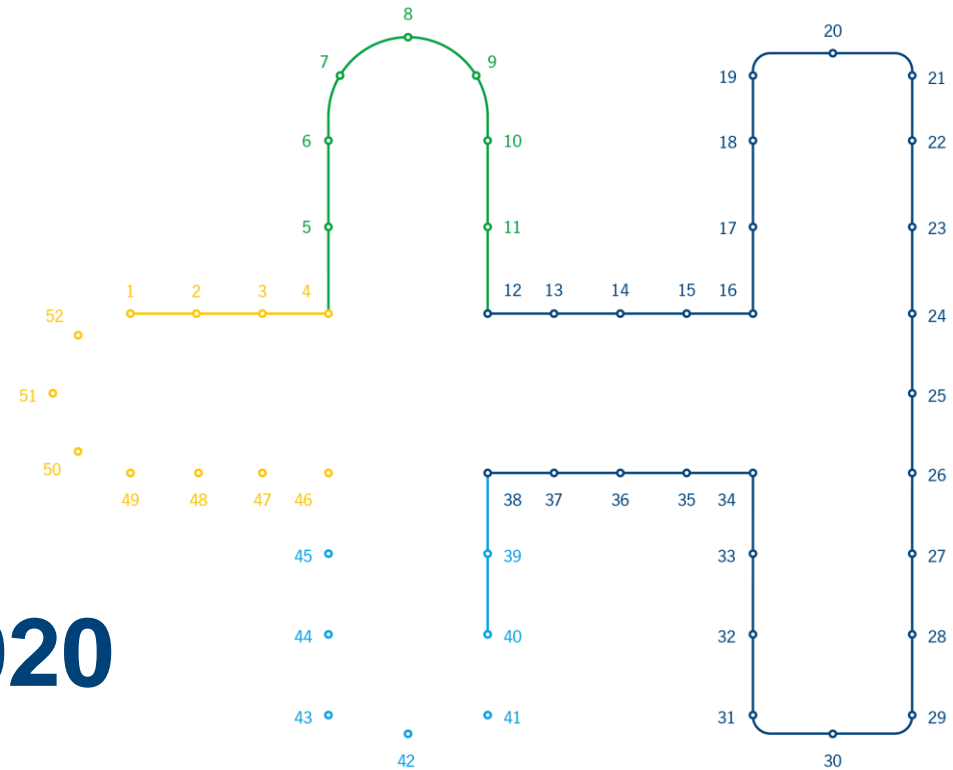


Our goals: Profitability – Competitiveness – Safeguarding the future

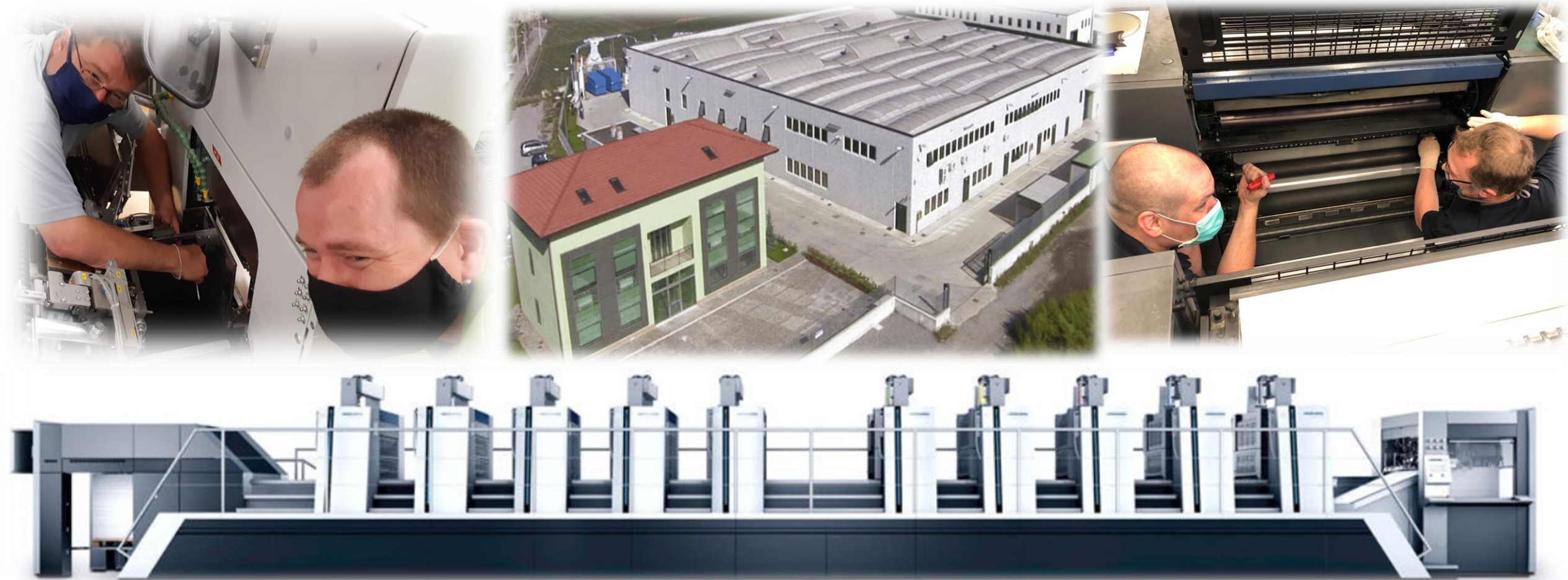


**Heidelberger Druckmaschinen AG – Annual General Meeting**  
Rainer Hundsdörfer, CEO | Wiesloch, July 23, 2020

Welcome to the  
**Annual General Meeting 2020**



The world is facing dramatic change.  
**Great teamwork in times of lockdown.**



# The world is facing dramatic change. **Heidelberg is on the right track.**

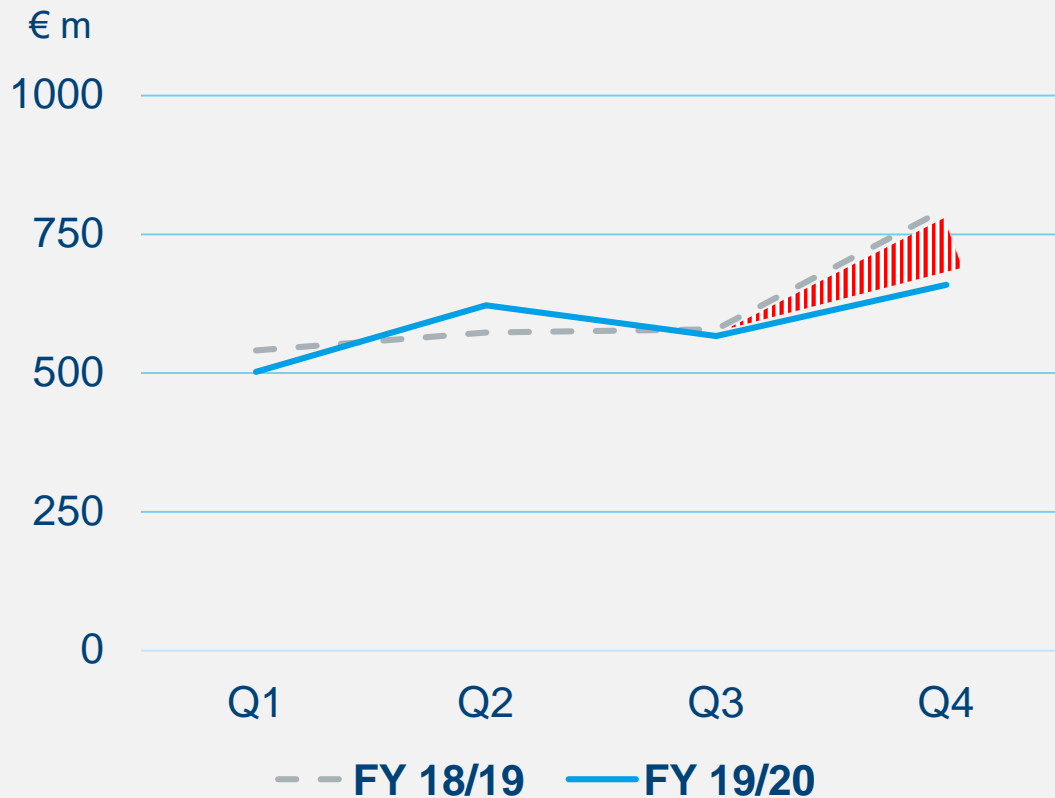
- Heidelberg's digital transformation is the right answer to the structural changes in our industry
- The Covid-19 pandemic reinforces the need for change processes
- Operational realignment sets the course for profitability, competitiveness and safeguarding the future





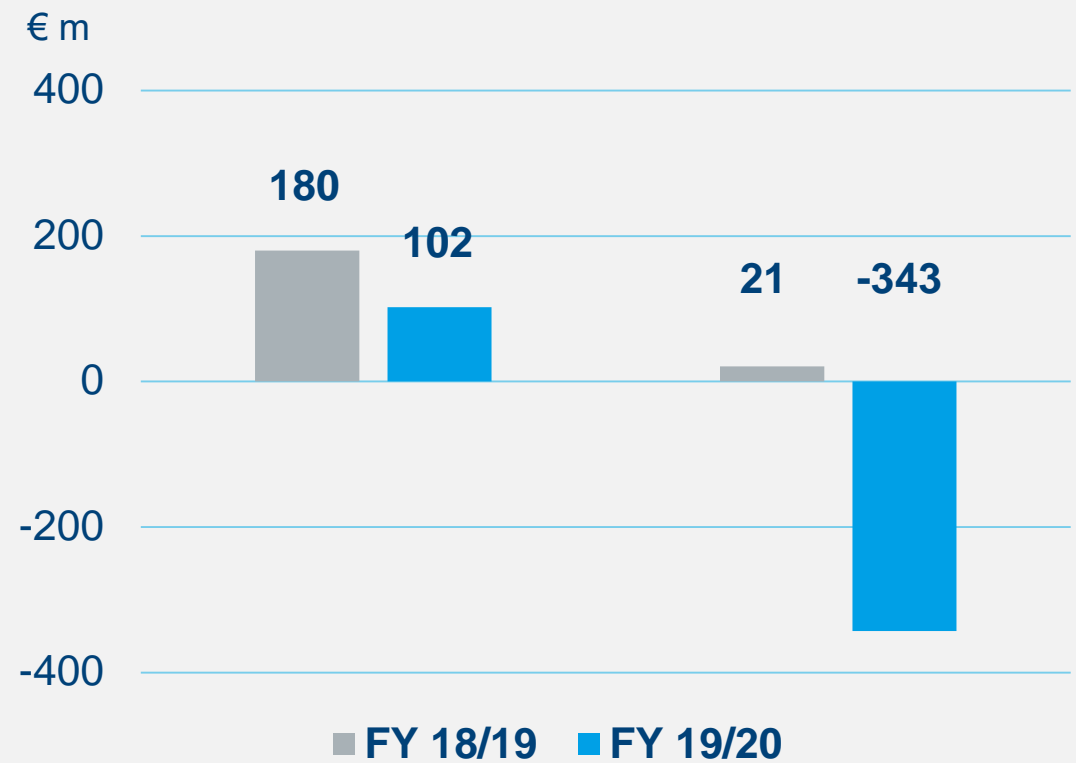
## Sales and earnings development in the Group. Covid-19 pandemic weighs on fourth quarter.

Group net sales



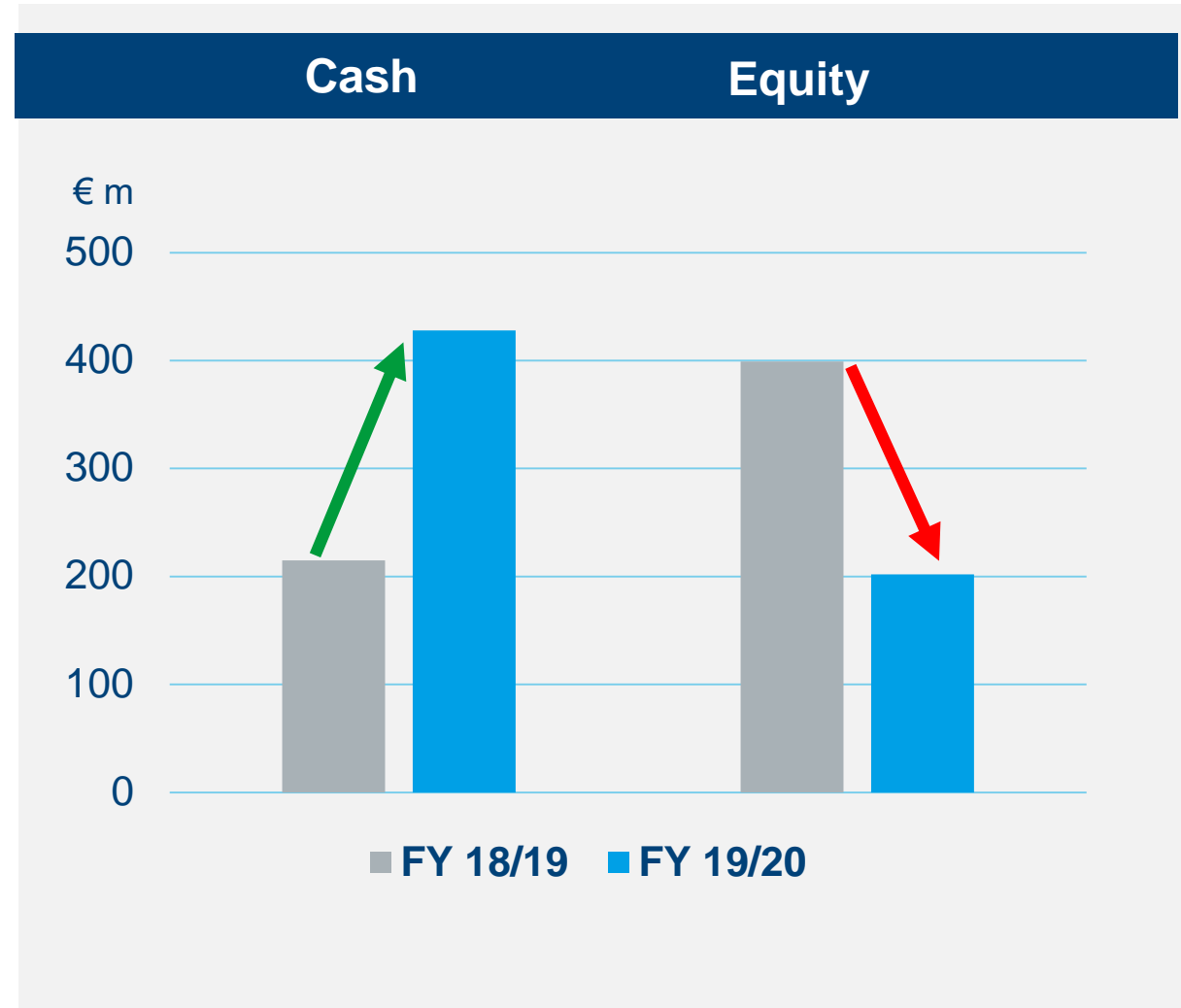
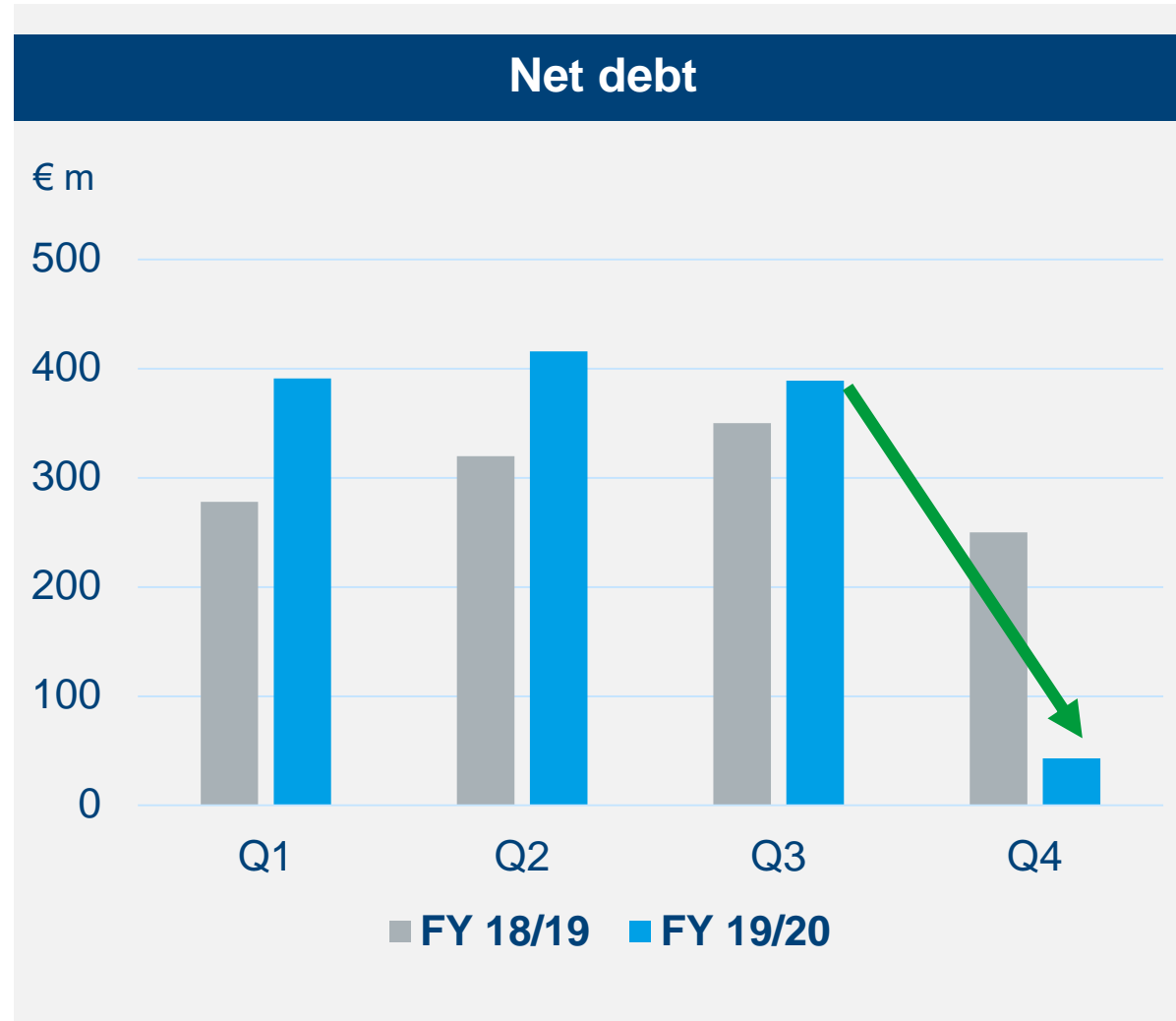
EBITDA\*

Net result after taxes



# Financial stability.

## Net financial debt significantly reduced.



## Realignment.

### Major progress in rapid implementation of action package.

- **Reduction of net debt** by transfer of liquidity reserve ✓
- Reorganization of occupational retirement provision **strengthens equity** ✓
- **Streamlining the organization:**
  - Reduction of the Board of Management ✓
  - Reduction of management levels ✓
  - Reduction of around 1,600 jobs worldwide has been agreed ✓
- **Focus on profitable core activities:**
  - Closure of loss-making activities ✓
  - Sale of Gallus-Group ✓





Realignment.

## Restructuring of the production network to enhance competitiveness.

- **Wiesloch** to be strong future location for **high-end products** 
- **Mass production of printed organic electronics** to start at Wiesloch site 
- **Increased capacities** for production of volume models in China 
- **Joint venture with MK Masterwork** for parts production to be established in China 



Realignment.

## Financial impact of the adopted measures.



**Discontinuation of unprofitable products**

€ 50 m



**Significant reduction of production costs and structural costs**

€ 50 m



**Improvement in operating profit (EBITDA)**

€ 100 m



The world is facing dramatic change.

## Development in Q1 and outlook 2020/21.

- Impact of the pandemic are a major challenge, in particular for exporting companies, such as Heidelberg
- Sales in Q1 expected to be around 30 % below previous year
  - Weak incoming orders from all major regions – recovery trends in individual markets such as China
  - The willingness of our global customers to invest is currently difficult to estimate
- Result in Q1 thanks to special measures (e.g. short-time working, effect from the conclusion of a collective agreement on occupational retirement provision) at a comparatively solid level





# Outlook for FY 20/21.

## **Covid-19 pandemic impedes forecast.**

⊖ **Weak order activity worldwide**

⊕ **Beginning light market recovery**

⊖ **Burden due to realignment and potential additional measures**

⊕ **Profitability gains from realignment**

- 
- Σ
- **Sales expected to be significantly down on prior year**
  - **EBITDA margin** excluding restructuring result **at least on previous year's level**
  - **After-tax result significantly improved on prior year but still clearly into negative range**



Our core business & our products.

**Added value for our customers – from quotation to invoice\*.**

## Core business

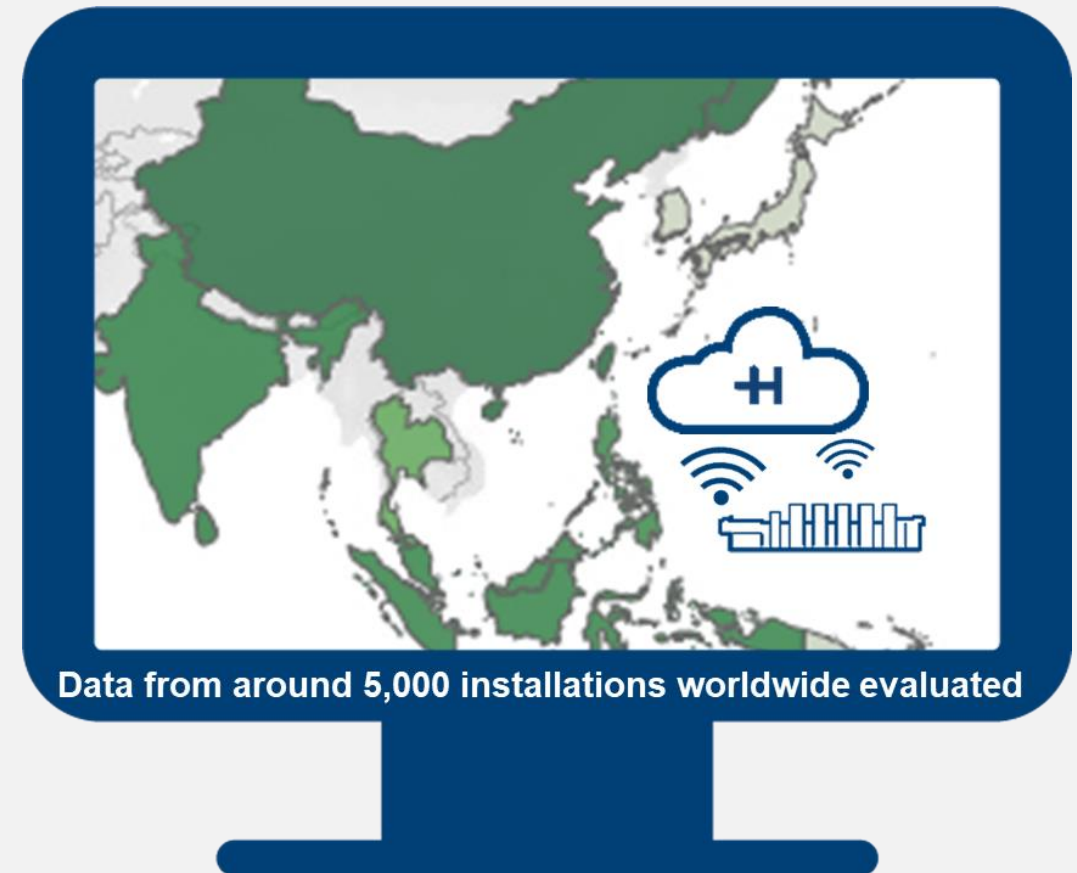


## Outlook – Heidelberg PMI Climate Report.

### Heidelberg successfully operates in future markets.

- **Packaging and label printing** have been navigating quite **stable** through the crisis. They are **crisis-resistant** and are considered **systemically important**.
- In **commercial printing**, the **impacts were more pronounced**, but this segment is increasingly recovering in markets like China.
- **Development of China's market gives cause for hope**, showing that demand picks up as the Covid-19 situation eases.

#### China's market (Packaging/Label & Commercial)



## Positioning in growth markets. **China.**

- Heidelberg is **very competitive in China with around 850 employees**. In order to realize growth opportunities, the site is to be **expanded to more than 1,000 employees**.
- The **product portfolio produced in China** is **continually adapted to the requirements** of the **Asian market and expanded**, notably for the **key packaging market**.
- Despite Covid-19 declines, **order intake in the Asia/Pacific region increased by almost 4 %** to more than **€680 million, particularly in China**.





Positioning in growth markets.

**Some 50 % of sales with sheetfed offset presses in packaging.**

- Covid-19 pandemic shows **systemic relevance** of packaging for **key industries** such as food and healthcare.
- **Market leader: Over 2,000 sheetfed offset presses installed at packaging customers worldwide in recent years.**
- **Some 50 % of sales** with sheetfed offset presses generated **in packaging.**
- **MK Masterwork as strong partner** for complete solutions.

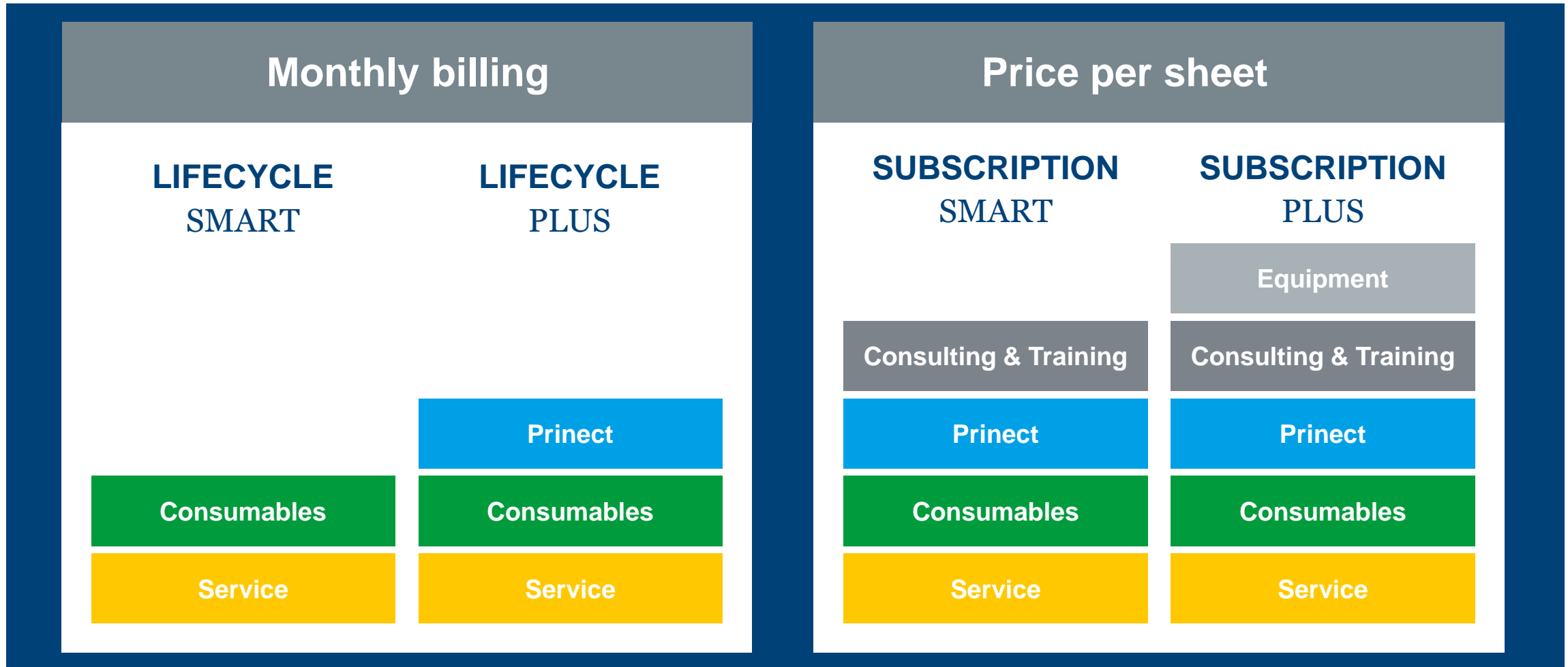


Strong demand for  
**household food  
packaging** in the  
Covid-19 era



Profitability.

**Expansion of contract business to stabilize sales.**





Next steps and goals.

## A clear agenda towards profitability.

The strategic focus for the coming months is clear:

1. Safeguarding liquidity
2. Implementing the **workforce measures**
3. Systematic implementation of **transformation to agile player**
4. Improving **profitability**
5. Extending **digital technology leadership**



# Disclaimer



This 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 presentation.