

# PEOPLE MAKE MACHINES SMART

**Heidelberger Druckmaschinen AG – First quarter results 2023/24**

Dr. Ludwin Monz, CEO | Tania von der Goltz, CFO | August 4, 2023.



# 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.



 Q1 2023/24 at a glance

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Business and financial review

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Sustainable Packaging

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Outlook

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First quarter at a glance.

**Guidance confirmed by expected solid start into fiscal year 2023/24.**

Orders received	Net sales	Adj. EBITDA in % Net sales <sup>1</sup>
<b>€ 591m</b> (PY: € 607m)	<b>€ 544m</b> (PY: € 530m)	<b>7.7 %</b> (PY: 4.6%)

**// Key developments of the first quarter fiscal year 2023/24:**

-  Overall, stable order trend – while there was y/y growth in Asia/Pacific, other regions rather behind.
-  Solid development of packaging printing market, commercial printing market rather slow.
-  Ongoing pricing efforts sufficient to compensate for cost increases.

# Packaging printing. Structurally growing demand boosted by successful trade fair in China.

## // Quarterly highlights segment Packaging Solutions:

**#1**  
*April*

**Successful Print  
China trade fair for  
Asian markets**



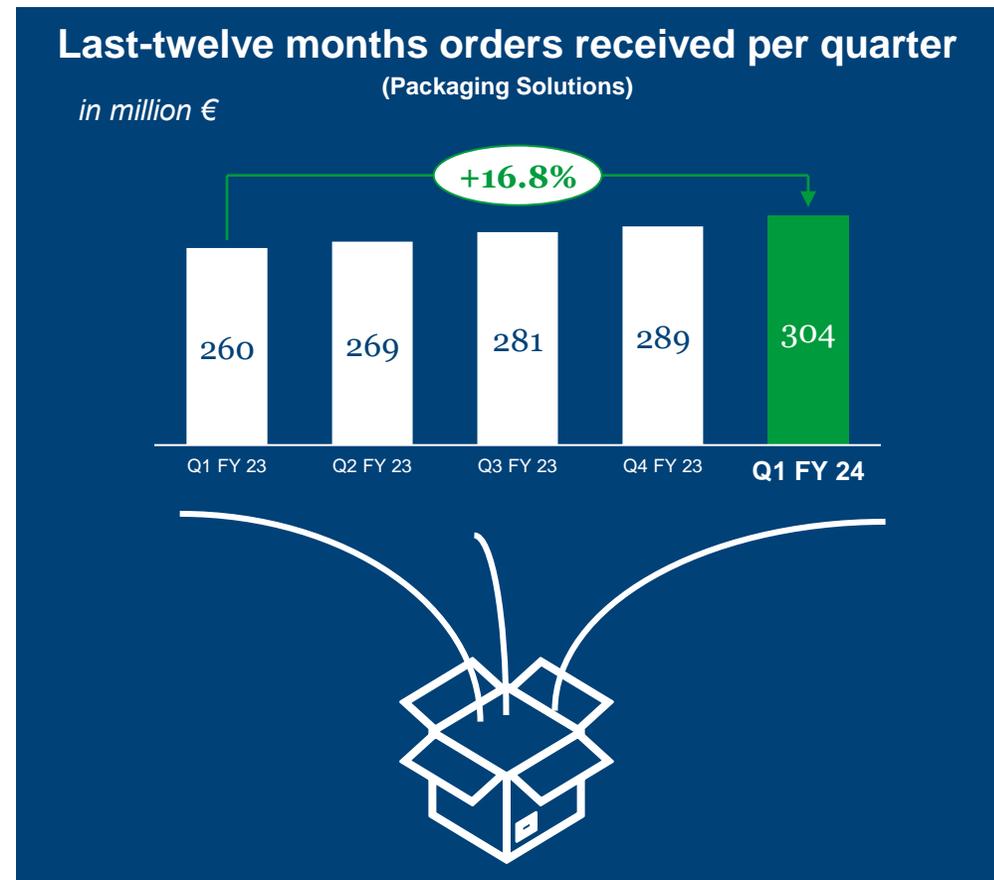
**#2**  
*May*

**New Boardmaster for  
high-volume folding  
carton applications**



**#3**  
*June*

**Label printing:  
Gallus experience  
center opened**



Q1 2023/24 at a glance

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 **Business and financial review**

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Sustainable Packaging

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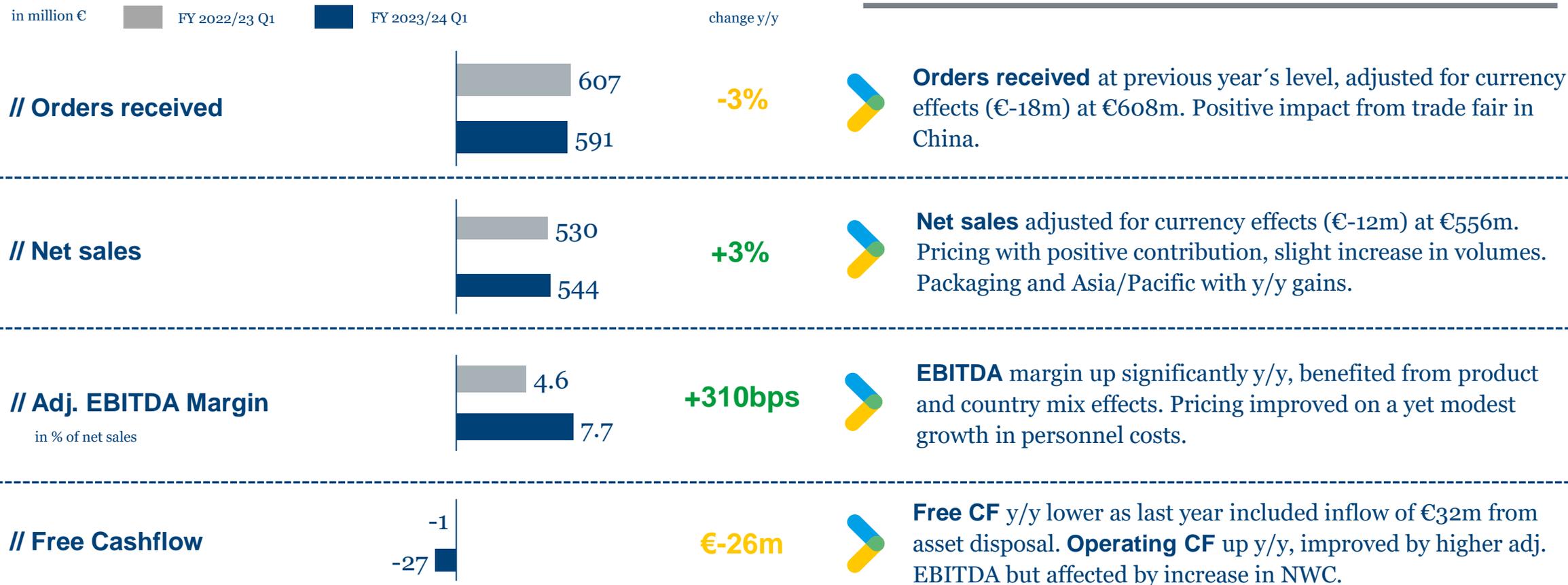
Outlook

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# Key performance indicators.

## Solid EBITDA margin provides a sound start into new fiscal year.

### // Key takeaways:



Segment split.

## Packaging Solutions benefited from recovery in Asia/Pacific.

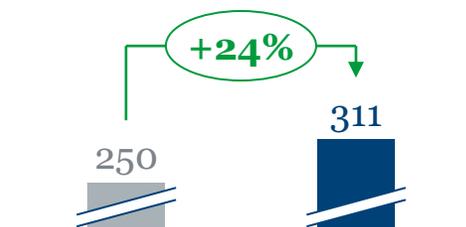
in million €

// Orders received

// Net sales

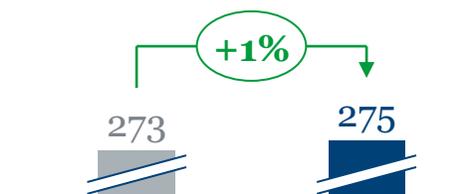
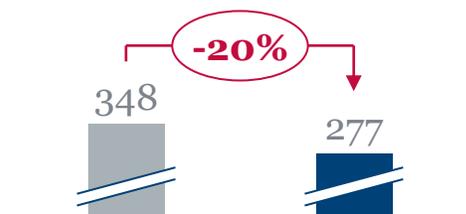
// Key takeaways:

Packaging Solutions



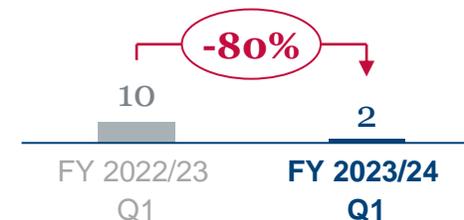
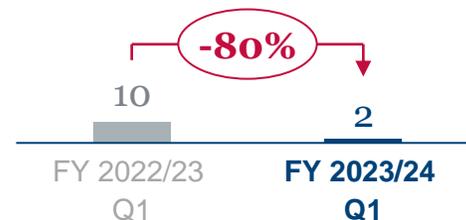
Sound customer response at Print China caused a 24% increase in **Packaging Solutions** orders received.

Print Solutions



**Print Solutions** recorded a normalization in orders received following the post-covid catch-up effects in the prior-year quarter.

Technology Solutions



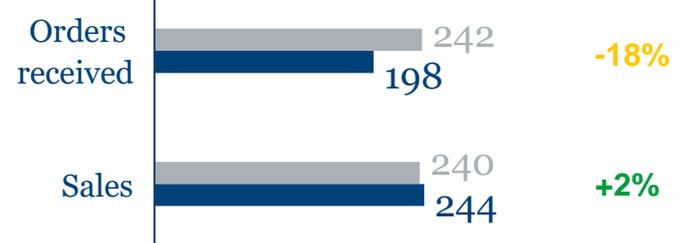
**Technology Solutions** affected by long delivery times for battery electric vehicles, expiry of subsidy programs and high retail-inventories.

# Development of key markets<sup>1</sup>.

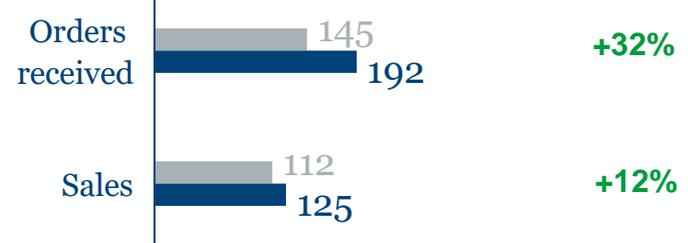
## Positive development of Asia/Pacific, particularly in orders received.

in €millions     FY 2022/23 Q1     FY 2023/24 Q1    change y/y

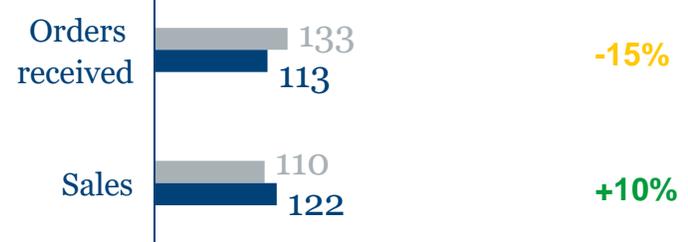
### // Key takeaways:



- **Orders received** y/y lower due to the expiry of a subsidy program in France, other key markets rather stable y/y.
- **Sales** benefited from a strong equipment backlog and a solid lifecycle business.



- **Orders received** grew significantly, adjusted for currency effects (€ -15m) at € 207m. Print China generated strong momentum for packaging.
- Increase in **Sales** mainly attributable to China.



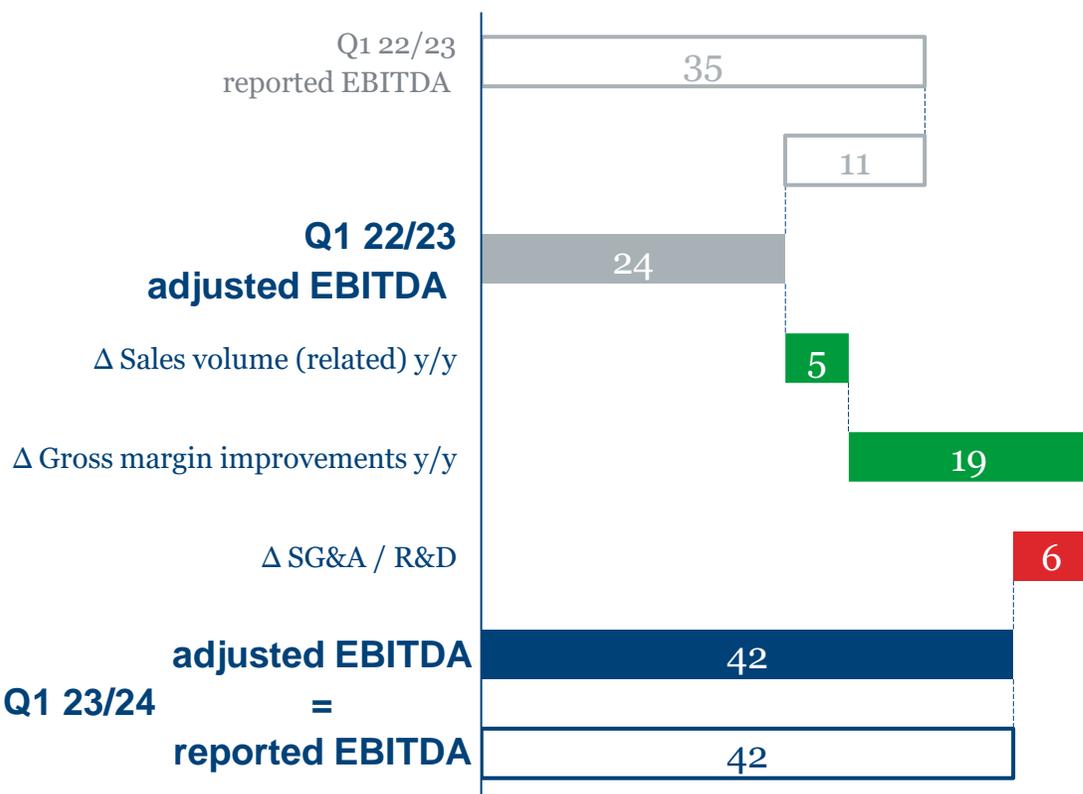
- **Orders received** below strong previous year, also affected by negative currency effects. Packaging Solutions with a solid performance.
- **Sales** benefited from a high packaging equipment backlog and a solid lifecycle business.

# EBITDA.

## Recovery in Asia/Pacific and improved pricing lead to an increase in earnings.

in million €

### // Key takeaways:



- Adjusted for **non-recurring items** Q1 2022/23 (Disposal of property in St. Gallen of € 11m)
- + Fx-adjusted sales growth of € 26m.
- + Product & country mix effects, improved capacity utilization at the Chinese plant; improved pricing on a yet modestly growing cost base.
- Other costs linked to increased business activity, e. g. selling costs.
- x No non-recurring items in Q1 FY 2023/24.

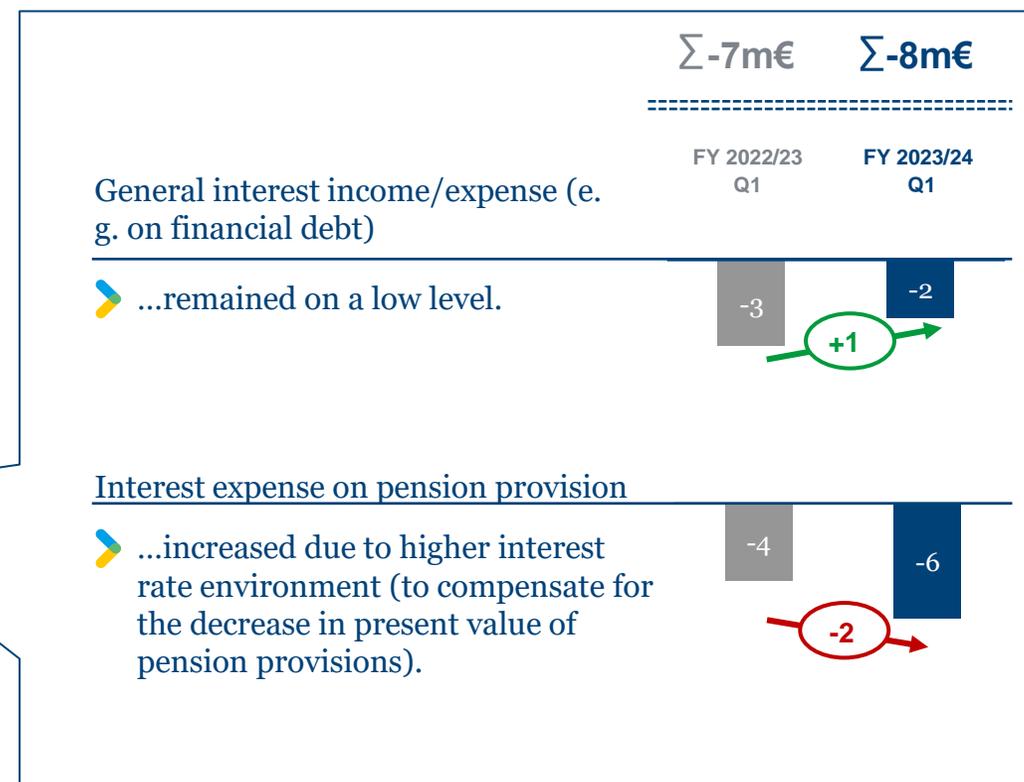
# EBITDA to EBT.

## Higher interest on pension provision caused slight increase in financial expenses.

in million €

	FY 2022/23 Q1	FY 2023/24 Q1
<b>// EBITDA (+)</b>	<b>35</b>	<b>42</b>
-----		
Depreciation & amortization	-19	-19
<b>// EBIT (+)</b>	<b>16</b>	<b>23</b>
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Financial net result (-expense/+ income)	-7	-8
<b>// EBT (+)</b>	<b>9</b>	<b>15</b>

### // Breakdown financial result vs previous year:

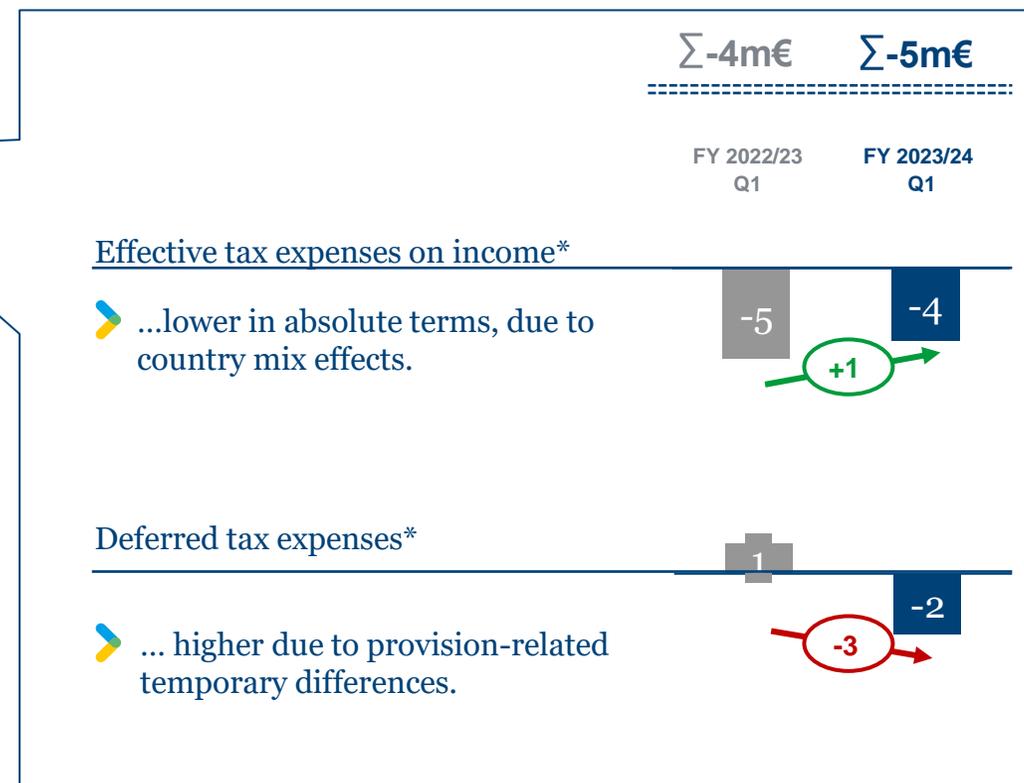


# EBT to Earnings per share.

## Increase in deferred tax expenses caused slightly higher tax expenses.

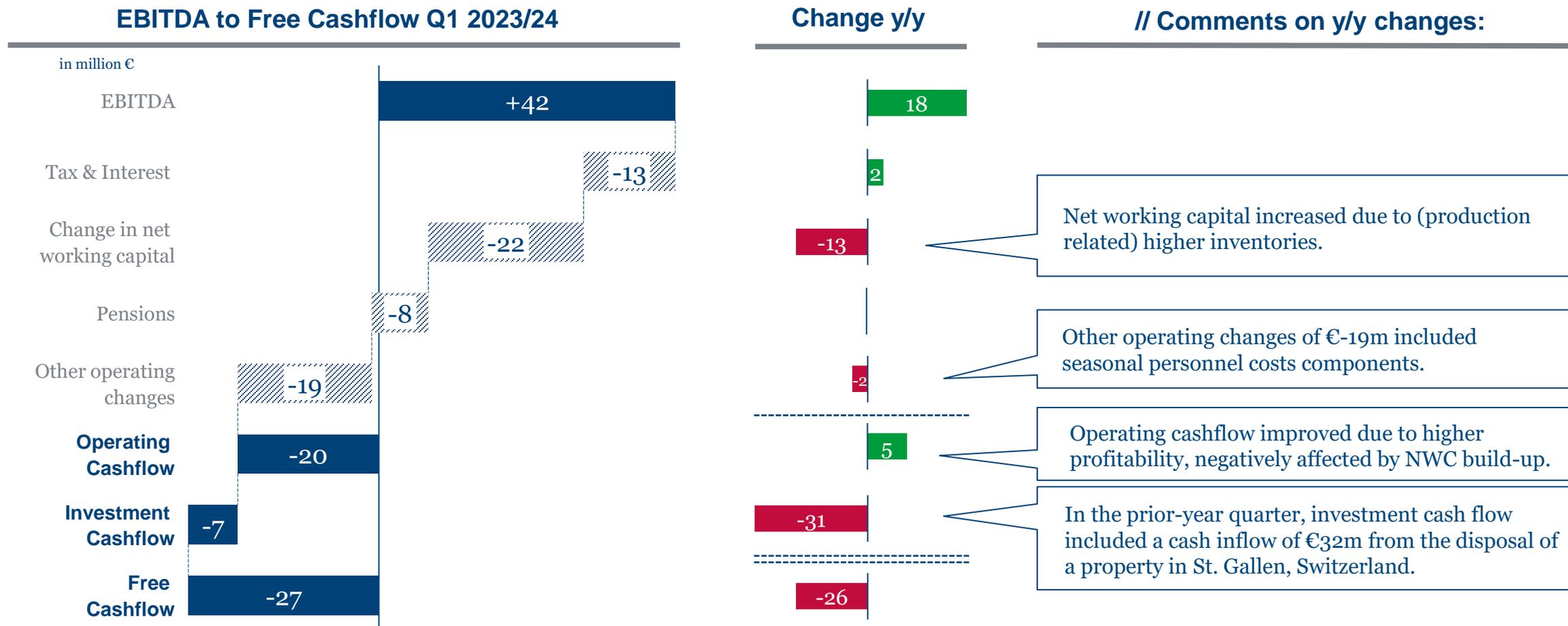
in million €	FY 2022/23 Q1	FY 2023/24 Q1
<b>// EBT (+)</b>	9	15
<hr/>		
Tax result* (-expense/+ income)	-4	-5
<b>// Net income (+)</b>	5	10
<hr/>		
Divided by number of shares	304m	304m
<b>// Earnings per share (in €/ share)</b>	0.02	0.03

### // Breakdown tax result vs previous year:



# Free Cashflow.

## Improved operating cashflow, but higher NWC needs; FCF w/o one-time effects.



# Balance Sheet.

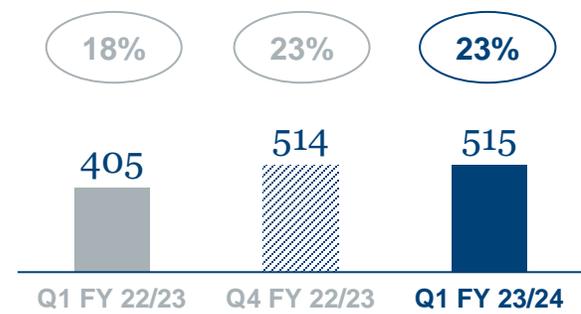
## Solid equity ratio, net financial position positive.

in million €    ■ FY 2022/23 Q1    ▨ FY 2022/23 Q4    ■ FY 2023/24 Q1

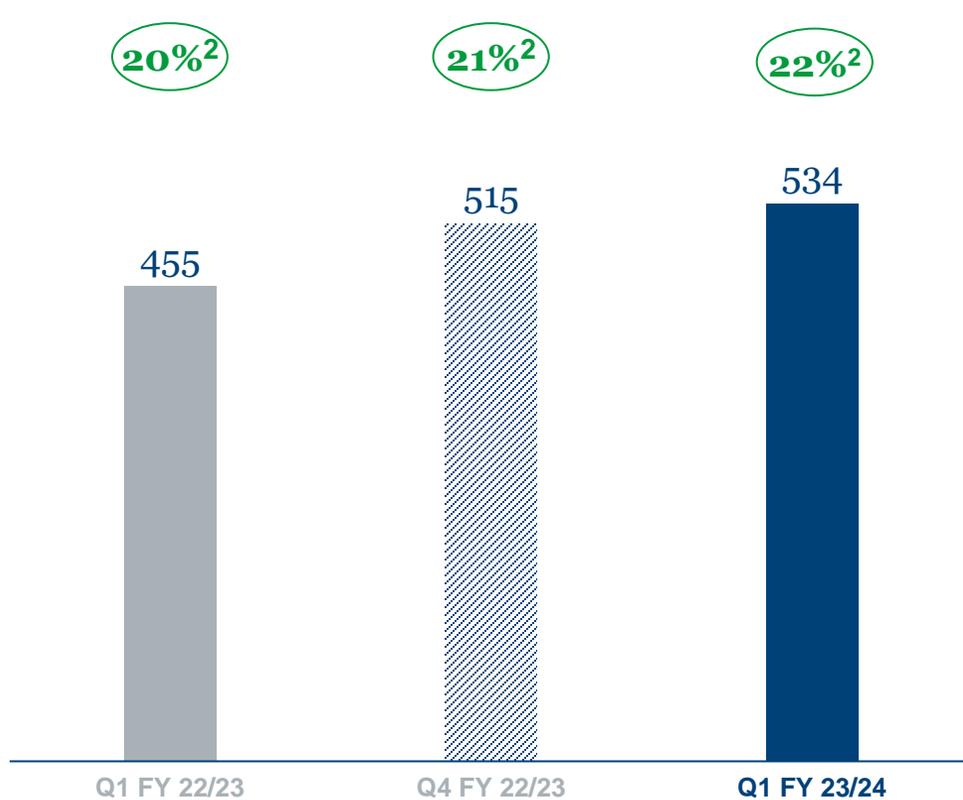
### // Net financial position<sup>1</sup>



### // Equity and equity ratio



### // Net Working Capital (NWC)



### // Key takeaways:

- **Net financial position** positive, but slightly below last year, due to negative FCF. Non-recurring items had a positive impact last year.
- **Equity** remained stable compared to end of FY 2022/23, as interest rate for pension provisions in Germany remained constant at 3.7 percent.
- **NWC** increased compared to end of FY 2022/23 as a result of (production related) higher inventories. Last year benefited from higher down payments.

<sup>1</sup>Net financial position: Net total of cash and cash equivalents and current securities less financial liabilities.

<sup>2</sup>NWC ratio (in % of net sales last twelve months)

# Key takeaways financial performance.



**Successful start** to challenging fiscal year 2023/2024 – HEIDELBERG showed resilience.

**Operating Cashflow** improved due to **higher profitability**.

Strong development in the **Packaging Segment**.



Q1 2023/24 at a glance

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Business and financial review

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 **Sustainable Packaging**

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Outlook

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# Sustainable Packaging.

## What does the future hold for sustainable packaging?

### // Key trends for sustainable packaging:



#### Consumers behavior

Consumers prefer sustainable packaging over convenience.



#### Regulatory landscape

Sustainability will not be a brand choice but a strict government mandate.



#### Environmental impact assessments

Recycling, reuse and composting will all increase significantly.



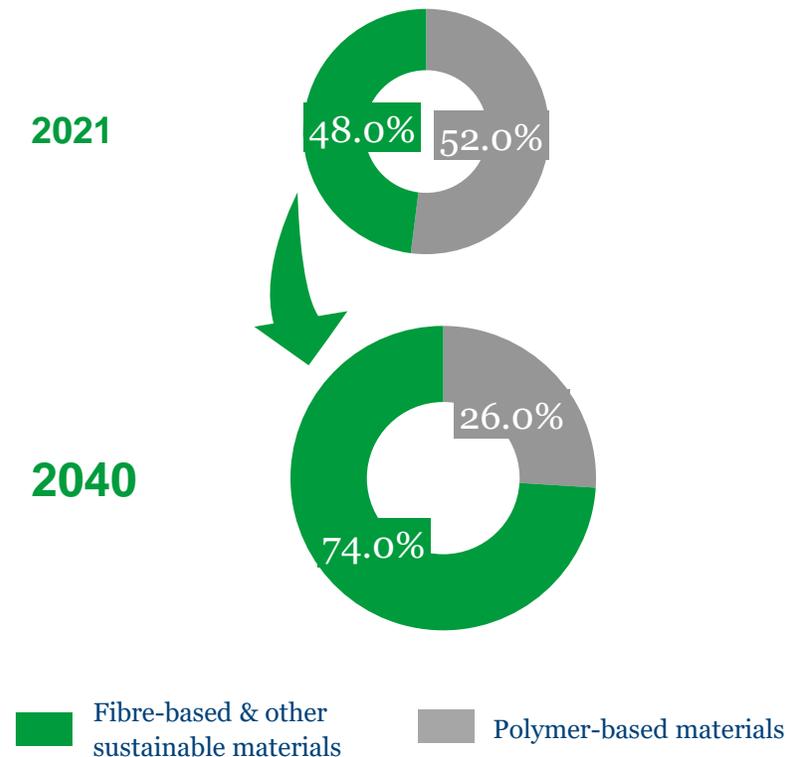
#### Advancements in paper technology

Fibre-based packaging will be perceived as the most superior and safe packaging solution by consumers.



### // Brand owner shift towards sustainable materials:

#### Share of sustainable materials in (food) packaging:





Q1 2023/24 at a glance

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Business and financial review

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Sustainable Packaging

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 Outlook

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# Outlook.

## On track to achieve all full-year targets despite of economic uncertainties.

FY 2023/24 Q1

FY 2023/24 guidance

Priorities for FY 2023/24:

**Net Sales**

**€ 544m**

(3m 2022/23: € 530m)

**~ Previous year**

(FY 2022/23: € 2.435bn)



Secure solid development of orders received in tough economic conditions.

**Adj. EBITDA**

(in % of Net sales)

**7.7%**

(3m 2022/23: 4.6%)

**~ Previous year**

(FY 2022/23: 7.2%)



Management of margins, continued price adjustments to compensate for further cost increases.

## Key takeaways.

HEIDELBERG demonstrates a successful strategic positioning - **growth in packaging printing.**



HEIDELBERG

**Profitability improved**, further cost increases in the coming quarters.

With a **solid start**, HEIDELBERG positions itself well for the entire year – **guidance confirmed.**

Backup

# Regional split.

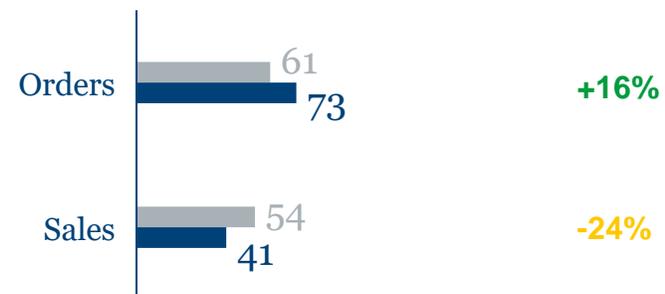
## Signs of recovery in Eastern Europe

in € millions

FY 2022/23 Q1

FY 2023/24 Q1

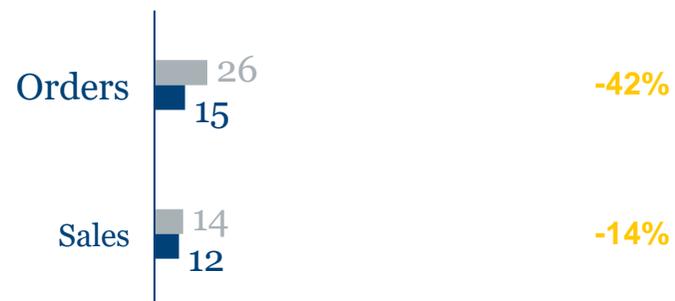
change y/y



### // Key takeaways:

**Orders received** increased continuing the recovery of the previous quarter.

**Sales** following a strong previous quarter more subdued.



**Orders received** normalized y/y compared to very strong prior-year quarter (trade fair in Brazil)

**Sales** slightly below previous year.

# P&L

<i>Figures in € millions</i>	Q1 2023/24	Q1 2023/24	Change in m€
<b>Net sales</b>	<b>544.3</b>	<b>530.5</b>	<b>13.8</b>
Change in inventories/other own work capitalized	50.3	56.9	-6.5
<b>Total operating performance</b>	<b>594.6</b>	<b>587.3</b>	<b>7.2</b>
Other operating income	10.9	29.1	-18.2
Cost of materials	262.8	279.8	-17.0
Personnel Costs	204.7	206.2	-1.5
Depreciation and amortization	18.8	19.4	-0.5
Other operating expenses	95.9	95.1	0.8
<b>Result of operating activities</b>	<b>23.3</b>	<b>16.0</b>	<b>7.3</b>
<i>Financial income</i>	1.3	0.6	0.8
<i>Financial expenses</i>	9.5	7.6	1.9
Financial result	-8.1	-7.0	-1.1
<b>Net result before taxes</b>	<b>15.2</b>	<b>9.0</b>	<b>6.1</b>
Taxes on income	5.4	4.3	1.1
<b>Net result after taxes</b>	<b>9.8</b>	<b>4.8</b>	<b>5.0</b>
<b>Basic earnings per share according to IAS 33 (in € per share)</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>

## Reported to adjusted EBITDA.

<i>Figures in € millions</i>	Q1 2023/24 in €m	Q1 2022/23 in €m	Change in %
<b>Reported EBITDA</b>	<b>42.1</b>	<b>35.4</b>	<b>18.9</b>
Acquisition-related special effects	-	<b>11.2</b>	
thereof disposal of a <b>property in St. Gallen</b>	-	11.2	
Other items	-	-	
<b>Adjusted EBITDA</b>	<b>42.1</b>	<b>24.2</b>	<b>57.5</b>
Adjusted EBITDA in % of revenue	<b>7.7</b>	<b>4.6</b>	<b>+310bps</b>

## Segments: Quarterly overview.

<i>Figures in € millions</i>	Q1 2024	Q1 2023	Change in m€
<b>Incoming orders</b>	<b>590.9</b>	<b>607.2</b>	<b>-16.3</b>
Print Solutions	277.2	347.7	-70.5
Packaging Solutions	311.4	249.6	61.8
Technology Solutions	2.3	9.9	-7.6
<b>Net sales</b>	<b>544.3</b>	<b>530.5</b>	<b>13.8</b>
Print Solutions	274.7	273.3	1.3
Packaging Solutions	267.3	247.3	20.0
Technology Solutions	2.3	9.9	-7.6
<b>EBITDA</b>	<b>42.1</b>	<b>35.4</b>	<b>6.7</b>
Print Solutions	31.0	19.3	11.6
Packaging Solutions	16.3	17.0	-0.6
Technology Solutions	-5.1	-0.9	-4.2
<b>Adj. EBITDA</b>	<b>42.1</b>	<b>24.2</b>	<b>17.9</b>
<b>Adj. EBITDA in % of Net sales</b>	<b>7.7%</b>	<b>4.6%</b>	<b>310bps</b>

# Balance Sheet

## Assets

<i>Figures in € millions</i>	Q1 2023/24	Q1 2022/23	Change in m€
<b>Non-current assets</b>	<b>1,015.3</b>	<b>958.6</b>	<b>56.7</b>
Intangible assets	212.5	200.8	11.7
Property, plant and equipment	668.6	626.7	41.9
Investment property	8.5	5.0	3.5
Financial assets	15.3	6.5	8.8
Receivables from sales financing	24.5	24.0	0.5
Other receivables and other assets	17.4	19.5	-2.1
Deferred tax assets	68.5	76.0	-7.5
<b>Current assets</b>	<b>1,200.5</b>	<b>1,280.4</b>	<b>-79.9</b>
Inventories	694.0	697.2	-3.1
Receivables from sales financing	13.0	15.6	-2.7
Trade accounts receivable	276.5	256.2	20.2
Other receivables and other assets	92.8	165.2	-72.5
Income tax assets	11.1	8.2	2.9
Cash and cash equivalents	113.2	137.9	-24.7
Assets held for sale	1.4	20.3	-18.8
<b>Total assets (classical balance sheet)</b>	<b>2,217.3</b>	<b>2,259.3</b>	<b>-42.0</b>

## Equity and Liabilities

<i>Figures in € millions</i>	Q1 2023/24	Q1 2022/23	Change in m€
<b>Equity</b>	<b>514.7</b>	<b>405.2</b>	<b>109.5</b>
Issued capital	779.1	779.1	-
Capital reserves, retained earnings & oth. reserves	-274.2	-378.7	104.5
Net result after taxes	9.8	4.8	5.0
<b>Non-current liabilities</b>	<b>845.9</b>	<b>884.0</b>	<b>-38.1</b>
Provisions pensions & similar obligations	682.7	687.4	-4.7
Other provisions	49.0	48.8	0.2
Financial liabilities	39.0	63.7	-24.8
Contract liabilities	23.3	19.4	3.9
Income tax liabilities	43.8	55.0	-11.1
Other liabilities	7.4	7.5	-0.2
Deferred tax liabilities	0.6	2.1	-1.5
<b>Current liabilities</b>	<b>856.7</b>	<b>970.2</b>	<b>-113.5</b>
Other provisions	184.3	200.7	-16.4
Financial liabilities	55.8	79.4	-23.6
Contract liabilities	264.7	311.6	-47.0
Trade payables	215.6	230.0	-14.4
Income tax liabilities	14.9	13.3	1.6
Other liabilities	121.4	135.2	-13.8
<b>Total Equity + Liabilities (classical Balance Sheet)</b>	<b>2,217.3</b>	<b>2,259.3</b>	<b>-42.0</b>