

Englische Mitteilung / English Announcement

DGAP Related Party Transactions announcement: Heidelberger Druckmaschinen AG / Release of an announcement according to Article 111c of the AktG [the German Stock Corporation Act] Heidelberger Druckmaschinen AG: Release according to Article 111c of the AktG [the German Stock Corporation Act] with the objective of Europe-wide distribution

02.12.2020 / 10:55

Dissemination of a Related Party Transactions announcement transmitted by DGAP - a service of EQS Group AG.

The issuer is solely responsible for the content of this announcement.

Heidelberger Druckmaschinen Aktiengesellschaft: Publication of a Notification of a Related Party Transaction pursuant to Section 111c of the German Stock Corporation Act (AktG)

Joint venture cooperation with Masterwork Group Co, Ltd., Heidelberg, December 2, 2020

On November 26, 2020, the Supervisory Board of Heidelberger Druckmaschinen AG (Heidelberg) announced the conclusion of a long-term cooperation agreement with Masterwork Group Co. China (Masterwork), a strategic anchor shareholder of Heidelberg. The corresponding cooperation agreement provides for the establishment of a joint venture, HeiMaster Technology Co, Ltd. (HeiMaster) in Tianjin, China. Its main purpose is to manufacture various machine parts and to supply these to the joint venture partners Heidelberg and Masterwork.

The cooperation further strengthens Heidelberg's position in the Chinese market and underlines the importance of the strategic partnership with Masterwork. The expansion of local production capacities in China will also lead to greater flexibility and further qualitative improvements in the supply chain. In the future, Heidelberg will benefit from the intensified cooperation and the value added by both companies, particularly at its production site in Shanghai. The expansion of the cooperation through joint parts production at Masterwork's site in Tianjin is also expected to provide both companies with substantial opportunities to increase efficiency.

The cooperation agreement was concluded on December 20, 2019, subject to the approval of the Supervisory Board. The necessary antitrust clearance by Chinese authorities was granted in September 2020. HeiMaster is expected to commence operations in the first quarter of calendar year 2021, after the required business license has been granted following Heidelberg's entry into the joint venture as a shareholder.

Under the terms of the cooperation agreement, Heidelberg will hold a 40% stake in HeiMaster and Masterwork 60%. Heidelberg will (in addition to a cash contribution of EUR 400,000) essentially contribute manufacturing know-how to the company and thus provide the basis for HeiMaster's business operations. Masterwork has assumed cash contribution obligations totaling EUR 19.6 million. In the cooperation agreement the know-how to be contributed by Heidelberg has been set at EUR 12.67 million. Heidelberg has obtained expert advice in reviewing the valuation of the know-how to be contributed. Taking into account the relevant guidance by the experts, the Management Board and Supervisory Board have come to the conclusion that, from Heidelberg's point of view, the value of the contribution is in reasonable proportion to the value of the 40% stake in HeiMaster received in return and the cash contributions to be made by Masterwork.

According to the cooperation agreement HeiMaster will produce machine parts. The main customers for the parts produced by HeiMaster will initially be Heidelberg Graphics Equipment (Shanghai) Co. as the local Heidelberg group company in China, as well as Masterwork and its affiliated companies. After a start-up phase of three to five years, HeiMaster may also act as a contract manufacturer for other customers not belonging to the joint venture partners' groups, depending on capacity utilization. HeiMaster will sell the produced machine parts and related services to Masterwork and Heidelberg companies at standard market conditions. The proportionate business volume between Heidelberg companies and HeiMaster is expected to be in the mid to upper single-digit million Euro range. Insofar as HeiMaster, for its part, purchases goods and services from Heidelberg companies or Masterwork, this will also be at standard market conditions. Masterwork has already purchased some of the machines required for parts production and will resell them to HeiMaster at a value-appropriate price. For the business operations of HeiMaster, a company site in Tianjin is planned, which HeiMaster will lease from Masterwork on a long-term basis at standard market conditions.

Ms. Li Li, President and controlling major shareholder of Masterwork, is a member of the Supervisory Board of Heidelberger Druckmaschinen AG. Accordingly, Masterwork is considered a related party of Heidelberg within the meaning of Sections 111a et seq. of the German Stock Corporation Act (AktG). HeiMaster was initially established as a wholly owned subsidiary by Masterwork and is therefore also to be considered a related company.

The Supervisory Board discussed and decided to approve the cooperation agreement without the participation of Ms. Li.

02.12.2020 The DGAP Distribution Services include Regulatory Announcements,
Financial/Corporate News and Press Releases.
Archive at www.dgap.de

Language:English
Company:Heidelberger Druckmaschinen AG
Kurfürsten-Anlage 52-60

69115 Heidelberg

Germany

Internet: www.heidelberg.com

End of News

DGAP News Service

1152168 02.12.2020

End of news

The EQS news service is operated by EQS Group AG. EQS Group AG is not liable for errors or disruptions in service operations, delivery problems or errors in content or text. The current terms and conditions apply, which can be accessed at any time at www.eqs.com or www.dgap.de.