Pressing ahead with transformation

Heidelberger Druckmaschinen AG

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HEIDELBERG

Current trading.
Challenging market environment.

- Order intake in Germany declines by more than 20 percent in 9m/ FY2020
- Ongoing growth in China – our largest single market – uncertain economic impact of the corona virus
- Further measures to increase profitability in progress
- Digitization is being systematically driven forward: Subscription business continues to grow, innovation offensive for drupa 2020

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Current trading – preliminary figures confirmed.
9m figures still show stable volume – profitability under pressure.

- Order intake and sales after 9m at prior-year level
- Ongoing difficult market environment impacts Q3 sales (€ 567m vs. PY € 579m)
- Operating result slightly improved in Q3 due to one-off income of Hi-Tech Coatings sale (€ 25m)
- Negative impact from lower volume, pressure on margins in the trading business with consumables and regional shifts with a less favorable product mix
- FCF improved against prior year, also due to sale of Hi-Tech Coatings (inflow of € 32m)

	9m FY 18/19	1st time IFRS 16* 9m FY 19/20	*Δ pY*
Order intake	1,912	**1,900**	*-12*
Sales	1,693	**1,690**	*-3*
EBITDA excl. restructuring result	101	**117**	*+16*
EBIT excl. restructuring result	49	**46**	*-3*
Restructuring result	-9	-8	
Financial result	-39	-33	*+6*
Net result before taxes	1	5	*+4*
Net result after taxes	-2	**-10**	*-8*
Free cash flow	-120	**-73**	*+47*
Leverage	2.1	**1.9**	

*The previous year's figures were not adjusted.

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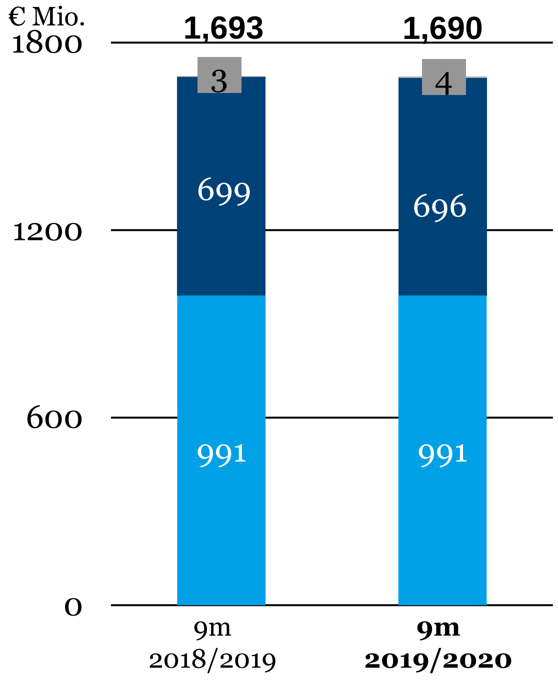
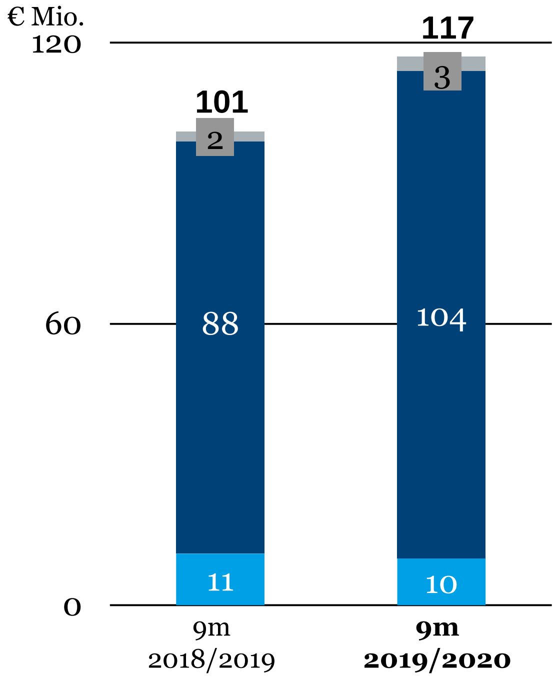
Key Financial Highlights.
Sales and EBITDA by segment in 9m FY 19/20.

Sales by segment



EBITDA* by segment



Heidelberg Digital Technology
Heidelberg Lifecycle Solutions
HD Financial Services

- **Heidelberg Digital Technology:**
  Sales after 9m on previous years' level. EBITDA* also remained at the prior-year level. Higher development costs due to lower R&D capitalization and a unfavorable product mix were compensated by the positive effects of the first-time application of IFRS 16.
- **Heidelberg Lifecycle Solutions:**
  Sales after 9m on previous years' level. Due to one-off income from Hi-Tech Coatings sale (€ 25m) EBITDA* was higher than in the previous year. Negative factors were the pressure on margins in the trading business with consumables.

*EBITDA excluding restructuring result

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Key Financial Highlights.
Balance sheet.

> Assets Figures in mEUR	FY 2019 31-12-2018	FY 2019 31-03-2019	FY 2020 31-12-2019
Fixed assets	**840**	**846**	**882**
Current assets	**1.337**	**1.395**	**1.437**
thereof inventories	774	685	814
thereof trade receivables	288	360	277
thereof receivables from customer financing	55	60	50
thereof cash and cash equivalents	120	215	208
Deferred tax assets, prepaid expenses, other	**84**	**88**	**86**
thereof deferred tax assets	71	76	75
thereof prepaid expenses	13	12	11
Total assets	**2.262**	**2.329**	**2.406**

> Equity and liabilities Figures in mEUR	FY 2019 31-12-2018	FY 2019 31-03-2019	FY 2020 31-12-2019
Equity	**361**	**399**	**328**
Provisions	**776**	**819**	**860**
thereof provisions for pensions	514	582	650
Other liabilities	**1.120**	**1.105**	**1.215**
thereof financial liabilities	470	465	597
thereof contractual liabilities	210	187	228
thereof trade payables	254	245	216
thereof other payables	60	65	67
Deferred tax liabilities	**5**	**5**	**2**
Total equity and liabilities	**2.262**	**2.329**	**2.406**
Equity ratio	16%	17%	14%
Net debt	350	250	389

- **Fixed assets** increased mainly due to the 1st-time application of IFRS 16.
- **Equity** decreased due to decline of discount rate for domestic pensions from 2.0 percent as of 31. March 2019 to 1.5 percent – equity ratio stood at 14 %.
- **Inventories** rise with the expected sales increase in Q4 and the ramp-up of the digital portfolio.
- Consequently, **net working capital (NWC)** also rose to € 714m as of December 31, 2019 (December 31, 2018 : € 656m; March 31, 2019: € 684m).
- **Net debt** rose to € 389m (incl. ~ € 55 million from the first-time application of IFRS 16).

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Outlook Financial Year 19/20 adjusted.

Σ

- **Full-year sales slightly below the previous year's level (2,490 Mrd. EUR) expected**
- **EBITDA-Margin** w/o restructuring result between **5.5 – 6 % of sales (prior: between 6.5 – 7 %)**
- **Slightly negative Net result (prior: Balanced Net result)**

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BACKUP

IFRS 16.
Significant effects of the first time application for Heidelberg.*

What is IFRS 16?	• On-balance accounting for all lease contracts with the lessee
Significant effects of the apllication for Heidelberg from FY 19/20 onwards*	• Balance sheet extension due to additional lease assets and lease liabilities • Increase in EBITDA excluding restructuring result (around € 15 m)/EBIT excluding restructuring result (around € 2 m), while the interest/financial result (around € 2 m) is burdened simultaneously • Net result before taxes essentially unchanged • Improvement in free cash flow (around € 15 m) due to the recognition of repayments as a cash outflow from financing activities

*Estimated figures.

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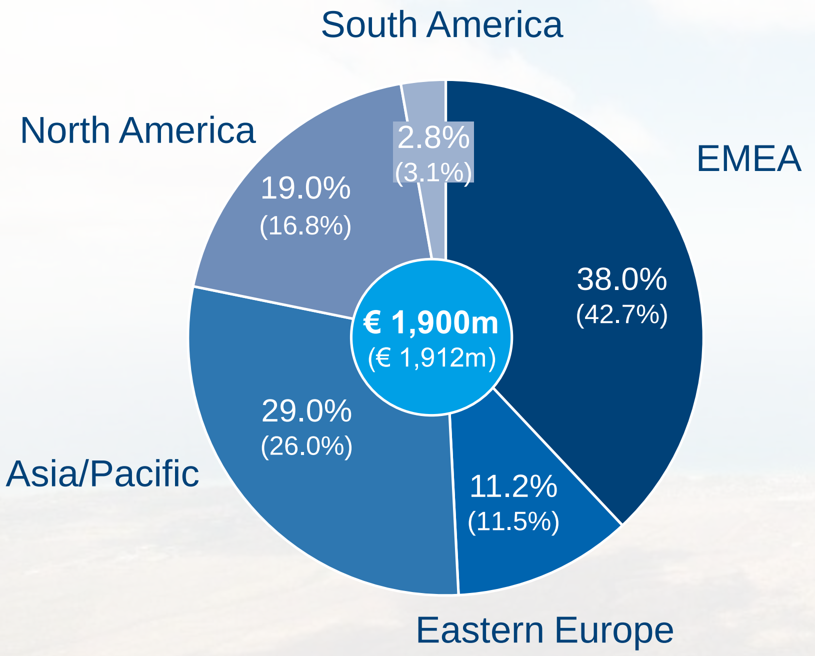
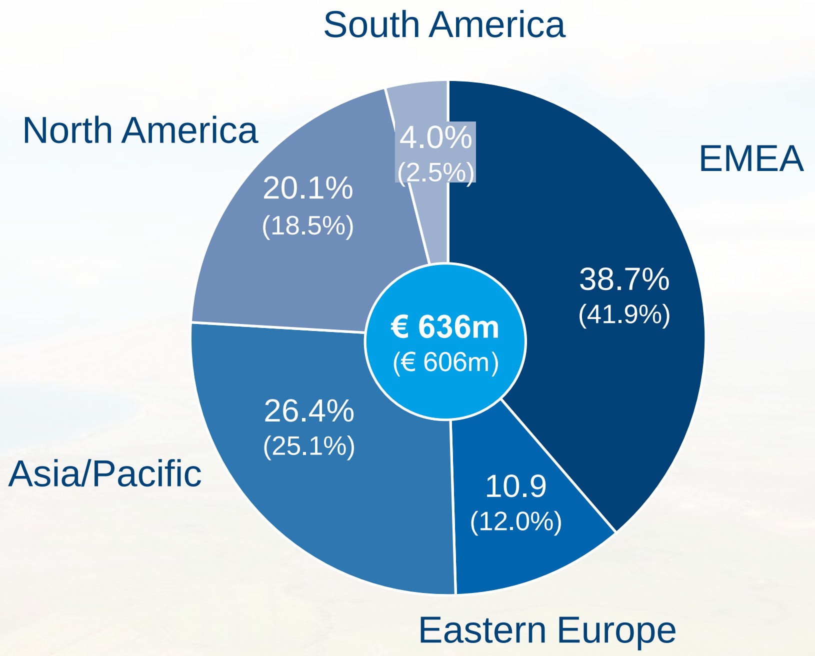
Order intake – regional split.
Strong China and weakening EMEA.

Regional order intake 9m 2019/20 (9m 2018/19)



Regional order intake Q3 2019/20 (Q3 2018/19)



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Current trading.
Q3 figures.

	Q3 FY 18/19	1st time IFRS 16* Q3 FY 19/20	*Δ pY*
Order intake	606	**636**	*+30*
Sales	579	**567**	*-12*
EBITDA excl. restructuring result	39	**47**	*+8*
EBIT excl. restructuring result	21	**24**	*+3*
Restructuring result	-3	-3	
Financial result	-11	-10	*+1*
Net result before taxes	7	11	*+4*
Net result after taxes	4	**7**	*+3*
Free cash flow	-33	**+26**	*+59*
Leverage	2.1	**1.9**	

*The previous year's figures were not adjusted.

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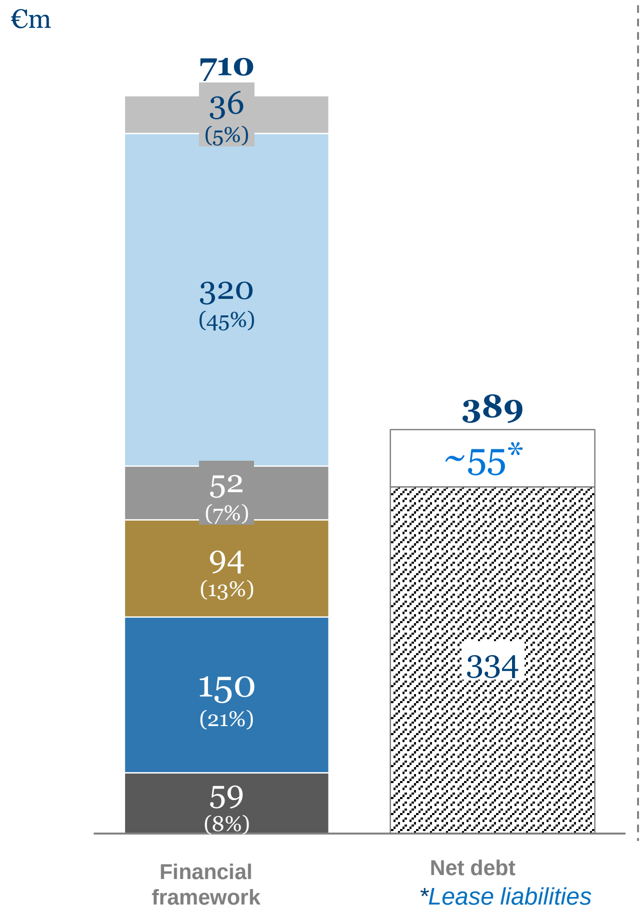
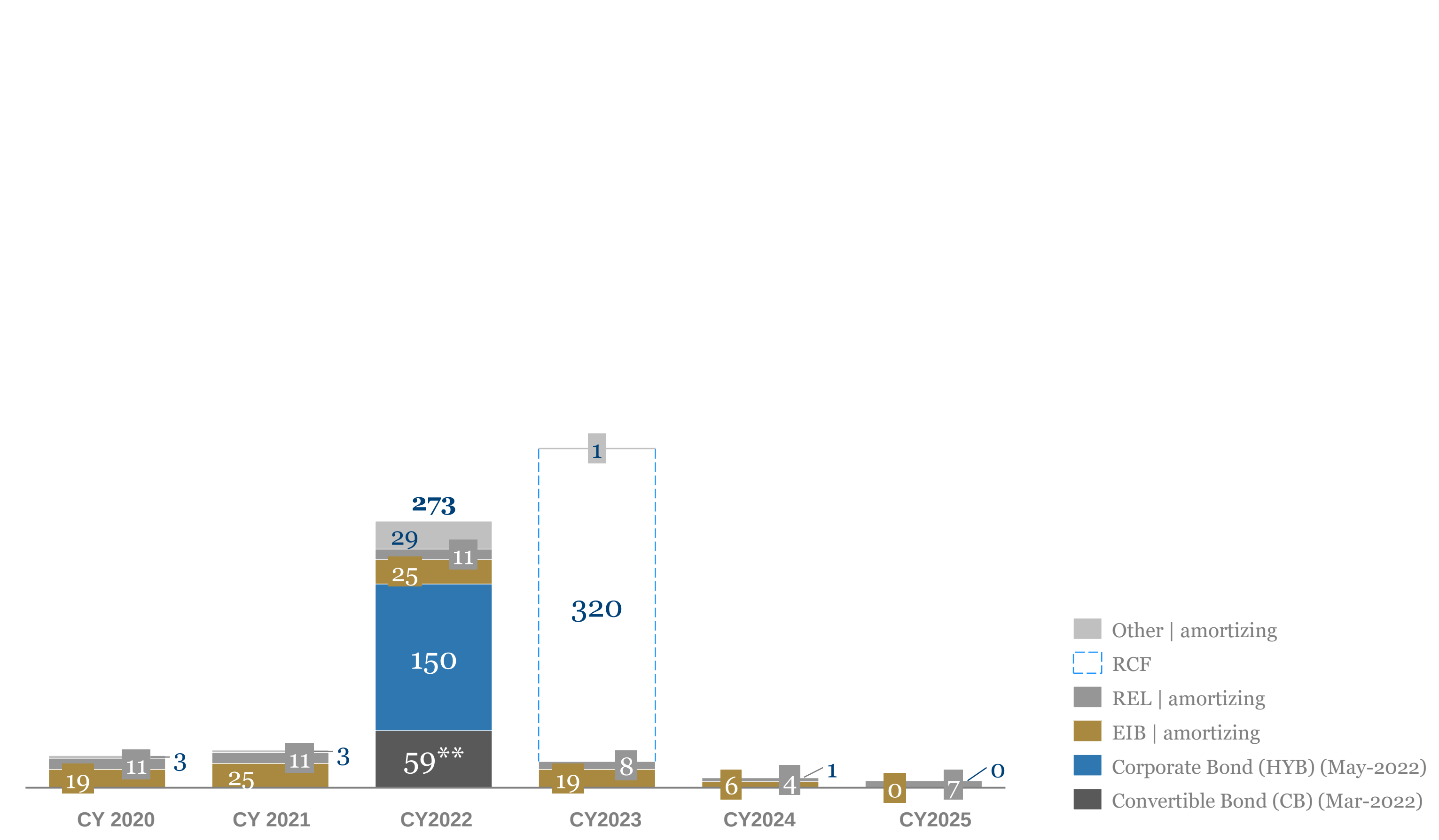
Our financial framework as of December, 31 2019 (incl. IFRS 16).



*Lease liabilities incl. IFRS 16 first application.



**CB Put Option in 2020

 Remark: Other financial liabilities and finance leases not included

Financial calendar 2019/2020.

February 11, 2020	→	Publication of Third Quarter Figures 2019/ 2020
June 9, 2020	→	Press Conference, Annual Analysts' and Investors' Conference
July 23, 2020	→	Annual General Meeting

Subject to change

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