

DMG MORI

AKTIENGESELLSCHAFT

3rd Quarter 2016

**INTERIM
REPORT
2016**

Dear Shareholders,

In the third quarter 2016, DMG MORI AKTIENGESELLSCHAFT saw a positive development with € 601.4 million or +12% in its order intake (previous year: € 538.7 million). We have thus exceeded the order intake for the last four quarters. The successful autumn trade fairs also contributed to this. Sales revenues amounted to € 536.6 million (previous year: € 558.6 million). EBITDA was € 52.1 million (previous year: € 57.0 million), the EBIT reached € 38.7 million (previous year: € 43.1 million) and EBT amounted to € 37.8 million (previous year: € 43.1 million). The drop in earnings was mainly attributable to the measures already initiated for realignment. The group recorded earnings after taxes of € 26.1 million for the third quarter 2016 (previous year: € 29.8 million). As at 30 September, order intake was € 1,759.6 million and thereby slightly above the previous year (€ 1,742.0 million). Sales revenues amounted to € 1,629.1 million (previous year: € 1,648.8 million). EBITDA reached € 146.3 million (previous year: € 151.9 million), EBIT was € 104.0 million (previous year: € 111.5 million) and EBT € 99.0 million (previous year: € 108.8 million). As at 30 September 2016 the group recorded earnings after taxes of € 68.9 million (previous year: € 75.1 million).

On 15 July 2016, the 114th Annual General Meeting approved the domination and profit transfer agreement. This agreement became effective with its entry in the commercial register on 24 August 2016. It provides us with a legal framework for an even closer working relationship with DMG MORI COMPANY LIMITED.

The further merger to form a globally integrated machine tool company enables us to consolidate our competitive position in global markets. As a “Global One Company”, we are focusing on our core business in the machine tool and service segments. As part of this strategy, we reorganise our global sales and service. We will specifically develop our product portfolio and optimise our production capacities. **“Global One” stands for integration, innovation and quality.** Digitisation is at the heart of our innovation strategy. Thereby we focus on our app-based control and operating software, CELOS. We are also planning to expand our position in future-oriented technologies, such as DMG MORI Technology Cycles and Additive Manufacturing.

The global economy is still marked by uncertainties. We expect market conditions for machine tools to remain difficult. However, for the year as a whole, we are still expecting a slight improvement in order intake compared to last year. We are planning sales revenues of around € 2.25 billion. EBT shall amount to around € 95 million. The earnings trend is marked by one-time effects due to the realignment measures already initiated and planned. Regardless of business performance, the domination and profit transfer agreement ensures the payment of a “guaranteed dividend” of € 1.17. In addition, we are expecting a slight positive free cash flow.

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

01 DMG MORI GROUP	30 Sep. 2016 € million	31 Dec. 2015 € million	30 Sep. 2015 € million	Changes 30 Sep. 2016 to 30 Sep. 2015	
				€ million	%
Sales revenues					
Total	1,629.1	2,304.7	1,648.8	-19.7	-1
Domestic	529.1	762.1	550.1	-21.0	-4
International	1,100.0	1,542.6	1,098.7	1.3	0
% International	68	67	67		
Order intake					
Total	1,759.6	2,282.8	1,742.0	17.6	1
Domestic	578.2	785.0	600.5	-22.3	-4
International	1,181.4	1,497.8	1,141.5	39.9	3
% International	67	66	66		
Order backlog					
Total	987.1	884.2	1,009.7	-22.6	-2
Domestic	384.7	335.7	363.2	21.5	6
International	602.4	548.5	646.5	-44.1	-7
% International	61	62	64		
Investments	44.6	130.6	80.1	-35.5	-44
Personnel costs	428.3	545.5	404.7	23.6	6
Personnel ratio in %	25.8	23.2	23.6		
EBITDA	146.3	243.1	151.9	-5.6	-4
EBIT	104.0	185.9	111.5	-7.5	-7
EBT	99.0	217.3	108.8	-9.8	-9
Earnings after taxes	68.9	159.6	75.1	-6.2	-8
				Changes 30 Sep. 2016 to 31 Dec. 2015	
	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015		%
Employees	7,057	7,142	7,049	-85	-1
plus trainees	318	320	312	-2	-1
Total employees	7,375	7,462	7,361	-87	-1

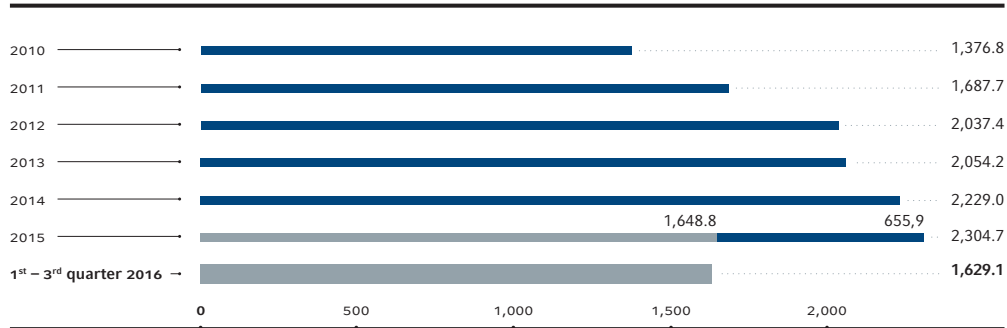
References

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

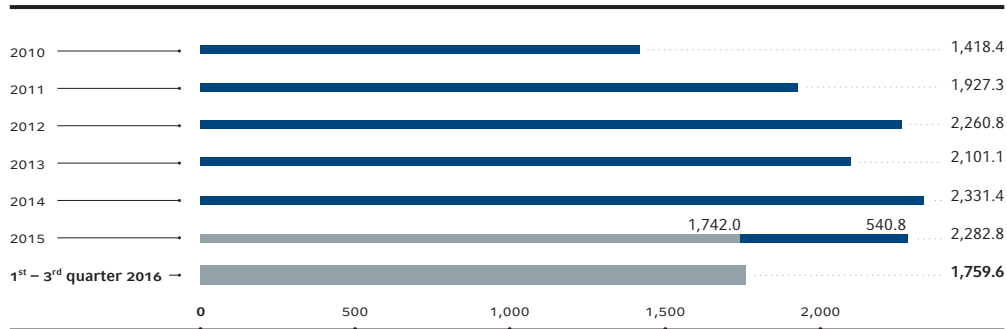
02 SALES REVENUES IN € MILLION



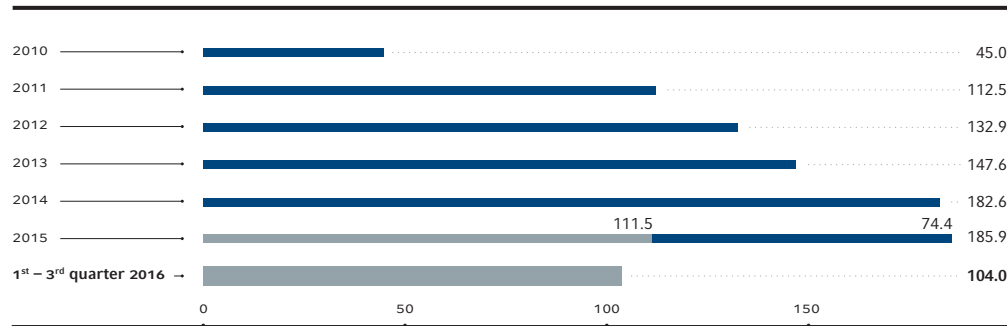
DMG MORI Group
Key Figures

Sales Revenues
Order Intake
EBIT
Employees

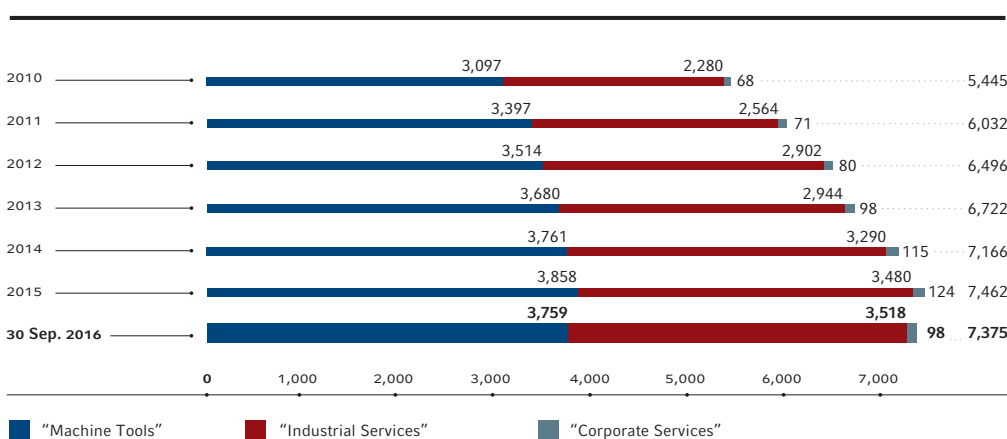
03 ORDER INTAKE IN € MILLION



04 EBIT IN € MILLION



05 NUMBER OF EMPLOYEES INCL. TRAINEES



Machine Tools Industrial Services Corporate Services

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A . 01 Group Structure*

CORPORATE SERVICES

DMG MORI AKTIENGESELLSCHAFT (Bielefeld)

MACHINE TOOLS

GILDEMEISTER Beteiligungen GmbH (Bielefeld)

Turning	Milling	
GILDEMEISTER Drehmaschinen GmbH (Bielefeld)	DECKEL MAHO Pfronten GmbH (Pfronten)	
GRAZIANO Tortona S.r.l. (Tortona / Italy)	DECKEL MAHO Seebach GmbH (Seebach)	
GILDEMEISTER Italiana S.p.A. (Bergamo / Italy)		
FAMOT Pleszew Sp.z o.o. (Pleszew / Poland)	DECKEL MAHO GILDEMEISTER (Shanghai) Machine Tools Co., Ltd., (Shanghai / China)	Ulyanovsk Machine Tools ooo (Ulyanovsk / Russia)

* The DMG MORI group counted 99 companies including DMG MORI AKTIENGESELLSCHAFT as at 30 September 2016. Compared to 30 June 2016, the number of group companies remained unchanged. Structural changes are described in "Machine Tools" segment on page 8.

The **global economy** is still marked by uncertainties. In **China**, economic growth stabilised at a low level in the third quarter, but declining economic growth rates are still anticipated. **Japan's** economy slowed down again during the year, as a result of falling exports. Economic growth in the **USA** also experienced a slowdown during the year. On the whole, **Europe** showed moderate growth. Great Britain's economic growth was also curbed by the Brexit decision. The economy in **Germany** experienced a moderate upturn.

The international business development of DMG MORI AKTIENGESELLSCHAFT is influenced by the exchange rates of the euro. The U.S. dollar, Chinese renminbi, Russian rouble and the Japanese yen are of particular importance.

The **global market for machine tools** is expected to decrease in 2016. The German Machine Tool Builders' Association (VDW) and the British economic research institute Oxford Economics now expect in their latest forecast (status: October 2016) a decline of **global consumption** by 1.7% to € 67.4 billion (forecast in April: +1.9%). Demand in Asia is now expected to decrease by 2.8%, after +2.7%. For America, a decline in consumption by 3.3% is forecast, after -2.7%. Demand in Europe is expected to increase by 2.4%, after +2.1%. The **German machine tool market** is expected to grow by 5.0% in the course of the year (forecast in April: +1.5%).

GROUP INTERIM MANAGEMENT REPORT	BUSINESS DEVELOPMENT	OPPORTUNITIES AND RISK REPORT	FORECAST	INTERIM CONSOLIDATED FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
Overall Economic Development	Sales Revenues				
Development of the Machine Tool Industry	Order Intake				

INDUSTRIAL SERVICES

Sales and Service locations worldwide (164)

Advanced Technologies	Software Solutions	Systems
SAUER GmbH (Idar- Oberstein, Pfronten)	DMG MORI Software Solutions GmbH (Pfronten)	DMG MORI Systems GmbH (Wernau, Hüfingen)

DMG MORI Sales and Service Holding AG (Switzerland)

DMG MORI Europe Winterthur (Switzerland) (46)	DMG MORI Germany Stuttgart (8)
DMG MORI Asia Shanghai, Singapore, Tokyo (55)	DMG MORI Services Bielefeld, Pfronten (23)
DMG MORI America Itasca (Illinois) (27)	GILDEMEISTER energy solutions GmbH Würzburg (5)

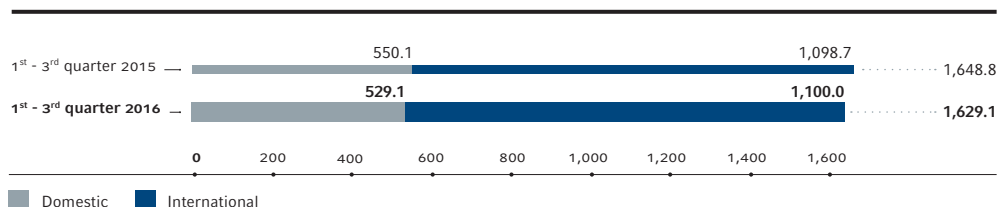
Sales Revenues

Sales revenues in the **third quarter** amounted to € 536.6 million (previous year: € 558.6 million). For the first **nine months**, sales revenues were € 1,629.1 million (previous year: € 1,648.8 million).

In the “Machine Tools” segment, sales revenues were € 897.7 million (previous year: € 892.4 million). Sales revenues in the “Industrial Services” segment reached € 731.2 million (previous year: € 756.2 million). The decline results essentially from lower trading volume earned with machines of DMG MORI COMPANY LIMITED.

International sales revenues were € 1,100.0 million (previous year: € 1,098.7 million). Domestic sales revenues were € 529.1 million (previous year: € 550.1 million). The export quota amounted to 68% (previous year: 67%).

A . 02 SALES REVENUES DMG MORI GROUP
IN € MILLION



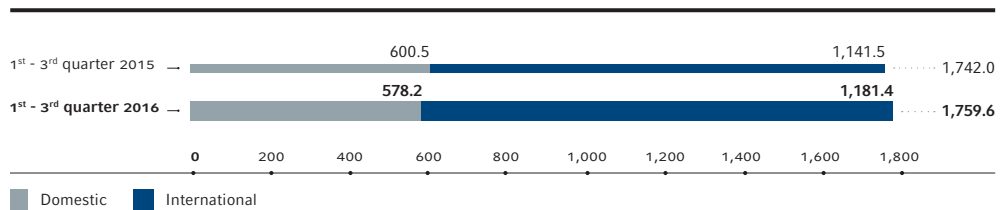
Order Intake

In the **third quarter**, order intake developed positively: At € 601.4 million or +12%, the company exceeded the figure for the last four quarters (previous year's quarter: € 538.7 million). We achieved significant growth with our machine tools. This was due in part to our successful autumn trade fairs.

In the “Machine Tools” segment, orders were at € 330.8 million (previous year: € 300.9 million). The “Industrial Services” segment recorded order intake of € 270.5 million (previous year: € 237.7 million); of which € 250.9 million were contributed by the Services division (previous year: € 223.4 million). This figure comprises the orders for DMG MORI COMPANY LIMITED machines amounting to € 88.5 million (previous year: € 81.3 million).

As at **30 September** order intake was at € 1,759.6 million slightly above the previous year (€ 1,742.0 million). This figure comprises the orders for DMG MORI COMPANY LIMITED machines amounting to € 292.0 million (previous year: € 315.3 million). Domestic orders amounted to € 578.2 million (previous year: € 600.5 million). International orders were € 1,181.4 million (previous year: € 1,141.5 million). The share of foreign business was 67% (previous year: 66%).

A . 03 ORDER INTAKE DMG MORI GROUP
IN € MILLION



Order Backlog

On 30 September 2016 the order backlog within the group was € 987.1 million (31 Dec. 2015: € 884.2 million). Domestic backlog increased compared with the end of 2015 by € 49.0 million to € 384.7 million. The backlog of international orders rose by € 53.9 million to € 602.4 million. International orders account for 61% of existing orders.

The order backlog for “Machine Tools” gives rise to a forward order book of an average of approximately 4.5 months. In this respect, the individual production companies show different degrees of capacity utilisation.

Industry Highlight AMB 2016



The AMB 2016 in Stuttgart was a success. With € 84.6 million in order intake and 338 machines sold, DMG MORI reports a positive conclusion for this major machine tool exhibition.

Order Intake
Order Backlog
Results of Operations,
Net Worth and Financial
Position

Results of Operations, Net Worth and Financial Position

Key income figures of the DMG MORI group developed as follows in the **third quarter**: EBITDA was € 52.1 million (previous year: € 57.0 million), EBIT reached € 38.7 million (previous year: € 43.1 million) and EBT amounted to € 37.8 million (previous year: € 43.1 million). As at **30 September**, EBITDA amounted to € 146.3 million (previous year: € 151.9 million), EBIT was € 104.0 million (previous year: € 111.5 million) and EBT was € 99.0 million (previous year: € 108.8 million). The group reported earnings after taxes of € 68.9 million, as at 30 September 2016 (previous year: € 75.1 million).

Sales revenues as at 30 September amounted to € 1,629.1 million (previous year: € 1,648.8 million). Total work done was € 1,659.9 million (previous year: € 1,712.1 million). The materials ratio amounted to 50.8% (previous year: 52.1%). The cost of materials decreased to € 843.2 million (previous year: € 892.3 million) with lower total work done. Gross profit was € 816.7 million (previous year: € 819.8 million). Personnel costs amounted to € 428.3 million (previous year: € 404.7 million). The personnel costs ratio was 25.8% (previous year: 23.6%).

The balance of other expenses and income reduced to € 242.1 million (previous year: € 263.2 million). Depreciation amounted to € 42.3 million (previous year: € 40.4 million). The financial result as at 30 September was € -5.0 million (previous year: € -2.7 million); the change results from dividend earnings received in the previous year in the amount of € 2.4 million. As at 30 September 2016, tax expenses were € 30.1 million. The tax ratio amounted to 30.4% (previous year: 31.0%). The earnings after taxes was € 68.9 million (previous year: € 75.1 million).

P P. 12
Employees

A . 04

	30 Sep. 2016 € million	31 Dec. 2015 € million	30 Sep. 2015 € million
Net worth			
Long-term assets	867.3	846.4	935.1
Short-term assets	1,337.4	1,437.5	1,239.9
Equity	1,373.4	1,357.5	1,310.3
Outside capital	831.3	926.4	864.7
Balance sheet total	2,204.7	2,283.9	2,175.0

P P. 18 - 19
Balance Sheet

Under **assets**, long-term assets increased by € 20.9 million to € 867.3 million. Due to our construction projects, fixed assets rose to € 482.1 million (31 Dec. 2015: € 463.7 million). Intangible assets amounted to € 203.2 million (31 Dec. 2015: € 209.9 million).

Short-term assets reduced to € 1,337.4 million (31 Dec. 2015: € 1,437.5 million). Inventories rose by € 68.8 million to € 591.1 million. Raw materials and consumables increased by € 25.3 million to € 221.7 million. The stock of unfinished goods increased to € 134.2 million (€ +8.6 million) and the finished goods rose to € 218.7 million (€ +21.1 million). The increase in finished goods especially results from preliminary work for planned sales revenues in the fourth quarter. The turnover rate of inventories

was 3.7 (previous year's period: 3.8). Trade debtors increased, as factoring volume was reduced, by € 36.6 million to € 229.5 million. Receivables from other related parties rose by € 127.3 million to € 168.6 million. The increase results from a loan having been granted to DMG MORI GmbH in the amount of € 120.0 million on conditions customary in the market. Liquid funds reduced to € 205.8 million (31 Dec. 2015: € 552.1 million).

Under **equity and liabilities**, equity rose by € 15.9 million to € 1,373.4 million (31 Dec. 2015: € 1,357.5 million). The rise especially results from earnings after taxes amounting to € +68.9 million and dividend payment in July 2016 in the amount of € -47.3 million. The equity ratio improved to 62.3% (31 Dec. 2015: 59.4%). Outside capital decreased by € 95.1 million to € 831.3 million. Provisions decreased slightly to € 290.9 million (31 Dec. 2015: € 293.9 million) and trade creditors declined as planned by € 89.3 million to € 179.8 million.

The group's financial position developed as planned: As at 30 September, **cash flow** from operating activities was € -133.9 million (previous year: € -128.0 million). Based on earnings before taxes (EBT) of € 99.0 million (previous year: € 108.8 million), depreciations (€ +42.3 million) and the rise in advanced payments (€ +38.1 million) made a positive contribution to cash flow. The rise in inventories by € 69.1 million and in trade debtors by € 54.0 million as well as the planned decline in trade creditors by € 103.2 million reduced cash flow.

Cash flow from investment activity amounted to € -161.7 million (previous year: € -86.9 million). Payments for investments in plant, property and equipment and in intangible assets were € 44.6 million (previous year: € 89.1 million). The disbursement for the loan (in the amount of € 120.0 million) to DMG MORI GmbH is disclosed in the cash flow from investment activity.

Cash flow from financing activity amounted to € -48.7 million (previous year: € -21.6 million) and was due to the change in financial liabilities (€ -1.4 million) and the dividend payment (€ -47.3 million) in July 2016.

As at 30 September 2016, **free cash flow** amounted to € -175.6 million (previous year: € -191.9 million); this trend is primarily due to the increase in inventory because of the cyclical nature of our business for planned sales activities.

In the third quarter, free cash flow improved to € +10.0 million (previous year's quarter: € +4.4 million).

A . 05	CASH FLOW	2016	2015	2016	2015
		3 rd quarter € million	3 rd quarter € million	1 st - 3 rd quarter € million	1 st - 3 rd quarter € million
	Cash flow from operating activities	24.4	35.5	-133.9	-128.0
	Cash flow from investment activity	-134.4	-30.5	-161.7	-86.9
	Cash flow from financing activity	-47.6	-0.2	-48.7	-21.6
	Changes in cash and cash equivalents	-158.1	0.6	-346.3	-235.5
	Liquid funds at the start of the reporting period	363.9	196.9	552.1	433.0
	Liquid funds at the end of the reporting period	205.8	197.5	205.8	197.5
	Free Cash flow	10.0	4.4	-175.6	-191.9

Results of Operations,
Net Worth and Financial
Position
Investments

Investments

Investments in property, plant and equipment and intangible assets in the first nine months amounted to € 44.6 million (previous year's value: € 80.1 million). An important event was the grand opening of our new Technology and Solution Centre in Moscow (Russia) on 23 May 2016. At our Bielefeld site, we have expanded and modernised our Technology and Solution Centre as well as placed greater focus on innovative products and comprehensive solutions for the entry into digitisation. In the business field of Advanced Technologies, we completed the expansion of our ULTRASONIC technology site in Idar-Oberstein. We have also started further modernisation of our production sites in Seebach and Pleszew (Poland) in the mechanical production and logistic areas. On 9 November, we will open our new Technology and Solution Centre in Seoul (South Korea). In addition, we are investing in the development of innovative products, in tools, models and equipment necessary for production, as well as in the modernisation of technical plant and machinery.

Technology and Solution Centre in Bielefeld



The modernisation of our 3,400 m² Technology and Solution Centre underlines the importance of the Bielefeld site and showcases innovative solutions for the shift to digitisation.

Segmental Reporting

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

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

A . 06	SEGMENT KEY FIGURES OF DMG MORI GROUP				
	30 Sep. 2016 € million	31 Dec. 2015 € million	30 Sep. 2015 € million	Changes 30 Sep. 2016 to 30 Sep. 2015	
				€ million	%
Sales Revenues	1,629.1	2,304.7	1,648.8	-19.7	-1
Machine Tools	897.7	1,264.5	892.4	5.3	1
Industrial Services	731.2	1,040.0	756.2	-25.0	-3
Corporate Services	0.2	0.2	0.2	0.0	
Order Intake	1,759.6	2,282.8	1,742.0	17.6	1
Machine Tools	941.2	1,212.5	938.8	2.4	0
Industrial Services	818.2	1,070.1	803.0	15.2	2
Corporate Services	0.2	0.2	0.2	0.0	
EBIT	104.0	185.9	111.5	-7.5	-7
Machine Tools	56.3	102.6	58.2	-1.9	-3
Industrial Services	79.4	126.6	86.0	-6.6	-8
Corporate Services	-31.5	-42.6	-32.9	1.4	4

“Machine Tools”

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

As part of the realignment, the ECOLINE business division has been consolidated into the turning and milling business divisions. We have replaced the ECOLINE machines with the new CLX and CMX series. They allow us to now offer our customers attractive basic machines – fitted with a wide choice of options covering DMG MORI’s full range of technological performance and complete control and automation expertise.

In China, we have realigned our Shanghai site. In the future, instead of the assembly of entry-level machines, our main focus will be on integrated technologies and comprehensive automation solutions. This realignment enables us to strengthen our future sustainability on the Chinese market and responds to customer demands for complex high-tech machines and automation.

“Industrial Services“

The “Industrial Services” segment comprises the business activities of the Services and Energy Solutions divisions.

In the **Services** division, we combine the marketing activities and the LifeCycle Services for both our machines and those of DMG MORI COMPANY LIMITED. With the aid of the DMG MORI LifeCycle Services, our customers maximise the productivity of their machine tools over their entire life cycle – from commissioning until part exchange as a used machine. The wide range of service contracts, repair and training services offered to our customers ensures the maximum cost-efficiency of their machine tools.

As of 1 September, we realigned the pricing structure for our Service business. The new **“Smart Pricing Concept“** offers our customers high service quality at fair prices. DMG MORI offers inter alia an exclusive best price guarantee for spare parts or wear parts, free shipping in its online shop, as well as custom-tailored service prices through transparent flat call-out rates.

SEGMENT	30 Sep. 2016 € million	31 Dec. 2015 € million	30 Sep. 2015 € million	Changes 30 Sep. 2016 to 30 Sep. 2015	
				€ million	%
KEY FIGURES “INDUSTRIAL SERVICES“					
Sales revenues					
Total	731.2	1,040.0	756.2	-25.0	-3
Domestic	239.0	341.1	251.8	-12.8	-5
International	492.2	698.9	504.4	-12.2	-2
% International	67	67	67		
Order intake					
Total	818.2	1,070.1	803.0	15.2	2
Domestic	279.6	367.1	279.8	-0.2	0
International	538.6	703.0	523.2	15.4	3
% International	66	66	65		
Order backlog					
Total	465.4	406.1	433.2	32.2	7
Domestic	238.9	198.4	199.8	39.1	20
International	226.5	207.7	233.4	-6.9	-3
% International	49	51	54		
EBIT	79.4	126.6	86.0	-6.6	-8
Employees					
	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015	Changes 30 Sep. 2016 to 31 Dec. 2015	
Employees	3,465	3,419	3,334	46	1
plus trainees	53	61	48	-8	-13
Total employees	3,518	3,480	3,382	38	1

Segmental Reporting
 "Industrial Services"
 "Corporate Services"

Sales revenues in the "Industrial Services" segment amounted to € 241.0 million in the third quarter and were thereby at the same level as in the previous year (previous year: € 242.7 million). As at 30 September 2016, sales revenues reached € 731.2 million (previous year: € 756.2 million). Services recorded sales revenues of € 229.9 million in the third quarter (previous year: € 232.9 million). In the first nine months we recorded sales revenues in the amount of € 692.9 million (previous year: € 724.3 million). "Industrial Services" contributed a total share of 45% to group sales revenues (previous year: 46%).

Order intake in the "Industrial Services" segment was € 270.5 million in the third quarter (previous year's quarter: € 237.7 million). In the first nine months order intake amounted to € 818.2 million (previous year: € 803.0 million). The contribution of Services rose by € 6.0 million to € 773.8 million (previous year: € 767.8 million). In particular, the order intake in our original service-business and sales commissions accounted for this result. It increased by € 29.3 million or 6% to € 481.8 million (previous year: € 452.5 million). **Order backlog** amounted to € 465.4 million (previous year's period: € 433.2 million). **EBIT** was € 79.4 million in the first nine months (previous year: € 86.0 million). The decrease results, amongst others, from the new "Smart Pricing Concept" as of 1 September. The number of **employees** in the "Industrial Services" segment at the end of the third quarter 2016 was 3,518 (31 Dec. 2015: 3,480). The risen number of employees foremost results from new hiring at our sales and service companies in Germany, Spain and France.

"Corporate Services"

KEY FIGURES "CORPORATE SERVICES" SEGMENT	30 Sep. 2016			Changes 30 Sep. 2016 to 30 Sep. 2015	
	€ million	31 Dec. 2015 € million	30 Sep. 2015 € million	€ million	€ million
Sales revenues	0.2	0.2	0.2		0.0
Order intake	0.2	0.2	0.2		0.0
EBIT	-31.5	-42.6	-32.9		1.4

Employees	30 Sep. 2016			Changes 30 Sep. 2016 to 31 Dec. 2015	
		31 Dec. 2015	30 Sep. 2015		%
	98	124	125	-26	-21

The "Corporate Services" segment primarily includes the DMG MORI AKTIENGESELLSCHAFT with its group-wide holding functions. **EBIT** amounted to € -31.5 million (previous year: € -32.9 million).

Employees

On 30 September 2016, the group had 7,375 employees of whom 318 were trainees (31 Dec. 2015: 7,462). The adjustment in the number of employees in the “Machine Tools” segment is mainly attributable to the discontinuation of assembly activities at our Shanghai site. The number of employees in the “Industrial Services” was increased in particular at our sales and service companies in Germany, Spain and France. At the end of the third quarter, there were 4,132 domestic employees (56%) and 3,243 employees (44%) working for the international companies. Personnel costs amounted to € 428.3 million (previous year’s period: € 404.7 million). The personnel ratio was 25.8% (previous year’s period: 23.6%).

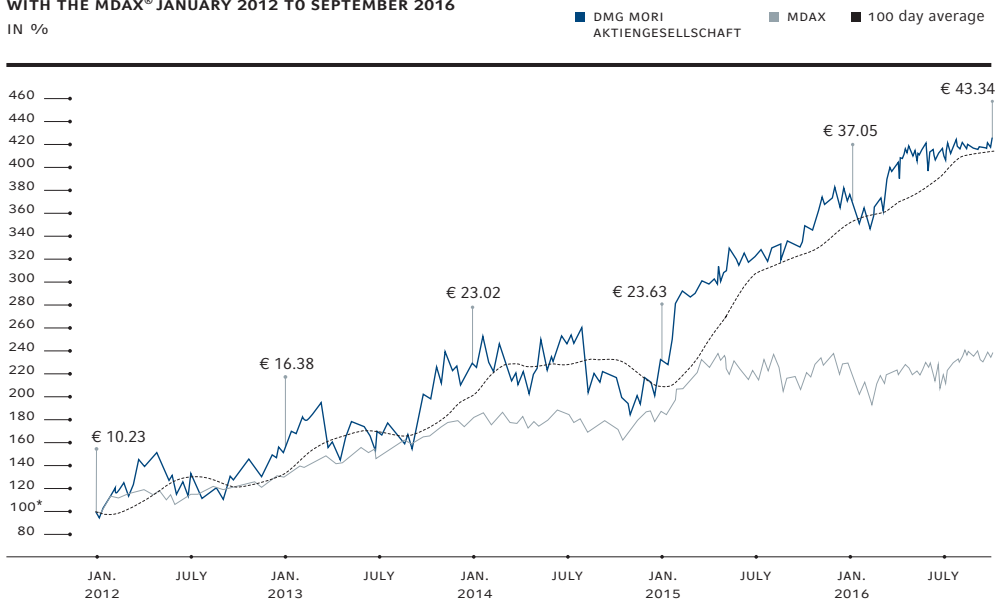
Share

Domination and Profit Transfer Agreement

On 15 July 2016, the 114th Annual General Meeting approved the domination and profit transfer agreement between DMG MORI GmbH – a full subsidiary of DMG MORI COMPANY LIMITED – and DMG MORI AKTIENGESELLSCHAFT. This agreement became effective with its entry in the commercial register on 24 August 2016. For the term of this agreement, DMG MORI GmbH has undertaken to pay DMG MORI AKTIENGESELLSCHAFT shareholders a compensation amount (“guaranteed dividend”) per share of € 1.17 gross or € 1.03 net – after corporation tax and before personal income tax.

Share Performance

THE DMG MORI AKTIENGESELLSCHAFT SHARE IN COMPARISON WITH THE MDAX® JANUARY 2012 TO SEPTEMBER 2016 IN %



The share price at the start of the third quarter was quoted at € 42.28 (01 July 2016) and closed at a price of € 43.34 at the end of the reporting period (30 September 2016).

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

Employees
Share
Research and Development

Research and Development

Expenses for research and development amounted to € 33.7 million in the first nine months (previous year: € 34.4 million). 512 employees were involved in the development of our new products. This is 15% of the total workforce at the plants.

In the first nine months, we launched 8 world premieres, including two in the third quarter. At the successful autumn trade fair, the AMB in Stuttgart, DMG MORI presented 29 exhibits, including the world premieres, 4th generation DMC 160 U DUOBLOCK and 2nd generation DMC 210 U.

The new CLX and CMX series allow us to offer our customers attractive basic machines for the global market – fitted with a wide choice of options covering DMG MORI's full range of technological performance and complete control and automation expertise.

With "Robo2Go", we have launched a flexible automation solution for DMG MORI Universal lathes, which can be directly controlled via CELOS without any previous knowledge of robotics.

For the app-based control and operating software, CELOS®, DMG MORI presented ten new CELOS apps and 50 new functions at the AMB. This includes the new app CELOS "DEVELOPER", which allows us to provide our customers with the option of developing their own CELOS apps. The new CELOS "CONDITION ANALYZER" app in conjunction with the "Industrie 4.0" sensor package provides users with a software tool for monitoring machine condition and the machining process.

Our 24 exclusive DMG MORI technology cycles offer our customers enhanced efficiency and performance in shopfloor programming.

Robo2Go – Automation can be that easy!



Robo2Go is designed for flexible use on multiple machines. Its free access and user-friendly features are well received by users.

Opportunities and Risk Management Report

Our **opportunities and risk management** is described in detail in the Annual Report 2015 on pages 111 et seq. The statements are essentially unchanged in this regard. Additional opportunities and risks can furthermore be generated by the planned realignment of our global sales and service operations, the further enhancement of our product portfolio and the optimisation of production capacities.

In consequence of the domination and profit transfer agreement concluded between DMG MORI GmbH and DMG MORI AKTIENGESELLSCHAFT, opportunities based on the deepened cooperation arise, yet also risks for the future economic development result from potential instructions given by DMG MORI GmbH. These instructions do not necessarily have to be in the sole interest of DMG MORI AKTIENGESELLSCHAFT but they are set in the interest of the group. All risks are aggregated in an overall risk in the DMG MORI group, which does not imperil the continuation of the group in today's perspective.

Forecast

As a "Global One Company", the further merger with DMG MORI COMPANY LIMITED to form a globally integrated machine tool company enables us to consolidate our competitive position in global markets. "**Global One**" stands for **integration, innovation and quality**. Together, we are focusing on our core business in the machine tool and service segments. We will specifically develop our product portfolio and optimise our production capacities.

As part of the planned realignment of our global sales and service-structures as well as -operations, in the future, DMG MORI AKTIENGESELLSCHAFT takes the lead for the domestic German market, EMEA region (Europe, Middle East, Africa) as well as the markets in India and China. In the next financial year, DMG MORI COMPANY LIMITED will take the lead for America and the other Asian regions.

The global economy is still marked by uncertainties. We expect market conditions for machine tools to remain difficult. However, for the year as a whole, we are still expecting a slight improvement in **order intake** compared to last year. We are planning **sales revenues** of around € 2.25 billion. **EBT** shall amount to around € 95 million. The earnings trend is marked by one-time effects due to the realignment measures already initiated and planned. This also includes the assessment and if required, sale of business areas outside our core business. Regardless of business performance, the domination and profit transfer agreement ensures the payment of a "guaranteed dividend" of € 1.17.

For the current financial year, we are planning on reducing our **investments** in property, plant and equipment and intangible assets to around € 90 million. As planned, **research and development** expenses will amount to around € 50 million in the current financial year. In addition, we are expecting a slight positive free cash flow.

Consolidated Income Statement

Consolidated Income Statement

B . 01 3 RD QUARTER	2016		2015		Changes	
	01 July – 30 Sep.	%	01 July – 30 Sep.	%	2016 against 2015	
	€ million		€ million		€ million	%
Sales Revenues	536.6	100.4	558.6	100.1	-22.0	3.9
Changes in finished goods and work in progress	-5.6	-1.1	-6.9	-1.2	1.3	18.8
Own work capitalised	3.5	0.7	6.2	1.1	-2.7	43.5
Total Work Done	534.5	100.0	557.9	100.0	-23.4	4.2
Cost of materials	-265.4	-49.7	-279.7	-50.1	14.3	5.1
Gross Profit	269.1	50.3	278.2	49.9	-9.1	3.3
Personnel costs	-139.8	-26.2	-130.5	-23.4	-9.3	7.1
Other income and expenses	-77.2	-14.3	-90.7	-16.3	13.5	14.9
Depreciation	-13.4	-2.5	-13.9	-2.5	0.5	3.6
Financial Result	-0.9	-0.2	0.0	0.0	-0.9	
EBT	37.8	7.1	43.1	7.7	-5.3	
Income taxes	-11.7	-2.2	-13.3	-2.4	1.6	
Earnings after taxes	26.1	4.9	29.8	5.3	-3.7	
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	25.8	4.8	26.9	4.8	-1.1	
Profit share attributed to minority interests	0.3	0.1	2.9	0.5	-2.6	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.33		0.34			
Diluted	0.33		0.34			

1 ST – 3 RD QUARTER	2016		2015		Changes	
	01 Jan. – 30 Sep.	%	01 Jan. – 30 Sep.	%	2016 against 2015	
	€ million		€ million		€ million	%
Sales Revenues	1,629.1	98.1	1,648.8	96.3	-19.7	1.2
Changes in finished goods and work in progress	21.5	1.3	53.6	3.1	-32.1	59.9
Own work capitalised	9.3	0.6	9.7	0.6	-0.4	4.1
Total Work Done	1,659.9	100.0	1,712.1	100.0	-52.2	3.0
Cost of materials	-843.2	-50.8	-892.3	-52.1	49.1	5.5
Gross Profit	816.7	49.2	819.8	47.9	-3.1	0.4
Personnel costs	-428.3	-25.8	-404.7	-23.6	-23.6	5.8
Other income and expenses	-242.1	-14.6	-263.2	-15.4	21.1	8.0
Depreciation	-42.3	-2.5	-40.4	-2.3	-1.9	4.7
Financial Result	-5.0	-0.3	-2.7	-0.2	-2.3	85.2
EBT	99.0	6.0	108.8	6.4	-9.8	
Income taxes	-30.1	-1.8	-33.7	-2.0	3.6	
Earnings after taxes	68.9	4.2	75.1	4.4	-6.2	
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	63.7	3.8	68.9	4.0	-5.2	
Profit share attributed to minority interests	5.2	0.4	6.2	0.4	-1.0	
Earnings per share pursuant to IAS 33 (in euros)						
Undiluted	0.81		0.87			
Diluted	0.81		0.87			

Consolidated Statement of Other Comprehensive Income

B . 02

	2016 01 July – 30 Sep. € million	2015 01 July – 30 Sep. € million	2016 01 Jan. – 30 Sep. € million	2015 01 Jan. – 30 Sep. € million
Earnings after taxes	26.1	29.8	68.9	75.1
Other comprehensive income				
Actuarial gains / losses	-2.5	0.0	-14.0	0.0
Income taxes of items not reclassified to the income statement	0.8	0.0	4.2	0.0
Sum of items not reclassified to the income statement	-1.7	0.0	-9.8	0.0
Differences from currency translation	-2.5	-19.1	2.4	-0.5
Changes in market value of hedging instruments	0.1	1.4	-0.1	1.9
Changes in the fair value measurement of available-for-sale assets	0.0	-77.4	0.0	10.4
Hedging of net investments	-0.2	0.3	0.4	1.4
Income taxes on items which are reclassified to the income statement	-0.1	0.7	0.0	-0.7
Sum of items which are reclassified to the income statement	-2.7	-94.1	2.7	12.5
Other comprehensive income for the period after taxes	-4.4	-94.1	-7.1	12.5
Total comprehensive income for the period	21.7	-64.3	61.8	87.6
Profit share of shareholders of DMG MORI AKTIENGESELLSCHAFT	21.7	-65.1	56.4	81.1
Profit share attributed to minority interests	0.0	0.8	5.4	6.5

Consolidated Statement
of Other Comprehensive
Income
Consolidated Cash Flow
Statement

Consolidated Cash Flow Statement

B . 03	CASH FLOW FROM OPERATING ACTIVITIES	2016 01 July – 30 Sep. € million	2015 01 July – 30 Sep. € million	2016 01 Jan. – 30 Sep. € million	2015 01 Jan. 30 Sep. € million
	Earnings before taxes (EBT)	37.8	43.1	99.0	108.8
	Income taxes	-11.7	-13.3	-30.1	-33.7
	Depreciation	13.4	13.9	42.3	40.4
	Change in deferred taxes	0.8	1.5	1.0	1.8
	Change in long-term provisions	-2.9	-5.1	-3.4	-1.9
	Other income and expenses not affecting payments	-0.2	-0.2	0.0	0.1
	Change in short-term provisions	3.3	15.9	-12.0	9.2
	Changes in inventories, trade debtors and other assets	-11.4	11.9	-132.3	-133.6
	Changes in trade creditors and other liabilities	-4.7	-32.2	-98.4	-119.1
		24.4	35.5	-133.9	-128.0
	CASH FLOW FROM INVESTMENT ACTIVITY				
	Amounts paid out for investments in tangible and intangible assets	-14.9	-30.7	-44.6	-89.1
	Amounts paid out for loans to other related parties	-120.0	0.0	-120.0	0.0
	Amounts received from the disposal of tangible assets and intangible assets	0.5	0.2	2.9	2.2
		-134.4	-30.5	-161.7	-86.9
	CASH FLOW FROM FINANCING ACTIVITY				
	Cash inflows / outflows for taking out / repayment of financial debts	-0.3	-0.2	-1.4	21.8
	Dividends paid	-47.3	0.0	-47.3	-43.4
		-47.6	-0.2	-48.7	-21.6
	Changes affecting payments	-157.6	4.8	-344.3	-236.5
	Effects of exchange rate changes on financial securities	-0.5	-4.2	-2.0	1.0
	Cash and cash equivalents at the beginning of the period	363.9	196.9	552.1	433.0
	Cash and cash equivalents at the end of the period	205.8	197.5	205.8	197.5

Consolidated Balance Sheet

B . 04 ASSETS	30 Sep. 2016 € million	31 Dec. 2015 € million	30 Sep. 2015 € million
Long-term assets			
Goodwill	134.5	134.3	134.4
Other intangible assets	68.7	75.6	71.3
Tangible assets	482.1	463.7	443.3
Equity accounted investments	47.7	47.3	47.1
Other equity investments	21.8	21.8	165.4
Trade debtors	1.3	0.5	0.6
Other long-term financial assets	12.4	10.8	9.2
Other long-term assets	41.6	39.0	11.2
Deferred taxes	57.2	53.4	52.6
	867.3	846.4	935.1
Short-term assets			
Inventories	591.1	522.3	576.2
Trade debtors	228.2	192.4	243.0
Receivables from at equity accounted companies	15.4	7.1	10.1
Receivables from other related parties	168.6	41.3	34.9
Receivables from associated companies	0.2	0.2	7.5
Other short-term financial assets	67.1	64.6	68.8
Other short-term assets	56.6	52.2	63.4
Income tax receivables	4.4	5.3	0.3
Cash and cash equivalents	205.8	552.1	197.5
Long-term assets held for sale	0.0	0.0	38.2
	1,337.4	1,437.5	1,239.9
	2,204.7	2,283.9	2,175.0

Consolidated Balance Sheet

EQUITY AND LIABILITIES	30 Sep. 2016	31 Dec. 2015	30 Sep. 2015
	€ million	€ million	€ million
Equity			
Subscribed capital	204.9	204.9	204.9
Capital reserve	498.5	498.5	498.5
Revenue reserves and other reserves	521.8	507.5	465.7
Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT	1,225.2	1,210.9	1,169.1
Minority interests' share of equity	148.2	146.6	141.2
Total equity	1,373.4	1,357.5	1,310.3
Long-term debts			
Long-term financial debts	40.0	41.1	66.0
Pension provisions	54.8	41.7	46.7
Other long-term provisions	33.2	35.7	31.0
Other long-term financial liabilities	1.3	4.9	1.6
Other long-term liabilities	3.6	4.1	3.0
Deferred taxes	4.5	3.9	4.5
	137.4	131.4	152.8
Short-term debts			
Short-term financial debts	13.5	10.7	9.3
Tax provisions	36.6	47.8	33.8
Other short-term provisions	166.3	168.7	172.4
Payments received on account	171.0	132.9	144.8
Trade creditors	179.8	269.1	221.0
Liabilities to at equity accounted companies	1.2	1.8	1.5
Liabilities to other related parties	75.6	89.8	59.6
Liabilities to associated companies	0.0	0.0	15.5
Other short-term financial liabilities	12.2	30.3	22.6
Other short-term liabilities	37.7	43.9	31.1
Liabilities in connection with assets held for sale	0.0	0.0	0.3
	693.9	795.0	711.9
	2,204.7	2,283.9	2,175.0

Development of Group Equity

B . 05

	Subscribed capital € million	Capital reserve € million	Revenue reserves € million	Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT € million	Minority interests' share of equity € million	Total equity € million
As at 01 Jan. 2016	204.9	498.5	507.5	1,210.9	146.6	1,357.5
Total comprehensive income	0.0	0.0	56.4	56.4	5.4	61.8
Consolidation measures /						
Other changes	0.0	0.0	5.2	5.2	-3.8	1.4
Dividend	0.0	0.0	-47.3	-47.3	0.0	-47.3
As at 30 September 2016	204.9	498.5	521.8	1,225.2	148.2	1,373.4

	Subscribed capital € million	Capital reserve € million	Revenue reserves € million	Total equity of shareholders of DMG MORI AKTIENGESELLSCHAFT € million	Minority interests' share of equity € million	Total equity € million
As at 01 Jan. 2015	204.9	498.5	428.0	1,131.4	134.7	1,266.1
Total comprehensive income	0.0	0.0	81.1	81.1	6.5	87.6
Consolidation measures /						
Other changes	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	-43.4	-43.4	0.0	-43.4
As at 30 September 2015	204.9	498.5	465.7	1,169.1	141.2	1,310.3

Development of
Group Equity
Group Segmental Reporting

Group Segmental Reporting (part of the Selected Explanatory Notes)

B . 06 3RD QUARTER 2016

SEGMENTATION BY BUSINESS SEGMENTS

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	295.5	241.0	0.1	0.0	536.6
EBIT	21.6	26.0	-8.6	-0.3	38.7
Investments	9.0	5.4	0.4	0.0	14.8
Employees	3,759	3,518	98	0	7,375

3RD QUARTER 2015

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	315.8	242.7	0.1	0.0	558.6
EBIT	23.9	30.4	-11.6	0.4	43.1
Investments	25.6	3.5	1.6	0.0	30.7
Employees	3,854	3,382	125	0	7,361

1ST – 3RD QUARTER 2016

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	897.7	731.2	0.2	0.0	1,629.1
EBIT	56.3	79.4	-31.5	-0.2	104.0
Investments	23.9	19.5	1.2	0.0	44.6
Employees	3,759	3,518	98	0	7,375

1ST – 3RD QUARTER 2015

	Machine Tools € million	Industrial Services € million	Corporate Services € million	Transition € million	Group € million
Sales revenues	892.4	756.2	0.2	0.0	1,648.8
EBIT	58.2	86.0	-32.9	0.2	111.5
Investments	59.8	18.1	2.2	0.0	80.1
Employees	3,854	3,382	125	0	7,361

Selected Explanatory Notes to the Interim Consolidated Financial Statements

1 APPLICATIONS OF REGULATIONS

The Consolidated Financial Statements of DMG MORI AKTIENGESELLSCHAFT as of 31 December 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as applicable at the reporting date and as adopted by the European Union. The Consolidated Interim Financial Statements as of 30 September 2016 were prepared on the basis of IAS 34 Interim Financial Reporting. The group Interim Consolidated Financial Statements as of 30 September 2016 and the Interim Report for the period 1 January to 30 September 2016 was not reviewed or audited pursuant to Section 37w of the German Securities Trading Law (WpHG).

All Interim Financial Statements of those companies that were included in the Interim Consolidated Financial Statements were prepared in accordance with uniform accounting and valuation principles that also formed the basis for the Consolidated Annual Financial Statements for the year ending 31 December 2015.

In view of the sense and purpose of the interim reporting as an instrument of information based on the Consolidated Financial Statements, and in accordance with IAS 1.112, we refer to the Notes to the Consolidated Annual Financial Statements. These set out in detail the accounting, valuation and consolidation methods applied and the right of choice contained in the IFRS that has been exercised.

The accounting and valuation principles as well as the consolidation methods applied have been retained when compared to financial year 2015 (see further discussions in the Notes to the Consolidated Financial Statements as of 31 December 2015), with the exception of the application of new financial accounting regulations.

None of the obligatory applications of IFRS amendments and new standards effective as of 1 January 2016 has any material effect on the DMG MORI AKTIENGESELLSCHAFT reporting.

2 SEASONAL EFFECTS

As a globally operating company the DMG MORI group is subject to various cyclical developments. In the sections “Overall economic development” and “Development of the Machine Tool Industry”, the cyclical influences during the reporting period have been set out in detail. Industry-related seasonal fluctuations over the course of the year are normal and may lead to different sales revenues and as a result different earnings.

3 CONSOLIDATION GROUP On 30 September 2016, the DMG MORI group, including DMG MORI AKTIENGESELLSCHAFT, comprised 99 companies, of which 94 companies were included in the Interim Financial Statements as part of the full consolidation process.

Compared to 30 June 2016, the number of group companies did not change. With no change to the Consolidated Financial Statements 2015, DMG MORI Australia Pty. Ltd. is classified as a joint venture and included at equity in the Interim Consolidated Financial Statements. In addition, Magnescale Co., Ltd., its subsidiaries Magnescale Europe GmbH, Wernau, and Magnescale Americas, Inc., Davis (USA) as well as DMG MORI Finance GmbH are classified as associated companies and are also included at equity in the Interim Consolidated Financial Statements.

4 EARNINGS PER SHARE In accordance with IAS 33, earnings per share are determined by dividing the consolidated earnings by the average weighted number of shares as shown below. At the same time, the group earnings after taxes of € 68.9 million are decreased by € 5.2 million by the minority interests' earnings.

B . 07

Group result after taxes excluding the profit share of other shareholders	€ k	63,708
Average weighted number of shares	(pieces)	78,817,994
Earnings per share according to IAS 33	€	0.81

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

5 INCOME STATEMENT, BALANCE SHEET, CASH FLOW STATEMENT The income tax expense in the interim reporting period is determined pursuant to IAS 34.30(c) on the basis of the current effective tax rate expected for the entire year.

Due to the updated interest rates and a change in the mathematical valuation parameters, provisions for pension commitments were revalued. The value was assessed by means of an extrapolation based on the interest sensitivities identified in the Notes on the Consolidated Financial Statements 2015. The provisions for pensions increased by € 14.0 million due to the resulting actuarial gains or losses.

Pursuant to IAS 34.16A, all types of financial assets and liabilities are to be stated at fair value. In the Notes to the Consolidated Financial Statements as at 31 December 2015, the valuation rates of the financial instruments are explained in detail. The accounting as at 30 September 2016 is unchanged. There are only differences between the book values and fair value for short-term and long-term financial debts. The book value as of 30 September 2016 is € 53.5 million, whereas the fair value is € 54.7 million.

6 STATEMENT OF COMPREHENSIVE INCOME Comprehensive income as of 30 September 2016 in the amount of € 61.8 million comprised earnings after taxes (€ 68.9 million) and “Other comprehensive income after taxes” (€ -7.1 million). The consolidated income as at 30 September 2016 in the amount of € 68.9 million as well as the difference amounts from currency conversion had an increasing effect on comprehensive income, whereas the change in the market values of derivative financial instruments and the increase of pension provisions without effects on profit reduced the comprehensive income. Seasonally related income and expenses, respectively those distributed unevenly over the year, did not have any material effect.

7 DEVELOPMENT OF GROUP EQUITY Equity rose in total by € 15.9 million to € 1,373.4 million. Minority interests in equity rose by € 1.6 million to € 148.2 million. The consolidated income as at 30 September 2016 in the amount of € 68.9 million and currency changes considered without effects on profit increased equity. The distribution of dividends for financial year 2015 in the amount of € 47.3 million, the increase of pension provisions (€ 14.0 million) without effects on profit as well as the change in the value of the derivative financial instruments have led to a reduction.

8 SEGMENTAL REPORTING Within the scope of segmental reporting, pursuant to IFRS 8 regulations the business activities of the DMG MORI group have been divided into the “Machine Tools”, “Industrial Services” and “Corporate Services” business segments. The segmentation corresponds to the internal management and reporting based on the different products and services.

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

9 STATEMENT OF THE RELATIONS WITH RELATED PARTIES As presented in the Notes to the Financial Statements as of 31 December 2015, numerous business relations continue to exist with related parties, which are conducted on the basis of standard market terms and conditions. Related companies are, according to IAS 24.9 (b), all companies which are part of the group of companies or those in which DMG MORI COMPANY LIMITED has holdings. The statement of the relationships to related companies in the balance sheet is, analogous to the Consolidated Financial Statements as at 31 December 2015, presented in a differentiated way. DMG MORI Australia Pty. Ltd. is classified as a joint venture. DMG MORI Finance GmbH as well as Magnescale Co. Ltd and its subsidiaries are classified as associated companies. Other related companies of the DMG MORI group are all other companies which are part of the group of consolidated companies of DMG MORI COMPANY LIMITED.

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

DMG MORI AKTIENGESELLSCHAFT granted a loan in the amount of € 120.0 million to DMG MORI GmbH in the third quarter. The contract was concluded on conditions customary in the market. It is disclosed in receivables from other related parties.

On 2 June 2016, DMG MORI GmbH (controlling company) and DMG MORI AKTIENGESELLSCHAFT (controlled company) concluded a domination and profit transfer agreement in accordance with Sec. 291 seqq. German Stock Companies Act (AktG).

On 15 July 2016, the 114th Annual General Meeting of DMG MORI AKTIENGESELLSCHAFT approved the domination and profit transfer agreement, which became effective with its entry in the commercial register on 24 August. Further comments in this regard can be found in the “Share” section.

Details regarding the takeover of the shares are explained in the Notes to the Consolidated Financial Statements as of 31 December 2015 and in the Interim Report for the first quarter 2016 in the “Latest news” section.

**10 EVENTS OCCURRING
AFTER THE BALANCE
SHEET DATE**

Significant events after the balance sheet date are described in the “Forecast” section. In addition, no other significant events have occurred after the reporting date of interim financial statements.

Bielefeld, 27 October 2016

DMG MORI AKTIENGESELLSCHAFT

The Executive Board



Chairman

Dipl.-Kfm. Christian Thönes



Dipl.-Kfm. Björn Biermann



Dipl.-Kfm. Dr. Maurice Eschweiler

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

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Financial Calendar

09 MARCH 2017 ____ Press Conference on Financial Statements

27 APRIL 2017 ____ First Quarterly Report 2017 (1 January to 31 March)

05 MAY 2017 ____ Annual General Meeting

27 JULY 2017 ____ Second Quarterly Report 2017 (1 April to 30 June)

26 OCT. 2017 ____ Third Quarterly Report 2017 (1 July to 30 September)

SUBJECT TO ALTERATION

Your contact to DMG MORI:

DMG MORI AKTIENGESELLSCHAFT

Gildemeisterstraße 60

D-33689 Bielefeld

ISIN: DE0005878003

Financial Communications:

Boris Bolwin

Telephone: + 49 (0) 52 05 / 74 - 3115

Telefax: + 49 (0) 52 05 / 74 - 45 3115

E-Mail: ir@dmgmori.com

Pauline Poupaert

Telephone: + 49 (0) 52 05 / 74 - 3188

Telefax: + 49 (0) 52 05 / 74 - 45 3188

E-Mail: ir@dmgmori.com

Languages: This report is available in German and English

Download: www.ag.dmgmori.com

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Forward-looking statements

This report contains forward-looking statements, which are based on current estimates of the management of future developments. Such statements are based on the management's current expectations and specific assumptions. They are subject to risks, uncertainties and other factors, which could lead to the actual future circumstances including the assets, liabilities, financial position and profit or loss of DMG MORI AKTIENGESELLSCHAFT differing materially from or being more negative than that those expressly or implicitly assumed or described in these statements. The business activities of DMG MORI AKTIENGESELLSCHAFT are subject to a series of risks and uncertainties, which may result in forward-looking statements estimates or forecasts becoming inaccurate.

DMG MORI AKTIENGESELLSCHAFT is strongly affected, in particular, by changes in general economic and business conditions (including margin developments in the most important business areas as well as the consequences of a recession) as these have a direct effect on processes, suppliers and customers. Due to their differences, not all business areas are affected to the same extent by changes in the economic environment; significant differences exist with respect to the timing and extent of the effects of any such changes. This effect is further intensified by the fact that, as a global entity, DMG MORI AKTIENGESELLSCHAFT operates in various markets with very different economic rates of growth. Uncertainties arise inter alia from the risk that customers may delay or cancel orders or they may become insolvent or that prices become further depressed by a persistently, unfavourable market environment than that which we are expecting at the current time; developments on the financial markets, including fluctuations in interest rates and exchange rates, in the price of raw materials, in borrowing and equity margins as well as in financial assets in general; growing volatility in the capital markets and a deterioration in the conditions for the credit business as well as a deterioration in the future economic success of the core business areas in which we operate; challenges in integrating major acquisitions and in implementing joint ventures and achieving the expected synergy effects and other essential portfolio measures; the introduction of competing products or technology by other companies or the entry onto the market of new competitors; a change in the dynamics of competition (primarily on developing markets); a lack of acceptance of new products and services in customer target groups of the DMG MORI AKTIENGESELLSCHAFT group; changes in corporate strategy; interruptions in the supply chain, including the inability of a third party, for example due to natural catastrophe, to supply pre-fabricated parts, components or services on schedule; the outcome of public investigations and associated legal disputes as well as other measures of public bodies; the potential effects of these investigations and proceedings on the business of DMG MORI AKTIENGESELLSCHAFT and various other factors.

Should one of these factors of uncertainty or other unforeseeable event occur, or should the assumptions on which these statements are based prove incorrect, the actual results may differ materially from the results stated, expected, anticipated, intended, planned, aimed at, estimated or projected in these statements. DMG MORI AKTIENGESELLSCHAFT neither intends to nor does DMG MORI AKTIENGESELLSCHAFT assume any separate obligation to update any forward-looking statements to reflect any change in events or developments occurring after the reporting period. Forward-looking statements must not be understood as a guarantee or assurance of the future developments or events contained therein.

There are two companies using the name "DMG MORI": DMG MORI AKTIENGESELLSCHAFT with registered office in Bielefeld, Germany, and DMG MORI COMPANY LIMITED with registered office in Nagoya, Japan. The DMG MORI AKTIENGESELLSCHAFT is (indirectly) controlled by DMG MORI COMPANY LIMITED. This report refers exclusively to DMG MORI AKTIENGESELLSCHAFT. If reference is made in this report to the "DMG MORI group", this refers exclusively to DMG MORI AKTIENGESELLSCHAFT and its group companies.

DMG MORI AKTIENGESELLSCHAFT
Gildemeisterstraße 60
D-33689 Bielefeld
Local Court Bielefeld HRB 7144
Phone: + 49 (0) 52 05 / 74-0
Fax: + 49 (0) 52 05 / 74-45 3273
Internet: www.dmgmori.com
E-Mail: info@dmgmori.com



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