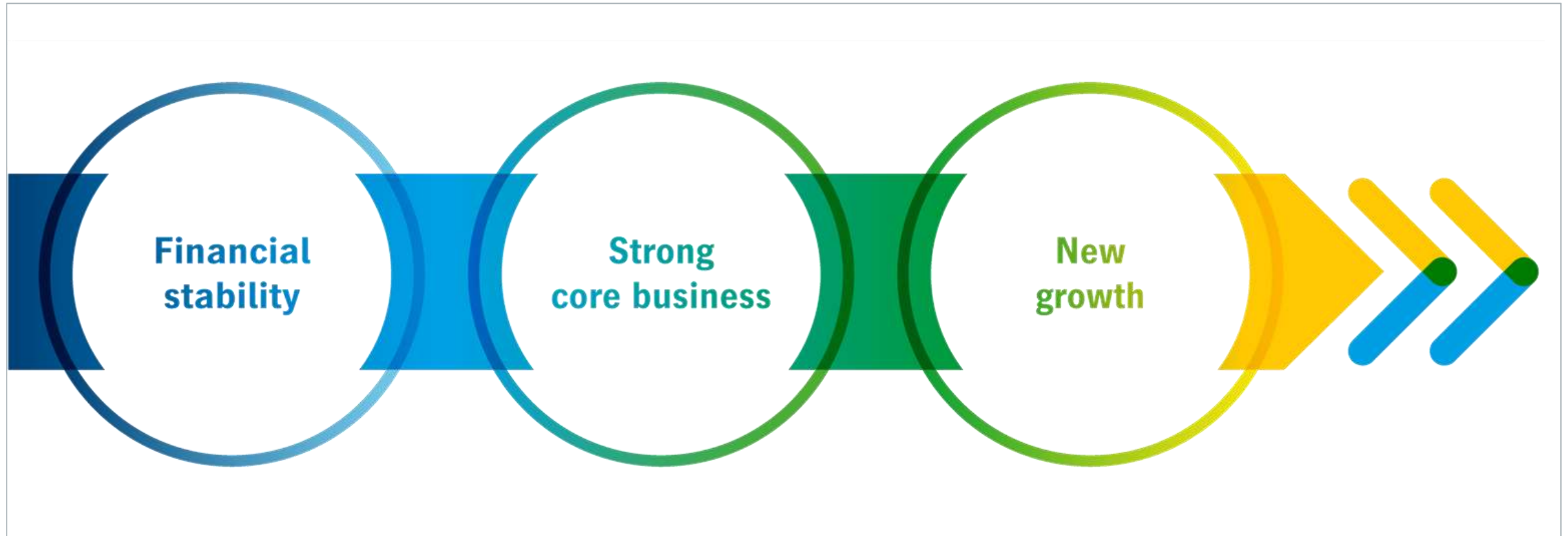




Financial stability – Strong core business – New growth

Heidelberger Druckmaschinen AG – Investor presentation

September 2020





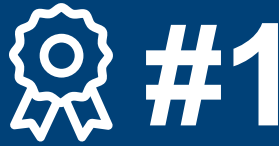
Heidelberg. Company snapshot.

Technology and market leader with approximately

41%



global equipment market share



World's largest manufacturer of sheetfed offset ("SFO") printing presses

~ 11,500 employees



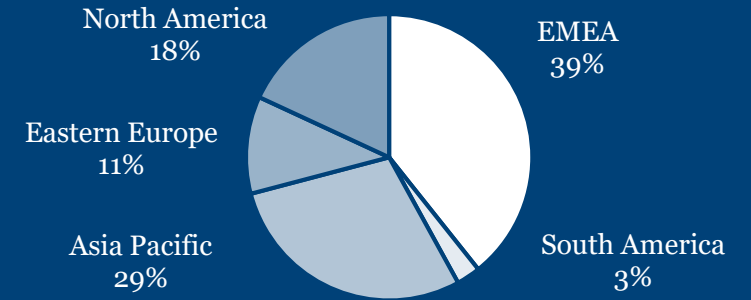
170

years of tradition – and still today we help define the future trends in our industry thanks to state-of-the-art technologies and innovative business ideas.



Reliable and highly innovative partner to the global printing industry

Diversified global reach



(Incoming orders by region FY 19/20, rounded)



Manufacturing presence mainly in Germany and China.



Integrated system solutions for end-to-end performance increase in print shops and greater customer value by digitization



Proprietary Sales Organization with presence in more than

170

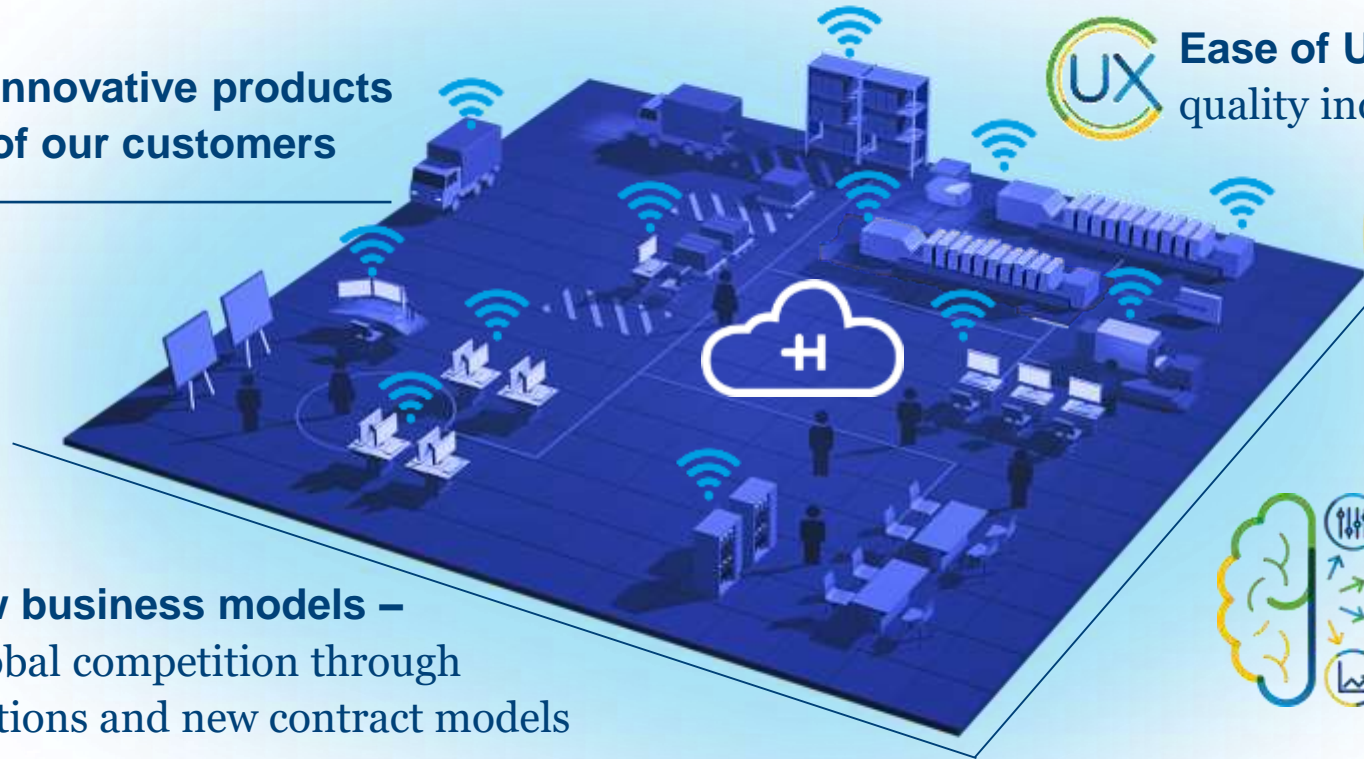
countries



Our core business. The Smart Printshop.



**Innovative products
of our customers**



UX **Ease of Use** – Productivity and quality independent of the operator.

Push to Stop
„end-to-end“ –
from prepress to
postpress.

**Artificial intelligence
& the Speedmaster.**
Continuous process
optimization.

Big Data & new business models –
successful in global competition through
data-based solutions and new contract models

// End-to-end Print shop performance increase by digitization.





Starting point.

We act – clear goal: Raising the share's potential.

Stable Sales but
missing structural
growth
(5 years 2.3 – 2.5bn €)



**Organize
structural growth**

EBITDA-Margin
4 -7 % (5 years)



**Sustainably
increase
profitability**

High NWC, high
CAPEX, high cash
interest



**Increase cash
conversion**

High Net Debt &
pension liability,
low equity ratio



**Significant
reduction of debt,
change in
pension scheme**

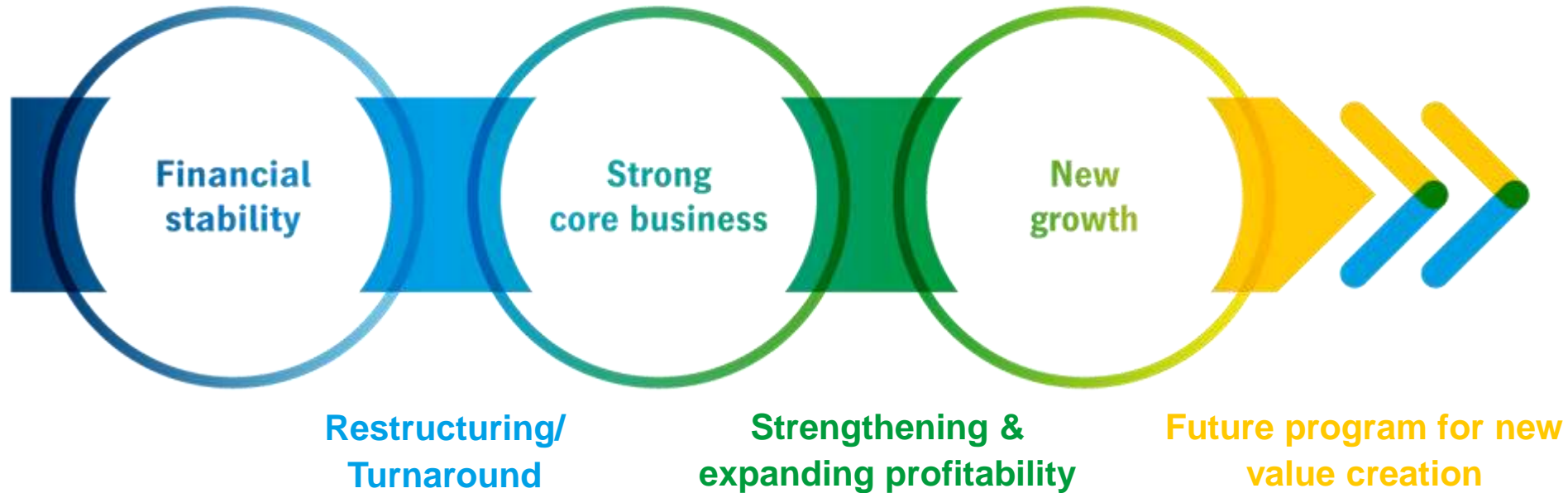
// Comprehensive transformation launched in challenging market environment





Our transformation.

Financial stability – strong core business – new growth.



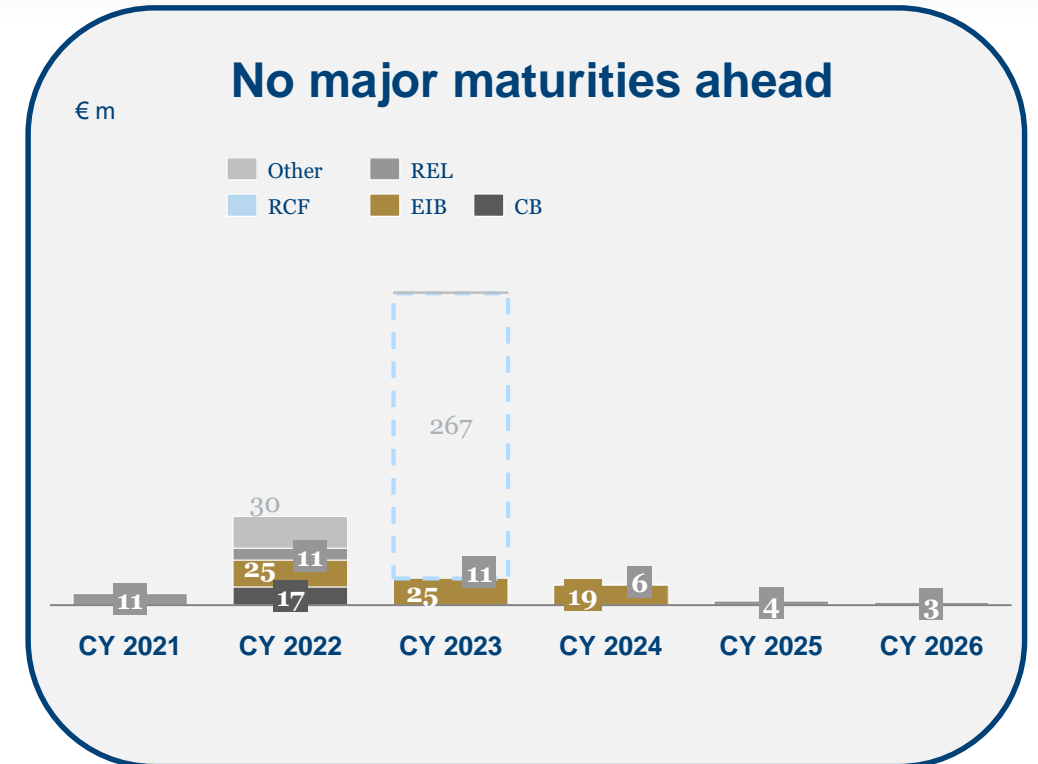
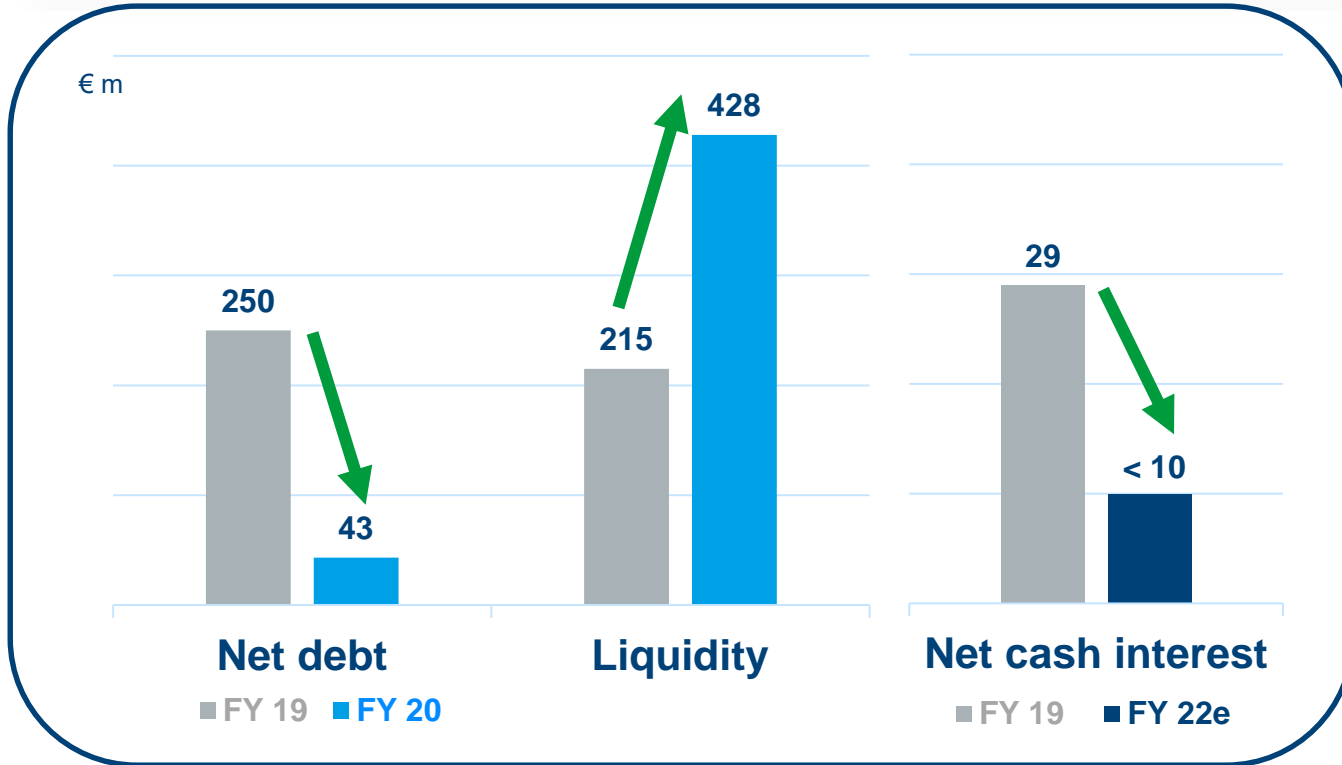
// Financial stability as basis for profitability and growth





Financial stability.

Debt significantly reduced, financial framework stabilized.



// Sufficient free liquidity available to implement the transformation





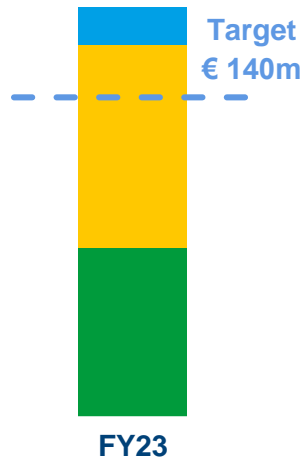
Financial stability.

Restructuring fully on schedule – despite Corona.



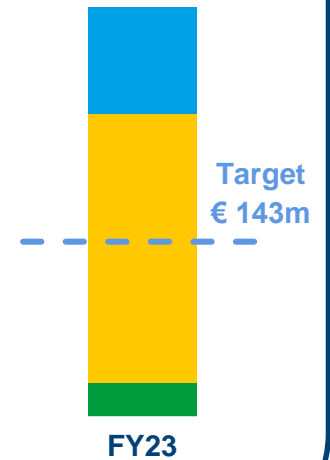
// Cost savings

- Measures to reduce material and personnel costs target cost savings of € 140m until FY23 (€ 69m FY21)
- Advanced implementation of the reduction of jobs from ~1100 FTE in FY21 (reduction target: ~1600 FTE until FY23)



// Cash management

- NWC: Measures under implementation exceed target of € 99m
- M&A: Divestments worth € 150m exceed plan for FY21; further projects in pipeline



Current implementation status: ■ Idea ■ Decided ■ Implemented - - Target

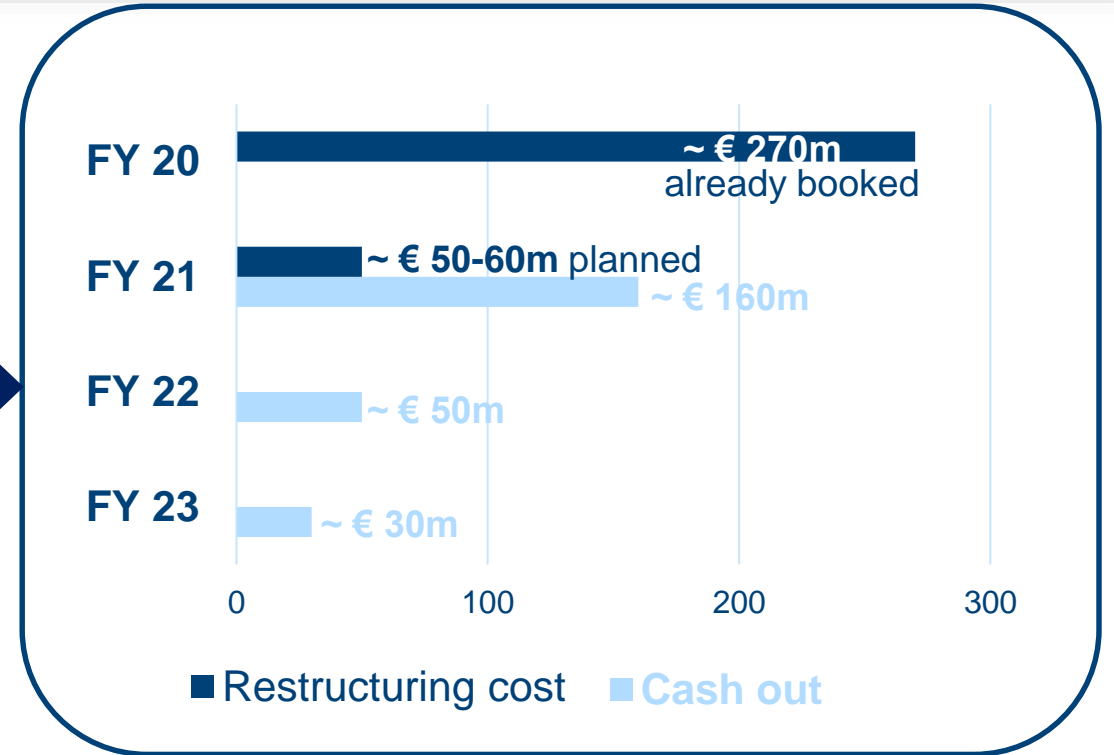
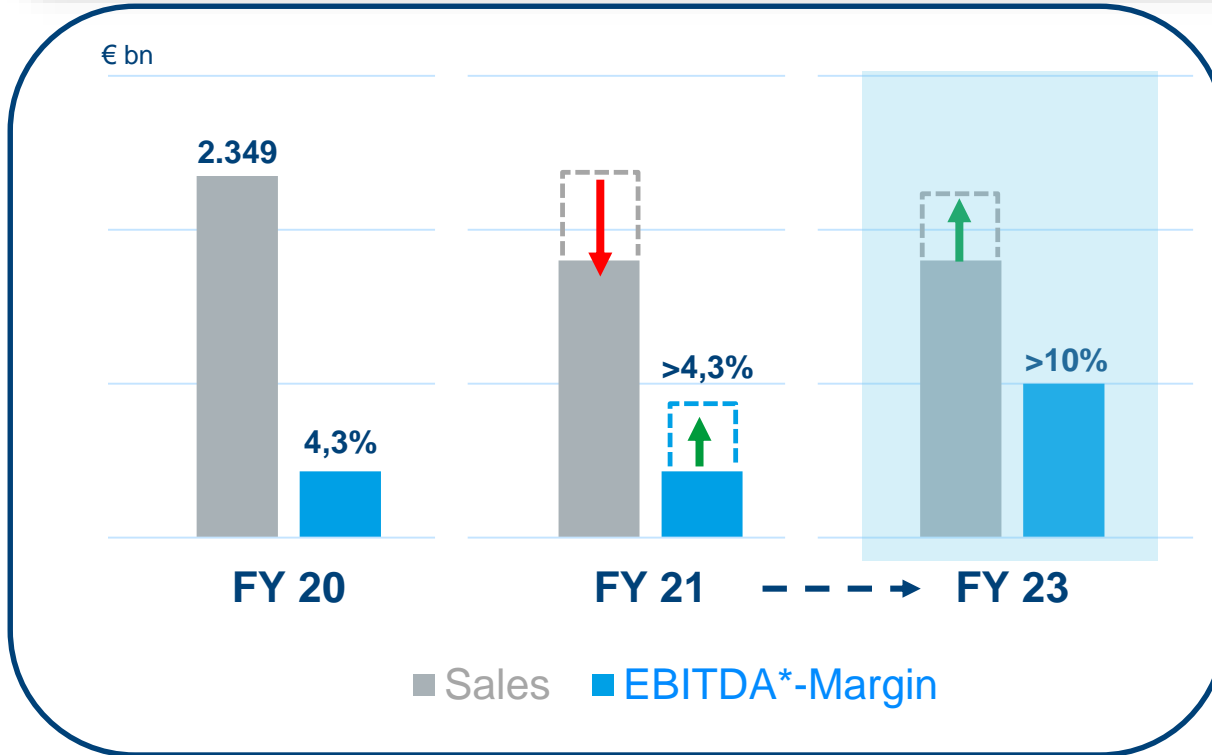
// The restructuring is working and is showing success





Financial stability.

Program is financed entirely from internal resources.



// Double-digit EBITDA*-margin in FY 23 targeted, top-line recovery up to pre-covid level expected





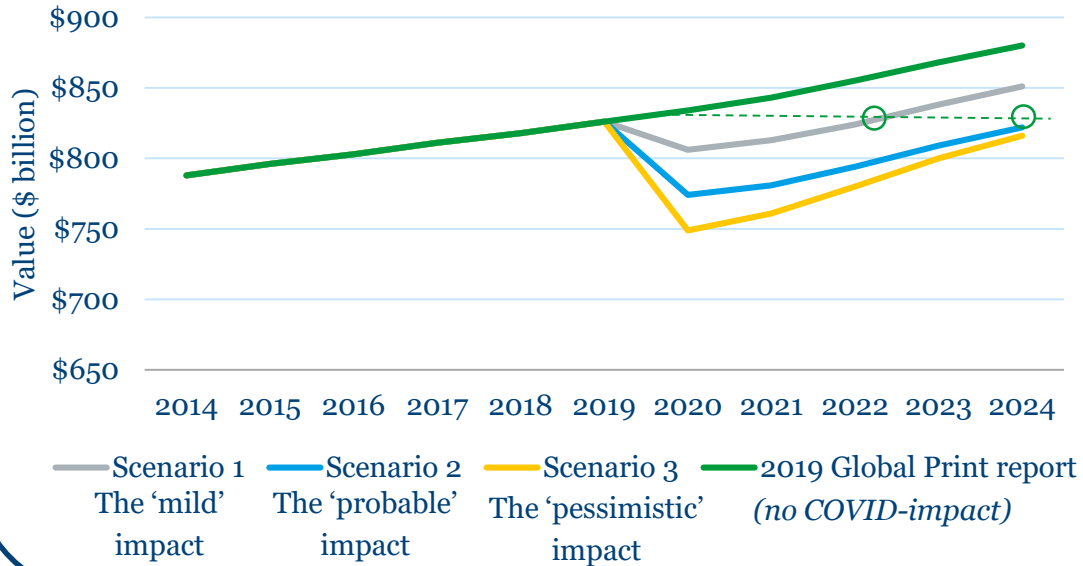
Strong core business.

Print market recovery after Covid-19: Three scenarios.

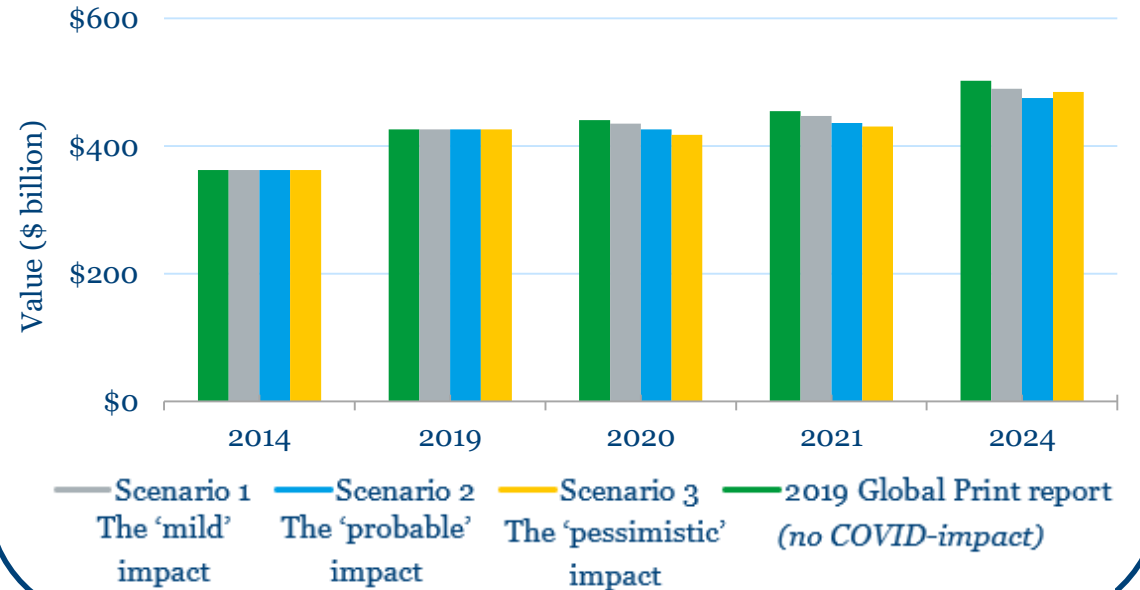


// PIRA Market scenarios post covid

World Print Production Volume



Print Production Volume Packaging & Label



// Overall market will continue to feel Covid-19-effects until 2024 – packaging and label without slump and further growth



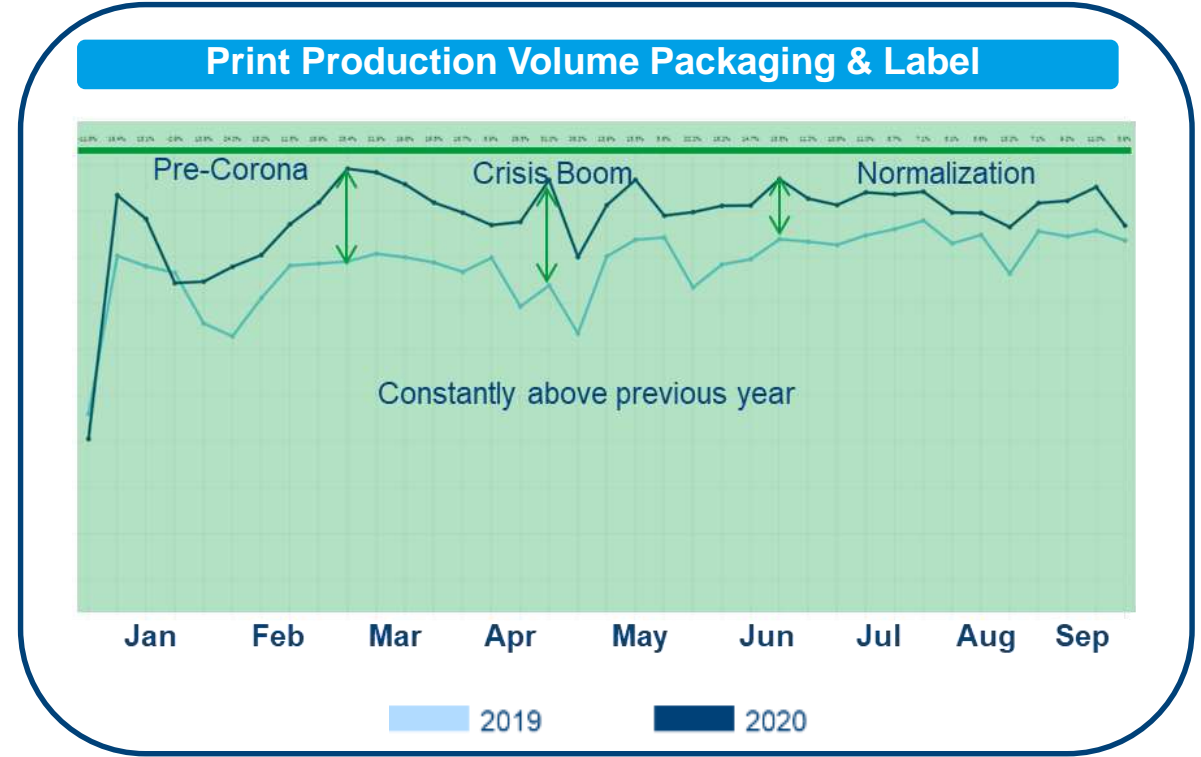
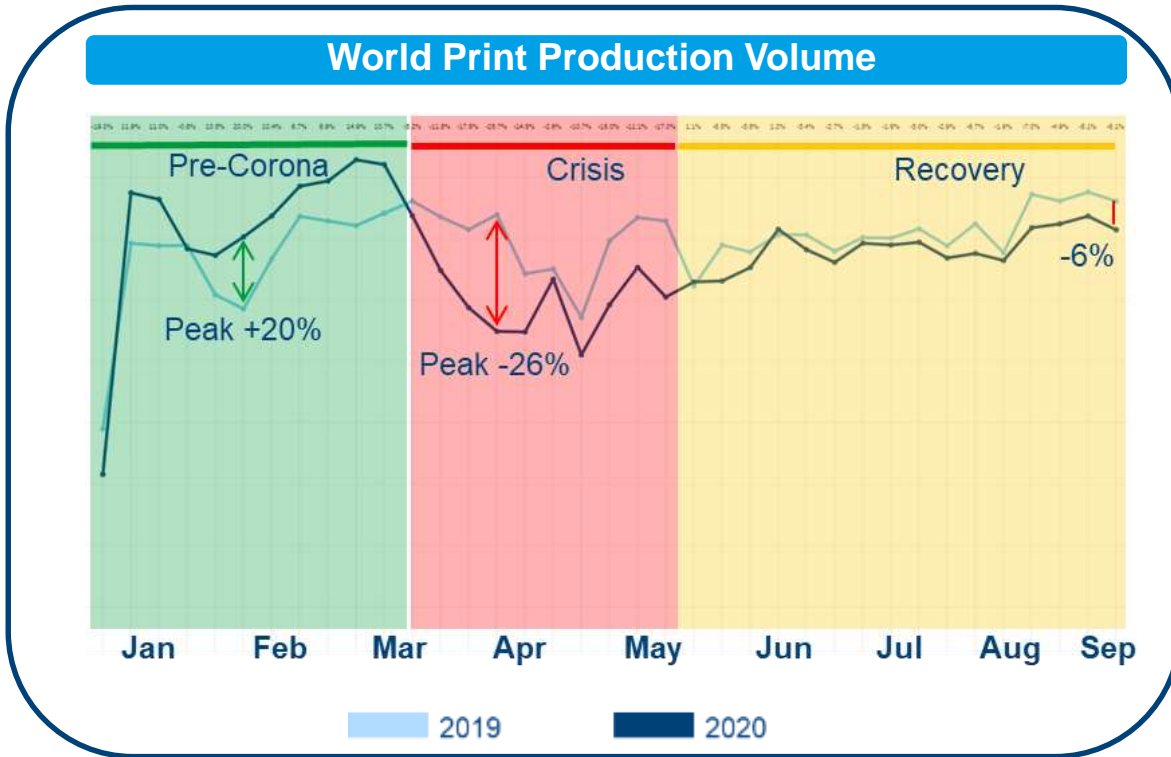


Strong core business.

Packaging and label printers with boom during the crisis.



// Heidelberg PMI Climate Report – Data from ~5,000 installations evaluated worldwide

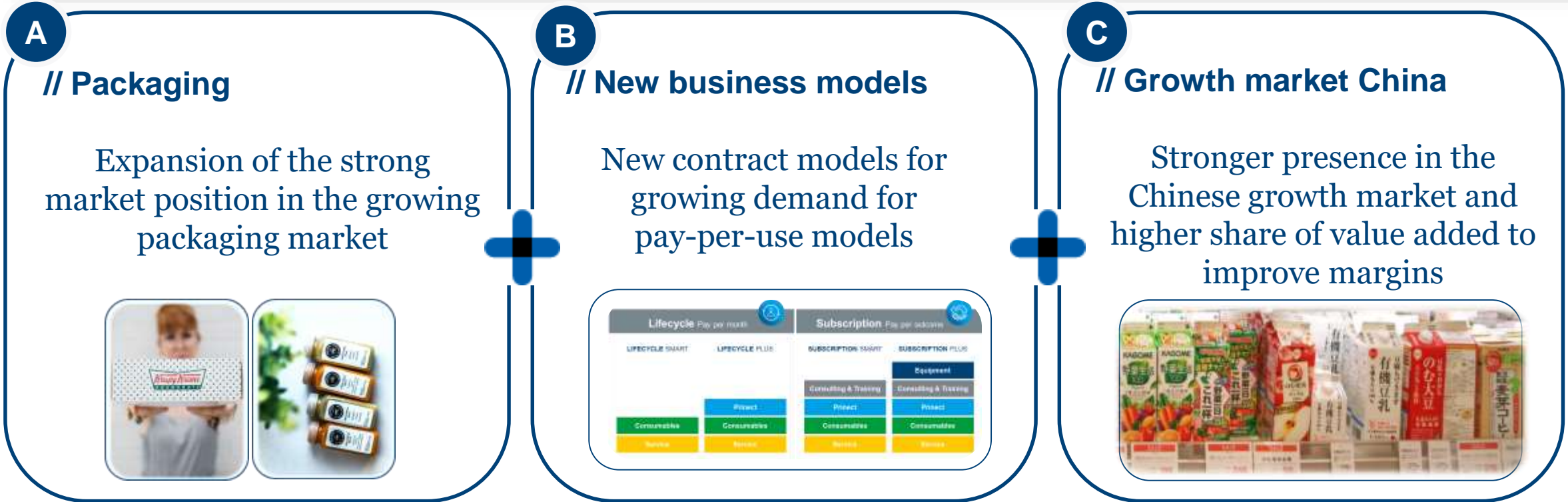


// Based on the current Heidelberg database, the global print volume is approaching normalization





Strong core business. Overview. Supporting recovery of the core business.



// The market offers potential despite consolidation - as market leader we can benefit





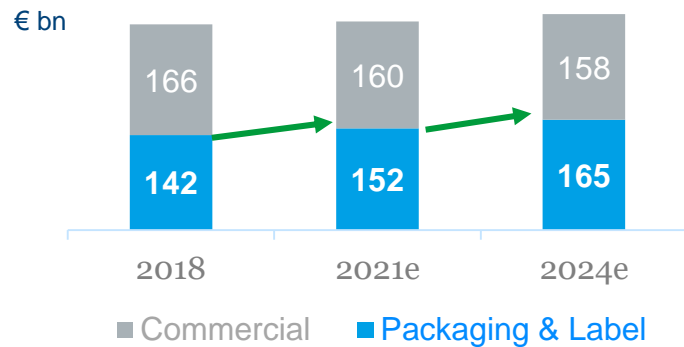
Strong core business. Packaging.

Packaging printing more than half of SFO* machine sales.



A

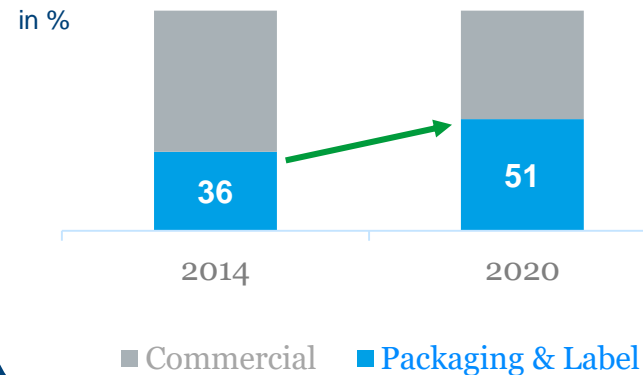
// Development of the global PPV by segment



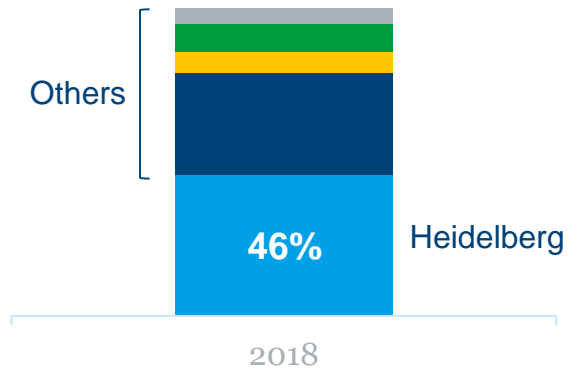
(no COVID-impact)

Source: Heidelberg estimate – September 2019, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight

// Share of SFO* machine sales



// Market share in Packaging printing (SFO* printing units)



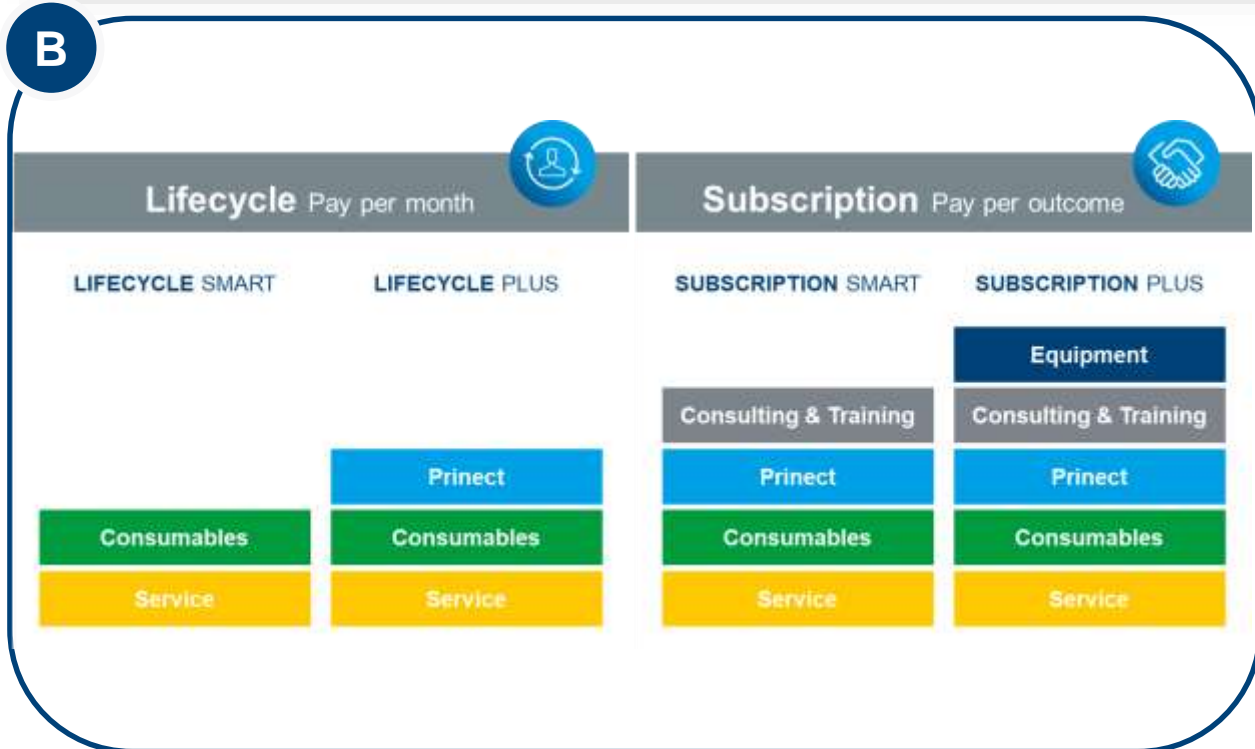
* SFO = Sheetfed Offset

// Heidelberg is the largest supplier to packaging printers





Strong core business. New business models. Share of recurring revenue steadily increasing.

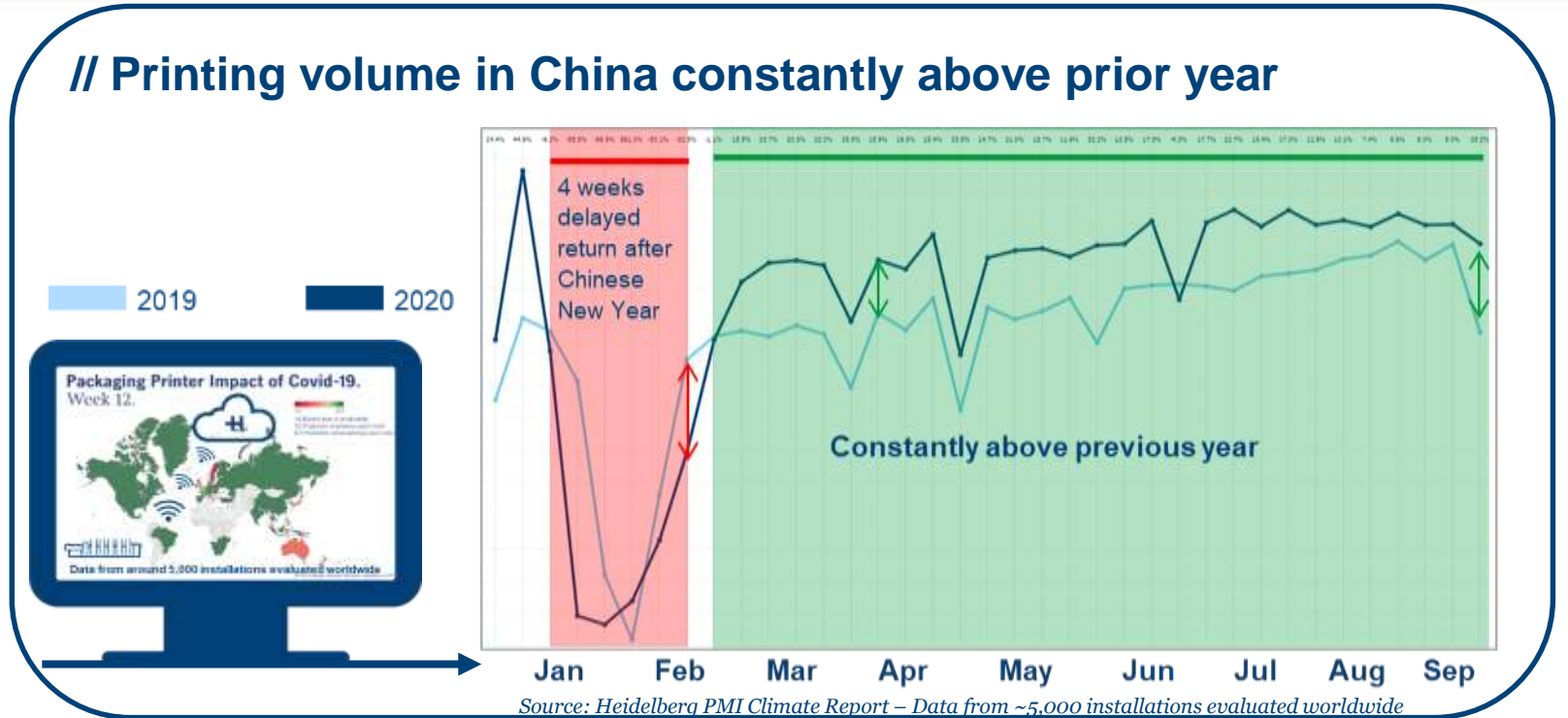
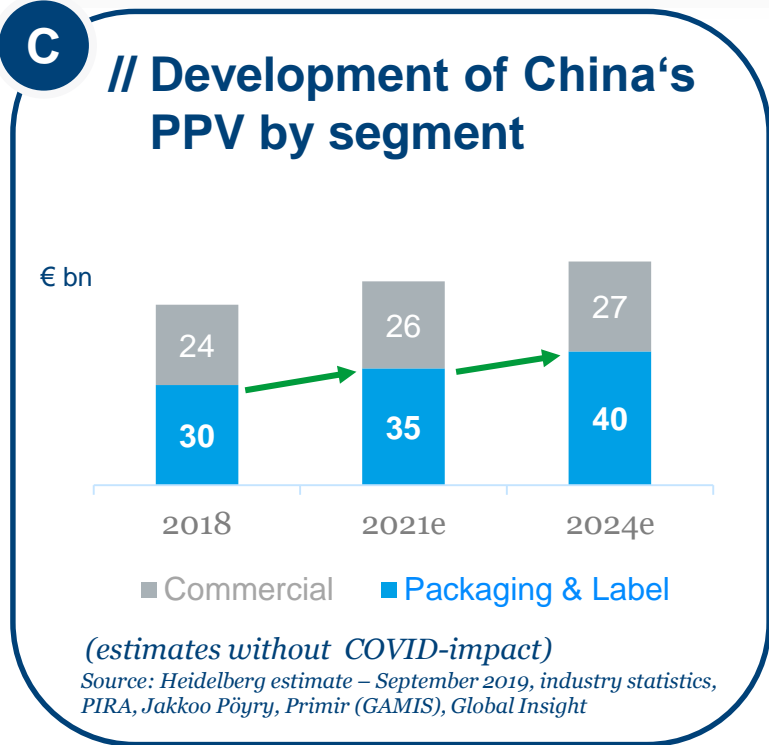


// Subscription Plus presses showed up to 15% higher print volumes in the shut-down phase than comparable presses.





Strong core business. Growth market China.
Market leader with ~ 47% share and further increasing footprint.



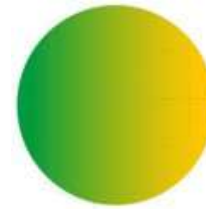
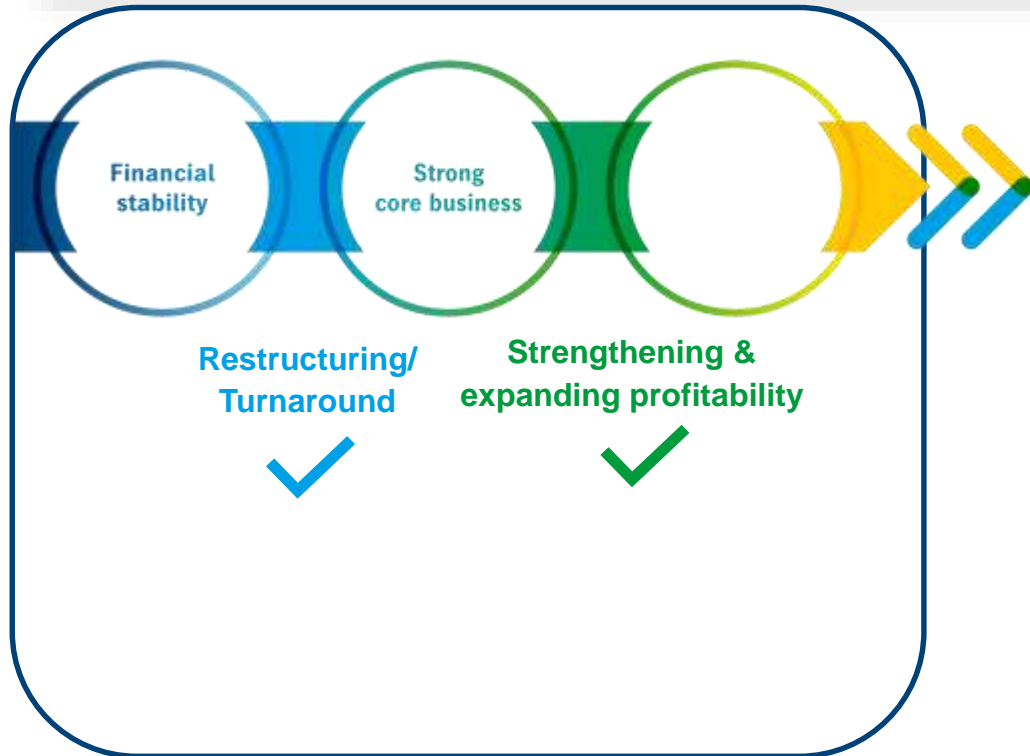
// Chinese market relatively stable even in the crisis – with great potential





New growth.

Targeted strategy process for new value creation.



// New growth: Future program for new value creation

- **Strategy process started**
 - Review of forward issues within and beyond the core business and necessary investments
 - Prospects must allow profitable growth
- **First results by end of FY 21**

// New growth initiatives to be addressed not before reaching
profitability targets



Heidelberg. In a nutshell.



Turnaround is financed and shows visible progress – positive effects not yet reflected in current share price.

High potential in core business – double-digit EBITDA margin by FY2023.

Strategy program set up for high-margin growth.

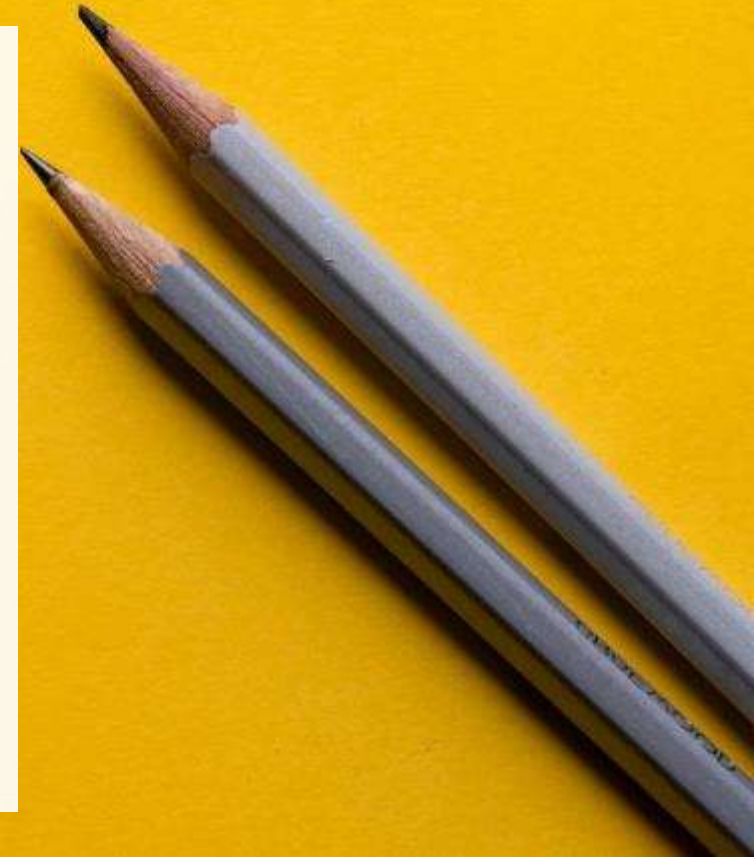
// Goal: sustainable value enhancement for shareholders



Financial calendar 2020/2021.

- November 10, 2020** → Publication of Half-Year Figures FY 2020/2021
- February 10, 2021** → Publication of Third Quarter Figures FY 2020/2021
- June 9, 2021** → Press Conference, Annual Analysts' and Investors' Conference

- Dates may be subject to changes -





Disclaimer

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