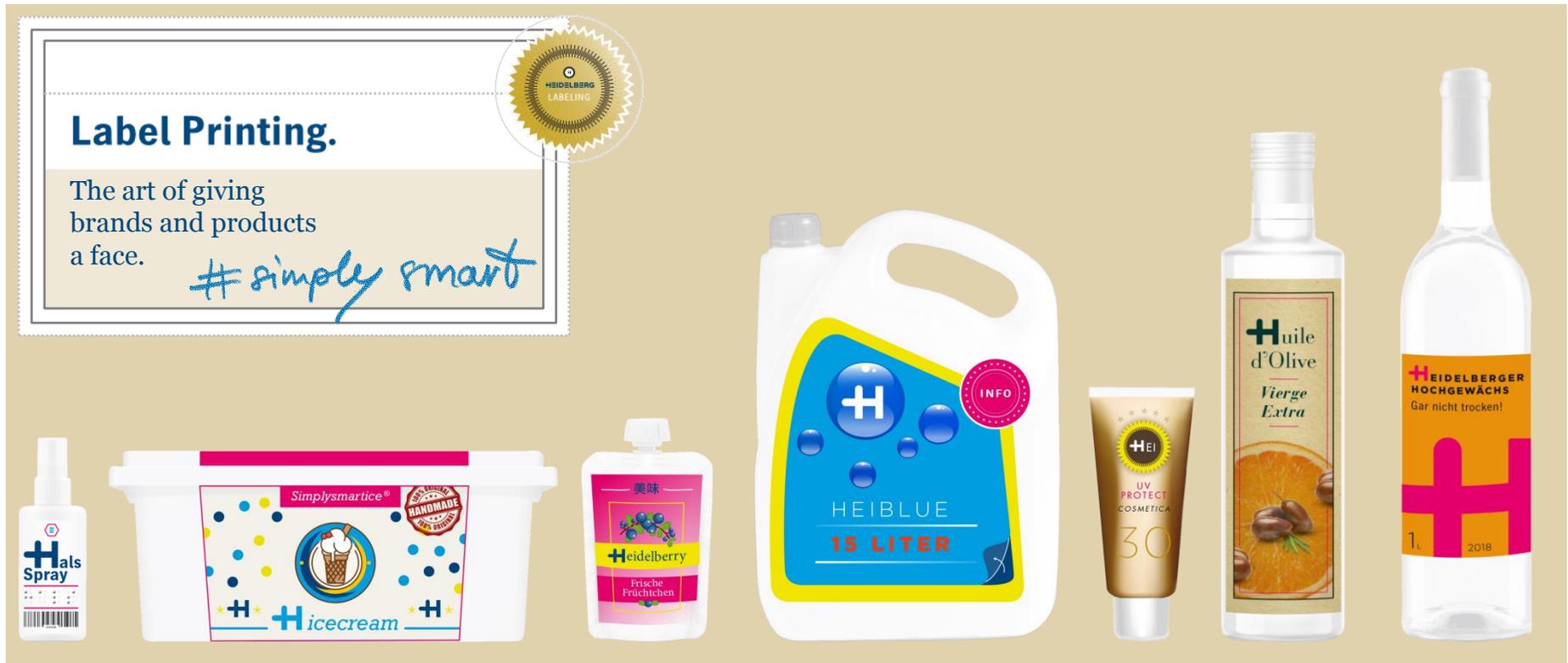




Heidelberger Druckmaschinen AG Results 6m FY2018/2019

RAINER HUNSDÖRFER, CEO | DIRK KALIEBE, CFO

November 8, 2018



HEIDELBERG

Order intake and backlog increase thanks to the subscription model

- ✓ On track with 20 contracts; include a total print volume of approx. 1 billion printed sheets p.a. Persistently high demand and numerous contracts are currently in the process of initiation
- ✓ Target: 30 contracts until end of FY 18/19 with sales potential of ~150 m € over 5 years
- ✓ Half of the subscriptions contracts are new customers
- ✓ 7 producing subscription machines installed

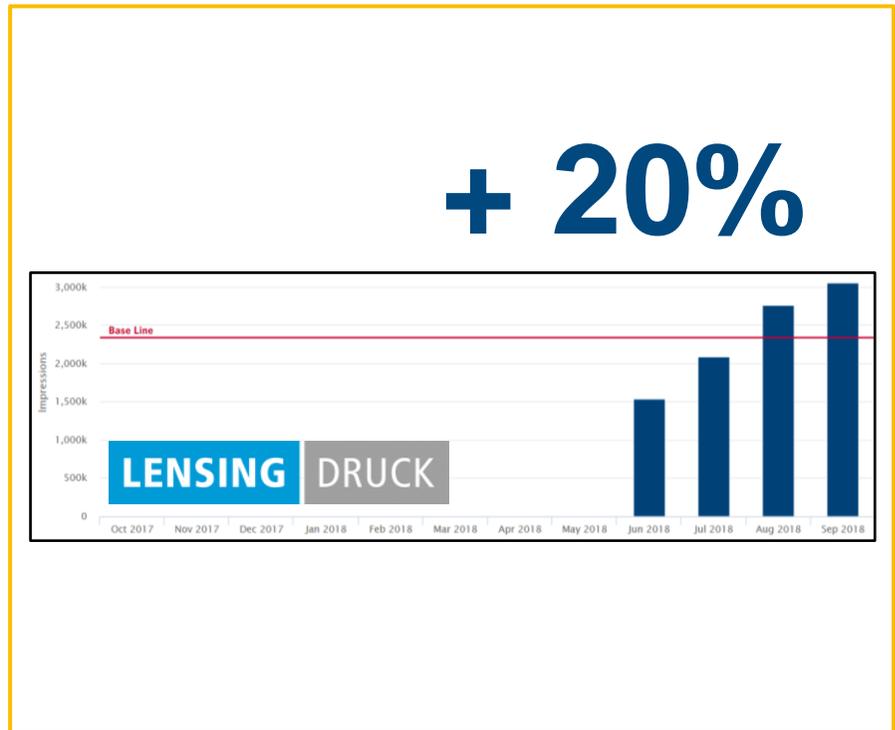


Update: Digital transformation has high earnings potential



Best practise – Lensing one of the first subscription customers

- ✓ Signed subscription contract in December 2017; Production start in May 2018
- ✓ After just 4 months baseline was exceeded by around 20% on monthly printed sheets. This means a significant increase in productivity and for the customer and us a significantly higher profitability.
- ✓ Our main focus in the coming months is on creating the necessary processes and infrastructure for the further run-up in order to turn it into a scalable business model.



UPDATE Technology leadership: Primefire customers start their business. 7 machines installed – high quality and productivity.



ink world MAGAZINE NEWS EXCLUSIVES TOP COMPANIES PRINTING NEWS

Warneke Paper Box Installs Heidelberg Primefire
It is the first B1 format digital printing system in the US.

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TOP NEWS PRODUCTS AND SERVICES

Steve Huppert, VP and COO and Stacy Warneke, president and CEO of Warneke Paper Box, with their new Primefire 106 from Heidelberg. (Source: Heidelberg)

RELATED CONTENT

- New Heidelberg Raises Profile
- Xelkon Celebrates 30th Anniversary
- Evonik Invests in Israeli Direct-to-Shape Digital Printing Developer
- Heidelberg Presents New Digital Press for Creative Commercial Applications
- Heidelberg, Partner Companies Present Latest Technologies for Secure Documents

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NEWS STELLENMARKT TOP 10 WISSEN SHOP HEFTE

PRINT.DE / NEWS / HEIDELBERG: ERSTE SERIEN-PRIMEFIRE 106 GEHT IN DIE USA

Warneke Paper Box installiert Digitaldrucksystem im B1-Format
Heidelberg: Erste Serien-Primefire 106 geht in die USA
von Frank Lohmann, 6. August 2018

Steve Huppert, Vice President and COO sowie Stacy Warneke, President and CEO, beide Warneke Paper Box, an der neuen Primefire 106.

Mit der Installation einer neuen Primefire 106 der Heidelberg Druckmaschinen AG (Heidelberg) bei der Warneke Paper Box aus Denver (Colorado, USA) hat die Serienproduktion der industriellen 7-Farben-Inkjet-Digitaldruckmaschine im B1-Format begonnen. Da sich das System besonders gut für Verpackungskampagnen mit kleinen Auflagen eignet, will sich der US-Verpackungsdrucker damit neue Einnahmequellen erschließen, wie Heidelberg jetzt bekannt gab. Im Moment laufen bereits drei Pilotanwendungen des Systems bei MPS Obersulm, Colordruck Balersbronn und der Rondo AG (Allschwil bei Basel). Eine Primefire 106 geordert hat zum Beispiel auch die August Faller Gruppe. Laut Heidelberg seien die Produktionskapazitäten für die Maschine bis ins Jahr 2019 hinein ausgelastet.

Warneke Paper Box Debut Primefire to Customers in North America

October 11, 2018 By Erin Blank

On October 1st and 2nd, over 60 customers gathered at Warneke Paper Box in Denver, CO to witness the installation of a new Heidelberg Primefire 106. This revolutionary technology printing system in the 70 x 100 (40") format. With installation and commissioning in North America in the form of a "launch" of the Primefire cutting ceremony on the evening of Oct 1st. In an interactive question and answer session, Stacy Warneke, CEO of Warneke Paper Box and the experience they've had with the business with the Primefire by collaborating with their customers on targeted short run packaging campaigns and provide added security to cartons through variable content.

Later, customers received a complete demonstration of the machine from Dan Maurer, Vice President of Digital Print for Heidelberg USA, and also attended informational sessions that covered everything from the machine's capabilities to the benefits of digital printing. Dan Maurer, Vice President for the Center of Digital Print, will be presenting at the event in this year, which will be a great opportunity for customers to learn more about the machine and the benefits of digital printing.

AG, erklärt, gehen in der Produktion von kleiner werdenden Auflagen und zunehmender

UPDATE: Technology leadership investing in digital postpress operations with takeover of MBO Group

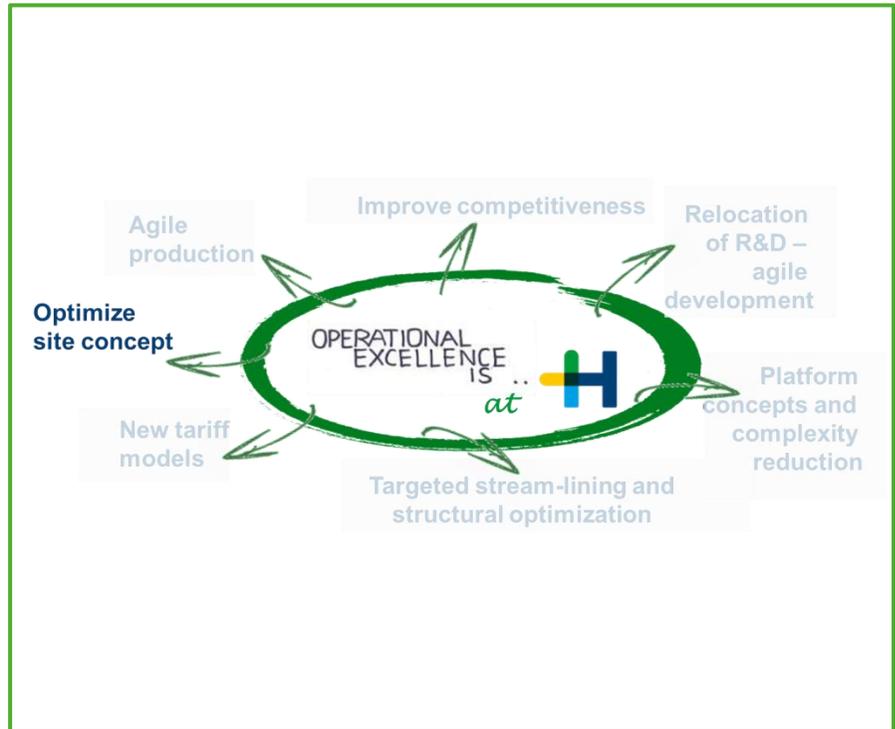
Investing in industrial digital postpress

- ✓ Supplement of existing portfolio and distribution channels, extension towards new target markets
- ✓ Innovative solutions for pharmaceutical growth market and customer-specific mailing systems
- ✓ Takeover opens up activities for a joint future and creates important synergies



Optimize site concept

- ✓ High performance products and new content such as eCommerce, software, consulting and application know-how for consumables will be concentrated at the Wiesloch-Walldorf site close to our new Innovation Center
- ✓ Products that are at a later stage in their lifecycle will be relocated to more cost effective locations along with the necessary infrastructure and manufacturing





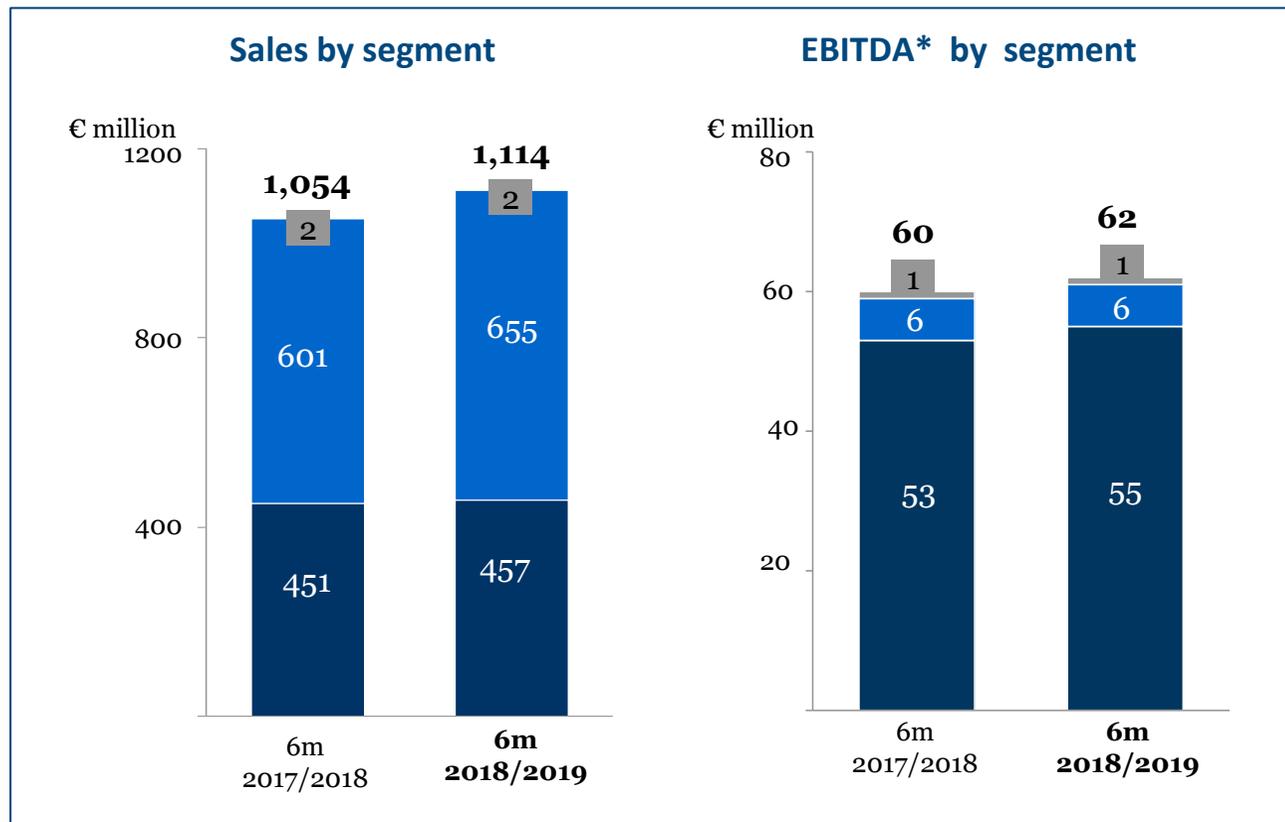
Key figures 6m 2018/19

- **Order intake** increased, despite neg FX (€ 17m); order backlog increases by 23% yoy also due to subscription contracts
- **Sales** rose as expected, incl. neg FX (€ 15m)
- **EBITDA** improved on higher volume as well as already realized efficiency increases; increased personnel costs as a result of the collective bargaining agreement as well as higher R&D costs had negative impact; **EBITDA margin** at 5.6% (PY 5.7%)
- Financial result incl. € 4m one-time costs for partial early redemption of HYB
- **Net result** before and **after taxes** down mainly due to restructuring result
- **Free Cashflow** includes rise in inventories due to higher order backlog and ramp up digital, as well as investments in new Innovation Center and one-time higher lease payments for buildings
- **Equity** rose compared to year-end level; equity ratio stays at 17%
- **Net debt** increased to € 320m
- **Leverage** with 1.8 still below target level of <2x

	6m 17/18	6m 18/19	Δ pY
Order intake	1,234	1,306	+6%
Sales	1,054	1,114	+6%
EBITDA excl. restr. result	60	62	+3%
EBIT excl. restr. result	27	27	
Restructuring result	-1	-5	-4
Financial result	-24	-28	-4
Net result before taxes	2	-5	-7
Net result after taxes	0	-6	-6
Free cash flow	-32	-86	-54
	03/31/18	09/30/18	
Equity	341	373	
Net debt	236	320	
Leverage	1.4	1.8	

Sales and EBITDA by segment in 6m FY2018/19

- **Heidelberg Digital Technology:** benefits from higher sales of sheetfed.
- **Heidelberg Lifecycle Solutions:** Sales and operating result stable on previous year's level.



As part of the adjustment of the corporate strategy segments were reorganized as of April 1, 2018 (prior year accordingly)

*EBITDA excl. restr. result

- Heidelberg Digital Technology
- Heidelberg Lifecycle Solutions
- HD Financial Services

Balance sheet: Stable capital structure and efficient use of capital



> Assets	FY 2018	FY 2018	FY 2019	> Equity and liabilities	FY 2018	FY 2018	FY 2019
	30-09-2017	31-03-2018	30-09-2018		30-09-2017	31-03-2018	30-09-2018
Figures in mEUR				Figures in mEUR			
Fixed assets	788	810	830	Equity	381	341	373
Current assets	1.288	1.367	1.271	Provisions	833	878	813
thereof inventories	675	622	727	thereof provisions for pensions	476	523	490
thereof trade receivables	276	370	276	Other Liabilities	905	968	939
thereof receivables from customer financing	55	66	58	thereof trade payables	207	237	223
thereof liquid assets	176	202	125	thereof financial liabilities	435	438	445
Def tax assets, prepaid expenses, other	106	78	89	Def. tax liabilities, deferred income	63	69	65
thereof deferred tax assets	84	66	67	thereof deferred tax liabilities	3	6	4
thereof deferred income	22	12	22	thereof deferred income	61	63	61
Total assets	2.182	2.256	2.190	Total equity and liabilities	2.182	2.256	2.190
				Equity ratio	17%	15%	17%
				Net debt	259	236	320

- Net working capital (**NWC**) at € 636m (FYE 18: € 610m) increased due to higher order backlog and ramp up digital
- Comfortable **cash position**. Partial redemption of HYB (55m€) was financed from cash in July 2018
- **Loss carryforwards** for which no deferred tax assets have been recognized of approx. € 1.3 bn (FYE 18)
- **Domestic pension discount rate** 30.09.2018: 2.3% (31.03.2018: 2.1%; 30.09.2017: 2.4%)

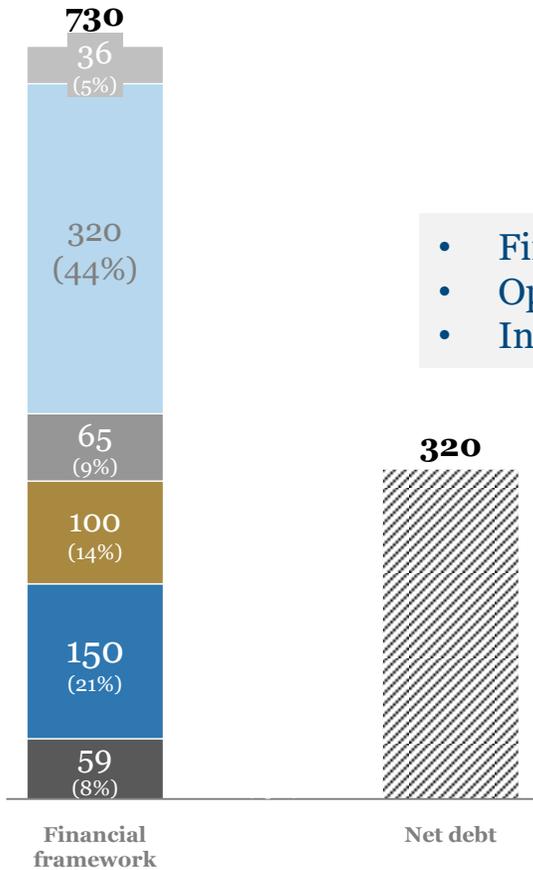
From restructuring to growth financing



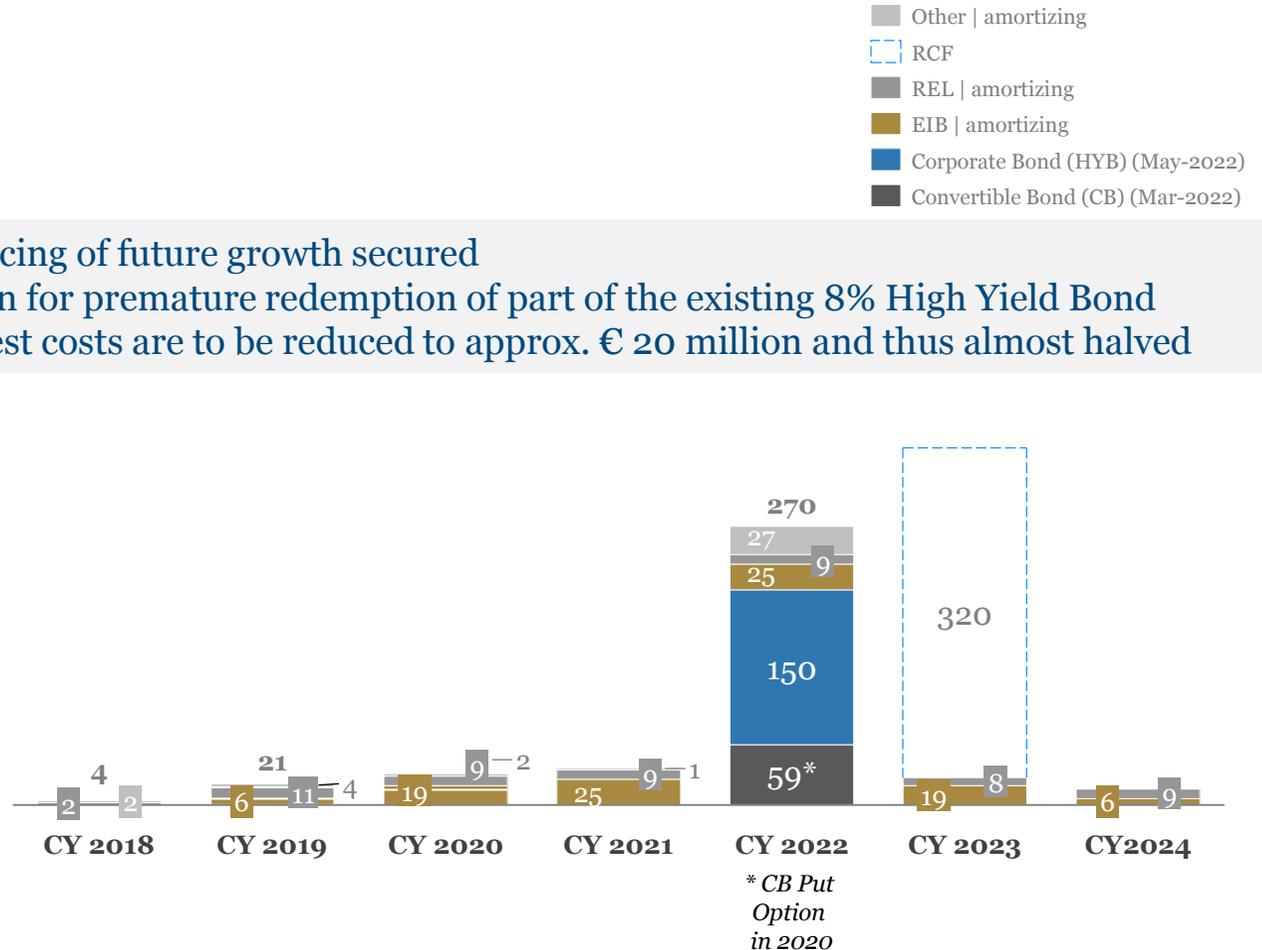
Financial instruments

Maturity profile per calendar year

€m



- Financing of future growth secured
- Option for premature redemption of part of the existing 8% High Yield Bond
- Interest costs are to be reduced to approx. € 20 million and thus almost halved



Remark: Other financial liabilities and Finance Leases are not included. The position „REL“ includes financing for infrastructure projects.



FY 2017/18

Outlook FY 2018/19

Mid-term-target

Sales

€ 2.420m

moderate growth

up to € 3 bn

+€ 500m

EBITDA*
-Margin

7.1 %

7 – 7.5%

up to 10%

EBITDA* 250 - 300m

HDT ~ 6%
HDB ~8.5%

HDT 2-3%
HDLS 12-13%

Net
result

€ 14m

moderate increase
(incl. one-time
tax effect 17 /18)

> € 100m

Leverage

1,4

<2

<2

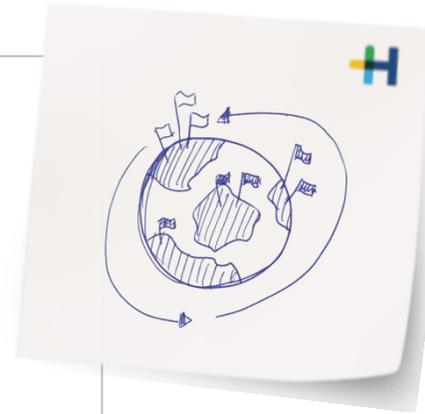
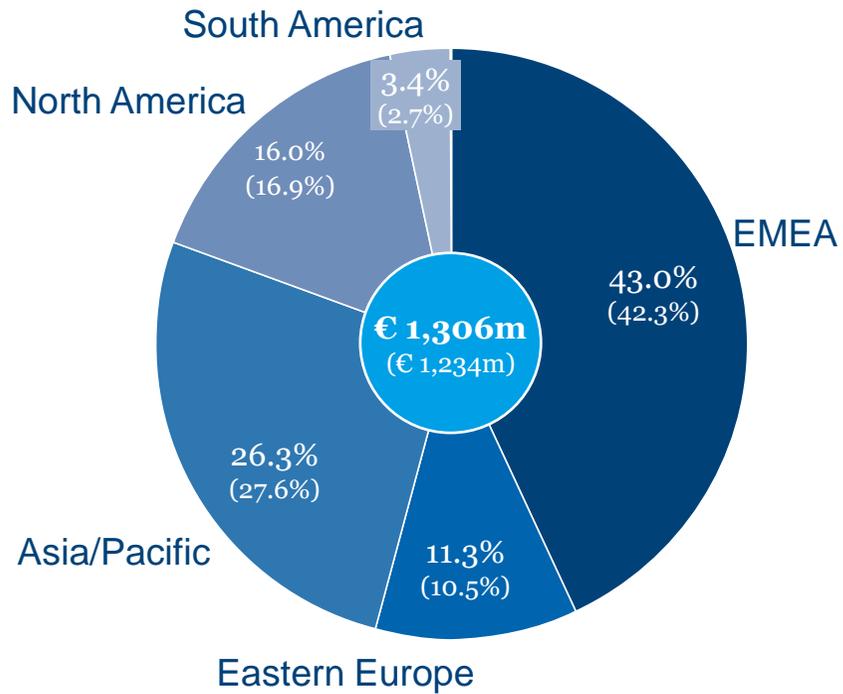
*Result of operating activities excluding restructuring result (previously: special items)



BACKUP

Order intake – regional split

Order intake 6m 2018/19 (6m 2017/18)



Financial Calendar



Release of the figures for the third quarter 2018/2019

February 07, 2019

Figures FY 2018/2019

June 06, 2019

AGM FY 2018/2019

July 25, 2019





Important notice

This release contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that those assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macro-economic situation, in the exchange rates, in the interest rates and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this presentation.