0 | 271.6 | 0.0 | 271.6 |
| Transactions with owners | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 3.0 |
| Consolidation measures / Other changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend | 0.0 | 0.0 | –20.4 | –20.4 | 0.0 | –20.4 |
| **As at 30 Sept. 2013** | **200.2** | **480.3** | **340.7** | **1,021.2** | **91.7** | **1,112.9** |

| | Subscribed capital € MILLION | Capital provisions € MILLION | Revenue provisions* € MILLION | Total equity of shareholders of DMG MORI SEIKI AKTIENGESELLSCHAFT € MILLION | Minority interests' share of equity € MILLION | **Total equity € MILLION** |
|---|---|---|---|---|---|---|
| **As at 1 Jan. 2012** | **151.7** | **257.2** | **234.2** | **643.1** | **12.1** | **655.2** |
| Effects from changing the accounting method | 0.0 | 0.0 | –8.9 | –8.9 | 0.0 | –8.9 |
| **As at 1 Jan. 2012 adjusted** | **151.7** | **257.2** | **225.3** | **634.2** | **12.1** | **646.3** |
| **Total comprehensive income** | 0.0 | 0.0 | 31.0 | 31.0 | 0.4 | 31.4 |
| Transactions with owners | 0.0 | 0.0 | 0.0 | 0.0 | 74.0 | 74.0 |
| Consolidation measures / Other changes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend | 0.0 | 0.0 | –14.6 | –14.6 | 0.0 | –14.6 |
| **As at 30 Sept. 2012** | **151.7** | **257.2** | **241.7** | **650.6** | **86.5** | **737.1** |

* adjusted as a result of first time application of IAS 19 (rev. 2011)

## Group Segmental Reporting (part of the selected explanatory notes)

D . 06
SEGMENTATION BY BUSINESS SEGMENTS

| 3rd quarter 2013 | Machine Tools | Industrial Services | Corporate Services | Transitions | Group |
|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues | 295.9 | 209.6 | 0.0 | 0.0 | 505.5 |
| EBIT | 22.7 | 24.0 | −7.6 | 0.1 | 39.2 |
| Investments | 14.4 | 9.1 | 106.7 | 0.0 | 130.2 |
| Employees | 3,616 | 2,972 | 93 | 0 | 6,681 |

| 3rd quarter 2012 | Machine Tools | Industrial Services | Corporate Services | Transitions | Group |
|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues | 294.5 | 221.5 | 0.1 | 0.0 | 516.1 |
| EBIT | 23.1 | 21.9 | −6.8 | −0.3 | 37.9 |
| Investments | 10.0 | 1.6 | 0.8 | 0.0 | 12.4 |
| Employees | 3,522 | 2,861 | 83 | 0 | 6,466 |

| 1st – 3rd quarter 2013 | Machine Tools | Industrial Services | Corporate Services | Transitions | Group |
|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues | 865.4 | 615.0 | 0.1 | 0.0 | 1,480.5 |
| EBIT | 50.9 | 60.2 | −22.4 | −0.4 | 88.3 |
| Investments | 35.6 | 21.6 | 110.9 | 0.0 | 168.1 |
| Employees | 3,616 | 2,972 | 93 | 0 | 6,681 |

| 1st – 3rd quarter 2012 | Machine Tools | Industrial Services | Corporate Services | Transitions | Group |
|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues | 826.6 | 606.1 | 0.2 | 0.0 | 1,432.9 |
| EBIT | 39.3 | 62.2 | −18.0 | −0.2 | 83.3 |
| Investments | 24.5 | 10.0 | 5.0 | 0.0 | 39.5 |
| Employees | 3,522 | 2,861 | 83 | 0 | 6,466 |

INFORMATION ON GEOGRAPHICAL AREAS

| 1st – 3rd quarter 2013 | Germany | Rest of Europe | North America | Asia | Others | Transitions | Group |
|---|---|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues with third parties | 611.7 | 567.6 | 65.3 | 209.8 | 26.1 | | 1,480.5 |
| Long-term assets | 248.4 | 208.9 | 1.1 | 19.7 | 2.7 | −3.0 | 477.8 |

| 1st – 3rd quarter 2012 | Germany | Rest of Europe | North America | Asia | Others | Transitions | Group |
|---|---|---|---|---|---|---|---|
| | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION | € MILLION |
| Sales revenues with third parties | 658.0 | 484.4 | 65.9 | 199.0 | 25.6 | | 1,432.9 |
| Long-term assets | 212.2 | 171.5 | 1.0 | 21.4 | 0.5 | 7.4 | 414.0 |

## Selected explanatory notes to the interim consolidated financial statements

### 1 APPLICATION OF REGULATIONS

The consolidated financial statements of DMG MORI SEIKI AKTIENGESELLSCHAFT as of 31 December 2012 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 consolidated interim financial statements as of 30 September 2013 were prepared on the basis of IAS 34 Interim Financial Reporting.

All interim financial statements of those companies that were included in the interim consolidated financial statements were prepared, with the exception of the latest version of IAS 19 (revised 2011), 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 2012.

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 when compared to financial year 2012 (see further discussions in the Notes to the Consolidated Financial Statements as of 31 December 2012), with the exception of the application of new financial accounting regulations.

The new version of IAS 19 (revised 2011) must be applied on a retrospective basis in principle in accordance with IAS 8 to financial statements for financial years that begin on or after 1 January 2013. DMG MORI SEIKI AKTIENGESELLSCHAFT has adjusted the previous year's reported figures appropriately to reflect the effects of amendments to IAS 19. The amendments in IAS 19 resulted in the following material effects:

**Pension and similar obligations:**

In the past, DMG MORI SEIKI AKTIENGESELLSCHAFT used the corridor method. With the abolition of the corridor method, actuarial gains and losses have a direct impact on the consolidated balance sheet and lead to an increase in pension provisions, as well as to a decline in equity adjusted to account for deferred tax assets. As of 30 September 2013, an adjustment arose for pension provisions amounting to € –1.0 million (previous year: € 16.9 million) and as of 31 December 2012 of € 16.3 million. Equity decreased taking account of deferred taxes as of 30 September 2013 by € 0.7 million (previous year: € –11.9 million) and as of 31 December 2012 by € 12.8 million.

**Provisions for partial retirement obligations:**

According to IAS 19 (revised 2011), the top-up payments agreed in the partial retirement agreements now represent other long-term employee benefits. The top-up payments can thus no longer be fully recognised as liabilities with their cash value at the beginning of the partial retirement obligation or on concluding the partial retirement agreement but the top-up payments are accumulated proportionally over the corresponding active years of service of the employee benefitting from partial retirement. This leads to a reduction in partial retirement provisions. As of 30 September 2013, provisions were reduced by € 0.3 million (previous year: € 0.4 million) and as of 31 December 2012 by € 0.3 million. The effects on the consolidated income statement and the earnings per share as of 30 September 2013 and as of 30 September 2012 are deemed immaterial.

Of the financial instruments held by DMG MORI SEIKI AKTIENGESELLSCHAFT, the fair values are essentially the same as the book values.

None of the other obligatory applications of IFRS amendments or new standards effective as of 1 January 2013 has any material effect on the DMG MORI SEIKI AKTIENGESELLSCHAFT reporting.

## 2 SEASONAL EFFECT

As a globally operating company the DMG MORI SEIKI group is subject to various cyclical developments. In the sections "Overall Economic Development" on page 2 and "Development of the Machine Tool Industry" on page 3, 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 CONSOLIDATED GROUP

On 30 September 2013, the DMG MORI SEIKI group, including DMG MORI SEIKI AKTIENGESELLSCHAFT, comprised 107 companies, of which 103 companies were included in the interim financial statements as part of the full consolidation process. Compared to 30 June 2013, the number of group companies has been increased by two. In July, DMG Holding AG, Dübendorf, Switzerland, founded DMG MORI SEIKI Canada Inc., as a 51% subsidiary with registered office in Toronto, Canada; the remaining 49% of the shares are held by DMG MORI SEIKI USA Inc. The new company will take over sales and services in the cooperation market Canada.

Within the framework of the capital increase against contributions in kind in August, DMG MORI SEIKI AKTIENGESELLSCHAFT acquired 44.1% of the shares in Magnescale Co. Ltd., Kanagawa (Japan). The company has been classified as an associated company and from the date of registration of the capital increase against contributions in kind in the commercial register (20 August 2013) has been included in the consolidated financial statements at equity. The 19.0% of the shares in Mori Seiki Manufacturing USA, Inc., Davis (USA) were reported as an equity investment in the consolidated financial statements. The measurement of the shares was made at acquisition costs.

Effective as of 7 May 2013,DMG MORI SEIKI Italia S.r.l. acquired 100% of the shares in Micron S.p.A., Veggiano. It is intended that this company will strengthen the sales and service business of products of our cooperation partner, especially in Italy. The related acquisition costs amounted to € 7.5 million. The following individual assets and debts were acquired and recognised at fair value: € 1.1 million intangible assets, € 3.2 million plant, property and equipment, € 2.2 million inventories, € 3.0 million trade debtors, € 0.6 million other assets, € 0.07 million deferred taxes, € 0.9 million cash and cash equivalents, € 0.9 million other provisions, € 0.3 million financial debts and € 2.3 million liabilities. The net assets acquired amount in total to € 7.5 million. The costs directly related to the acquisition of the company in an amount of € 0.02 million were accounted for as an expense for the period. The receivables taken over do not include any claims that would foreseeably be written off. As of 30 September 2013, a final measurement had not yet taken place; the purchase price allocation is only provisional.

Since 7 May 2013, Micron S.p.A has contributed an additional € 3.4 million to group sales revenues. The share of earnings after taxes for the same period amounted to € –0.1 million.

Comparison with the consolidated financial statements for the periods ending 31 December 2012 and 30 September 2012 is not impaired by this.

With no change to the consolidated financial statements 2012, DMG / MORI SEIKI Australia Pty. Ltd. and SUN CARRIER OMEGA Pvt. Ltd. are classified as a joint venture and included in the consolidated financial statements at equity. MG Finance GmbH was classified as an associate and also accounted for at equity in the interim financial statements. The equity investment of DMG MORI SEIKI AKTIENGESELLSCHAFT in MG Finance GmbH was 42.55% (31 Dec. 2012: 33.0%).

## 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 € 55.1 million were reduced by € 5.2 million by the minority interests' earnings.

D . 07

| | | |
|---|---|---|
| GROUP RESULT EXCLUDING THE PROFIT SHARE OF THE SHAREHOLDERS | € K | 49,923 |
| Average weighted number of shares (pieces) | | 60,089,360 |
| Earnings per share acc. to IAS 33 | € | 0.83 |

In the reporting period there was a dilution effect through the capital increase against contributions in kind concluded on 7 August 2013 of 3,247,162 shares and the capital increase with the pre-emptive rights of shareholders concluded on 28 August 2013 of 15,402,589 new shares. The diluted earnings per share as of 30 September 2013 were € 0.82. In the previous year there were no dilution effects on earnings per share.

## 5 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT

Compared to the reporting in the balance sheet as of 31 December 2012, the receivables and liabilities in the balance sheet as of 30 September 2013 are presented in more detail; as of 31 December 2012, this information was disclosed in the notes to the consolidated financial statements. Additions in other equity investments as of 30 September 2013 resulted from increasing the shareholding in DMG MORI SEIKI COMPANY LIMITED to 9.6% and from the acquisition of shares in Mori Seiki Davis, USA, Inc. in the scope of the capital increase against contributions in kind. Alongside this, the shares in companies accounted for using the equity method have risen through the shares acquired in Magnescale Co. Ltd.

P. 7
*Results of Operations, Net Worth and Financial Position*

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.

## 6 STATEMENT OF COMPREHENSIVE INCOME

Comprehensive income as of 30 September of € 83.5 million comprised earnings after taxes (€ 55.1 million) and "other comprehensive income for the period after taxes" (€ 28.4 million). A significant influential factor was the change arising from the measurement of financial assets held for sale. The change in the fair values of financial derivatives increased the comprehensive income whereas currency translation differences reduced comprehensive income. Seasonally-related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

### 7 STATEMENT OF CHANGES IN EQUITY

Equity rose in total by € 337.7 million to € 1,112.9 million. Minority interests' share of equity rose by € 7.1 million to € 91.7 million. The consolidated net income as of 30 September 2013 of € 55.1 million, and the changes in the value of financial assets held for sale of € 35.8 million increased equity. A decrease in equity resulted from the dividend distribution for financial year 2012 of € 20.4 million in May 2013, as well as from currency translations recognised directly in equity. In August 2013 DMG MORI SEIKI AKTIENGESELLSCHAFT carried out a capital increase against contributions in kind and in September 2013 a capital increase with the pre-emptive rights of shareholders. Within the framework of the capital increase against contributions in kind, excluding the pre-emptive rights of shareholders, the share capital was increased through the issue of 3,247,162 new shares by € 8,442,621.20 to € 164,880,053.00. All the shares were subscribed to by DMG MORI SEIKI COMPANY LIMITED at the issue price of € 17.5063. In return, DMG MORI SEIKI COMPANY LIMITED contributed 19.0% of its shares in Mori Seiki Manufacturing USA, Inc., Davis (USA) and 44.1% of its shares in Magnescale Co. Ltd. Kanagawa (Japan) as contribution in kind. The share capital increased to € 164,880,053.00 (63,415,405 individual shares). The capital increase with pre-emptive rights of shareholders took place in September. The share capital was increased through the issue of 15,402,589 new shares at a subscription price of € 14.50 by € 40,046,731.40.

The capital provisions increased following deduction of the transaction costs and deferred taxes incurred by € 223,080,279.96 to € 480,256,950.02. The share capital of DMG MORI SEIKI AKTIENGESELLSCHAFT rose following both capital increases by € 48,489,352.60 to € 204,926,784.40 and is divided into 78,817,994 shares with a nominal value of € 2.60 per share. The new shares were released for trading on 18 September.

### 8 SEGMENTAL REPORTING

Within the scope of segment reporting, pursuant to IFRS 8 regulations the business activities of the DMG MORI SEIKI 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. 14
*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 the determination of the segment results remain unchanged from 31 December 2012. The business activities of the segments are disclosed in detail in the notes to the consolidated financial statements as of 31 December 2012.

### 9 STATEMENT OF RELATIONS WITH RELATED PARTIES

In the first six months of 2013, spare parts to a value of € 14.6 million were taken over as part of taking over the spare parts business of our cooperation partner in Europe. Beyond that, there have not been any material changes as of 30 September 2013. Furthermore, as presented in the notes to the financial statements as of 31 December 2012, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions.

### 10 EVENTS OCCURING AFTER THE END OF THE REPORTING PERIOD

Significant events occurring after the end of the reporting period are presented in the "Forecast". No other significant events have occurred after the reporting date of the interim financial statements.

## Details of DMG MORI SEIKI AKTIENGESELLSCHAFT

DMG MORI SEIKI AKTIENGESELLSCHAFT has no operative business, rather it manages the DMG MORI SEIKI group across business functions as the management holding company. Sales revenues amounted to € 11.4 million (previous year: € 10.2 million). In addition to rental income, these resulted exclusively from revenues arising out of the performance of holding functions for the group.

As of 30 September 2013, DMG MORI SEIKI AKTIENGESELLSCHAFT was organised in six executive units with the following functional areas: corporate strategy, key accounting, human resources, purchasing, auditing, compliance and investor and public relations; technology and production; sales and services including information technology (IT); controlling, finances: accounting, taxes and risk management; product development, technology and the internationalisation of production plants, and Industrial Services.

As of 30 September 2013, DMG MORI SEIKI AKTIENGESELLSCHAFT had 93 employees (31 Dec. 2012: 80).

## 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, 29 October 2013
DMG MORI SEIKI AKTIENGESELLSCHAFT
The Executive Board

Dipl.-Kfm. Dr. Rüdiger Kapitza

Dipl.-Kfm. Dr. Thorsten Schmidt

Dipl.-Kffr. Kathrin Dahnke

Dipl.-Ing. Günter Bachmann

Dipl.-Kfm. Christian Thönes

Dipl.-Kfm. Dr. Maurice Eschweiler

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

## List of Tables and Charts

## Financial Calendar

| | |
|---|---|
| 29 OCT. 2013 | Third Quarterly Report 2013 (1 July to 30 September) |
| 12 MARCH 2014 | Press Conference on Financial Statements / Publication of Annual Report 2013 |
| 13 MARCH 2014 | Society of Investment Professionals in Germany (DVFA), Analysts Conference, Frankfurt |
| 06 MAY 2014 | First Quarterly Report 2014 (1 January to 31 March) |
| 16 MAY 2014 | Annual General Meeting at 10.00 a.m. in the Town Hall, Bielefeld |
| 31 JULY 2014 | Second Quarterly Report 2014 (1 April to 30 June) |
| 28 OCT. 2014 | Third Quarterly Report 2014 (1 July to 30 September) |

Subject to alteration

**Your contact**:

DMG MORI SEIKI AKTIENGESELLSCHAFT
Gildemeisterstraße 60
D-33689 Bielefeld

**Investor Relations:**
André Danks
Telephone: + 49 (0) 52 05 / 74 - 3028
Telefax: + 49 (0) 52 05 / 74 - 3273
E-Mail: ir@dmgmoriseiki.com

**Corporate Public Relations:**
Thomas Wiede
Telephone: + 49 (0) 52 05 / 74 - 3005
Telefax: + 49 (0) 52 05 / 74 - 3081
E-Mail: pr@dmgmoriseiki.com

Languages: This report is available in German and English language.
Download: www.dmgmoriseiki.com
Order: We will gladly send additional copies and further information on DMG MORI SEIKI AKTIENGESELLSCHAFT free-of-charge upon request.

## 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 SEIKI 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 SEIKI AKTIENGESELLSCHAFT are subject to a series of risks and uncertainties, which may result in forward-looking statements estimates or forecasts becoming inaccurate.

DMG MORI SEIKI 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 SEIKI 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 and further decline in the capital markets and a deterioration in the conditions for the credit business and in particular deterioration from growing uncertainties that arise from the financial market and liquidity crisis including that of 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 SEIKI 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 SEIKI 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 SEIKI AKTIENGESELLSCHAFT neither intends to nor does DMG MORI SEIKI 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 SEIKI": DMG MORI SEIKI AKTIENGESELLSCHAFT with registered office in Bielefeld, Germany, and DMG MORI SEIKI COMPANY LIMITED with registered office in Nagoya, Japan. This report refers exclusively to DMG MORI SEIKI AKTIENGESELLSCHAFT. If reference is made in this report to the "DMG MORI SEIKI group", this refers exclusively to DMG MORI SEIKI AKTIENGESELLSCHAFT and its group companies.

---

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

carbon neutral
natureOffice.com | DE-141-749899
print production

DMG MORI SEIKI AKTIENGESELLSCHAFT
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court Bielefeld HRB 7144
Phone: + 49 (0) 52 05 / 74-3001
Fax: + 49 (0) 52 05 / 74-3081
Internet: www.dmgmoriseiki.com
E-Mail: info@dmgmoriseiki.com

If your mobile telephone has QR code reader, you'll be connected to the online version of this interim report after having photographed it.

MONTFORT WERBUNG