



Heidelberg goes digital!

Heidelberger Druckmaschinen AG | Annual General Meeting

Rainer Hundsdörfer (CEO) | 25 July 2019

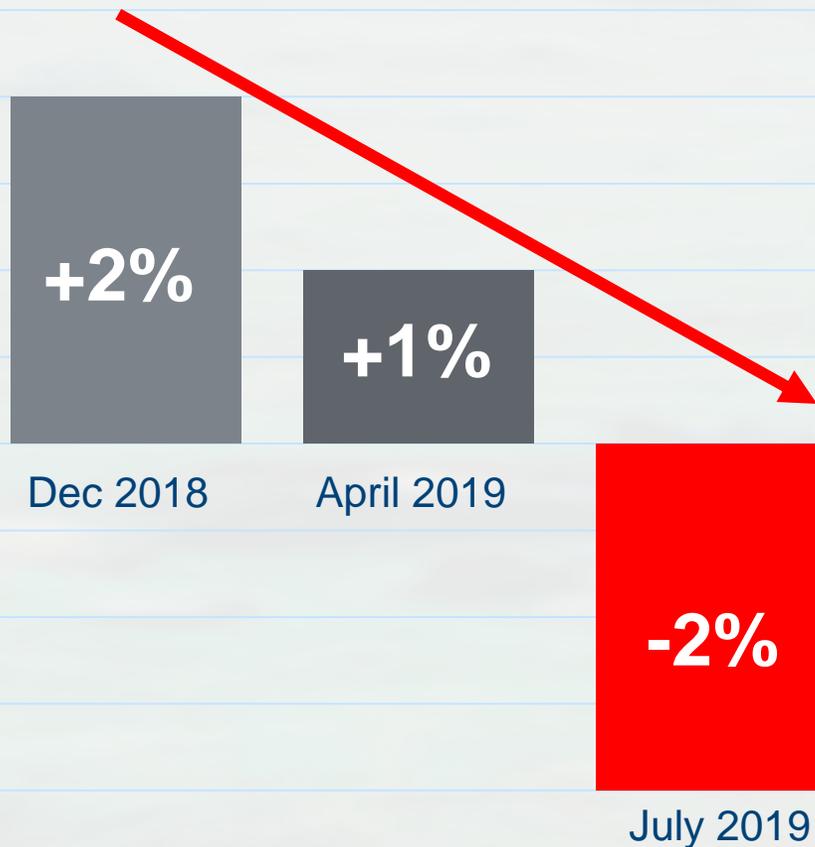


Significant economic slowdown.

Mechanical engineering expects production to fall in 2019.



Production estimate by VDMA





Financial highlights.

Sales and earnings targets achieved in financial year 2018/19.

Sales up around 3% on the previous year, especially for sheetfed offset and digital printing presses

EBITDA margin excluding restructuring result within the projected range at 7.2%

Net result after taxes up from EUR 14 million to EUR 21 million



Operational highlights.

Digital business models successfully introduced.

Heidelberg's sheetfed offset technology **extends its lead**

World market share for sheetfed offset systems **improved further**

Significant increase of sales and market share in China

Productivity of Heidelberg printing systems **increasingly superior**





Start of the new financial year.
Perceptible cyclical reluctance to invest.

Significantly accelerated **investment postponements in June**

Declines in quarterly sales and an adverse product mix **reduce profitability**

Sales forecast confirmed, **margin target adjusted**

Increase in inventories for sales volumes in the second half of the year **weighs on free cash flow**



Short-term measures.

Stabilizing sales and profitability against the trend.

Review of planned investments and **reduction of net working capital**

Consistent continuation of **digitization strategy**

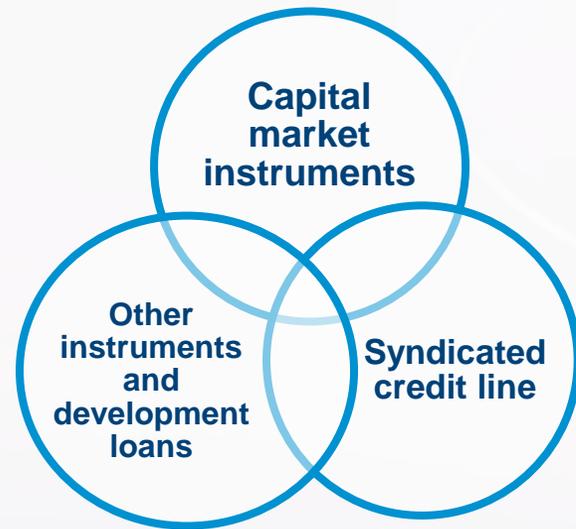
Exploiting opportunities for **flexible working hours**

Push **sales of** smaller areas and structural optimizations



Financing the future.

The financial framework for the digital future is well-balanced on three pillars.



Strategy: Appropriate diversification of the overall credit line in terms of instruments and maturities

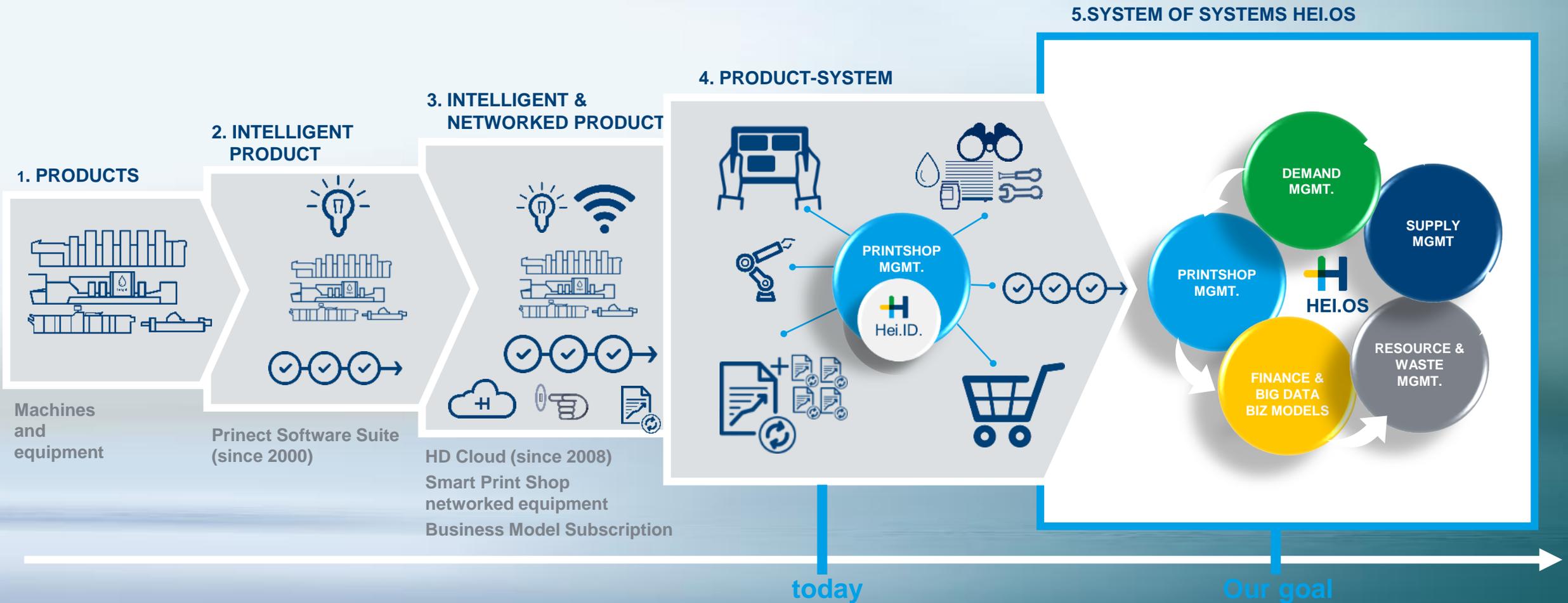
Three pillars: Capital market instruments (~21%), syndicated credit line (~45%) and other instruments and promotional loans (~34%)

Well-balanced: The three pillars are well-balanced and cover net debt in the long term



The way into the future.

Heidelberg is building the digital ecosystem of the print media industry.





Subscription model successfully launched on the market.
Heidelberg customers realize significant productivity increases.

Customer example on the Speedmaster XL106-6+P+L

With subscription model	
Machine set-up time	-48%
Print speed	+5%
Scrap/spoilage	-32%
Productivity	+31%

Actually printed sheets: 2,102,034 → + 435,367
Contractual target: 1,666,667 → ~ +26%





Modular access to the subscription model.

Significant expansion of contract business for increased customer flexibility.

	Free subscription	Software subscription	Service contracts	Lifecycle contracts		Full subscription
Heidelberg ID 	✓	✓	✓	✓	✓	✓
Software 		✓	✓	✓	✓	✓
Service 			✓	✓	✓	✓
Consumables 				Pay per piece	Pay per outcome	✓
Equipment 					Customer doesn't own equipment	Customer owns equipment

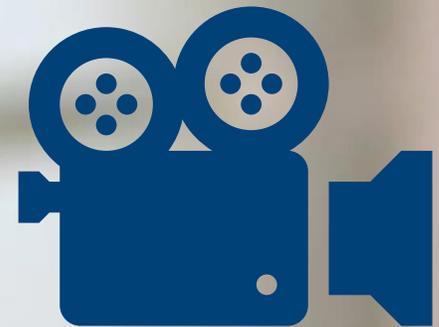




Subscription model successfully introduced.
Customer interest in usage-based business models is growing.

"After the subscription model was implemented at our company, I quickly realized that this model was exactly what we needed."

Daniela Klampfer, CEO of Universitätsdruckerei Klampfer, Austria





Cloud-based web-to-pack platform launched in China.
The market for small and individual editions is growing continuously.

Known: **Web-to-Print**

Online print shops for personalized and individualized invitation cards, flyers, business cards

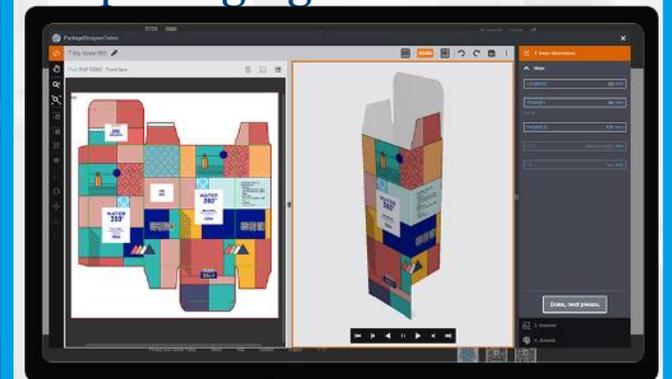


Primefire



New: **Web-to-Pack**

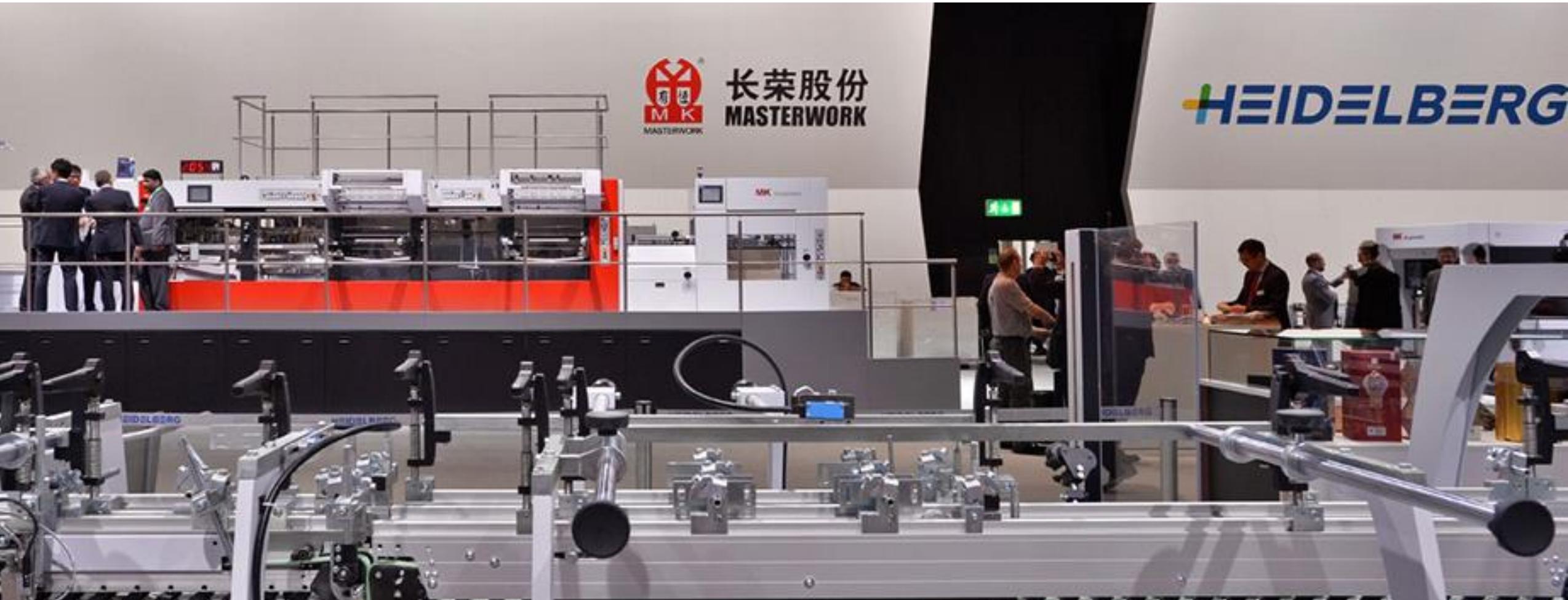
Online print shops for personalized and individualized packaging



www.boxuni.com



Packaging printing in China is on the rise.
Benefiting from growth with the strategic partner Masterwork.





Operational Excellence. New Innovation Center opened with Prime Minister Kretschmann.





Operational Excellence.

Plans for "HEIDELBERG Digital Campus of Things" are making progress.





Heidelberg goes digital. Becoming more independent of cyclical fluctuations.

Core business: Focus on stabilization

Subscription: Expansion of the contract business

Digital printing: Accelerate ramp-up

Operational Excellence: Improved efficiency



We focus on short-term measures in order to counteract the economic weakness



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disclaimer



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