

Press Information

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AGM for financial year 2018/2019 – Heidelberg continues digital transformation quickly

- **Significantly higher proportion of recurring contract sales to make the company less susceptible to cyclical fluctuations in the future**
- **Focus on improving free cash flow and securing profitability**
- **Annual General Meeting elects Ms. Li Li to the Supervisory Board and approves all items on the agenda with a clear majority**

Around 1,200 shareholders today attended the Annual General Meeting of Heidelberger Druckmaschinen AG (Heidelberg) for financial year 2018/2019, which was held at the Congress Center Rosengarten in Mannheim. Just under 36 percent of the company's share capital was represented at the event.

The Management Board presented the company's strategy and the figures for the past financial year (April 1, 2018 through March 31, 2019) to the shareholders. Following the successful end to financial year 2018/2019, Heidelberg aims to vigorously pursue its digital transformation. The company is to become less susceptible to economic fluctuations in the future, primarily due to the expansion of innovative digital business models and the higher proportion of recurring contract sales these will bring. Approximately 30 contracts were concluded in financial year 2018/2019 and customer demand is rising, which is why Heidelberg is continuing to expand its subscription offerings. At present, customers are offered a fully inclusive package that combines equipment, services, software and consumables in one usage-based contract that runs over several years. In the future, customers will also be able to combine and utilize individual components from this offering over a defined period of time and in line with set standards. This will enable them to switch to usage-based service models in a phased process. In the medium term, approximately a third of

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overall sales and around two thirds of lifecycle sales at Heidelberg are to be generated on a sustainable basis through contract business.

Focus on improving free cash flow and securing profitability

In order to ensure the implementation of the strategy even in an uncertain economic environment, the Management Board presented a package of measures at the Annual General Meeting to stabilize sales and earnings development and to significantly improve net working capital and free cash flow. This is intended to cushion the negative effects resulting from the current reluctance of customers to invest, especially in Europe, as quickly as possible. The company is putting many of the investments planned for this and the coming financial year to the test. Another short-term measure is to use all available instruments to make working hours more flexible - such as time accounts and short-time working - in order to balance out fluctuations in demand as best as possible. In addition, to significantly reduce net working capital, Heidelberg has implemented a program that includes optimization of flow times and inventory levels, improvements in receivables management, and improvements in payment terms. Heidelberg is also reviewing portfolio adjustments through the sale of smaller divisions and further structural optimizations. In total, a liquidity potential of around EUR 100 million was defined.

Annual General Meeting elects Ms. Li Li to the Supervisory Board

At the Annual General Meeting, the company's shareholders had to vote on seven of the eight items on the agenda, including the election of Ms. Li Li as shareholder representative on the Supervisory Board. Ms. Li Li from Tianjin City is Chairman of the Board of Masterwork Group Co., Ltd. Masterwork has been a strategic anchor shareholder since the end of March 2019 from Heidelberg. In the resolution on the election to the Supervisory Board, the large majority of those entitled to vote agreed with the candidate proposed by the administration. The former member of the Supervisory Board, Prof. Dr.-Ing. Günther Schuh, resigned from office with effect from the end of the Annual General Meeting on 25 July 2019. All other items on the agenda were approved with a clear majority.

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Figures:

- 1.** Rainer Hundsdörfer, CEO of Heidelberger Druckmaschinen AG, at the AGM for financial year 2018/2019 held at the Congress Center Rosengarten in Mannheim.
- 2.** Ms. Li Li was elected to the Supervisory Board of Heidelberger Druckmaschinen AG by the Annual General Meeting.
- 3.** AGM of Heidelberger Druckmaschinen AG for financial year 2018/2019 at the Congress Center Rosengarten in Mannheim.

For additional details about the company and image material, please visit the Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

Note for editors:

A recording of the speech and the presentation given by the Management Board at the 2019 AGM are available online at www.heidelberg.com.

The Annual Report and AGM agenda can also be downloaded from www.heidelberg.com.

Heidelberg IR now on Twitter:

Link to the IR Twitter channel: https://twitter.com/Heidelberg_IR

On Twitter under the name: @Heidelberg_IR

Other dates:

The scheduled publication date for the financial statements for the first quarter of 2019/2020 is August 6, 2019.

Further information:

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