

**HEI FLEXIBILITY**



*Annual General Meeting*

# Heidelberger Druckmaschinen AG

July 28, 2011

**HEIDELBERG**

# Heidelberg has reached an operational break-even and achieved its targets

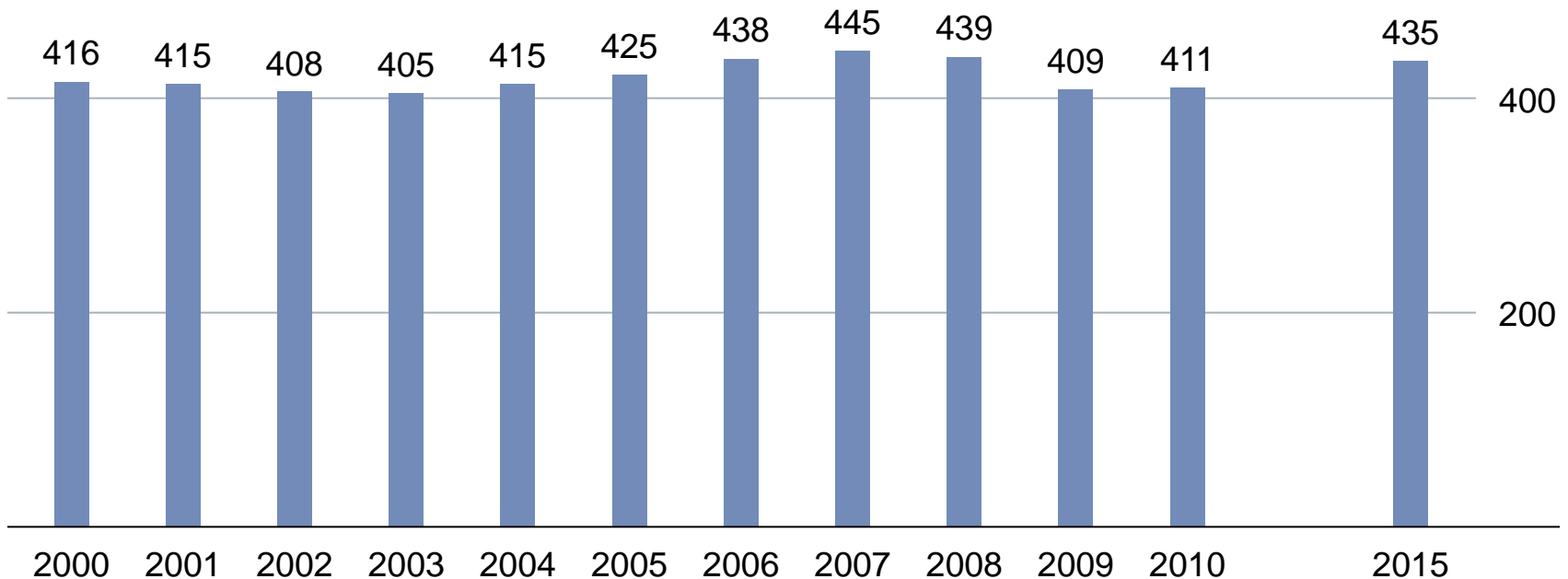
- Slow recovery of the print media industry
- Moderate growth in financial year 2010/11
- Financial goals achieved
  - ✓ • Operationally in the black again
  - ✓ • Refinancing successfully ed at an early stage
  - ✓ • Government guarantees repaid prior to maturity

# Heidelberg has achieved its strategic and operational goals

- Operational goals
  - ✓ • Increasing sales compared to previous year
  - ✓ • Achieving an operational break-even
- Consistent implementation of strategy
  - ✓ • Global strategic partnership in digital printing with Ricoh
  - ✓ • Range of service and consumables offerings expanded further
  - ✓ • Product offerings in packaging printing expanded
  - ✓ • Job manufacturing expanded systematically

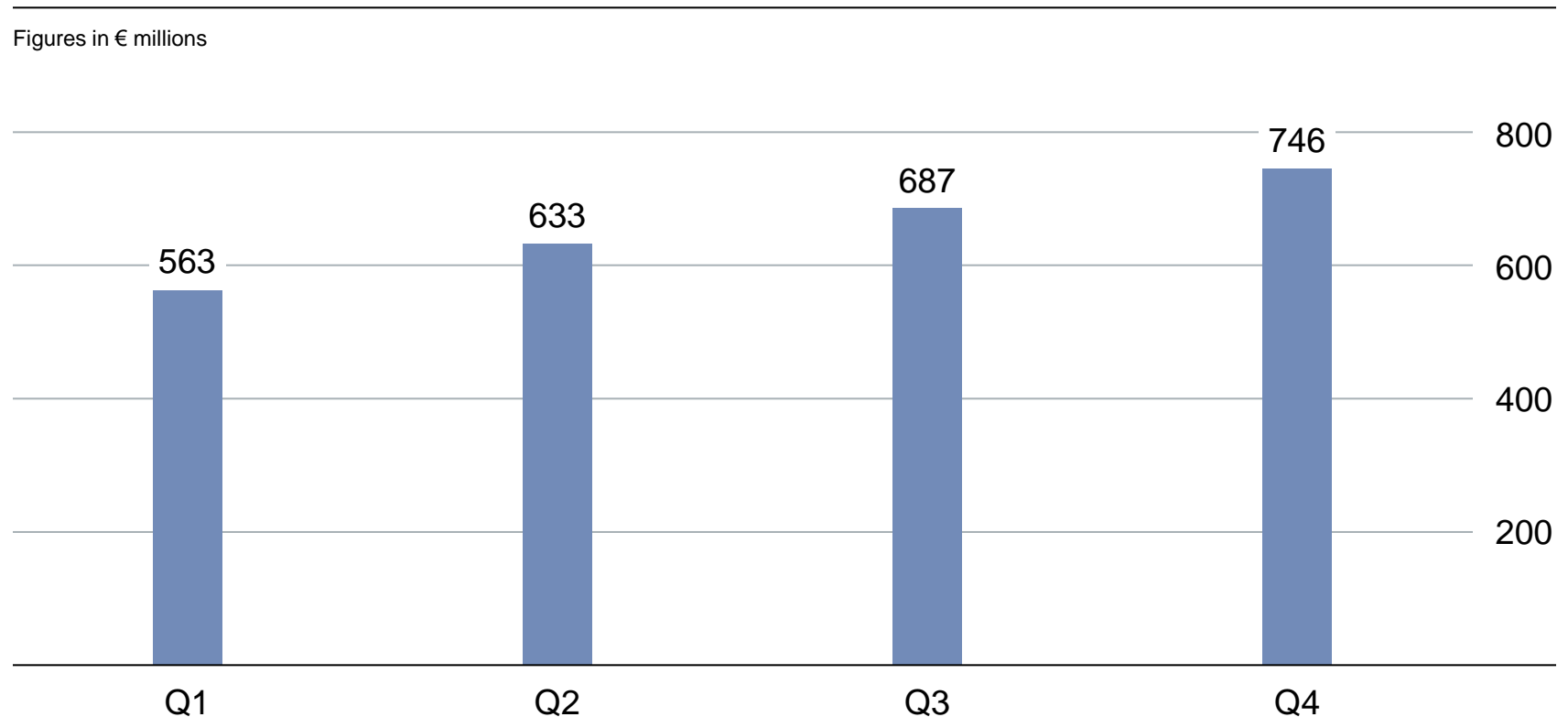
# Total volume of print production will increase again in foreseeable future

Figures in € billions







Source: Heidelberg estimates – April 2011, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight  
Base year: 2009

# Positive sales trend during financial year

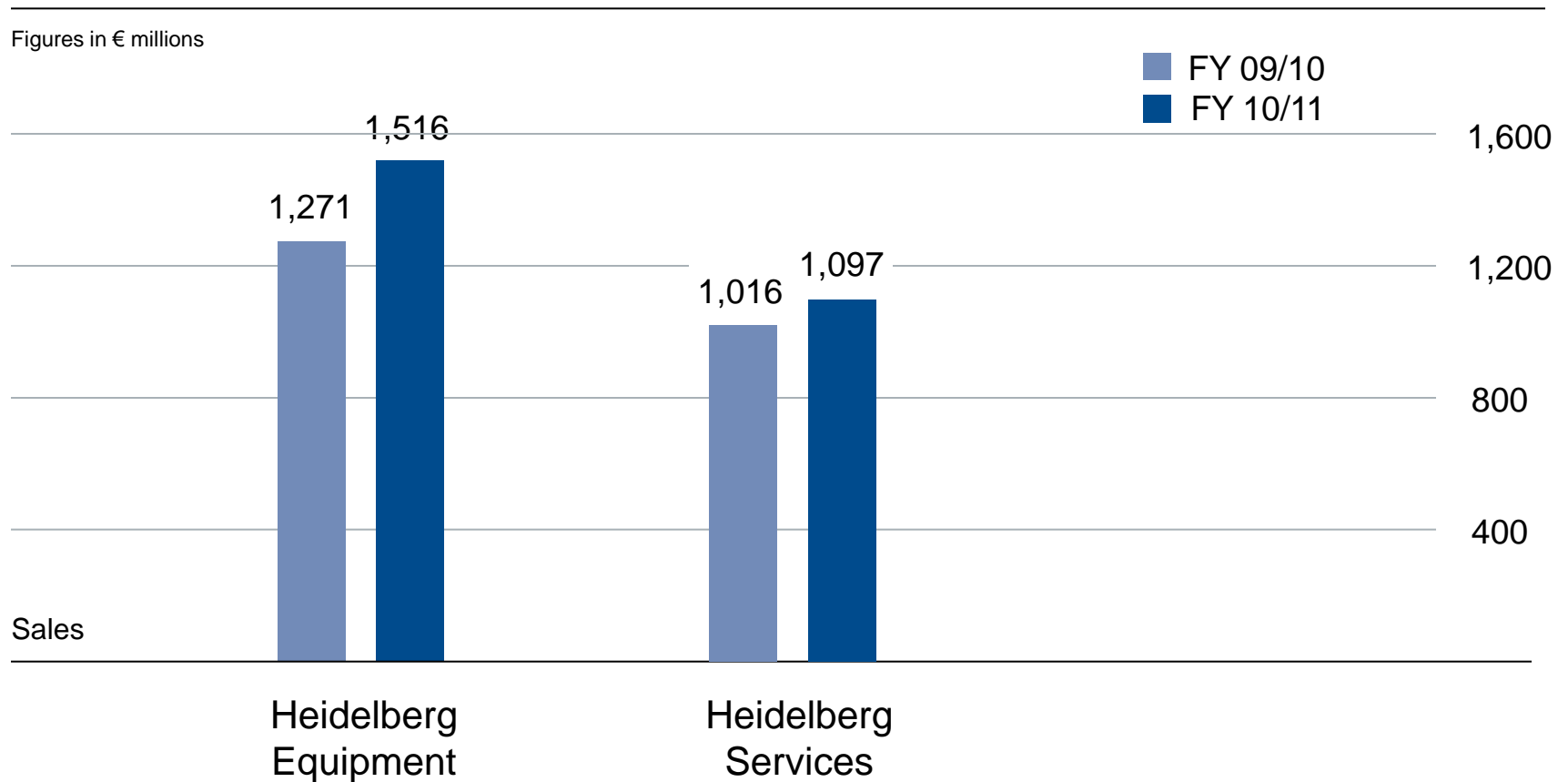


# Operating result in the black again for the first time following two years of losses

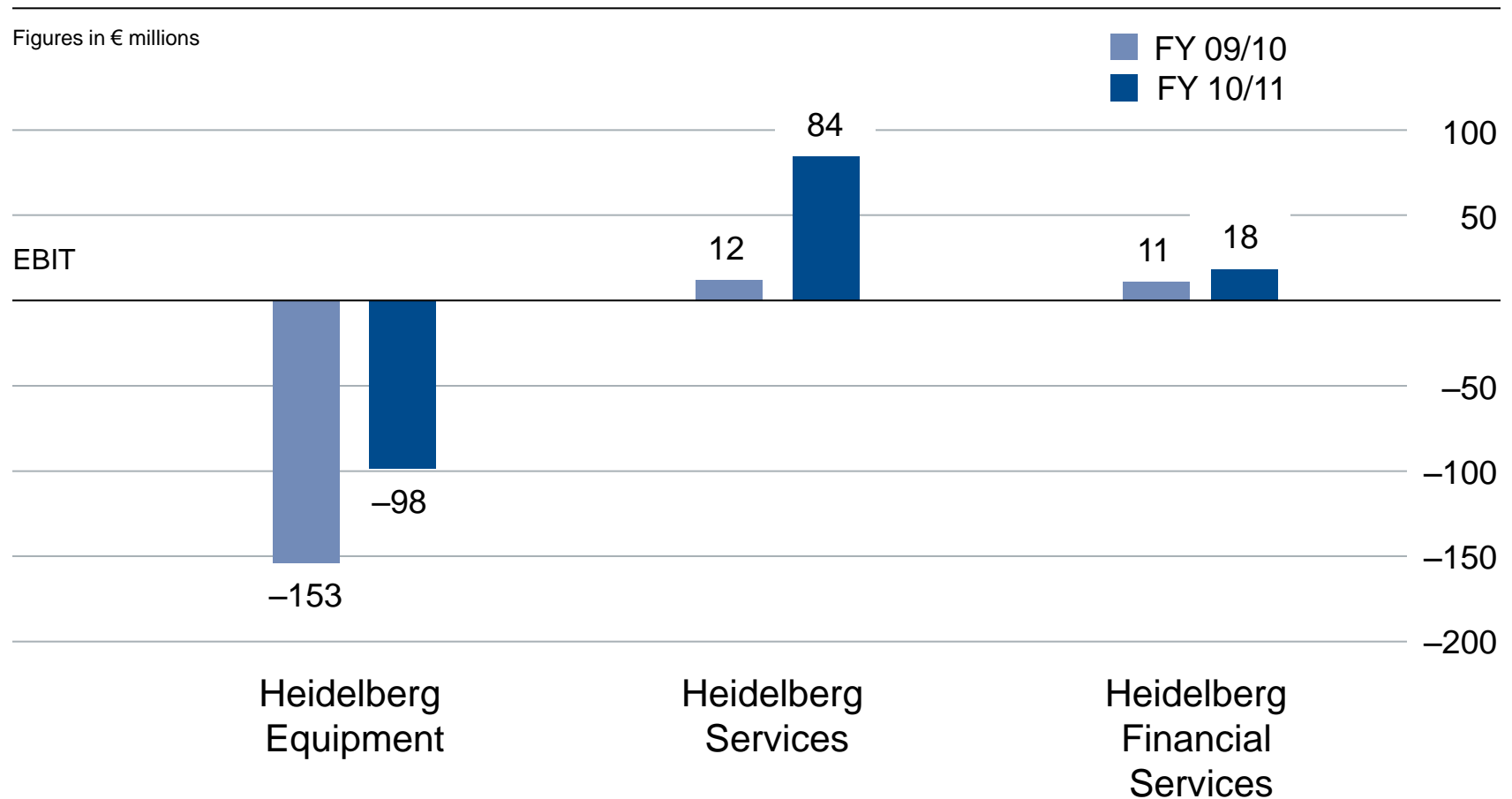
Figures in € millions

	FY 2010	FY 2011	
Incoming orders	2,371	<b>2,757</b>	
Sales	2,306	<b>2,629</b>	
EBIT (excluding special items)	-130	<b>4</b>	
EBIT	-158	<b>6</b>	

# Heidelberg Equipment – marked sales increase



# Operating result increased considerably by all divisions





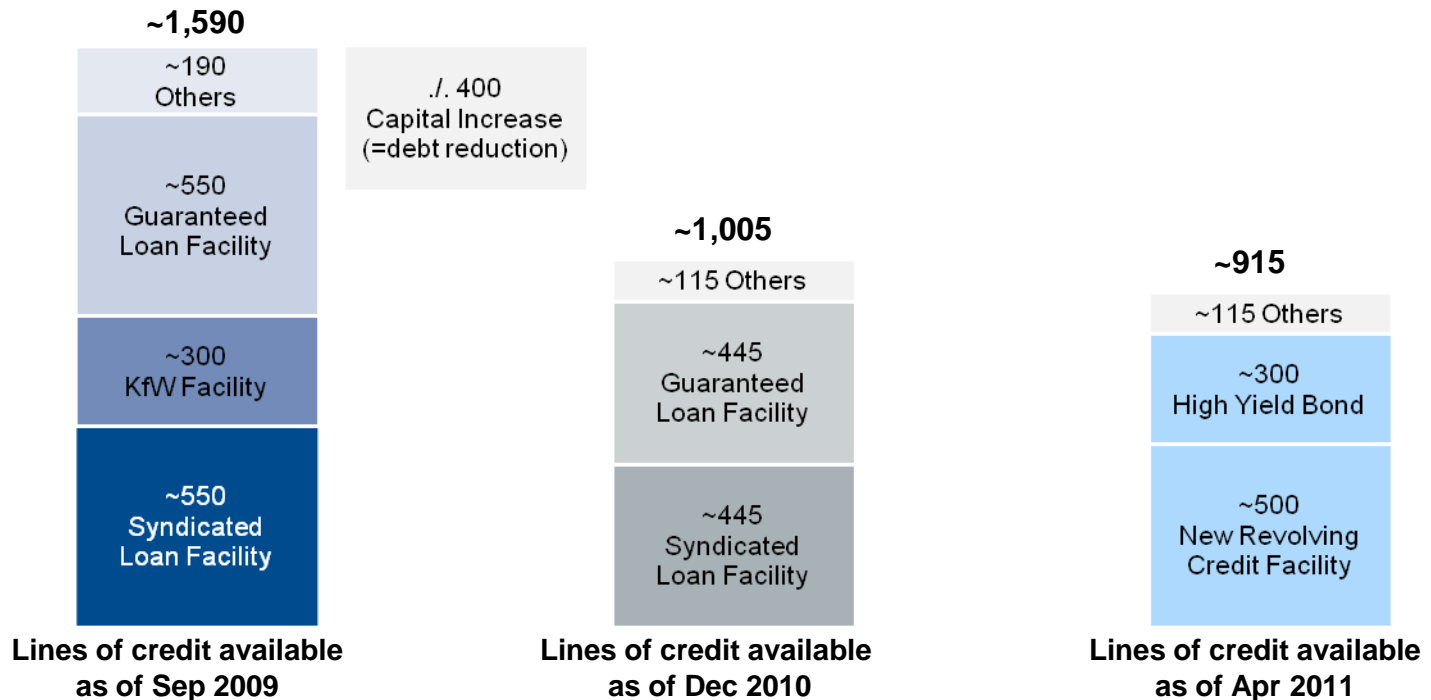
# Financial result weighs on income before taxes

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Figures in € millions	FY 2010	FY 2011
Financial result	-127	<b>-149</b>
Income before taxes	-286	<b>-143</b>
Net loss	-229	<b>-129</b>

# New lines of credit and high-yield bond secure liquidity in the medium term

Figures in € millions



Net debt

€ 697 m

€ 247 m

Equity

€ 629 m

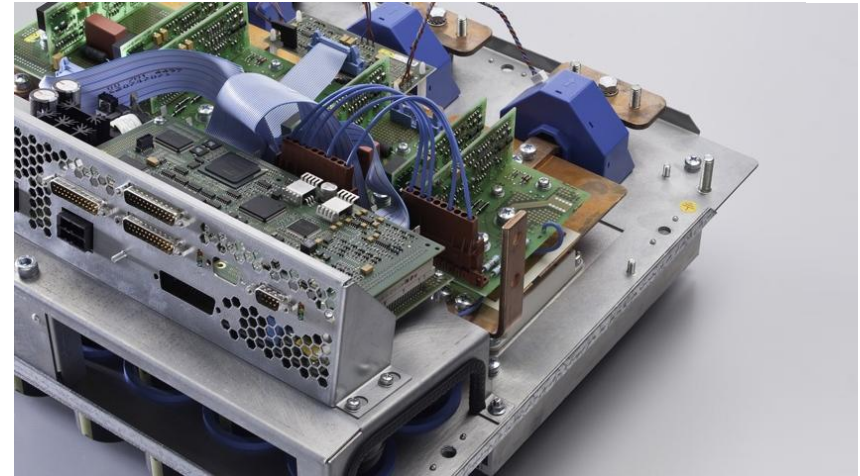
€ 869 m

# Reduced debt thanks to capital increase and positive free cash flow

Figures in € millions	31-Mar-2009	31-Mar-2010	31-Mar-2011
<b>Free cash flow</b>	<b>-201</b>	<b>-62</b>	<b>75</b>
Financial liabilities	760	816	395
./. cash and cash equivalents	80	121	148
<b>Net financial debt</b>	<b>680</b>	<b>695</b>	<b>247</b>
<b>Equity</b>	<b>796</b>	<b>579</b>	<b>869</b>
Equity ratio	25 %	20 %	33 %

# Expanding and developing new areas of business

- Heidelberg System Manufacturing produces high-precision components for the energy, engineering, and automobile industries
  - Continuous extension intended
- 
- Heidelberg is a member of the top cluster *Forum Organic Electronics*
  - Research on new applications based on electronics printing



# Global strategic partnership in digital printing entered into with Ricoh

- Agreement signed in February 2011
- Offerings of integrated offset and digital printing solutions for print advertising
- Successful sales launch in select countries in April 2011
- Sales activities to be extended globally by the time drupa 2012 is held

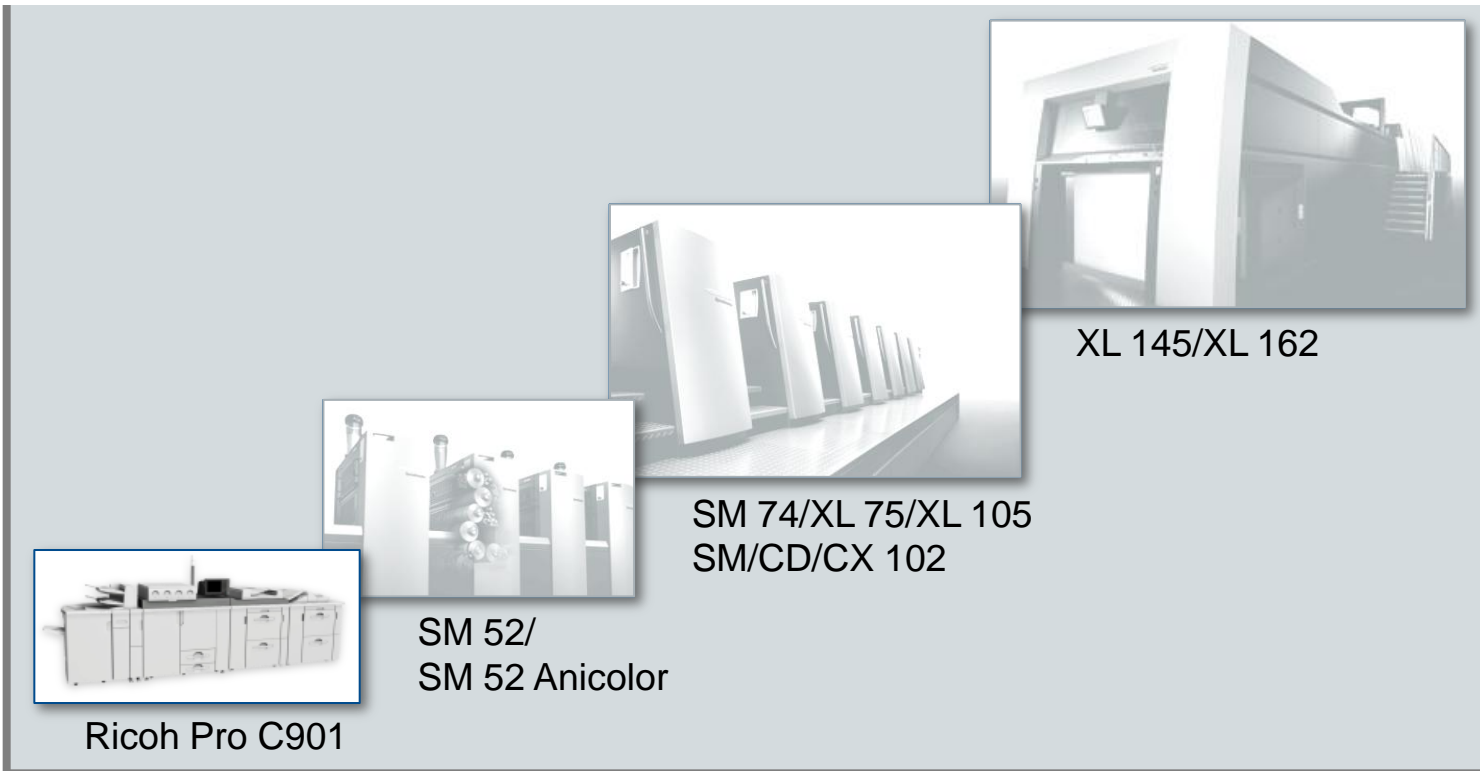


# Product portfolio supplemented by digital printing offerings

Price in €

> 4,000,000

100,000



90

8,000 Performance  
sheet/min

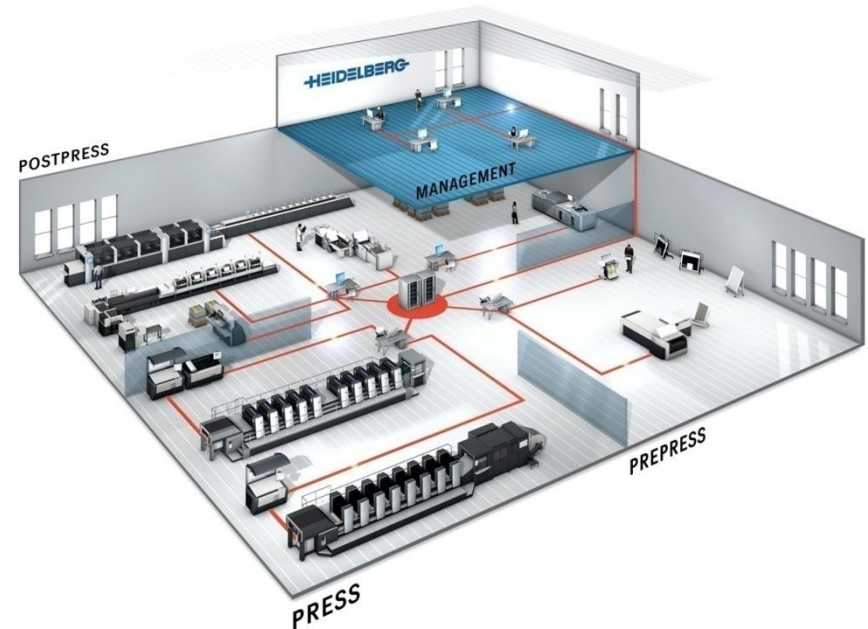
# Position in packaging printing strengthened further

- Global demand for high-quality packagings continues to rise
- Expansion of Heidelberg's solution and product offerings
- Successful introduction of the Speedmaster CX 102 sheetfed offset printing press with more than 150 units sold since May 2010
- Packaging printers around the world increasingly focus on Heidelberg's new large-format printing press



# Service offerings extended

- Acquisition of Belgian software manufacturer CERM
- Integration of Management Informations Systems in Prinect workflow
- Integration of print and Internet by means of Web-to-Print solutions
- Expansion of partnership programs for various customer business models





# Consumables business: High market volume worldwide

- Further expansion of market share
- Convincing customers to switch to Heidelberg consumables
- Introduction of the environmentally friendly Heidelberg Saphira Eco product line



# Focus on China – taking advantage of growth, counteracting risks

- In financial year 2010/2011 for the first time, China became Heidelberg's market with the highest sales volume
- With a total of 150,000 visitors, the Print China 2011 trade show emphasizes China's significance as the largest sales market of the industry



# Expansion of the Qingpu production site

- Doors to the third construction phase to be opened in September
- Standardized printing machines for all established format categories available
- Every third printing press sold in China is produced in this country



# Heidelberg is recovering

- **Target for FY 2011/12:** Balanced pre-tax result
- **Target for FY 2012/13:** Positive after-tax result
  - **Pre-condition:**  
Stable development of overall economic underlying conditions

- **Medium-term goals:**

With sales exceeding	> € 3 billion
we are striving for an EBIT margin of	> 5 percent
and will thus achieve a ROCE of	~ 15 percent



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Thank you for your attention.

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