

07-May-2019 / 18:25 CET/CEST

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Heidelberger Druckmaschinen AG: Heidelberg achieves targets for 2018/19 - growing economic risks slow down growth

Heidelberger Druckmaschinen AG (Heidelberg) achieved its operating targets in financial year 2018/19 (April 1, 2018 to March 31, 2019). Based on preliminary figures, group sales were reported at EUR 2,490 million - approximately 3 percent higher than the previous year. The company's core business developed positively, and the digital business model Subscription also grew as expected with around 30 contracts signed. At 7.2 percent, the operating profit margin based on EBITDA excluding restructuring result was within the target range. The profit after taxes climbed to EUR 21 million.

Due to the economic downturn, the trade disputes between the US and China and the Brexit, Heidelberg is adopting a cautious approach as the new financial year 2019/20 gets underway. The company expects to see a stable development in its core business and growth in the digital subscription model. However, with underlying economic conditions making companies more reluctant to invest in new technologies, expectations regarding a ramp-up in digital printing will need to be more conservative than was originally planned. Postpress sales will grow less due to the antitrust authorities' decision to block the takeover of MBO. Furthermore, the decline in the retail business with consumables is likely to be larger than anticipated.

While the company expects a stable overall development in group sales and profitability in financial year 2019/20 compared to 2018/19, economic conditions are delaying medium-term growth prospects. Heidelberg expects sales to rise at a slower pace than previously planned, with a significantly higher proportion of the cyclically resistant contract business than at present.

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End of ad hoc announcement