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Heidelberger Druckmaschinen AG: Cyclical reluctance to invest weighs on start of 2019/20 financial year

- Key figures for 1st quarter down year-on-year

- Sales forecast confirmed, margin target and expected net result after taxes adjusted

The business performance of Heidelberger Druckmaschinen AG (Heidelberg) in the first quarter (April 1, 2019 to June 30, 2019) of financial year 2019/20 was impacted in particular at the end of the reporting period by the increasing reluctance to invest and the corresponding shift in sales due to the economic downturn. In the traditionally weakest quarter of the year, the company recorded sales of EUR 502 million, compared with EUR 541 million in the same period of the previous year. Especially in Germany and parts of Europe, it was not possible to repeat the previous year's performance. Demand for contract offerings (service, software and supply contracts for consumables and, in the final stage, subscription contracts including equipment) developed positively, with the proportion of recurring revenues rising by almost 10 percent year-on-year to around EUR 80 million. Due to the ramp-up, however, it has not yet been possible to compensate for the overall decline in sales.

Despite significantly higher demand in China as a result of the positive outcome of the Print China trade fair, as at June 30, 2019, incoming orders were down on the previous year (EUR 665 million) at EUR 615 million. At around EUR 14 million (including the IFRS 16 effect of around EUR 4 million), EBITDA excluding restructuring result was also below the unadjusted prior-year figure of around EUR 20 million. After taxes, the Group reported a minus of around EUR 31 million (previous year: EUR -15 million). In view of the net working capital build-up during the year and investments in the expansion of digital business models, free cash flow was negative at EUR -83 million (previous year: EUR -45 million).

For the 2019/20 financial year as a whole, Heidelberg continues to anticipate sales at the previous year's level. Despite the economic downturn and the associated reluctance to invest in the equipment business, the company expects to compensate for this by further stable expansion of the contract business. However, the reluctance to invest is also leading to a product mix with lower overall profitability in the equipment business. The company is therefore adjusting its outlook for the operating result in the current financial year and is assuming a target margin for EBITDA excluding restructuring result in a range of 6.5 to 7 percent of sales (to date 7.5 to 8.0 percent). A break-even net result after taxes is now expected.

Heidelberg will publish the complete interim statement of the 1st quarter 2019/20 as planned on August 6, 2019.

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Important note:

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End of ad hoc announcement