HEIDELBERGER DRUCKMASCHINEN AG, NOVEMBER 5, 2013

Interim Results 6-month figures FY 14

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Heidelberg improves profitability

EBITDA of € 33m in Q2 clearly improved against prior year (€ 13m) and Q1 (€ -2m)

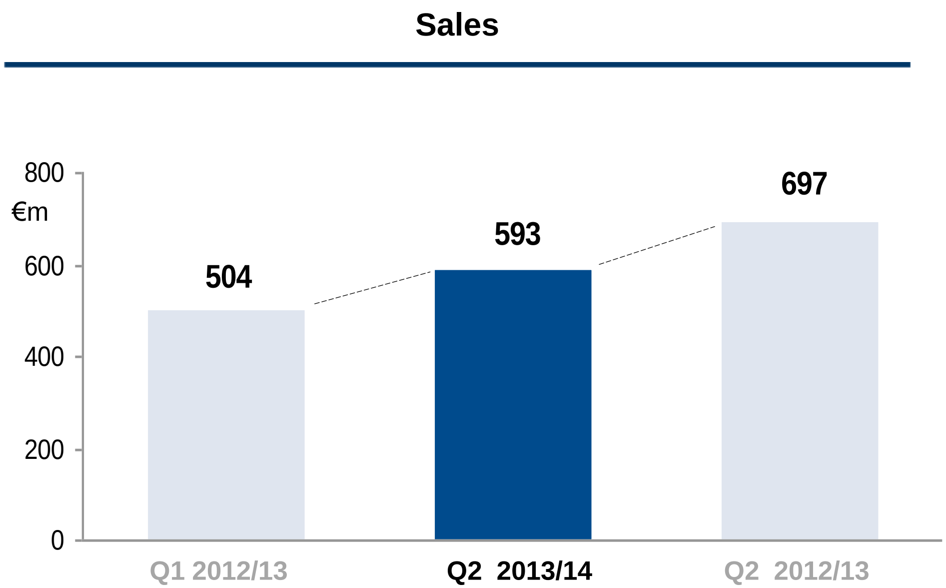
+ Reasons for improvement

- Continuous **cost savings & "rightsizing"** take effect
- **Increase in margin** due to gradual scaling back of low margin business
- **Price increases**

„Headwind" -

- **Weakening of local** currencies (e.g., Japan, India, Brazil)
- Prior year highly **"drupa affected** " – order situation and costs

Q2 sales improved against Q1, nevertheless clearly below prior year – burdened by strong Euro



„Headwind"

-

- **Currency risk;** negative FX effect of € 30m in Q2, 1st half year € 42m (e.g.,Japan, US)
- **Investment reluctance** in countries with **weak local currency** (Brazil, India)
- Prior year highly **"drupa affected** " – order situation and costs
- **Profitability criteria** have priority

Key part of HD´s Portfolio Strategy: Heidelberg goes „digital“

- **Increasing customer interest into industrial digital printing solutions**
- **Three critical elements**
  - Printheads/Ink
  - Paper transportation
  - Knowledge about customers applications
- **HD decided to focus on inkjet technology**
- **HD and Fuji Film division joined forces**
- **2-3 planned roll-out areas within printing applications**
- **Target: € 200m sales in equipment, ink, software until 2016**
- **Other elements of portfolio strategy will be revealed step by step**

Steps for paradigm shift

Margin	**instead of**	Volume
Market/ Customer driven	**instead of**	(Offset) Technology driven
Application support	**instead of**	Equipment only
Personal responsibility	**instead of**	Reactive matrix-structure

Further key milestone FY 13/14 on the way to profitability

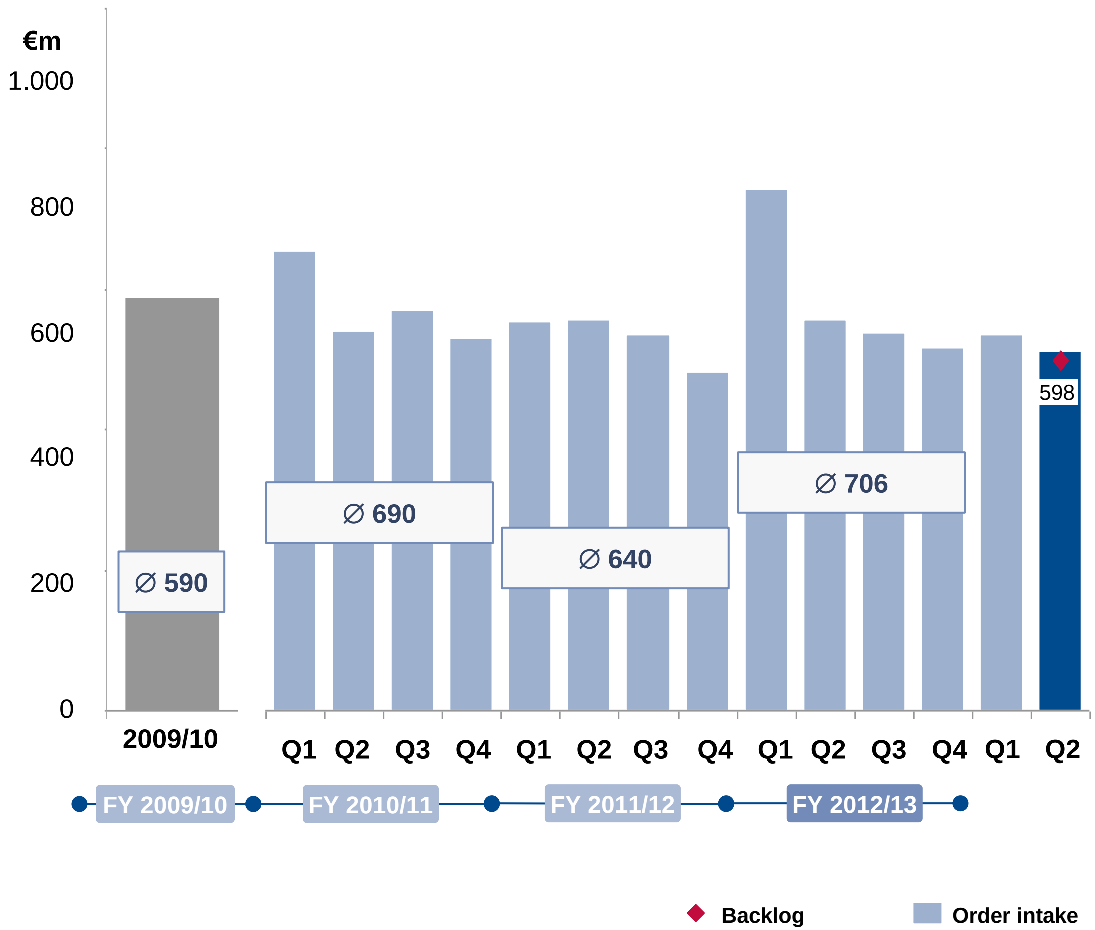
- **At present, the overall sales risk amounts to a single-digit percentage compared with the previous year**
  - **FX rates**
  - **Reluctance to invest in some markets, e.g. Brazil**
  - **Gradual scaling back of low margin business**

- **Significant improvement of Profitability**
  - **Cost saving program**
  - **Measures to increase margins**
  - **Work-time-flexibility**

∑ Outlook: Net profit remains target for financial year 2013/2014

FX adjusted order intake in Q2 in line with previous quarters

Order intake FY 2009/10 – Q2 2013/14



Comments

- Order intake Q2 13/14 at € 614m (FX adjusted € 646m); headwind from FX and market downturn in Brazil
- Order backlog with € 598m stable compared to previous quarter (€ 602m)
- Main risk to our business: ongoing economic uncertainties and risks, particularly in emerging economies and euro zone as well as substantial currency effects

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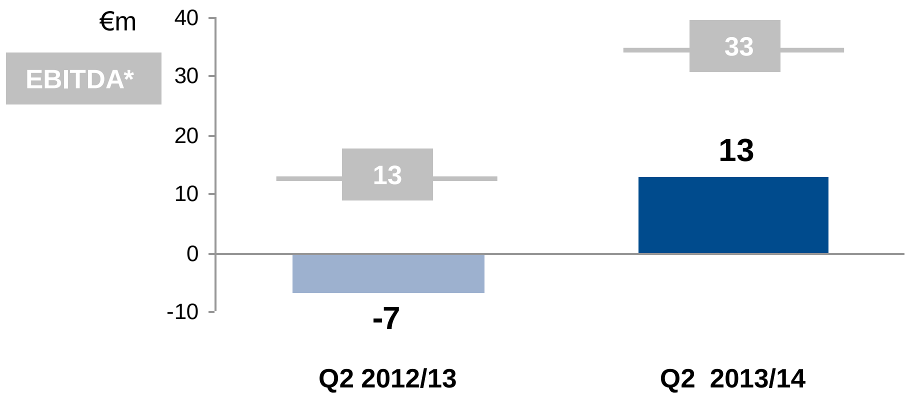
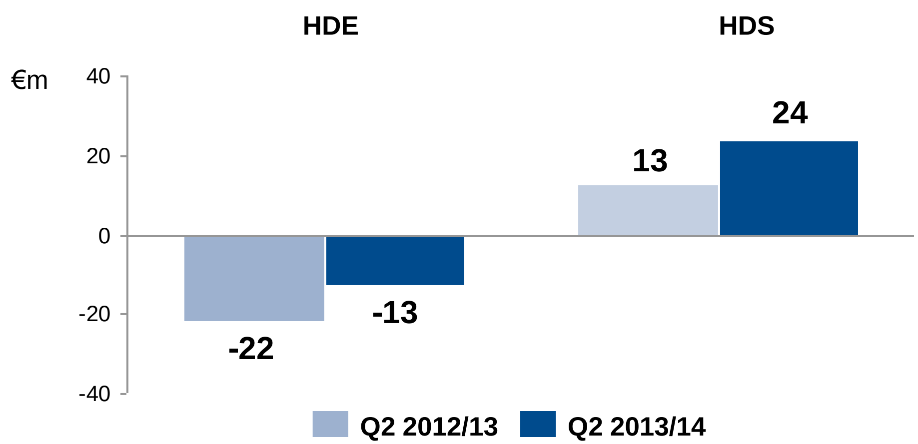
Operating result clearly improved

EBIT (excluding special items)*



EBIT by Division (excluding special items)*



Heidelberg Financial Services: Q2 2012/13: €1m; Q2 2013/14: €2m

Comments

- Operating result improves significantly against previous year and previous quarter (€ -20m)
- Favorable impact of sustainable savings measures from Focus 2012 and higher profit contributions
- HDE-EBIT still negative but improved by € 9m yoy (+40%)
- HDS-EBIT improved by € 11m yoy (+85%)

**Previous year's figures restated according to IAS 19 (2011) and new segmentation*

All KPIs affecting the results improved significantly – net debt further reduced

Key figures*

in €m	6m 2012/13	6m 2013/14	Q2 2013/14	Δ 6m to pY
Net Sales	1,217	**1,097**	**593**	**-9.9%**
EBITDA	-34	**31**	**33**	**€ +65m**
EBIT before Special items	-75	**-7**	**13**	**€ +68m**
Special items	-22	-1	0	€ +21m
EBIT after Special items	-97	-8	13	€ +89m
Financial result	-23	-28	-16	€ -5m
Profit before Tax	-120	**-36**	**-3**	**€ +84m**
Net profit/Net loss	-108	-47	-9	€ +61m
Free Cash Flow	-115	**28**	**28**	**€ +143m**
Net debt	357	**239**	**239**	**€ -118m**
Equity	392	**348**	**348**	**€ -44m**

**Previous year's figures restated according to IAS 19 (2011)*

Comments

- Clearly positive **EBITDA** before special items after six months
- Prior year **Financial result** included positive one-off from interest on tax reimbursements
- Almost balanced **Profit before Tax** in Q2, significantly improved after six months
- **Net loss** more than halved
- **Positive FCF** incl. payments for Focus 2012 (€ 43m)
- **Net debt** further reduced
- **Equity ratio** at 16%

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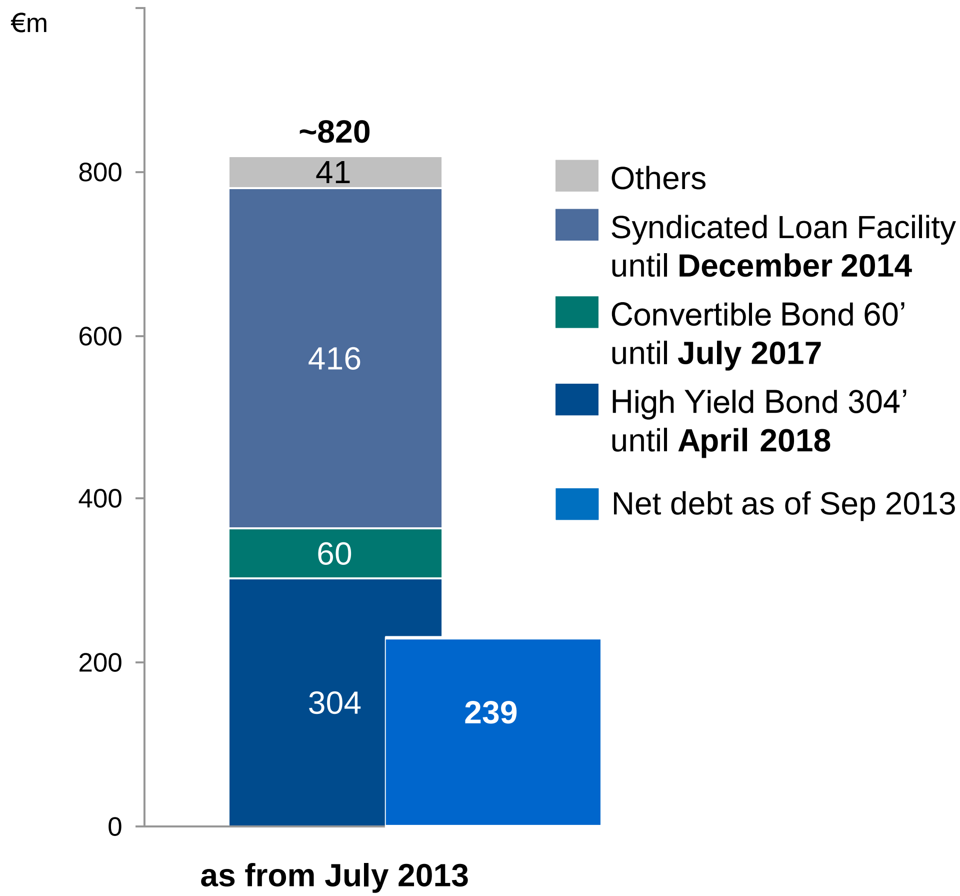
Financial framework

Diversification of financing sources and maturities



Comments

Positive free cashflow of € 28m further reduces net debt:

- **Operational improvement** leads to earnings after taxes after six months of € -47m (py € -108m) and positive cashflow of € 4m (py € -61m)
- **Ongoing asset management** improves capital bounded
  - Net investments on planned level
  - Further release of NWC
  - Reduction in direct financing portfolio

Mid Term target: Leverage <2.0x
(Nebt Debt/EBITDA)

Review Q2 FY 2013/14

- Significant improvement of operating result: **EBITDA** in Q2 at **€ 33m** (excl. special items, previous year € 13m)
- **Free cash flow** incl. payments for Focus 2012 positive in Q2 at **€ 28m** (previous year € -3m); **Net debt** reduced to **€ 239m** (previous year € 357m)
- **Sales** of **€ 593m** in Q2 (FX adjusted € 623m) improved against Q1 (€ 504m); but clearly below previous year (€ 697m); **Order intake** of **€ 614m** (prior year € 667m); FX adjusted € 646m, in line with previous quarters
- **Earnings before taxes** at **€ -3m** almost break even in Q2 (previous year € -35m)
- **Outlook**: aiming for net profit in FY 2013/14

Q&A

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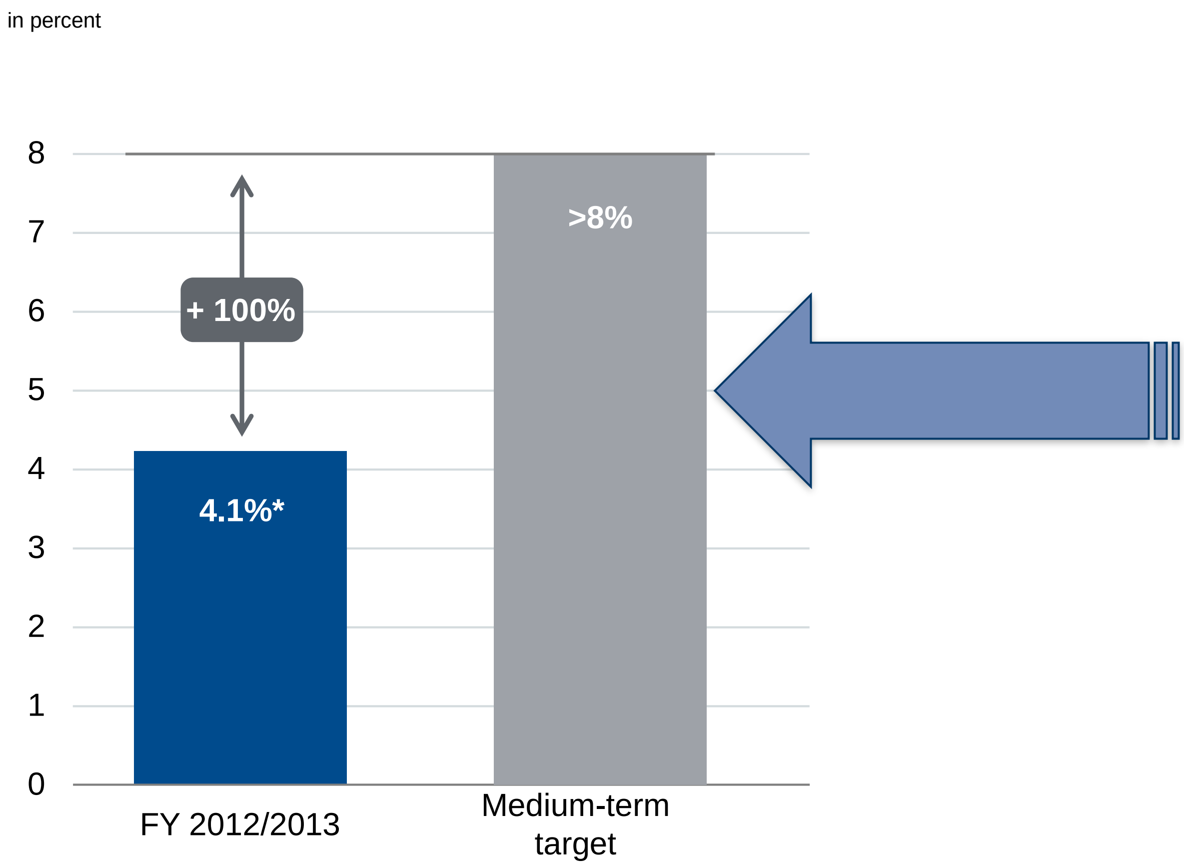
Financial Calendar 2013/14

	Date
Release of the figures for the third quarter 2013/2014	February 5, 2014
Publication of the final figures FY 2013/2014	June 11, 2014
AGM	July 24, 2014

Subject to change

Medium-term profitability to be improved

EBITDA margin

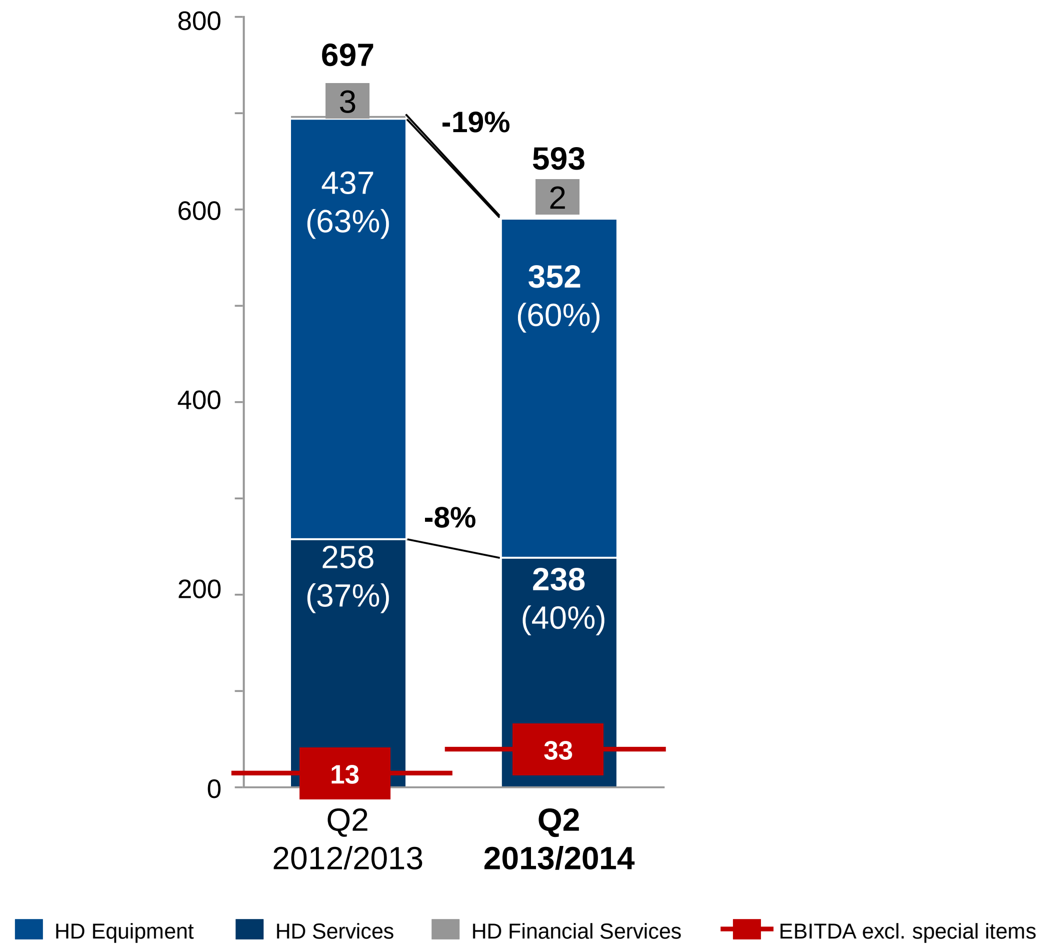


* incl. € 31 m IAS 19

- Before the crisis EBITDA margin of more than 8%
- EBITDA margin of more than 8% can be regained with the existing portfolio
- EBITDA margin of 8% corresponds to the average value of the top half of comparable international mechanical engineering companies

Sales in a paradigm shift: margin driven instead of volume driven

Net Sales* by division



**Previous year's figures restated according to IAS 19 (2011) and new segmentation*

Comments

- Sales down by 15 % yoy to € 593m (FX adjusted by 11% to € 623m)
- Sales increase especially in HD Equipment segment compared to Q1 (HDE € 269m, HDS € 233m)
- Significantly higher operating result (EBITDA) of € 33m compared to previous year (€ 13m)
- Clear margin improvement in both divisions HD Equipment and HD Services

All KPIs affecting the results improved significantly – quarterly comparison

Key figures*

in €m	Q2 2012/13	Q1 2013/14	Q2 2013/14	Δ to pY
Net Sales	**697**	504	**593**	**-14.9%**
EBITDA	**13**	-2	**33**	**€ +20m**
EBIT before Special items	**-7**	-20	**13**	**€ +20m**
Special items	17	1	0	€ -17m
EBIT after Special items	-24	-19	13	€ +37m
Financial result	-11	-12	-16	€ -5m
Profit before Tax	**-35**	-33	**-3**	**€ +32m**
Net profit/Net loss	-31	-38	-9	€ +22m
Free Cash Flow	**-3**	0	**28**	**€ +31m**
Net debt	**357**	258	**239**	**€ -118m**

**Previous year's figures restated according to IAS 19 (2011)*

Comments

- **EBITDA** before special items significantly improved to € 33m
- Prior year **Financial result** included positive one-off from interest on tax reimbursements
- Almost balanced **Profit before Tax**
- **Net loss** reduced to € -9m
- **Positive FCF** incl. payments for Focus 2012 (€ 12m)
- **Net debt** reduced against previous year despite Focus 2012 payments

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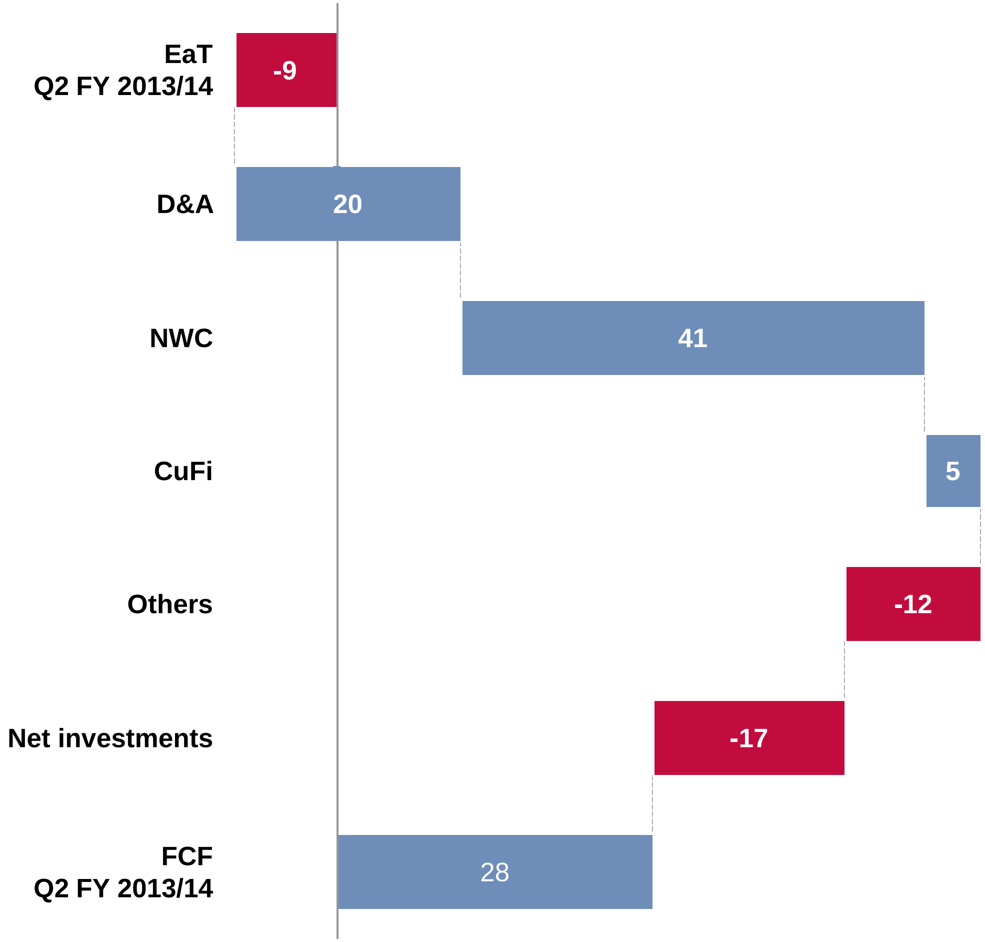
Balance sheet: Further reduction of balance sheet total

> Assets Figures in mEUR	FY 2013 30.09.2012	FY 2013 31.03.2013	FY 2014 30.09.2013
Fixed assets	**827**	**797**	**776**
Current assets	**1.579**	**1.490**	**1.398**
thereof inventories	858	700	**732**
thereof trade receivables	336	382	**243**
thereof receivables from customer financing	133	118	**100**
thereof liquid assets	124	157	**198**
Def tax assets, Prepaid expenses, other	**64**	**51**	**57**
thereof deferred tax assets	38	36	**33**
thereof deferred income	23	13	**20**
Total assets	**2.470**	**2.338**	**2.231**

> Equity and liabilities	FY 2013 30.09.2012	FY 2013 31.03.2013	FY 2014 30.09.2013
Equity	**392**	**402**	**348**
Provisions	**1.005**	**998**	**903**
thereof provisions for pensions	429	415	**413**
Other Liabilities	**1.001**	**862**	**910**
thereof trade payables	157	139	**142**
thereof financial liabilities	481	419	**437**
Def. tax liabilities, deferred income	**72**	**76**	**71**
thereof deferred tax liabilities	8	8	**8**
thereof deferred income	65	68	**63**
Total equity and liabilities	**2.470**	**2.338**	**2.231**
Equity ratio	*16%*	*17%*	*16%*
Net debt	*357*	*261*	*239*

Positive Free Cash Flow keeps net debt on low level



- Improved earnings after taxes in Q2 lead to cashflow of € 17m
- Further reduction of NWC achieved
- Direct financing portfolio reduced as planned
- Other operating changes incl. payments related to FOCUS 2012 (€ 12m)
- Net investments still on low level (€ -27m prior year)
- Positive FCF (py € -3m); in total after six months improved by € 143m against prior year

Mid Term target: Leverage <2.0x
(Nebt Debt/EBITDA)

Focus on asset management and capital structure will improve financial leverage

Mid-term target

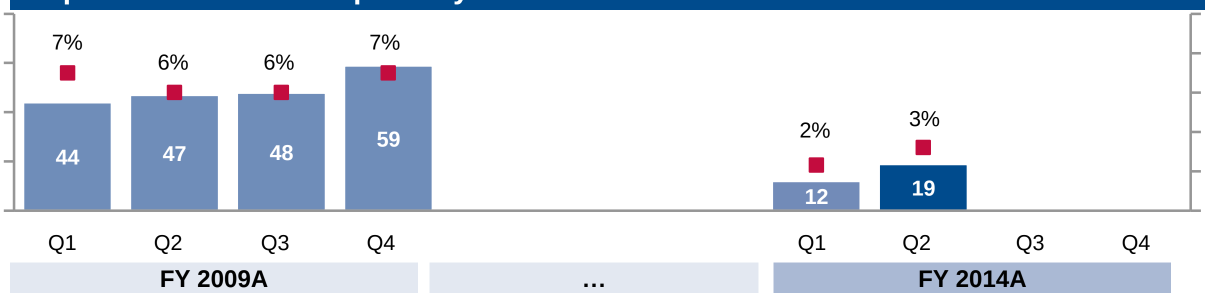
Net working capital in €m / as % of LTM sales [1]

< 35%

R&D in €m / as % of quarterly sales

≤ 5%

Capex[2] in €m / as % of quarterly sales



c. 2%

Source: Heidelberg quarterly reports; financial data based on Heidelberg fiscal year (FYE 31 Mar); actuals

(1) Net working capital ("NWC") includes inventory and trade receivables net of trade payables and advance payments; "LTM": last twelve months

(2) Capex is defined as investments in intangible assets, tangible assets and investment property

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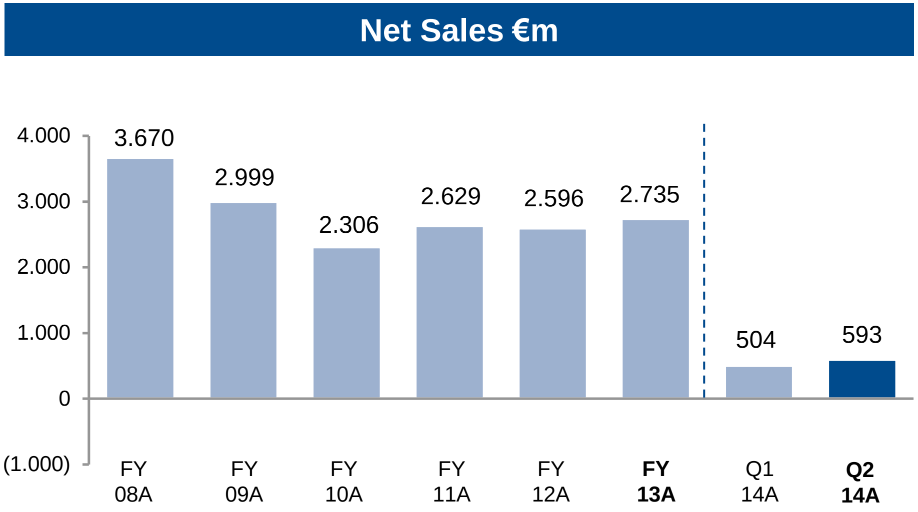
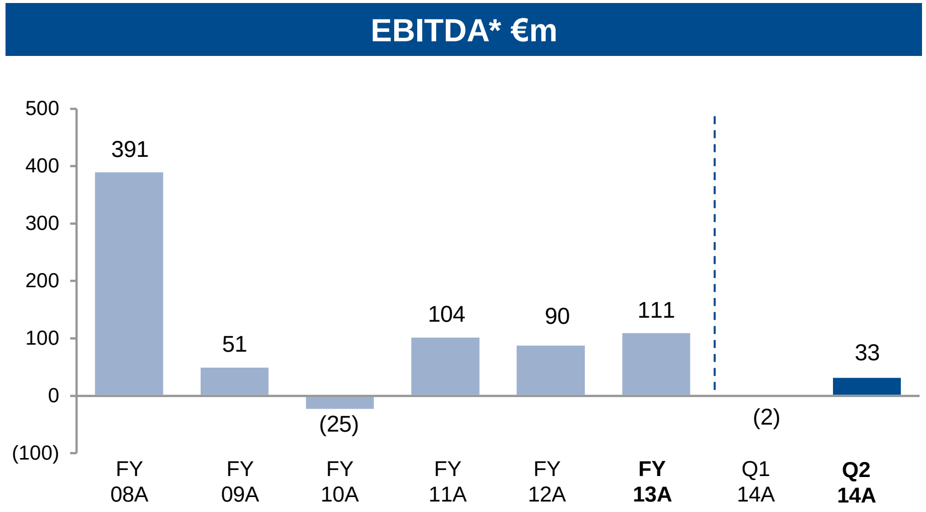
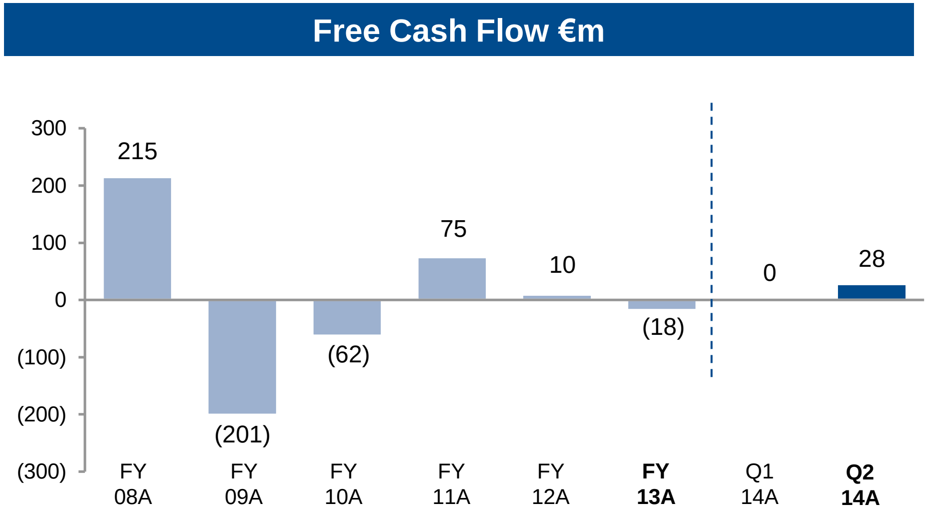
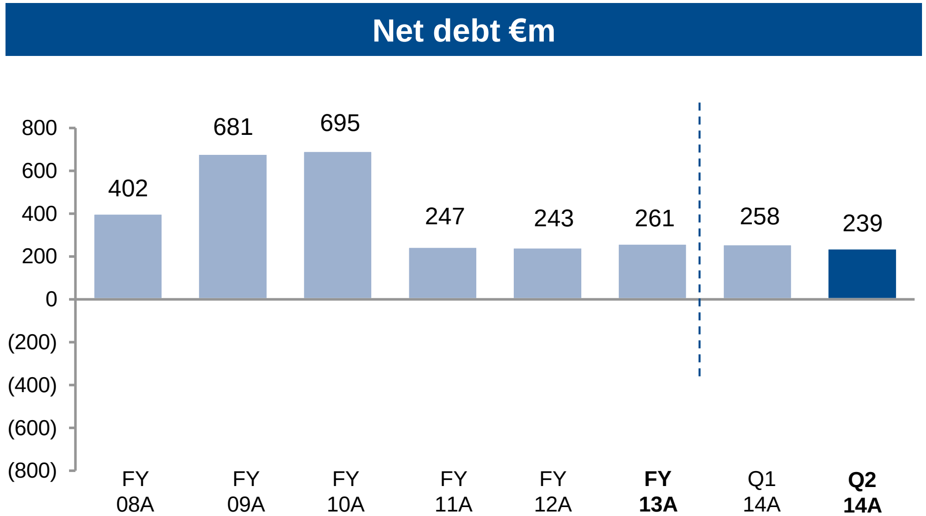
Financial Performance





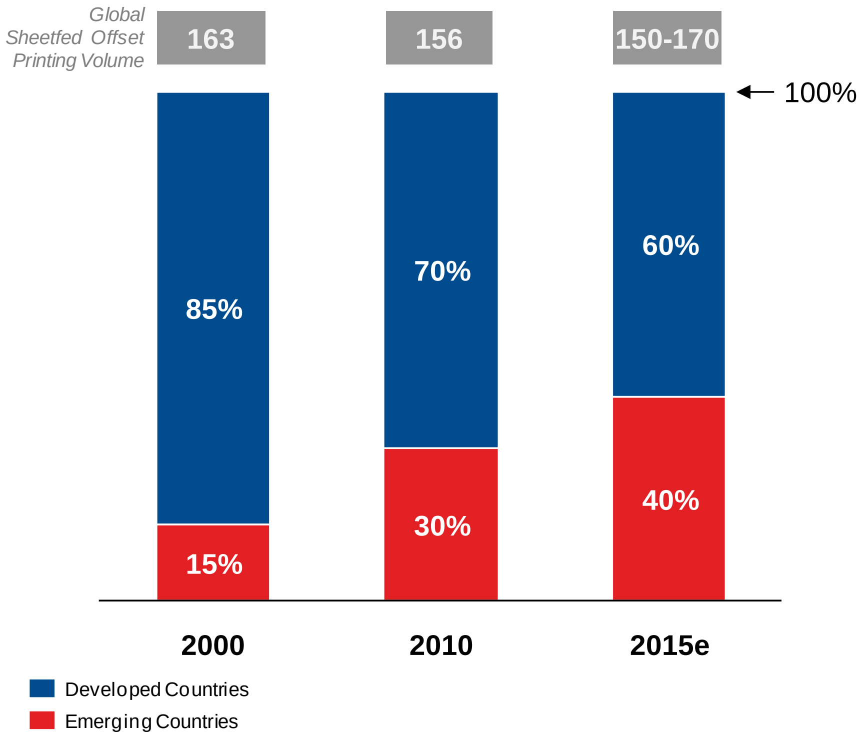
* Before special items; since Q1 13/14 according to IAS 19 (2011)



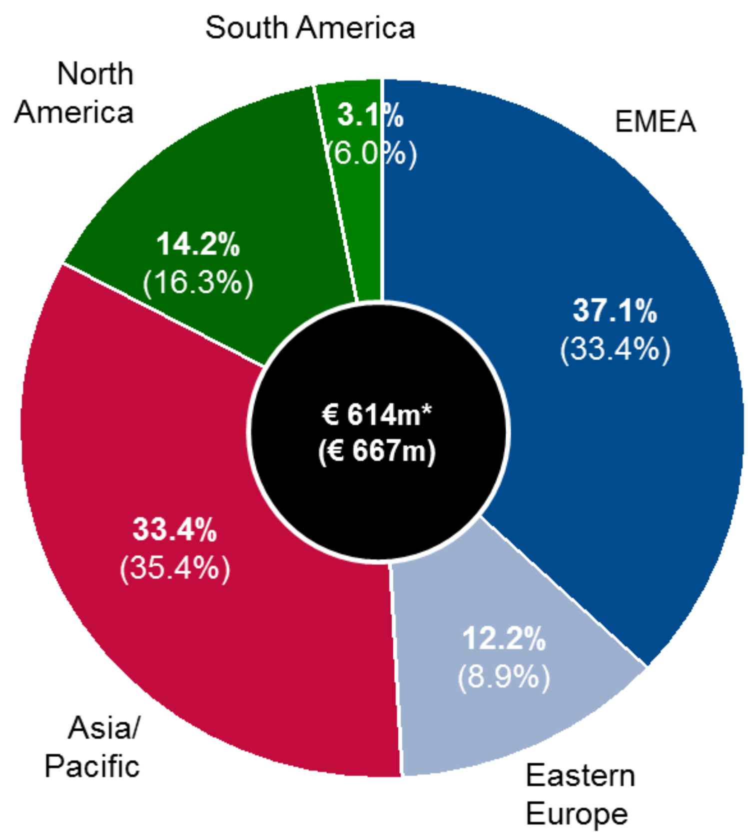


Growth expected in emerging markets

Long term development Sheetfed Offset Printing Volume



Order Intake – Split by region Q2 2013/14 (PY)



* FX adjusted € 646m