



# Heidelberger Druckmaschinen

Sustainability Report 2004/2005

# Heidelberg at a Glance

Heidelberger Druckmaschinen AG (Heidelberg) is the world's leading provider of solutions for the print media industry. The Heidelberg Group's share of the market for sheetfed offset presses is greater than 40 percent. Headquartered in the city of Heidelberg, Germany, in the field of sheetfed offset printing this technology leader concentrates on the entire process and value chain, covering the format classes from 20 inch (35x50 cm) to 40 inch (70x100 cm). Heidelberg's portfolio covers the value chain not only in printing presses (Press), but also by supplying equipment for imaging plates (Prepress), finishing equipment (Postpress) and software components for integrating all print shop processes (Prinect). This is rounded out by the training offerings of the Print Media Academy, plus service, supply of service parts, print shop planning, consumables, and sales of refurbished used equipment. The company also supports its customers' investment plans with tailored financing schemes.

Heidelberg mainly supplies the markets of the principal industrialized OECD countries, but is also strengthening its involvement in growth markets including those of Asia, South America and Eastern Europe. The company operates 14 production and development sites in Germany, Switzerland, Sweden, Slovakia, and the United States. A new production facility is also being built in China. With about 250 sales and service units in 170 countries, Heidelberg looks after its over 200,000 customers 365 days a year.

Heidelberg makes 85 percent of its sales through its own companies and branches, and non-German markets account for about 85 percent of the total. In the 2004/2005 fiscal year the company had an overall sales volume of € 3.36 billion.

As of March 31, 2005 the Heidelberg Group employed roughly 18,700 people, including 680 trainees and apprentices. Over 6,000 employees work at its Wiesloch site, which houses the world's largest printing press factory.



## > ECONOMIC INDICATORS

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
<b>Incoming orders (€ millions)<sup>1</sup></b>	4,694	5,606	4,667	4,170	3,852	<b>3,700</b>
<b>Net sales (€ millions)<sup>1</sup></b>	4,602	5,372	5,117	4,231	3,746	<b>3,360</b>
<b>Net profit/loss (€ millions)</b>	251	283	201	- 138	- 695	<b>61</b>
<b>Foreign sales share (%)<sup>1</sup></b>	84.6	86.7	86.5	87.6	88.8	<b>85.3</b>
<b>Cash flow (% of sales)<sup>1</sup></b>	9.7	10.3	7.9	1.2	- 3.2	<b>7.0</b>
<b>Profit before taxes (€ millions)</b>	487	531	335	- 164	- 506	<b>108</b>
<b>Investments (€ millions)</b>	262	237	252	243	164	<b>162</b>
<b>Total assets (€ millions)</b>	5,018	5,442	5,735	5,131	4,232	<b>3,629</b>
<b>Shareholders' equity (€ millions)</b>	2,259	2,450	2,470	1,950	1,230	<b>1,230</b>
<b>Return on sales (% of profit after taxes)</b>	5.5	5.3	3.9	- 3.3	- 18.6	<b>1.8</b>
<b>Cash flow per share (€)<sup>1</sup></b>	5.20	6.10	4.85	1.16	- 1.40	<b>2.74</b>
<b>Earnings per share (€)</b>	2.91	3.30	2.32	- 1.67	- 8.16	<b>0.64</b>
<b>Dividends (€)</b>	1.71	1.80	1.40	0	0	<b>0.30</b>
<b>R&amp;D expenditure (€ millions)<sup>2</sup></b>	360	375	431	391	228	<b>196</b>
<b>R&amp;D ratio (%)<sup>1,2</sup></b>	7.8	7.0	8.4	9.2	8.5	<b>5.8</b>
<b>Patent applications</b>	281	379	400	382	260	<b>156</b>

1 In 2004/2005, Heidelberg collected all of its sales financing activities in a new Financial Services division. The corresponding figures for 2000/2001 through 2004/2005 have been adjusted accordingly in this table.

2 For 2003/2004 and 2004/2005 only the activities that have been retained (i.e., without the former Digital and Web Systems divisions)

## > SOCIAL INDICATORS

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
<b>Employees at end of financial year</b>	24,177	25,636	25,344	24,181	22,782	<b>18,679</b>
<b>In training<sup>1</sup></b>	795	765	785	781	754	<b>678</b>
<b>Personnel expenditures (€ millions)</b>	1,383	1,593	1,598	1,456	1,293	<b>1,138</b>
<b>Women employees (%)</b>	15.7	15.3	15.2	15.0	14.5	<b>14.2</b>
<b>Severely handicapped employees at Heidelberger Druckmaschinen AG (%)</b>	4.7	4.5	4.8	5.2	6.4	<b>6.8</b>
<b>Part-time workers (%)</b>	1.7	1.8	2.0	2.2	2.3	<b>2.6</b>
<b>Accidents per thousand full-time employees<sup>2</sup></b>						
<b>German sites</b>	28.3	25.7	26.5	22.4	17.5	<b>19.2</b>
<b>Other European sites</b>	*	61.7	46.7	34.2	43.4	<b>22.3</b>
<b>Suggestions for improvements</b>	5,782	5,791	5,452	4,788	2,980	<b>3,692</b>
<b>Savings resulting from suggestions for improvements (€ millions)</b>	3.35	3.11	3.42	3.74	3.67	<b>2.97</b>

1 Since 2000/2001 apprentices and trainees only

2 Causing more than 3 days of work to be missed

\* No data available

## > ENVIRONMENTAL INDICATORS

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
<b>No. of production and development sites</b>	17	17	18	19	21	<b>14</b>
<b>Included in report with input/output data</b>	16	17	18	19	21	<b>14</b>
<b>With a certified environmental management system</b>	7	12	13	14	14	<b>8</b>
<b>Thereof: certified integrated management system</b>	0	0	1	9	9	<b>7</b>
<b>Space utilization of all production and development sites (km<sup>2</sup>)</b>	3.56	4.14	4.11	4.10	4.18	<b>2.52</b>
<b>Built on (%)</b>	44.7	39.2	39.5	39.1	39.5	<b>45.7</b>
<b>Energy input (GWh/a)</b>	471.9	495.5	507.3	483.9	495.0	<b>432.7</b>
<b>Electric power (GWh/a)</b>	272.7	303.5	304.3	277.0	269.2	<b>235.7</b>
<b>Gas (GWh/a)</b>	170.6	172.4	173.7	180.6	189.6	<b>157.1</b>
<b>District heat (GWh/a)</b>	16.7	16.6	18.8	23.1	34.2	<b>37.4</b>
<b>Heating oil (GWh/a)</b>	11.9	3.0	10.5	3.2	2.0	<b>2.5</b>
<b>Energy consumption per metric ton of output (MWh/a)</b>	5.9	5.1	5.4	6.9	7.8	<b>7.5</b>
<b>Water input (m<sup>3</sup>)</b>	482,843	497,374	495,288	428,406	454,771	<b>422,365</b>
<b>Sanitary water (%)</b>	55.6	58.1	59.9	60.7	56.0	<b>54.8</b>
<b>Well water (m<sup>3</sup>)</b>	25,409	17,020	13,131	14,010	25,090	<b>25,733</b>
<b>Raw materials used in Amstetten (mt)<sup>1</sup></b>	42,475	47,848	42,491	34,151	33,424	<b>41,638</b>
<b>Raw materials used in Brandenburg (mt)<sup>1</sup></b>	4,069	4,563	8,559	7,410	6,753	<b>9,741</b>
<b>Product outputs: Sheetfed (mt)</b>	57,137	66,076	65,342	51,333	44,504	<b>51,759</b>
<b>No. of printing units</b>	14,212	15,728	15,032	11,777	9,601	<b>10,854</b>
<b>Product outputs: Postpress (mt)<sup>2</sup></b>	8,426	10,867	9,366	5,513	5,787	<b>6,115</b>
<b>Emissions (thou. mt)<sup>3</sup> CO<sub>2</sub></b>	203.8	236.7	241.2	224.3	216.8	<b>196.2</b>
<b>SO<sub>2</sub></b>	0.19	0.17	0.17	0.14	0.14	<b>0.11</b>
<b>NO<sub>x</sub></b>	0.23	0.31	0.31	0.31	0.27	<b>0.18</b>
<b>Emissions (mt) VOCs</b>	212.2	222.4	235.2	195.9	182.4	<b>146.1</b>
<b>Emissions (mt)<sup>4</sup> Dust</b>	11.6	11.6	11.6	11.0	11.0	<b>10.3</b>
<b>Waste (mt)</b>	49,410	57,963	52,708	45,048	43,338	<b>42,996</b>
<b>Recycled (mt)</b>	44,277	52,079	47,700	41,243	39,543	<b>39,697</b>
<b>Disposed of (mt)</b>	5,132	5,884	5,008	3,805	3,766	<b>3,299</b>
<b>Waste recycling rate (%)</b>	89.6	89.8	90.5	91.6	91.3	<b>92.3</b>
<b>Waste per metric ton of output (mt)</b>	0.62	0.60	0.56	0.64	0.70	<b>0.74</b>
<b>Wastewater (m<sup>3</sup>)</b>	365,837	359,010	347,254	321,442	326,116	<b>288,987</b>
<b>Transport of sheetfed offset presses (mt)<sup>5</sup></b>	68,533	81,883	76,202	64,443	55,872	<b>68,006</b>
<b>By truck to German ports</b>	29,059	37,422	33,154	31,552	27,356	<b>34,695</b>
<b>By truck to other European countries and the Middle East</b>	25,442	29,541	28,521	23,152	20,072	<b>23,350</b>
<b>By truck to German customers and branches</b>	13,332	14,227	13,702	9,480	8,219	<b>9,500</b>
<b>By truck to Frankfurt Airport</b>	700	693	825	259	225	<b>461</b>

<sup>1</sup> Includes metals only (other raw materials: <1%)

<sup>2</sup> Not including output of the Eksjö site

<sup>3</sup> These quantities were calculated from energy consumption: direct emissions (gas, heating oil) and indirect emissions (power, district heat)

<sup>4</sup> Dust emissions of the foundry in Amstetten (only relevant here)

<sup>5</sup> Incl. packaging, without service parts

Indicators of the  
< Heidelberg Group



# The 2004 / 2005 Fiscal Year

## Summary of Important Events

- > Heidelberg exhibits over 50 product innovations and takes in orders worth about € 1 billion at **DRUPA 2004**, the world's largest trade show.
- > On May 1, 2005 the agreement to sell the **DIGITAL DIVISION** to the **EASTMAN KODAK COMPANY** takes effect.
- > The agreement between Heidelberg and the **GOSS INTERNATIONAL CORPORATION** for transfer of the **WEB SYSTEMS DIVISION** enters into force on August 6, 2004.
- > Emissions trading with CO<sub>2</sub> certificates begins at the **WIESLOCH** site.
- > The entire Press division, with its sites at Wiesloch, Heidelberg, Amstetten, Brandenburg and Kiel, is certified as complying with **ISO 9001** (quality management) and **ISO 14001** (environmental management); so is the Postpress site in Leipzig.
- > The **GATF INTERTECH TECHNOLOGY AWARD** goes to the Speedmaster SM 52 with inline coating.
- > Heidelberg begins building a new production site in **CHINA**.
- > Heidelberg celebrates "125 Years of Wire Stitching" at the **LEIPZIG** site.
- > Series production of the Speedmaster XL 105 begins at the **WIESLOCH** site.
- > With a profit for the year of € 61 million, Heidelberg returns to the **PROFITABILITY ZONE** after two years in the red.
- > All **INTERNAL REGULATIONS AND STANDARDS** are revised, integrating sustainability into the Heidelberg values.
- > An agreement is concluded with workforce representatives for **SECURING THE COMPANY'S FUTURE**.

### INDICATORS

Ten-year charts showing the company's indicators in the areas of economy, social responsibility and ecology can be found on the Internet at

[www.heidelberg.com](http://www.heidelberg.com) > About Us > Environment > **Sustainability Report**

### SITES

Environmental data, the names of contacts and general information on the company's production and development sites can be found on the Internet at

[www.heidelberg.com](http://www.heidelberg.com) > About Us > Environment > **Sites**





**Bernhard Schreier**  
Management Board Chairman

*Dear Ladies and Gentlemen,*

We – the management and workforce of Heidelberger Druckmaschinen – primarily see sustainability as involving sustainably managing and securing the company’s ability to generate profits. And in fiscal 2004/2005, after two years of operating at a loss, we succeeded in getting out of the red and making a profit of € 61 million.

As long as we respond to the dynamic changes in the world’s markets with competitive solutions, products and services for our customers in the print media industry, we sustainably generate value and serve the interests of our customers and employees, shareholders and society.

It’s worthwhile for all of us to do everything we can to reconcile the interests of these groups, which in many cases overlap or are at odds with one another. Sometimes we do a good job of it, other times less so. Day after day, we endeavor to improve. What customers want from Heidelberg are lastingly productive solutions that will let them meet market demands and generate value. Our employees want

lastingly secure jobs. Our shareholders want Heidelberg to increase in value. And society wants Heidelberg to pay out appropriate dividends and grow in value, so that tax revenues and other entrepreneurial activities will benefit the public.

The means available to us as a company for influencing how these groups value different benefits are limited. But acting in accordance with the principles of economic, ecological and social sustainability, at Heidelberg we want to responsibly address this process so everyone will get the best possible deal. Although is mostly driven by external factors – also by the groups themselves – we want to make our contribution to sustainability by competing globally with our business model – competing for customers, staff, shareholders and acceptance by society. This competition justifies our “business license” in the sense of sustainability every day anew.

Heidelberg, July 2005

A handwritten signature in blue ink that reads "Bernhard Schreier". The signature is fluid and cursive, written in a professional style.

Bernhard Schreier  
Management Board Chairman



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**MANAGEMENT BOARD**

(left to right)

**Dr. Herbert Meyer**

Finances, Human Resources

**Dr. Jürgen Rautert**

Engineering & Manufacturing

**Bernhard Schreier**

Chairman, Sales and Distribution

“Over the next three years, more than € 600 million will flow into our research and development activities. Including what we spend on training, we will thus continue to invest about 10 percent of our sales volume in securing Heidelberg’s future. This figure is by no means usual in our industry.”

## DEVELOPMENT OF THE PRINT MEDIA INDUSTRY

At the start of the new millennium, the print media industry suffered a severe crisis in the world's industrialized countries. It was provoked by the general economic slump, and then continued worsening as advertising agencies' sales plummeted. Print shops' capacity utilization fell to historic lows, in turn depressing the demand for printing equipment. The situation of the print media industry has been improving since 2004, however. The markets it serves are once again driving the demand for





printing presses and finishing machines, especially those outside the EU, such as the United States and China. Companies are beginning to spend more again on advertising, and the print media are reaffirming their role as the most important vehicle for communications. But not all providers are benefiting from this recovery. Only those print shops that confront new requirements have prospects of continuing success. The printing industry must now reposition itself in the world of digital communication.

## In Demand: Greater Benefits and Lower Prices



**DR.-ING. WILFRIED SCHÄFER**  
 Printing and Paper Technology  
 Association in the German Engineering  
 Federation (VDMA) in Frankfurt,  
 Germany

Buoyed by strong exports and reviving orders, the near future looks good for the makers of printing presses and finishing equipment. Following a 9 percent increase in production in 2004, we expect 2005 to bring growth of another 6 percent. This is being driven by markets outside the European Union. Europe, and especially Germany, is still in the consolidation phase.

Advertising expenditures in Europe are edging upward again. The print media are benefiting from this upswing without losing more than a negligible share of business to television and the Internet, which confirms their role as the most important communication medium. Branding and brand management efforts in particular depend on print media. But we mustn't lose sight of the fact that both print buyers and printers looking to buy presses will demand greater benefits and lower prices. All players of the print value chain have to get ready to meet this demand; it is crucial for their long-term success.

## Only Innovators Are Benefiting from the Upswing



**ANDREW D. PAPANOZZI**

Chief Economist of the National Association for Printing Leadership (NAPL) in Paramus, New Jersey

The U.S. commercial printing industry is still growing. This year, sales are predicted to increase by between 3.0 and 4.0 percent, after rising 4.1 percent last year. Before that, sales declined for three consecutive years. Nearly 7,000 commercial print shops have disappeared from the market since 1998, and another 6,000 or so are in jeopardy of suffering the same fate by 2010.

The reason: as sales increase, so do costs. Profitability expectations are also rising. Digitization and the Internet are intensifying the competition. Participants in our “State of the Industry” survey expect the share contributed to total revenue by offset printing to fall from 81.3 percent today to 62.2 percent by 2010, with services such as digital printing, database management, fulfillment, and mailing rising from 15.8 percent to 34.5 percent over the same period. Their priority will therefore be to invest in systems that will let them provide these services.

So who will gain from the ongoing upturn? Companies that improve continually, maximize their productivity, and regard the changes as opportunities and not threats!

## Booming Demand



**ZHANG ZHENYI**

Publisher of “China Print”, the magazine of the China Printing Technology Association in Beijing, China

China’s printing industry has been growing by over 10 percent a year on average since 1999 – and with it, sales of presses have also been increasing. A survey of our major members revealed that most of their economic indicators are increasing by over 17 percent per year, and their profits by as much as 41 percent. This rapid growth of the print media industry is attributable to a variety of factors: the gathering momentum of China’s economy, the establishment of foreign-funded and private companies, falling trade duties on print products made in China, and support from many local governments. Another driving force is the burgeoning demand for high-quality packaging. At growth rates of 10 percent, the package printing industry will reach an estimated volume of nearly 1.3 trillion impressions by 2010. The total volume for newspaper is predicted to amount to 93.5 billion impressions for 2005 as a whole. Books and periodicals will increase by up to 7 percent. Propelled by this booming demand, China’s printing industry will continue to develop – in both printing and related areas.

## Printers Becoming Full-Service Providers



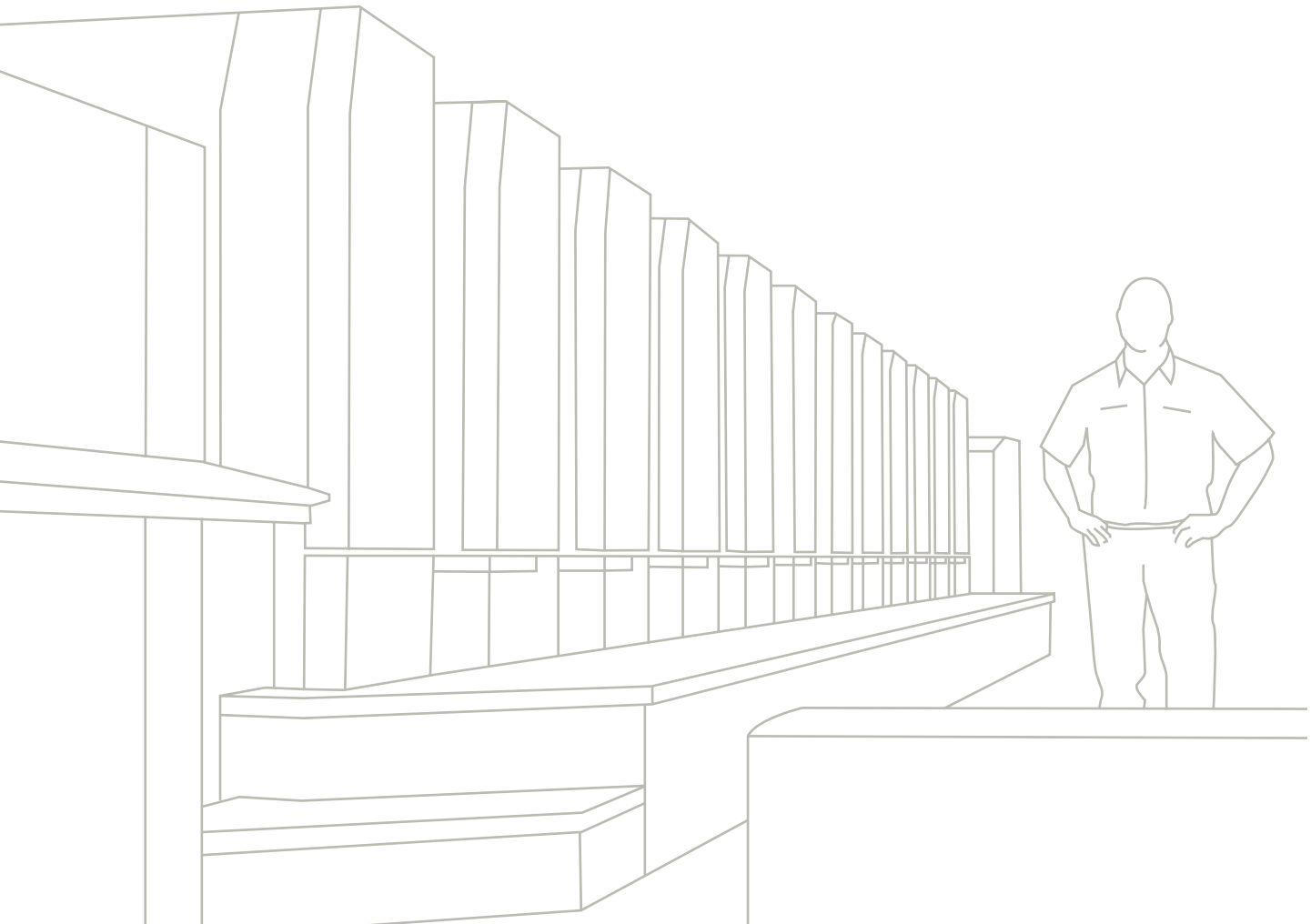
**ANDREW TRIBUTE**

Independent industry analyst in Truro,  
Cornwall, United Kingdom

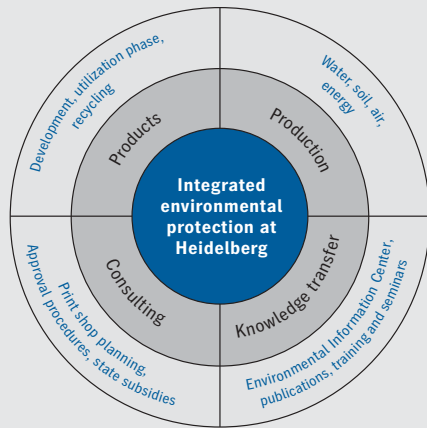
The print market is in a state of constant change. Print is becoming a value-added service industry, and print shops are turning into full-service providers for their customers.

Only a few areas of the print process chain are seen as having growth potential. Although offset presses have become exceptionally cost-effective over the last decade, I expect offset to lose slightly in terms of overall market share despite its current market dominance. The area that is growing steadily is packaging. This is one area where electronic delivery of information cannot challenge print. We are therefore seeing major efforts on the part of all suppliers to enhance the functionality and performance of their presses for packaging.

The main challenge for the printing industry will be to find its place within the world of communications. There are already many printers who have developed a significant range of value-added services on the basis of electronic information. Printers have to understand that their job is no longer just to put marks on paper.



## Environmental Protection at Heidelberg



Heidelberg has long been committed to protecting the environment. It was as far back as the early 1990s that the company formulated its environmental policy and began publishing environmental reports and a customer magazine on environmental protection in connection with specific products. Heidelberg then gradually implemented ISO 14001-compliant environmental management systems at nearly all of its production and development sites. Since 1999, all products have been systematically developed with a view to protecting the environment.

### Environmentally Sound Products

The core area for environmental protection is product development. The requirements are as follows: All Heidelberg machines must meet high quality expectations, work profitably for customers using them, and

be ergonomic, safe to operate, and environmentally sound. These stipulations are integral parts of Heidelberg's standardized development process. All products are developed in a joint effort by teams of product managers, product developers, and production and service specialists; they are additionally supported by experts on workplace safety, health and environmental protection. They all have access to in-house instruments to assist them in developing environmentally compatible products, as well as extensive databases on materials, methods and legal requirements.

### Knowledge Transfer and Consulting: Key Factors

The environmental impacts of the machines depend not only on how well they are designed and built, but also greatly on the knowledge of users. For example, in the case of the system Heidelberg has developed to evenly apply less antioffset powder to sheets for preventing smearing and sticking, it is up to the operator to select the right powder and press program.

Everything that printers have to know in order to work cost-effectively without burdening the environment is taught by Heidelberg via special product instructions, training, detailed information materials, and demonstrations at Heidelberg's own Environmental Information Center. In addition, Heidelberg's environmental experts provide comprehensive consulting on environmental aspects of print shop planning, obtaining permits for machines that fall under emissions control legislation, and applying for government subsidies.

## Product Development Highlights



### Reducing Waste

Because paper waste costs a great deal of money and uses up resources, Heidelberg pays special attention to this aspect in its product development efforts. Inking unit temperature control, for example, reduces startup and pressrun waste by creating more stable process conditions. Another example is remotely adjustable oscillator rollers for distributing the ink. They let the operator quickly fix any visible drop-off in inking from the leading to the trailing edge – resulting in fewer unusable sheets in the delivery. The quality and inking control systems Prinect Image Control and Axis Control automatically identify color deviations and guarantee the desired results.

### Environmental Sound Cleaning

Automatic washup systems save costs, prevent health risks for workers, and are environmentally friendly. The modular system solution WashStar introduces a fully automatic washup program that does away with manual cleaning of the catch pans beneath the blanket and impression cylinder washup systems of the Speedmaster 102. The system collects the used washup solution in a tank, where it is filtered to remove the coarsest impurities. It can then be used to rinse the catch pans. The EcoClean filtration system lets it be extended to a circulating system that greatly reduces the amount of used washup solution requiring disposal; instead, it is processed and reused. Up to 90 percent can be reused in this way. Because it is important to choose the right cleaning agent, Heidelberg certifies appropriate products for the automatic washup systems of its Speedmaster presses.

### Printing with Less Alcohol

The advantages of printing with less alcohol are plain. Besides reduced costs for buying the alcohol, the health risks for workers are less, less alcohol needs to be stored (reducing the risk of fire or explosion), and environmental pollution is diminished. Printing with less alcohol is made possible by special surfaces on the dampening form and fountain rollers, which result in application of an optimum film of dampening solution to the plate. Also important are constant water quality, use of a suitable dampening solution additive, and precise alcohol metering with the AlcoSmart or IPASonic dispensing systems.

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#### FOR MORE INFORMATION

[www.heidelberg.com](http://www.heidelberg.com) > About Us >  
Environment > **Environmentally  
Sound Products**  
[www.heidelberg.com](http://www.heidelberg.com) > About Us >  
Environment > **Star System**

## COST PRESSURE AND ENVIRONMENTAL PROTECTION

**The printing company of Seb. Wolf GmbH in Eltville, Germany has specialized in high-end labels for champagne, wine and liquor. Its managing directors, Alessandro and Nicoletta Compagni – a father and daughter team – have succeeded in finding a balance between cost pressures and environmental protection.**

**QUESTION** What role does environmentally sound production play at your company?

**ANSWER** Our plant is located in a residential area, so we have the obligation to our neighbors to keep air pollutant emissions and noise as low as possible. We are doing this in a number of ways.

**QUESTION** Which solutions and consulting services from Heidelberg have supported you in this?

**ANSWER** When we were planning our new hall with acoustic insulation and climate control, the architect and Heidelberg's consultants worked very well together. Our new Speedmaster CD 74 has halved our consumption of cleaning agent, the alcohol concentration from 12 to eight percent, and water-cooled peripherals have cut waste heat by up to 45 percent, which reduces our air-conditioning costs. This system ensures quality products and saves energy and resources. As a result, the investments are paying for themselves fast.

**QUESTION** What benefits are you getting from environmentally friendly production?

**ANSWER** Definitely not a better image! If we were negligent about it, however, it would hurt our image. Today our neighbors, the authorities and our customers all expect us to practice environmentally sound production.

**QUESTION** What importance does environmentally sound production have for you here in Germany?

**ANSWER** We're doing everything that makes economic sense. But investing even more in environmental protection wouldn't yield any extra benefits – not for the environment, not for the company, and not for our customers either. It would just cost a lot of money and ultimately force us to move our plant to Eastern Europe. We don't want to do that – we have a responsibility to our German employees.





CUSTOMER PORTRAIT

Alessandro Compagni  
Managing Director

Nicoletta Compagni  
Managing Director

Seb. Wolf GmbH  
Label Printers

Eltville/Rhine Germany

## BETTER RESULTS, THANKS TO ENVIRONMENTAL PROTECTION

**The Polish printing company Cezar Ltd. makes over 50 percent of its sales by printing high-quality labels. Owner Cezary Nazar has succeeded in cutting costs and improving his bottom line with environmentally sound production – while also increasing customer satisfaction.**

**QUESTION** What role does environmentally sound production play for you?

**ANSWER** It's clear to us that we – like all industrial operations – contribute to environmental pollution. So we are taking action to reduce our impact on nature with environmentally sound production. This is giving us many benefits and market opportunities.

**QUESTION** Could you please be more specific about the benefits?

**ANSWER** Because we manage energy and raw materials better, our operating results have improved. Using more efficient technologies has let us reduce both our production costs and the amount of waste we have to dispose of. Those customers in particular who insist on high quality and environmental protection reward us for optimizing our production processes. Finally, as an environmentally aware company we enjoy a better image and also get better terms from insurance companies.

**QUESTION** How has Heidelberg supported you in becoming an environmentally sound company?

**ANSWER** All of the Heidelberg machines and solutions we have installed have helped us make progress in getting there. The most recent additions – a Speedmaster CD 102 Duopress and a Suprasetter – are the best examples.

**QUESTION** How much attention is paid to environmentally sound production in Poland?

**ANSWER** Now that Poland has joined the European Union, the EU directives on environmental protection will be gradually applied here. An example of this environmental shift is a new law on recycling packaging. These regulations are reducing the repercussions on nature in those industries that have an especially large environmental impact.







CUSTOMER PORTRAIT

Cezary Nazar  
Owner

Cezar Ltd.

Bialystok

Poland

## AN ENVIRONMENTAL TRENDSETTER

**As a result of its proactive environmental stance, Daiichi Printing Co. LTD based in Niigata, Japan has significantly boosted its sales. For Shigehiro Shinada, managing director of this printing company with 285 employees, environmentally sound production is the key for doing business with the government.**

**QUESTION** How much importance is attached to environmental protection in Japan in general and at your company in particular?

**ANSWER** Both the media and the Japanese government have begun paying more attention to environmental topics than ever before. As a member of society, we therefore have the obligation to take the environment into account when making decisions. It also pays off: because of our environmental orientation, now about 35 percent of our workload comes from government agencies and organizations associated with the government.

**QUESTION** How exactly is your company benefiting from environmentally sound production?

**ANSWER** It has been our experience that environmental protection can lower costs: by recycling waste, for instance, or reusing dampening solution. We also save money with our own electric power generator.

**QUESTION** How has your environmental protection strategy affected your image?

**ANSWER** We have received environmental awards in two consecutive years from the Japan Federation of Printing Industries for all our activities. This, plus the fact that we became the first company in the region to be certified as ISO 14001-compliant, has brought us good PR and an image gain.

**QUESTION** Which solutions and consulting services from Heidelberg have helped you in this?

**ANSWER** Heidelberg not only sells good machines, but also provides good service, training and marketing ideas. Whenever our machines require professional servicing, Heidelberg is always there on the double. Heidelberg also keeps us up to speed on the state of the technology. We also benefit from being able to visit the operations of other Heidelberg customers.

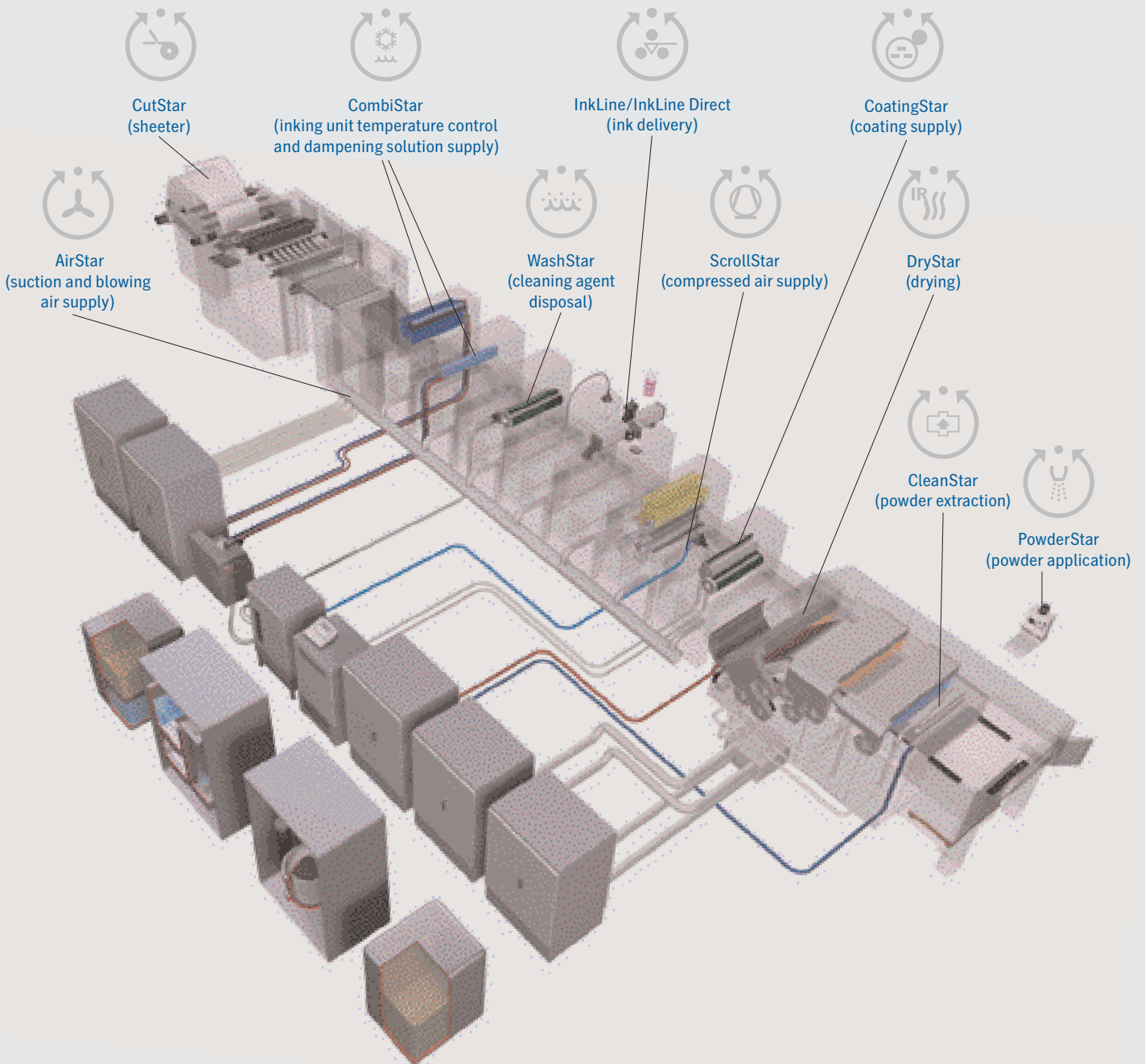




CUSTOMER PORTRAIT   Shigehiro Shinada   Daiichi Printing Co. LTD   Niigata   Japan  
Managing Director

## The Speedmaster Star System

The Star System stands for high productivity and print quality and reliable production. It demonstrates that cost-effective, environmentally sound printing isn't a contradiction in terms.



The German accident prevention association for the printing and allied industries, Druck und Papierverarbeitung e.V., awarded the “Emissions-Tested” certificate to the medium- and large-format Speedmaster presses equipped with Star products, and the German government supports printers wishing to implement the Star System on their presses by providing subsidies. Even when producing at high speed, the Speedmasters remain well below the legally prescribed maximum emission levels.

#### **Saving Energy**

- > AirStar: Central supply of vacuum and blast air to the press is automatically controlled depending on need. This can reduce energy consumption by up to 50 percent.
- > DryStar: This new dryer version boosts output without increasing power consumption. Improved thermodynamics also optimize heat transfer to the sheets.
- > With the water-cooled version, print shops save on heating costs in the wintertime. With air cooling, fresh air from outside first has to be heated up to room temperature. During the summer season, water cooling reduces or eliminates energy consumption for air-conditioning.

#### **Reducing Waste**

- > CutStar: This roll sheeter saves paper with variable cutting lengths and reliably constant feed of the stock from a roll.
- > CombiStar: This combination of inking unit temperature control and dampening solution preparation ensures optimum printing conditions in every climate, thus cutting down on paper waste.

#### **Cleaning the Environmentally Friendly Way**

- > WashStar: Collects the soiled mixture of cleaning agent and water and uses it to rinse the catch pans.
- > EcoClean: This filtration system can reduce the consumption of cleaning agents by about 90 percent.

#### **Less Consumption of Ink and Coating**

- > InkLine: Automatic metering of ink lowers consumption by three to five percent. Because the ink cartridges are nearly completely emptied and the ink fountain doesn't need to be as full, less ink is wasted – and disposal costs reduced significantly.
- > CoatingStar: This new universal coating supply unit with low-maintenance annular piston pumps helps speed makeready when changing coatings and minimizes waste.

#### **Cleaner Air**

- > PowderStar: Powder consumption is lowered by up to 30 percent by precise application to sheets, uniform volume metering, and special nozzle geometries.
- > CleanStar: Dust contamination in the pressroom is reduced by about 80 percent by suctioning excess powder particles out of the encapsulated delivery and filtering the waste air.

#### **Quiet, Environmentally Friendly Compressed Air**

- > ScrollStar: The use of worm-type compressors and an expansion air dryer yields compressed air that is free of oil and condensation water. An acoustically insulated upright housing reduces noise.

#### **Printing with Reduced Alcohol**

- > On a Speedmaster CD 74 in three-shift operation, for example, IPA consumption can be reduced by up to 3,000 liters a year.



This certificate from the German Technical Inspectorate (TÜV) documents that Heidelberg has a working environmental and quality management system based on the international ISO 14001 and ISO 9001 standards.

#### FOR MORE INFORMATION ON THE SITES

Environmental data, the names of contacts and general information on all of the company's production and development sites can be found on the Internet at

[www.heidelberg.com](http://www.heidelberg.com) > About Us > Environment > Sites

## Environmentally Sound Production

Heidelberg's environmental policy includes a commitment not only to developing environmentally friendly products, but also to environmentally sound production of printing presses, prepress equipment and finishing machines. For this reason, environmental management systems that comply with the internationally valid ISO 14001 standard have so far been implemented at eight of the Heidelberg Groups 14 development and production sites. Preparations to do so are also under way at the remaining sites.

Environmental officers make sure that all legal requirements are met at the sites, and that continual improvements are made with regard to environmental issues. They analyze weaknesses and support those in charge for setting environmental goals and taking action to reduce environmental burdens. At the German sites, additional officers have been appointed to comply with legal requirements and reported to the responsible authorities: for waste, pollution control, water conservation, hazardous goods, laser protection and radiation protection.

### Many Steps for the Environment's Sake

All Heidelberg sites strive to utilize waste instead of simply disposing of it. Thanks to the active participation of employees, over the last ten years the recycling rate has climbed steadily to reach the high level of over 92 percent. In-house experts working for Facility Management also systematically work to identify untapped potentials for saving energy. These have included new control systems, optimizing the energy management software, improving climate control equipment, and instructing employees.

The environmental repercussions of production are analyzed in dedicated projects. For example, precise capture of all energy and material flows in the foundry is allowing optimized use of resources. The successfully implemented environmental measures have also included switching from wet to powder coatings for most parts. This not only prevents many tons of volatile organic compounds (VOCs) from being emitted, but also saves purchasing and disposal costs. With these measures, Heidelberg is demonstrating that environmental protection can definitely save money. The sites are also leveraging forward-looking technologies to keep printing press production at a high level of quality.

## Emissions Trading



So far only the Wiesloch site has begun participating in emissions trading; it has a heating plant with an output of 28 MW.

To limit emissions of carbon dioxide (CO<sub>2</sub>), a greenhouse gas, trading in emissions began in the European Union at the start of 2005. Since then, the operators of large energy facility and energy-intensive industrial operations have required so-called emissions allowances. Each allowance entitles its holder to emit one metric ton of CO<sub>2</sub> into the atmosphere. The Kyoto Protocol laid the foundation for this scheme; in that climate protection protocol, the EU pledged to reduce its CO<sub>2</sub> emissions to eight percent below the 1990 level by the year 2012. The affected operators of installations in Germany are listed at the German Emissions Trading Office (DEHSt) of the Federal Environmental Agency. Currently about 1,860 installations belonging to some 1,200 companies are participating in the emissions trading.

According to the rules stipulated by the German “Allocation Law 2007” (ZuG), emissions allowances were allocated to the affected installations free of charge. Those who need more emissions allowances than they have received must either purchase them from others or else pay a fine of € 40 per metric ton of excess carbon dioxide emitted. Those whose actual emissions are less than their allowances may sell the difference within the EU.

### Print Media Industry Included in Emissions Trading

Print shops, makers of printing equipment and inks, publishers: all companies of the print media industry are included in emissions trading if they operate certain facilities, for instance web offset presses or heating plants with an output greater than 20 MW.

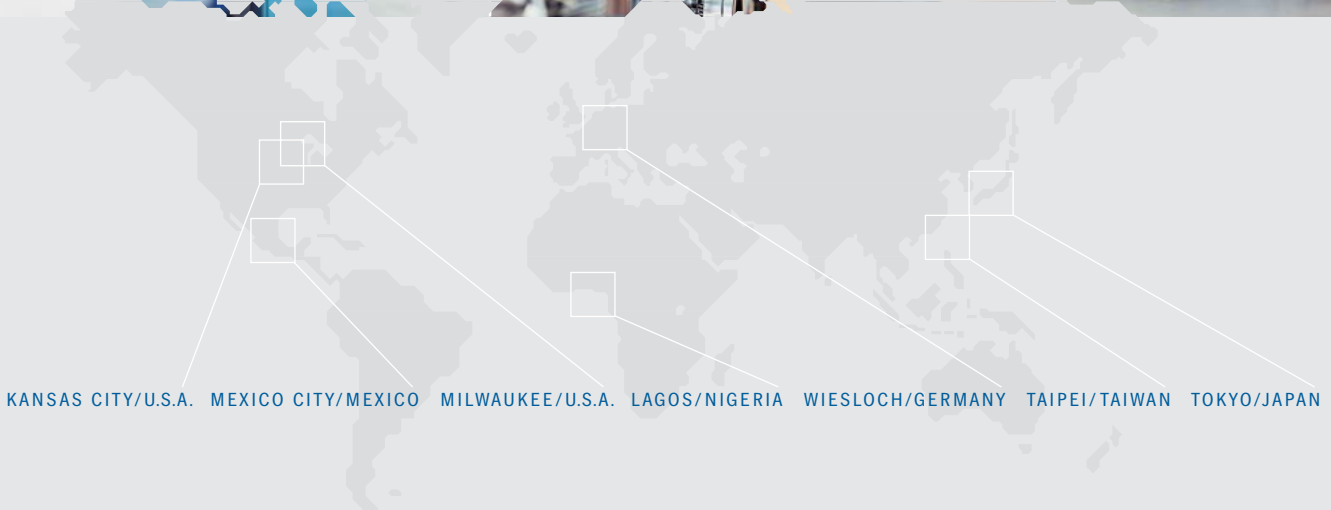
### Only Wiesloch Affected Within Heidelberg

Of Heidelberg’s 14 sites, at this time only Wiesloch is participating in emissions trading under the terms of the German Greenhouse Emissions Trading Law (TEHG). This is because it operates a heating plant with an output of 28 MW and emits about 5,000 metric tons of CO<sub>2</sub> a year. Having shut down a boiler, Amstetten is now below the 20 MW threshold. Heidelberg was allocated 90 percent of the presumably required emission allowances. Within the company, three parties are involved in emissions trading: the heating plant operator, Environmental Protection, and Purchasing. These form the basis for the strategies of realizing potentials for reducing emissions or – depending on weather conditions – purchasing additionally needed allowances as cheaply as possible.

## Working Worldwide

The first few years on the job weren't easy for Arne Bergmann. The print media industry had plunged into a crisis. Similarly to the situation today, print shops were holding back on investments. When Bergmann completed his three-and-a-half-year apprenticeship as an industrial mechanic at the Wiesloch site of Heidelberg Druckmaschinen AG in 1993, at first no jobs were available. He got through that difficult phase on a six-month contract for four days of work a week in Wiesloch. His coworkers faced the same difficulties; some of them had to transfer to Heidelberg units in other countries: to France, the United Kingdom or the United States, where those trained in Germany enjoy an excellent reputation.

But soon afterward, Bergmann received his first real employment: assembling feeders for the Speedmaster SM 74 in the new Hall 10. His next career step took him to worldwide Customer Support (CS). He underwent thorough additional training to learn about all of the stages involved in producing the SM 74 sheetfed press: from cylinder and printing unit assembly all the way to final assembly and test printing of the finished press. Before that, he had only been familiar with the feeder; now he know about the entire SM 74 series.







After doing a two-week English course in Britain, Bergmann began working at the Customer Support Center in Heidelberg. Together with an experienced coworker, he was initially sent to customers in Germany for new installations and repairs. Then a new press series was launched in 1999: the Speedmaster SM 74 DI. Two-man teams consisting of an electrician and a mechanic were formed for

installing the presses worldwide. Bergmann pitched in, becoming a professional “globetrotter”. First he was sent to Japan, where he joined staff of the sales and service unit in Tokyo to install a new SM 74 DI at the IGAS trade show. Assignments in over 30 different countries around the world then followed, requiring him to spend about three weeks at each location. Bergmann had a host of unusual experiences during his foreign assignments. In Nigeria, for example, the Heidelberg team had to wait two days for a drill to be replaced: a tool that can be purchased at any hardware store in Europe. Bergmann has been personally involved in installing about 20 percent of all Speedmaster SM 74 DI presses sold.

#### **From Afghanistan to Cyprus: at Home Everywhere with Heidelberg**

Products come and go: production of the Speedmaster SM 74 DI was halted in the 2004/2005 fiscal year. But one thing remains constant in Arne Bergmann’s professional life: life-long learning. Right now, this world traveler is in Wiesloch learning about Heidelberg’s current portfolio of half-format presses: the Speedmaster CD 74, the Printmaster PM 74 and the Speedmaster SM 74. Now 33, he has clearly formulated his wishes for his future career: he would like to spend two or three years at a foreign Heidelberg unit, then return to the parent company in Germany. Of Heidelberg’s roughly 250 agencies abroad, he finds Australia particularly attractive. His wife and eight-month-old daughter are looking forward to accompanying him and embarking on a very special kind of adventure within the network of the global Heidelberg family.



Arne Bergmann also teaches courses at the Print Media Academy in Heidelberg for assembly workers from around the world, for instance on the mechanical systems of half-format printing presses.

## “Patio 13” – School for Street Children



Manuel has been living on the streets for three years. First he found work picking coca leaves in the country's south. But with bullets from guerillas, the paramilitary, the drug mafia and the police whistling past his ears, he decided to hightail it out of there. He then spent months in the large Colombian city of Medellín, eking out a living by begging, doing odd jobs and stealing, until he heard about a facility for homeless children, “Patio 13”.

In Colombia, a patio is a protected area open to the street. There, street kids can meet, sleep off their drug-induced highs, wash and get something to eat. “Patio 13”

also gives them a basic education so they will have a chance of a better future. The Heidelberg Teachers College, teacher training institutions in Colombia, and various South American universities are involved in this international initiative. The project, which is being conducted under the auspices of the Ministry of Science, Research and Art of the German state of Baden-Wuerttemberg, is based on the conviction that education is the more effective and long-lasting investment in the future. “Patio 13” has been sponsored from 2001 to 2005 by Heidelberger Druckmaschinen AG.

### Printing Workshop Established

Under the influence of “Patio 13”, teaching street kids has been firmly incorporated into the curriculum for training teachers in Colombia. Every day, groups of students teach street children reading and writing, arithmetic and science, social studies and art. In a simple printing workshop, the kids can set their own names or simple texts using wooden type.

In addition, the children learn how to use computers and look for information on the Internet. They have their own website, where they introduce themselves, tell about their lives and experiences living on the streets, and post their pictures. For instance: “Hi, my name is Alonso, I'm 12 years old. Here's my story: I ran away from home, looked for work, washed buses, then the police caught me and locked me up . . .”

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#### FOR MORE INFORMATION

[www.patio13.de](http://www.patio13.de)

### Heidelberg Helps Street Children Learn to Read and Write

In 2001 Heidelberg helped launch “Patio 13”, pledging to support it as the sole sponsor for five years: a globally unique project dedicated to providing street children with a basic education as the prerequisite for achieving a decent future life.

By promoting children and adolescents who have slipped through the cracks of the school system for no fault of their own, Heidelberg is demonstrating its humanitarian and scientific commitment to helping build a peaceful, just world.

Illiterates are learning to read and write, which gives them a chance to take their fates into their own hands. By means of this involvement, Heidelberg is also strengthening its corporate culture, deepening trust in partners near and far, and setting an example of how global economic relations can be based on ethical considerations.



Among the student teachers from Colombia are guests from Germany: university students doing internships in the “Patio 13” project. “The half-year I spend with street kids profoundly changed me and how I see things,” says Therese, who is studying at the Heidelberg Teachers College. Her friend Conny adds, “Now I see the world as a whole and will definitely be different as a teacher than if I hadn’t had this experience.” At the same time, Colombian students are spending a year in Heidelberg on scholarships from the German state of Baden-Wuerttemberg. The South American students began preparing for the exchange program well in advance by learning German and planning their own internship and study projects.

### Teachers Discovering the Street as a Place of Learning

“Patio 13” bridges the gap between the street and formal teacher training. From now on, sociology and psychology students and those in teacher training in Medellín or Colombia’s capital city, Bogotá, can also enroll in a course of studies called “Teaching Street Children”. Over the next few years, the “Patio 13” model will be applied in Colombia’s other large cities and other countries as well. So that teachers can also access the accumulated know-how, recently “Patio 13” began setting up centers for continuing teacher training, focusing on teaching street children.

Because its emphasis is on overcoming illiteracy, “Patio 13” has turned to Heidelberg’s apprentices and management trainees with the request to refurbish a used press and send it to Colombia. The idea is to use it to support the efforts to teach street children to read and write. Teachers, university students and street children will write their own texts and produce teaching and learning materials on it.

When Manuel found out that he might someday even be trained as a printing press operator, he commented thoughtfully: “That could be what I’m supposed to do. But let’s take one step at a time and start by making our own newspaper for street kids!”

## Further Information



### Print Media

#### SUSTAINABILITY REPORTS

- > Sustainability Report 2003/2004
- > Sustainability Report 2002/2003

#### “PRINTING AND THE ENVIRONMENT” BROCHURES

- > No. 11 “Environmental Protection at Heidelberg”
- > No. 10 “UV Technology”
- > No. 9 “Printing with Less Alcohol”
- > No. 8 “Effective Use of Cleaning Agents”
- > No. 7 “The Speedmaster Star System”
- > No. 6 “Environmentally Sound Solutions”

You can obtain these publications by sending an e-mail to [environment@heidelberg.com](mailto:environment@heidelberg.com) or by going to [www.heidelberg.com](http://www.heidelberg.com) > Download Center

### Internet

#### ANNUAL REPORT 2004/2005

Available on the Internet at: [www.heidelberg.com](http://www.heidelberg.com) > Investor Relations > Annual Report 04/05

#### COMPANY BROCHURE

On the Internet at: [www.heidelberg.com](http://www.heidelberg.com) > About Us > Company Background > Company Profile

#### FACTBOOK 2004/2005

On the Internet at: [www.heidelberg.com](http://www.heidelberg.com) > Investor Relations > Factbook 2004/2005

#### PRINT MEDIA ACADEMY

The Print Media Academy offers a full range of events on environmental topics. Check out the current program on the Internet at [www.print-media-academy.com](http://www.print-media-academy.com)

#### ENVIRONMENTAL INFORMATION CENTER

Visit the Environmental Information Centers in the Print Media Center at our headquarters in Heidelberg, Germany and the Print Media Academy in Kuala Lumpur, Malaysia. Please contact your Heidelberg dealer to make an appointment.

#### INQUIRIES

If you have any questions about specific sites or products, please contact the responsible individuals. You will find their addresses at [www.heidelberg.com](http://www.heidelberg.com) > About Us > Environment > Sites

To find out about possibilities for obtaining grants or subsidies for investing in environmentally friendly systems, please contact your local Heidelberg dealer or send a fax to +49-62 21-92-33 29.

# Heidelberger Druckmaschinen

## Selected Products at a Glance

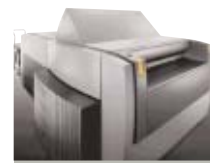
Selected products at a glance >

### Prepress



Platesetters for Violet Plates

- Prosetter 52
- Prosetter 74
- Prosetter F74
- Prosetter 102
- Prosetter F102



Platesetters for Thermal Plates

- Suprasetter S74
- Suprasetter H74
- Suprasetter E105
- Suprasetter S105
- Suprasetter H105

### Press



Sheetfed Offset Presses for 35x50 cm format (14x20 inches)

- Printmaster QM 46
- Printmaster GTO 52
- Printmaster PM 52
- Speedmaster SM 52

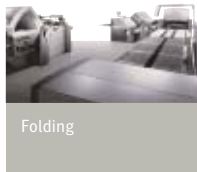


Sheetfed Offset Presses for 50x70 cm format (20x28 inches)

- Printmaster PM 74
- Speedmaster SM 74
- Speedmaster CD 74

Remark: The products sold by Heidelberg in the area "flexo printing" are produced by Gallus Ferdinand Ruesch AG

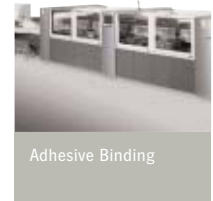
### Postpress



- Folding
- Easyfold
  - Stahlfolder Ti36 / Ti40
  - Stahlfolder Ti 52 Proline
  - Stahlfolder TH
  - Stahlfolder KH



- Saddlestitching
- Stitchmaster ST 100
  - Stitchmaster ST 350
  - Stitchmaster ST 400



- Adhesive Binding
- Eurobind 500
  - Eurobind 1200
  - Eurobind 2000
  - Eurobind 4000 System
  - Eurotrim



- Die-Cutting
- Dymatrix 105
  - Dymatrix 106
  - Dymatrix 113
  - Dymatrix 142

Remark: The products sold by Heidelberg in the areas "cutting" and "label systems" are produced by POLAR

## Workflow

The integrated workflow system

## Services

The Heidelberg service portfolio along the value chain

## Print Media Academy

The Heidelberg knowledge platform



Sheetfed Offset Presses for 70x100 cm format (28x40 inches)

- Speedmaster SM 102
- Speedmaster CD 102
- Speedmaster XL 105

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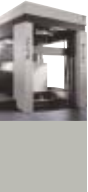
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Folding Carton Gluing

- Diana 45
- Diana 115/125
- Diana 145/165
- Diana Pro 74/94/114
- Diana X 135

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Prinect Management Solutions

Prinect Production Solutions

Prinect Color Solutions

Installations/Deinstallations

Technical Service

Original Service Parts

Remote Service

Service Contracts

Print Shop Planning

Print Color Management

Consumables

Customer Financing

Training

Seminars

Workshops

# Production and Development Sites



- Certified as ISO 14001-compliant
- Not yet certified
- Not yet certified (start of construction in 2005)

Effective environmental management is essential for consistently implementing the Heidelberg Group's environmental policy and continually raising the achieved standards. Heidelberg has therefore been working steadfastly since 1996 to equip all of the Group's production and development sites with environmental management systems that comply with the international ISO 14001 standard. Eight of the 14 sites have been certified so far.

The content of this report was finalized on June 30, 2005 and published on July 20, 2005.

The last sustainability report appeared in July 2004, the next sustainability report will appear in July 2006.

Environmental data, names of contacts and general information on the 14 sites are available on the Internet at [www.heidelberg.com](http://www.heidelberg.com) > About Us > Environment > Sites

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