

# TECHNOLOGIES FOR TOMORROW

**Heidelberger Druckmaschinen AG – Half year results FY 2022/2023**

Dr. Ludwin Monz, CEO | Marcus A. Wassenberg, CFO | Wiesloch, November 9, 2022.



# Disclaimer

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.



 **6m FY 22/23 at a glance**

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Financial performance

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Highlights

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Outlook

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Half year FY 2022/23.

**HEIDELBERG coping well with current macro challenges.**



**HEIDELBERG continues profitable growth** in second quarter 2022/2023.

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**Guidance reconfirmed:** Delivered result a good basis for achieving full-year targets.

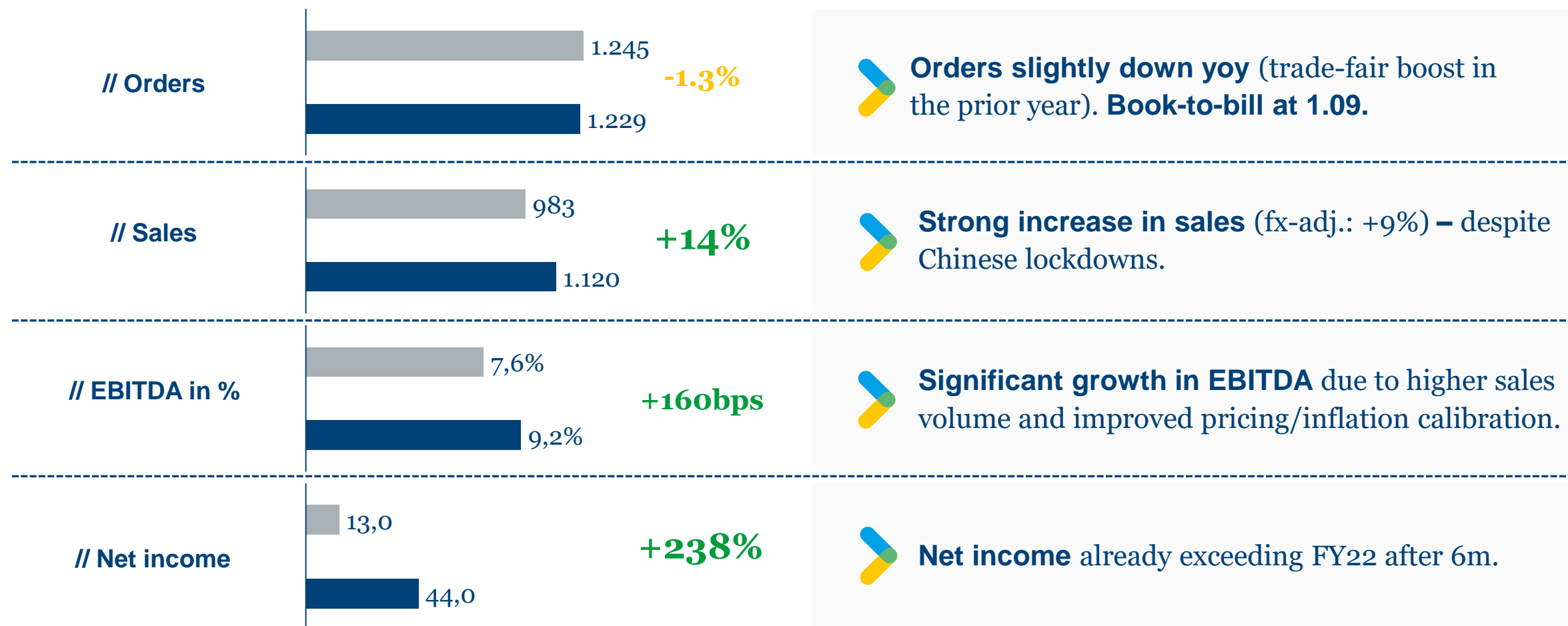
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**Challenging H2 ahead** – cost increases expected.

# Half year FY 2022/23. Well positioned after 6m.

in € millions





6m FY 22/23 at a glance

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 **Financial performance**

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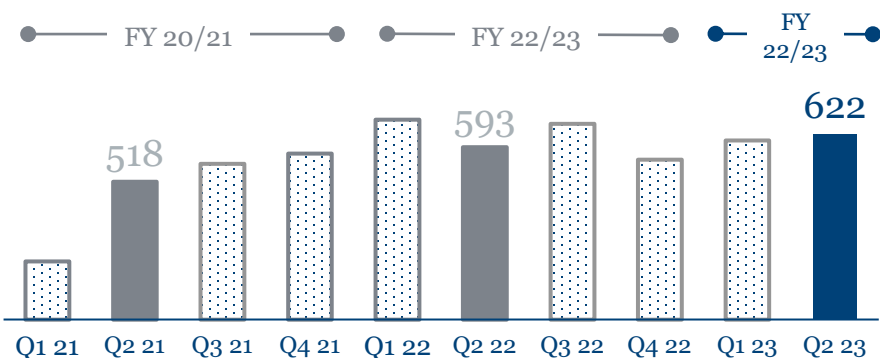
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# Current trading.

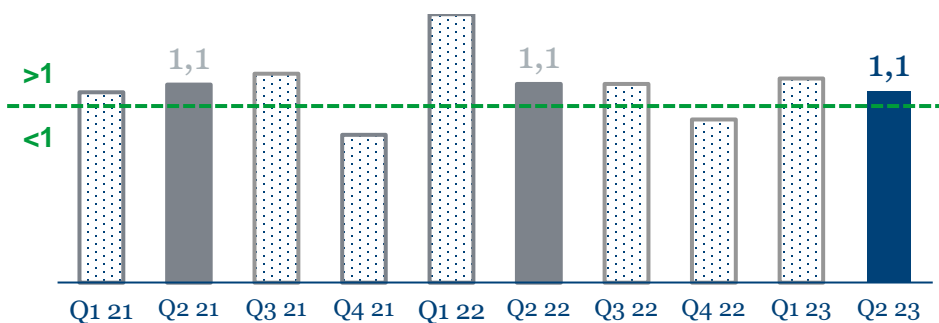
## Solid order intake pushes backlog to over € 1bn.

in €millions

### // Quarterly order intake

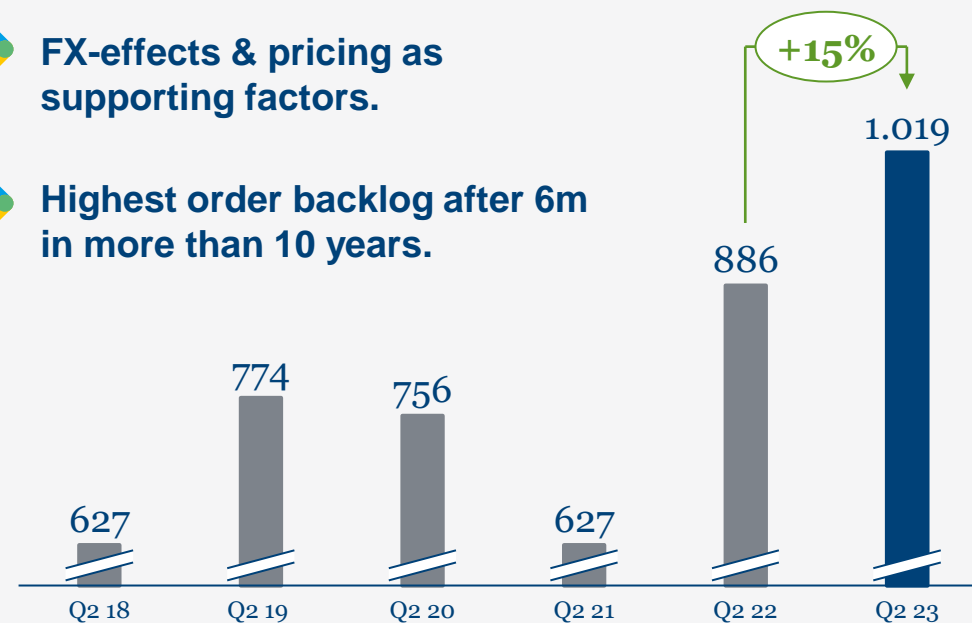


### // Book-to-bill ratio



### // Order backlog

- Order intake continues to be on a very solid level, with September as the strongest month.
- FX-effects & pricing as supporting factors.
- Highest order backlog after 6m in more than 10 years.





# Segments.

## Packaging solutions catching up based on strong order backlog.

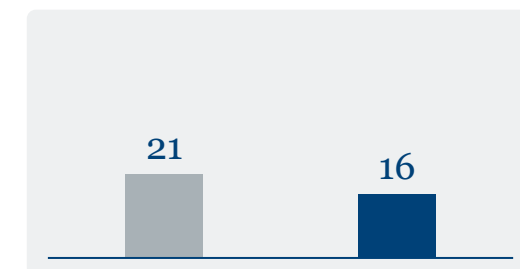
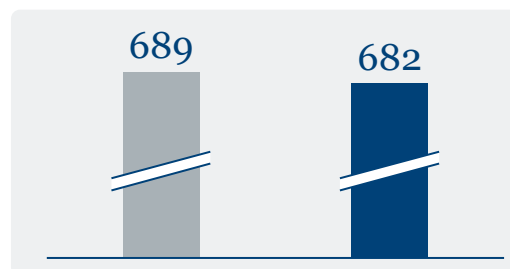
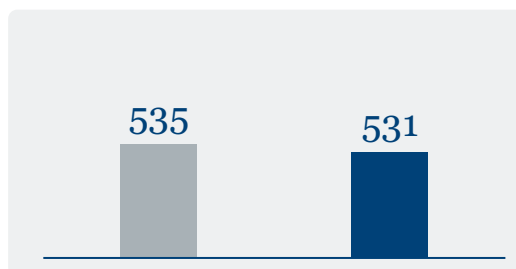
in €millions

### Packaging Solutions

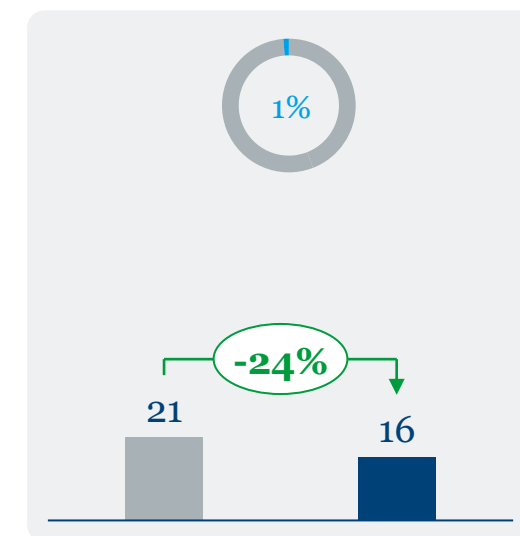
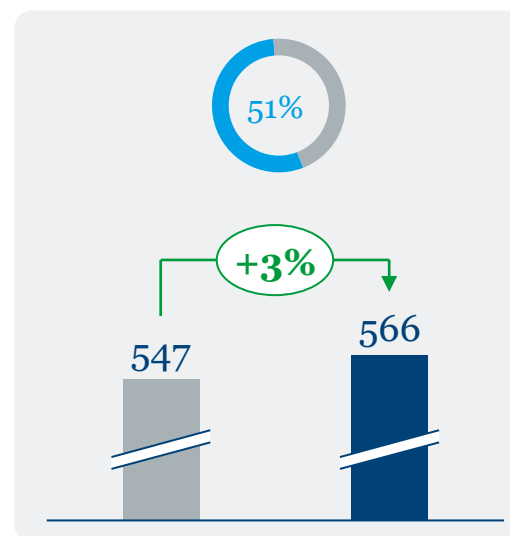
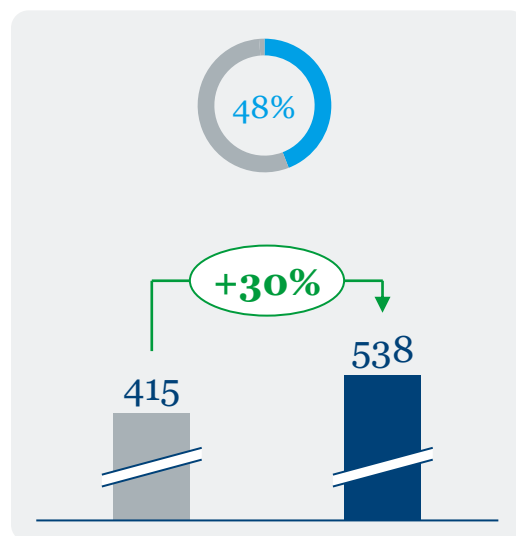
### Print Solutions

### Technology Solutions

Order intake



Sales  
(in % of total sales)

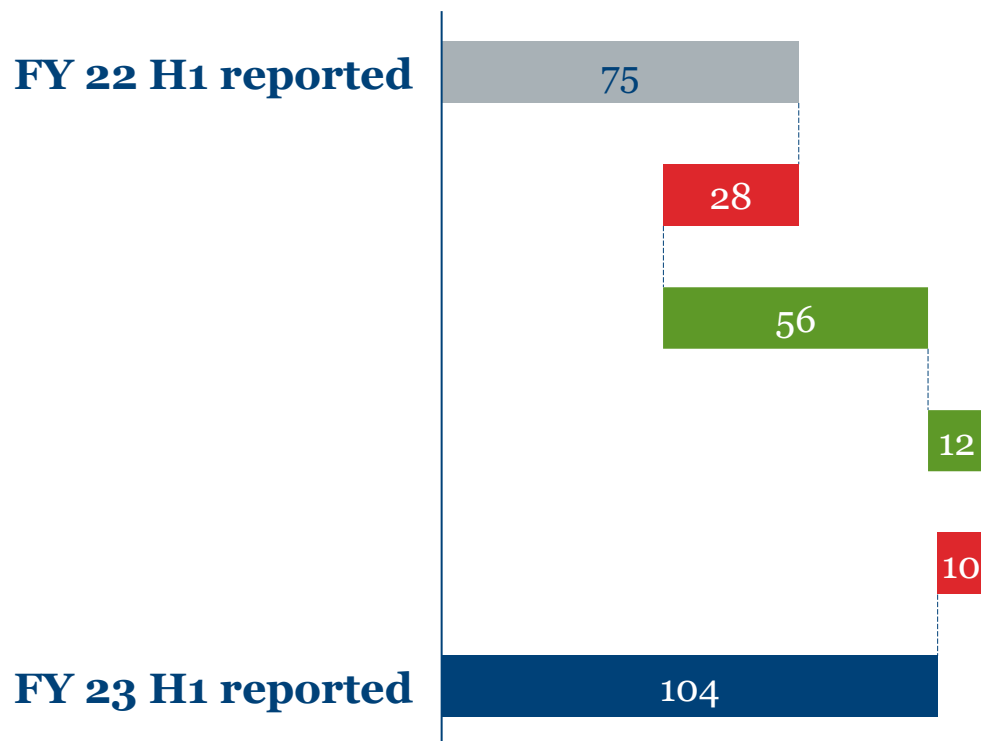




# H1 Earnings bridge.

## Second quarter continues successful start with strong operating improvements.

in €millions



### // Main changes y/y:

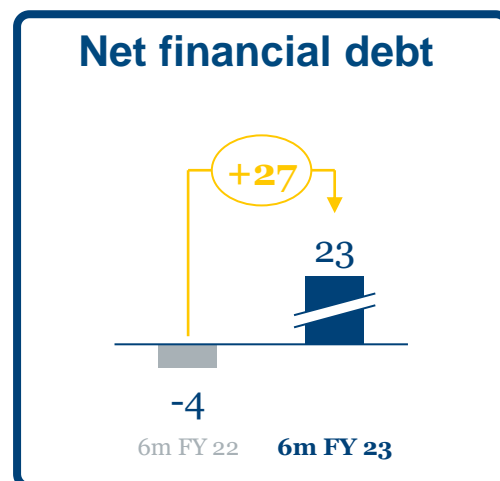
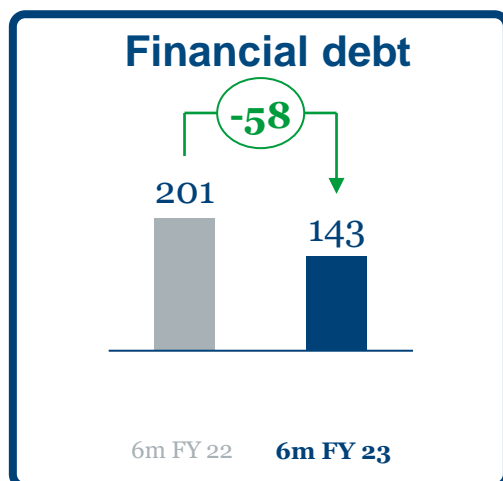
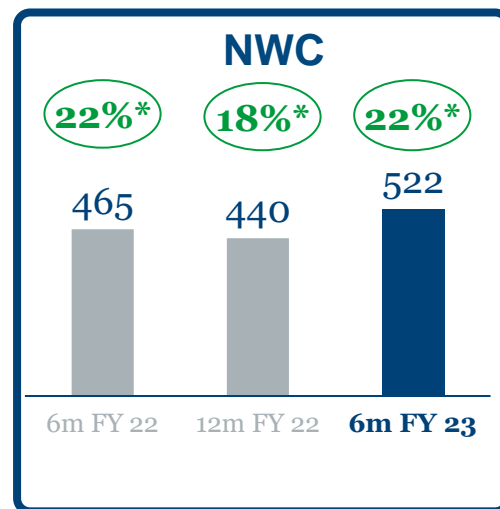
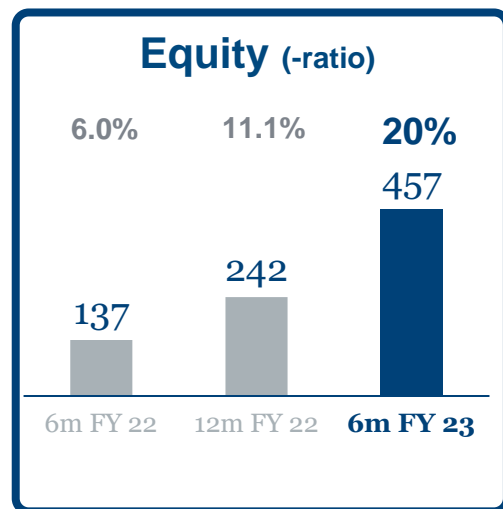
- Lower **net non-operating items** H1 FY22 (€ -37m)/H1 FY23 (€ +9m)
- + **Operating improvements**, mainly related to volume\*
- + **Personnel cost savings** (continued transformation benefits)\*
- Other cost effects (e. g., related to increased sales volume)\*

*\*Positive and negative fx-effects balance each other out in the EBITDA, therefore all figures are fx-adjusted.*

# Balance Sheet.

## Equity ratio increases to 20 percent, net debt marginal.

in € millions



### Essential factors

- **Equity(-ratio) further up**, in large parts because of an increased discount rate of the pension provision (effect: +167m, OCI) and net profit.
- Increase in **Net Working Capital** mainly due to production-related increase in inventories.
- **Financial debt** paid back further as scheduled.
- **Net financial debt remained low** at €23m; slight increase due to a slightly negative free cash flow after 6m.

# Cash Flow.

## Operating cash generation improved, NWC swing leaves no positive OCF.

in €millions

	6M FY 21/22	6M FY 22/23
<b>Net income</b>	13	44
Operating changes	-50	-18
<b>Operating Cashflow w/o NWC</b>	-37	26
Period changes in NWC (+decrease/-increase)	54	-70
<b>Operating Cashflow</b>	17	-44
<b>Investment Cashflow</b>	56	31
<b>Free Cashflow</b>	74	-13

### Essential factors

**Higher cash to income ratio**, as net income largely consist of operating earnings.

**Production related increase in NWC** during the year.



Deep Dive

**Operating cashflow turned negative** due to a large swing in NWC changes.

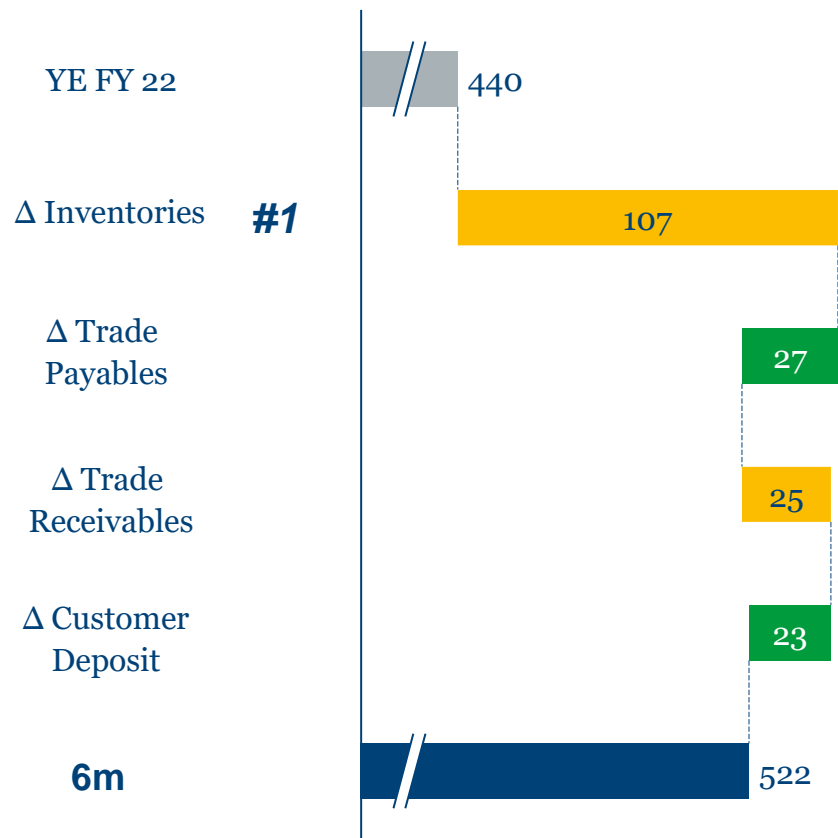
Lower proceeds from **divestments**.

# NWC.

## Increase in Net Working Capital due to production-related rise in inventories.

in €millions

**6m FY 23: €82m NWC increase\***



Increase in **Trade receivables** and **Customer deposit** balancing each other out.



6m FY 22/23 at a glance

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Financial performance

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# Gallus One – HEIDELBERG’s first fully digital label printing system. Recurring revenues in a rapid growing market.



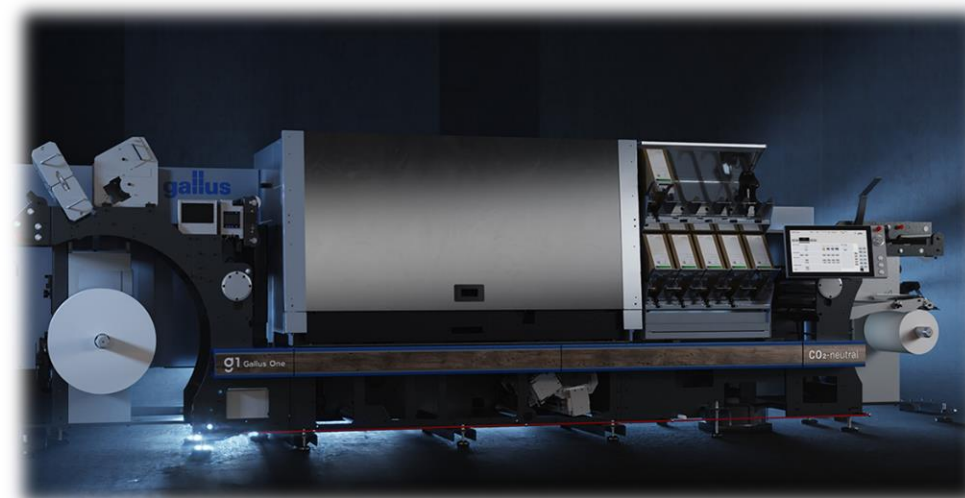
Focus on a more **cost-efficient and sustainable production** by reducing personnel expenses, energy costs and waste.



HEIDELBERG will participate from **increased capacity needs** in this market.

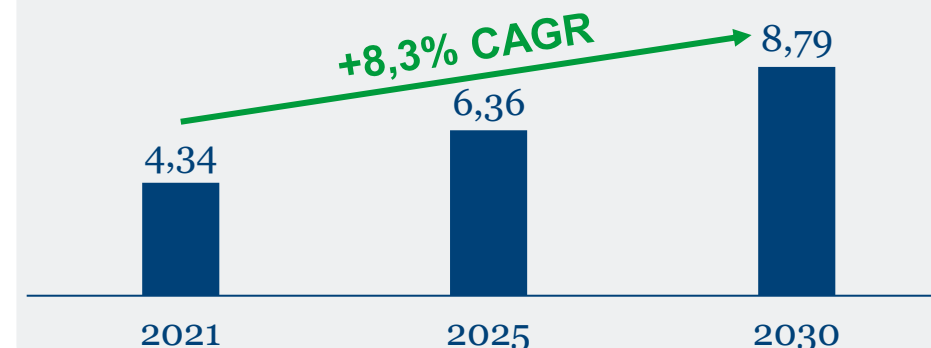


Self-developed ink offers good **recurring revenue** potential in a growing market.



## Digital printed label production

(in bn A4 equivalents)





6m FY 22/23 at a glance

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Chances and risks.

**Second half year with particular burdens.**

### *Chances*

**+** Strong volume expected for H2

**+** Ongoing pricing calibration will support margins

### *Risks*

**?** Personnel costs likely to increase from collective wage agreement

**?** Material costs remain on a high level + energy costs will continuously increase

# Outlook.

## H1 in line with guidance, while economic uncertainties remain high.

6m FY 22/23

FY 22/23

Our priorities for FY 22/23:

Net Sales

**€ ~1.1bn**

(6m 21/22: € 983m)

**€ ~2.3bn**

(FY 21/22: € 2.18bn)



**Secure supply chain**

EBITDA  
(in %)

**9.2%**

(6m 21/22: 7.6%)

**>8.0%**

(FY 21/22: 7.3%)



**Absorbing the cost increases in H2**

EaT

**€ 44m**

(6m 21/22: € 13m)

**>FY22**

(FY 21/22: € 33m)



**Support gross margins by pricing**

# Key takeaways.



HEIDELBERG

**HEIDELBERG continues profitable growth**  
in second quarter of FY 2022/2023.

6m results are a **good basis for**  
**achieving full-year targets.**

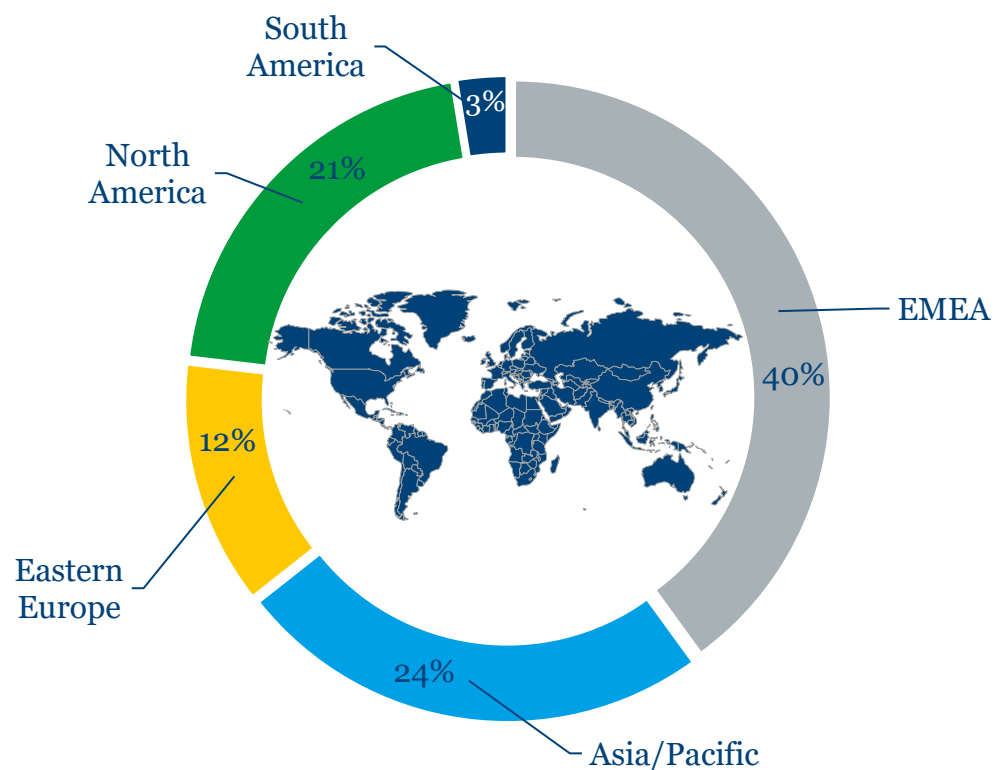
Chances & risks ahead: **H2 with additional**  
**burdens.**

Backup

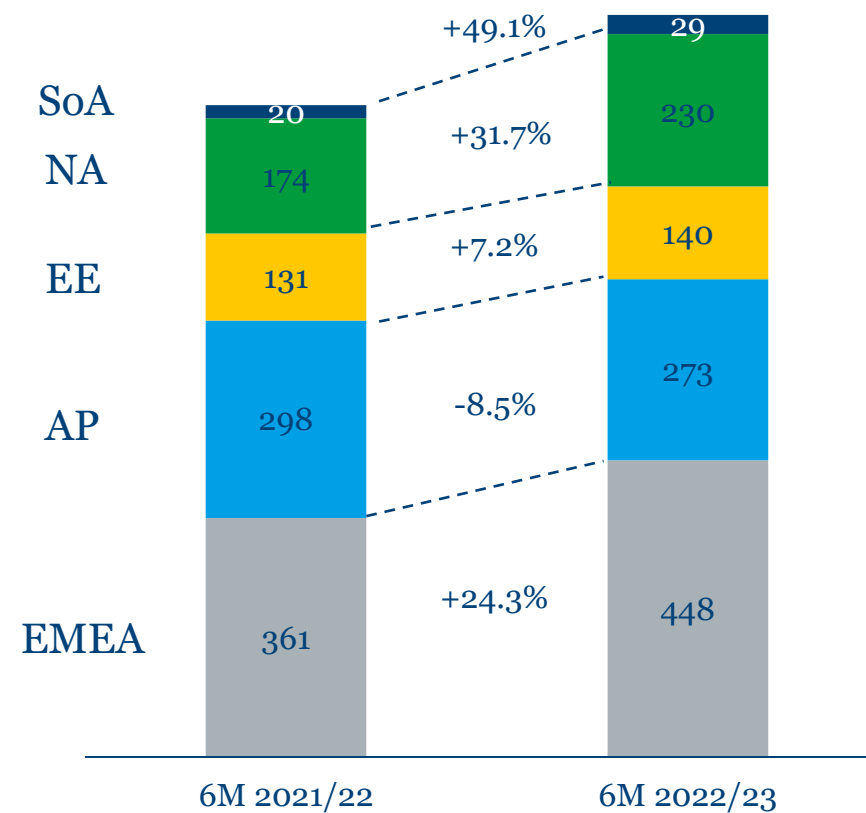
# Regions.

## Significant growth in EMEA and North America.

6M Sales 2022/2023 by region in %

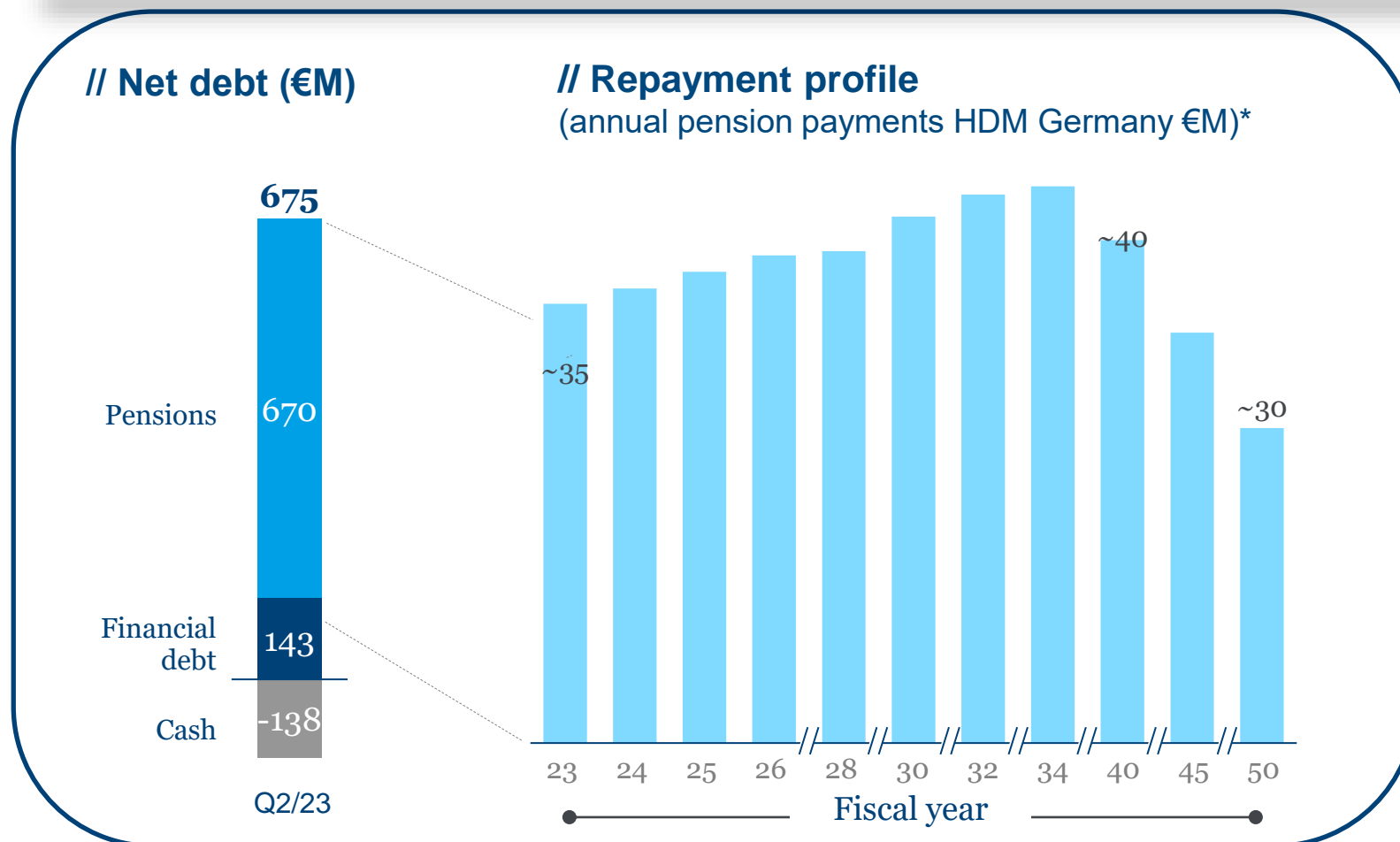


Regional development of sales in Mio €



# Transformation program.

## Pension obligations with low financing costs compared to ordinary debt.



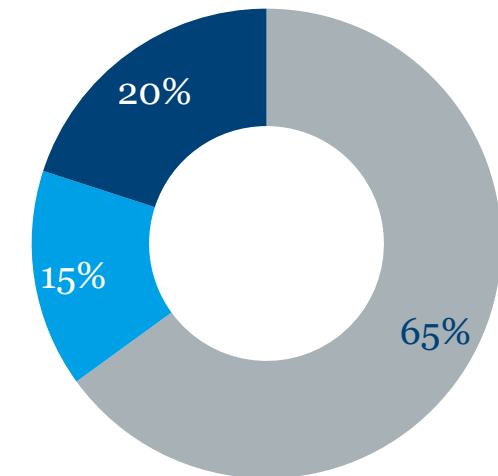
- ~99% of HDM's net debt is due to on-balance sheet **pension obligations**
- Based on HDM's demographics, **pension payments will gradually increase by €10M to ~€40M p.a. in FY32-35 and decrease thereafter**
- **Thus, annual cash-out** for pensions (incl. interest and repayment component) ranges around **3-4% p.a.** relative to total obligations
- Hence, **financing costs are comparably low**

\* Estimated pension payments of German entities

# Sustainability.

## Highest efficiency potential in customer's processes.

### Carbon footprint of a printing machine over its lifecycle.



- Production at customer site
- Production process HDD
- Raw materials / Intermediates

### Examples for Heidelberg's contribution



*Climate neutrality*

- Heidelberg commits to becoming climate neutral by 2030.



*Zero pollution*

- Selective procurement of and resale of consumables according to ecological criteria.



*Circular economy*

- Machines fitted for use of recyclable paper, to enable circular economy in printing industry.