Heidelberger Druckmaschinen AG
Results 6m FY2018/2019

RAINER HUNDSDÖRFER, CEO | DIRK KALIEBE, CFO

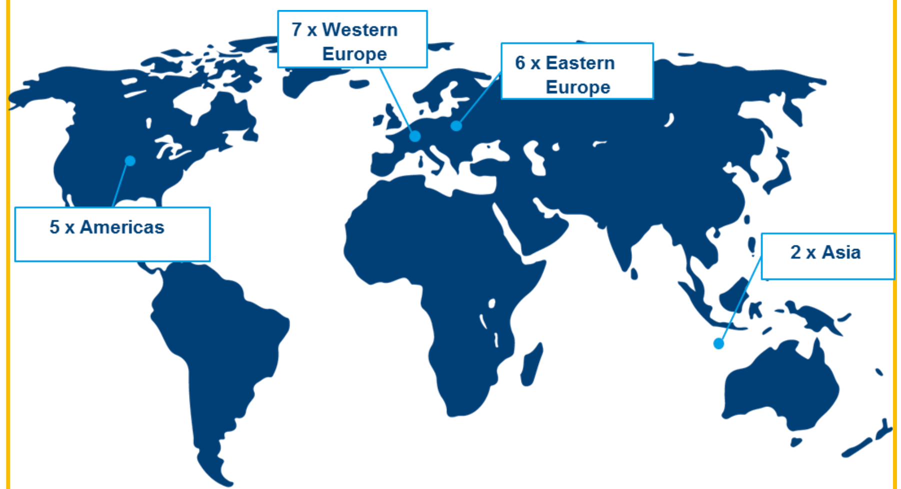
November 8, 2018

HEIDELBERG

Update: Digital transformation has high earnings potential

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



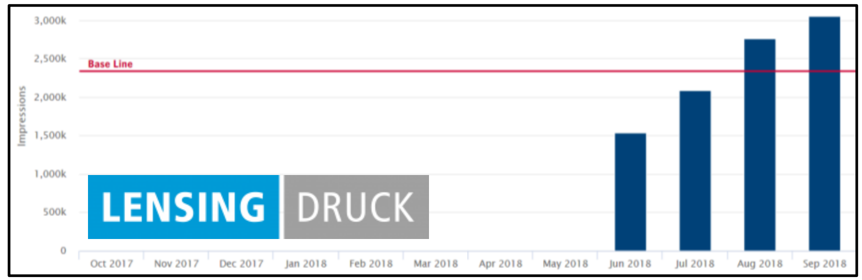
© Heidelberger Druckmaschinen AG

Update: Digital transformation has high earnings potential

Best practise – Lensing one of the first subscription customers

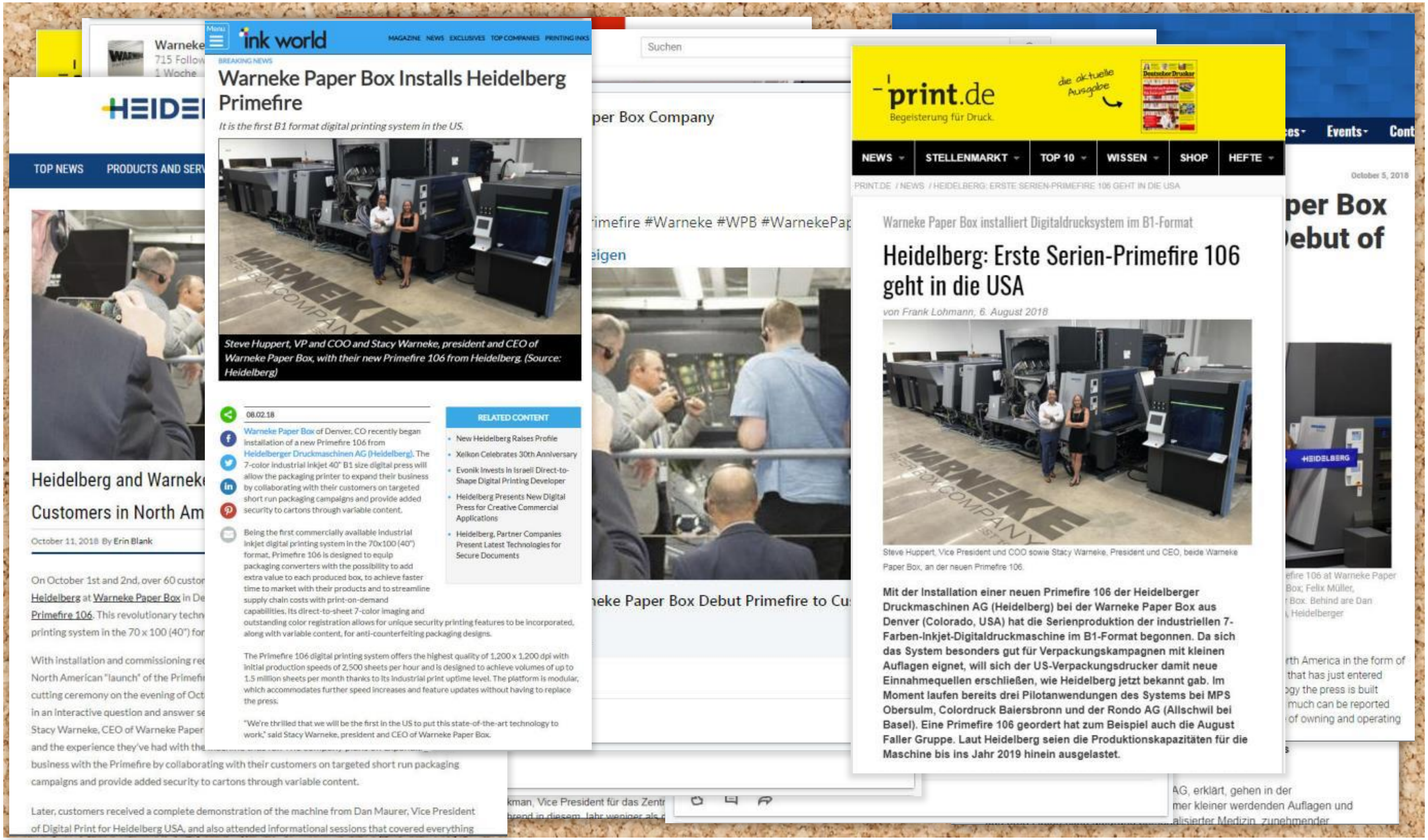
- ✓ Signed subscription contract in December 2017; Production start in May 2018
- ✓ After just 4 months baseline was exceeded by around 20% on monthly printed sheets. This means a significant increase in productivity and for the customer and us a significantly higher profitability.
- ✓ Our main focus 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.

+ 20%



UPDATE Technology leadership: Primefire customers start their business.

7 machines installed – high quality and productivity.



© Heidelberger Druckmaschinen AG

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

© Heidelberger Druckmaschinen AG

UPDATE: Operational Excellence

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

© Heidelberger Druckmaschinen AG

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

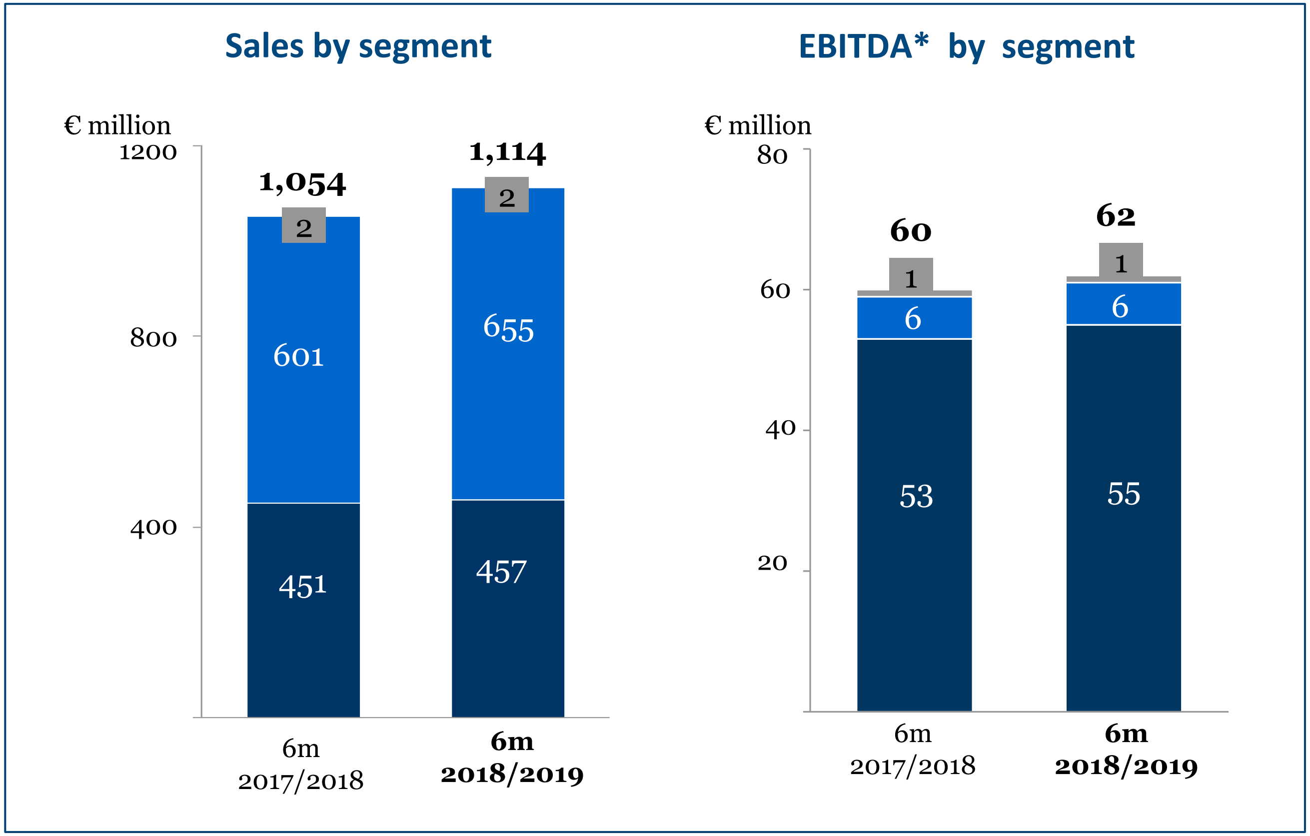
	6m 17/18	6m 18/19	Δ pY
Order intake	1,234	1,306	*+6%*
Sales	**1,054**	**1,114**	*+6%*
EBITDA excl. restr. result	**60**	**62**	*+3%*
EBIT excl. restr. result	**27**	**27**	
Restructuring result	-1	-5	*-4*
Financial result	-24	-28	*-4*
Net result before taxes	2	-5	*-7*
Net result after taxes	**0**	**-6**	*-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

© Heidelberger Druckmaschinen AG

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

© Heidelberger Druckmaschinen AG

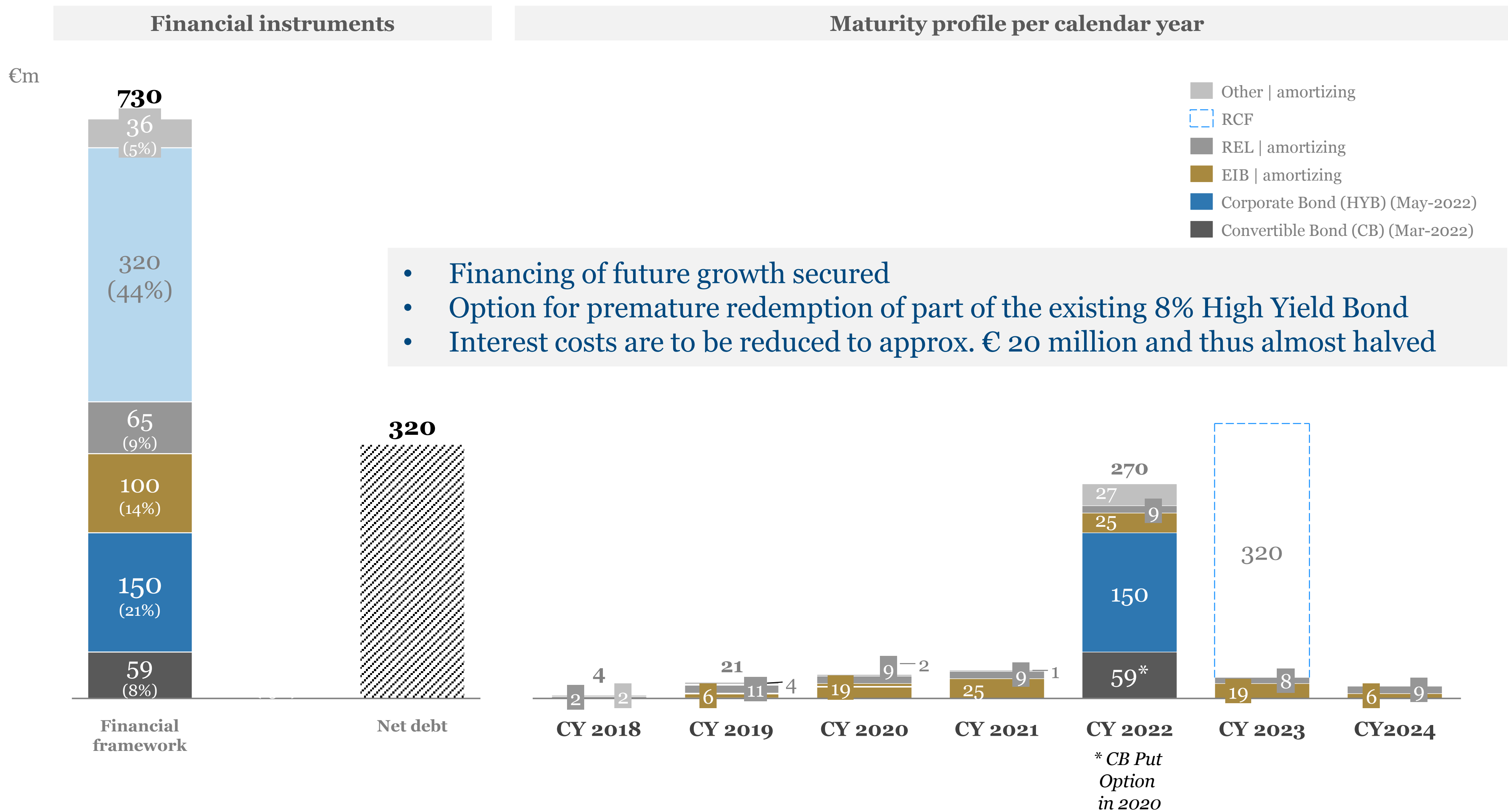
Balance sheet: Stable capital structure and efficient use of capital

> Assets Figures in mEUR	FY 2018 30-09-2017	FY 2018 31-03-2018	FY 2019 30-09-2018	> Equity and liabilities Figures in mEUR	FY 2018 30-09-2017	FY 2018 31-03-2018	FY 2019 30-09-2018
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%)

© Heidelberger Druckmaschinen AG

From restructuring to **growth financing**



- 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.

© Heidelberger Druckmaschinen AG

	FY 2017/18	Outlook FY 2018/19	Mid-term-target
Sales	€ 2.420m	moderate growth +€ 500m	up to € 3 bn
EBITDA*-Margin	7.1 % HDT ~ 6% HDB ~8.5%	7 – 7.5% HDT 2-3% HDLS 12-13%	up to 10% EBITDA* 250 - 300m
Net result	€ 14m	moderate increase (incl. one-time tax effect 17 /18)	> € 100m
Leverage	1,4	<2	<2

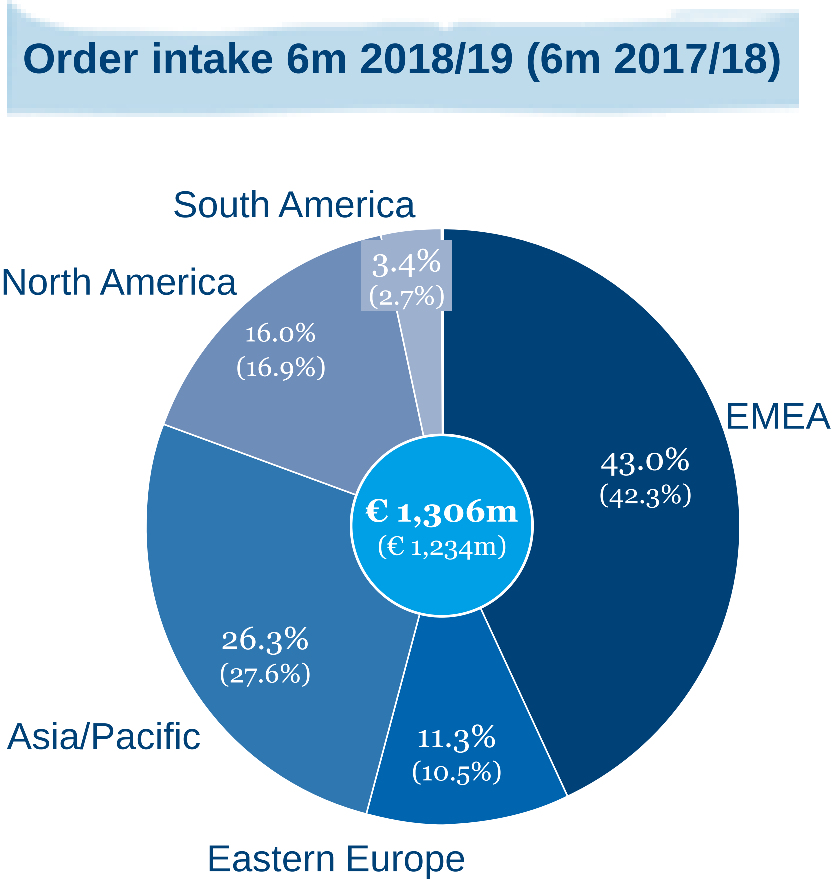
*Result of operating activities excluding restructuring result (previously: special items)

© Heidelberger Druckmaschinen AG

BACKUP

© Heidelberger Druckmaschinen AG

Order intake – regional split



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**

#simply smart

© Heidelberger Druckmaschinen AG
14

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.

© Heidelberger Druckmaschinen AG