Heidelberger Druckmaschinen AG adopts comprehensive action package to raise profits, improve the Company's financing structure and eliminate nearly all of its net debt. Guidance for full-year 2019/20 adjusted to reflect non-recurring expenses of approximately EUR 300 million and the global impact of the Corona pandemic.

Heidelberg, March 17, 2020. The Management Board of Heidelberger Druckmaschinen AG (Heidelberg) today adopted a wide-ranging action package, as announced last year, for a short-term reduction in structural costs and long-term improvements in the Company's profitability. Focus on Heidelberg's profitable core business in which the Company has assumed a leading position worldwide and systematic streamlining of the cost base are geared to delivering an improvement of €100 million in EBITDA, excluding the restructuring result. To meet the EBITDA target, Heidelberg plans to discontinue the production of certain loss-making products/product lines such as Primefire 106 (a digital printing product) as well as the "Large-format" product line (sheetfed offset printing) by no later than the end of 2020. The Company also intends to make long-term adjustments to production and structural costs in a move that could lead to up to 2,000 job cuts worldwide and possibly site closures. To this end, Heidelberg will soon be taking up negotiations with the employee representatives on making the specific changes in a socially responsible manner.

At the same time, Heidelberg will significantly improve its liquidity position by transferring a portion of the liquidity reserve of approximately €375 million from the trust fund managed by Heidelberg Pension-Trust e.V. back to the Company. The return transfer, which is supported by both the Board and the members of Heidelberg Pension-Trust e.V., will reduce the Company's fiduciary assets to the level required to secure all pension entitlements that are not covered by statutory insolvency insurance. The transfer will have no negative impact whatsoever on existing or future pension entitlements. Heidelberg plans to use the additional liquidity to eliminate nearly all of its net debt - especially to pay off a high-yield, €150 million bond early - and to substantially improve the Company's financing structure. This plan of action as regards the Company's financing concept enjoys the support of the employee representatives and the trade union as well as all lending banks.

Heidelberg estimates that, depending on the outcome of negotiations with the employee representatives as well as accounting charges in the financial year 2019/2020, the non-recurring expenses necessary to implement the action package will total about €300 million. These expenses and the increasingly deteriorating global economic environment due to the
corona pandemic will negatively impact sales and earnings in the current financial year more severely than so far anticipated. Heidelberg thus expects full-year sales will be well below the prior-year level of some €2.490 billion. Consequently, the forecast EBITDA range - excluding the restructuring result and one-time proceeds from the sale of Hi-Tech Coatings at the end of 2019 - of between 5.5 and 6.0% can no longer be attained and the net result after taxes will be negative, at the level of the restructuring expenses of around €300 million.

It is projected that a major part of Heidelberg's realignment measures will be initiated in the financial year 2020/2021, such that - depending on the outcome of negotiations with the employee representatives as well as the ongoing economic impact of the corona pandemic - there may once again be a negative net result after taxes in the transition year, too. It is anticipated that substantial positive effects from the realignment will materialize starting in the financial year 2021/2022.

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End of ad hoc announcement