

DGAP-Ad-hoc: Heidelberger Druckmaschinen AG / Key word(s): Disposal/Strategic Company Decision

**Heidelberger Druckmaschinen AG: Heidelberg concludes agreement to sell the Gallus Group to further focus on its core business**

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As part of its decision to focus on its core business, Heidelberger Druckmaschinen AG (Heidelberg) has signed an agreement to sell the German-Swiss Gallus Group to the Swiss packaging group benpac holding ag. On completion of the transaction, Gallus Holding AG, Gallus Ferd. Rüesch AG, Gallus Druckmaschinen GmbH, Heidelberg Web Carton Converting GmbH (WCC) and Menschick Trockensysteme GmbH, with a total of five sites in Germany and Switzerland and around 430 employees, will be transferred to benpac holding ag. The Gallus companies develop and produce conventional and digital narrow web presses for label printing and screen-printing plates. WCC provides high-end web offset printing solutions for folding carton printing.

With an agreed purchase price of some 120 million euros, Heidelberg is expecting the deal to generate earnings in the mid double-digit million-euro range. The parameters will be finalized at the time of closing. The sale, which still needs to be approved by the relevant bodies and is subject to other condition precedents, is set to take effect before the end of 2020.

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End of ad hoc announcement

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Information and Explanation of the Issuer to this News:

**Heidelberg realignment continues apace with sale of Gallus Group to benpac holding ag in Switzerland**

- **Key transformation milestone at Heidelberg due to closer focus on core business**
- **Transaction with purchase price of some 120 million euros will make significant contribution to company's long-term financial stability**
- **Heidelberg to support benpac by providing digital expertise**

Heidelberger Druckmaschinen AG (Heidelberg) is systematically pursuing the company's realignment. Having decided to focus on its core business of sheetfed printing, Heidelberg is selling the Gallus Group to the Swiss packaging business benpac holding ag in Stans while facing up to the challenging situation created by Covid-19.

In the future, Heidelberg and benpac will work together closely on the Gallus Labelfire digital label press. Heidelberg will continue supplying the digital printing unit (DPU) and consumables for this press.

'We are selling our narrow-web rotary and rotary flexographic printing activities to focus more closely on innovative solutions for the entire printed sheet value chain. We will be retaining our in-house digital expertise and, by collaborating with benpac on the Gallus Labelfire, we will also be making further progress with the digitization of conventional presses. At the same time, we will remain a major supplier on the growing label market with our sheetfed offset presses,' says Heidelberg CEO Rainer Hundsdörfer.

The transaction will see benpac assume ownership of Gallus Holding AG in St. Gallen, Gallus Ferd. Rüesch AG in St. Gallen, Gallus Druckmaschinen GmbH in Langgöns, Heidelberg Web Carton Converting GmbH (WCC) in Weiden in der Oberpfalz, and Menschick Trockensysteme GmbH in Renningen - five sites with a total of some 430 employees in Germany and Switzerland. With an agreed purchase price of some 120 million euros, Heidelberg is expecting the deal to generate earnings in the mid two-digit million-euro range. The parameters will be finalized at the time of closing. The sale, which still needs to be approved by the relevant bodies and is subject to other condition precedents, is set to take effect before the end of 2020.

'Our aim is to ensure the long-term financial stability of Heidelberg, and all the measures since our transformation started in March this year have been geared toward this objective. Selling the Gallus Group is another key part of our realignment and follows on from the successes we have achieved so far during the transformation process. This further major boost to our liquidity and Group equity will be a big help, especially during the coronavirus crisis,' underlines Heidelberg CFO Marcus A. Wassenberg.

Heidelberg and benpac cooperate closely in sales and service for the Gallus portfolio

benpac and Heidelberg have agreed that Heidelberg will continue to manage the sales and service of the Gallus portfolio in close cooperation after the takeover. Gallus customers will therefore continue to benefit from the proven quality and reliability of the world's largest service network in the print media industry.

'The acquisition of the Gallus Group is of great strategic importance for benpac holding ag. It completes our overall range in the packaging sector and ensures that the entire value chain is covered. The expertise of the Gallus Group will contribute to the further development of our group of companies,' said Marco Corvi, CEO and Chairman of the Board of Directors of benpac holding ag.

With production facilities in Switzerland and Germany, Gallus develops and manufactures both conventional and digital narrow-web rotary label presses. The machine portfolio is complemented by a range of screen-printing plates (Gallus Screeny), decentralized global service activities, and a comprehensive selection of accessories and spare parts. Heidelberg Web Carton Converting provides high-end webfed printing solutions for folding cartons.

About benpac holding ag

The benpac holding ag is a leading group of companies for all-inclusive packaging solutions. The group is also active in the fields of engineering, IT technology and consulting. The internationally positioned group employs 3,150 people and is primarily active in the USA and Asia. The headquarters of the holding company is located in Stans.

<https://www.benpac.ch>

For additional details about the company and image material, please visit the Press Lounge of Heidelberger Druckmaschinen AG at [www.heidelberg.com](http://www.heidelberg.com).

Heidelberg IR now on Twitter:

Link to the IR Twitter channel: [https://twitter.com/Heidelberg\\_IR](https://twitter.com/Heidelberg_IR)

On Twitter under the name: @Heidelberg\_IR

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Important note:

This press release contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that those assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macro-economic situation, in the exchange rates, in the interest rates, and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this press release.