Financial stability – Strong core business – New growth

Heidelberger Druckmaschinen AG – Investor presentation
September 2020
Heidelberg.
Company snapshot.

Technology and market leader with approximately

41% global equipment market share

#1 World’s largest manufacturer of sheetfed offset (“SFO”) printing presses

~ 11,500 employees

€2,349m total sales (FY19/20)

170 years of tradition – and still today we help define the future trends in our industry thanks to state-of-the-art technologies and innovative business ideas.

Proprietary Sales Organization with presence in more than 170 countries

Reliable and highly innovative partner to the global printing industry

Diversified global reach

Manufacturing presence mainly in Germany and China.

Integrated system solutions for end-to-end performance increase in print shops and greater customer value by digitization

Source: Heidelberg Annual Report FY 2019/2020
Our core business.
The Smart Printshop.

Innovative products of our customers

Ease of Use – Productivity and quality independent of the operator.

Push to Stop „end-to-end“ – from prepress to postpress.

Artificial intelligence & the Speedmaster.
Continuous process optimization.

Big Data & new business models – successful in global competition through data-based solutions and new contract models

// End-to-end Print shop performance increase by digitization.
We act – clear goal: Raising the share’s potential.

Stable Sales but missing structural growth (5 years 2.3 – 2.5bn €)

Organize structural growth

EBITDA-Margin 4 -7 % (5 years)

Sustainably increase profitability

High NWC, high CAPEX, high cash interest

Increase cash conversion

High Net Debt & pension liability, low equity ratio

Significant reduction of debt, change in pension scheme

// Comprehensive transformation launched in challenging market environment
Our transformation.


Financial stability

Restructuring/ Turnaround

Strong core business

Strengthening & expanding profitability

New growth

Future program for new value creation

Financial stability as basis for profitability and growth
Financial stability. Debt significantly reduced, financial framework stabilized.

Net debt

<table>
<thead>
<tr>
<th>FY 19</th>
<th>FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 250</td>
<td>€ 215</td>
</tr>
</tbody>
</table>

Liquidity

<table>
<thead>
<tr>
<th>FY 19</th>
<th>FY 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 428</td>
<td>€ 43</td>
</tr>
</tbody>
</table>

Net cash interest

<table>
<thead>
<tr>
<th>FY 19</th>
<th>FY 22e</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ 29</td>
<td>€ &lt; 10</td>
</tr>
</tbody>
</table>

No major maturities ahead

- Other
- REL
- RCF
- EIB
- CB

€ m

Sufficient free liquidity available to implement the transformation
Financial stability. Restructuring fully on schedule – despite Corona.

// Cost savings

- Measures to reduce material and personnel costs target cost savings of €140m until FY23 (€69m FY21)

- Advanced implementation of the reduction of jobs from ~1100 FTE in FY21 (reduction target: ~1600 FTE until FY23)

// Cash management

- NWC: Measures under implementation exceed target of €99m

- M&A: Divestments worth €150m exceed plan for FY21; further projects in pipeline

Current implementation status:
- Idea
- Decided
- Implemented
- Target

// The restructuring is working and is showing success
Financial stability.
Program is financed entirely from internal resources.

// Double-digit EBITDA*-margin in FY 23 targeted, top-line recovery up to pre-covid level expected

<table>
<thead>
<tr>
<th></th>
<th>FY 20</th>
<th>FY 21</th>
<th>FY 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€ bn)</td>
<td>2.349</td>
<td>4.3%</td>
<td>&gt;4.3%</td>
</tr>
<tr>
<td>EBITDA*-Margin</td>
<td>4.3%</td>
<td>&gt;10%</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA excluding effects of restructuring
Strong core business.
Print market recovery after Covid-19: Three scenarios.

// PIRA Market scenarios post covid

World Print Production Volume

Print Production Volume Packaging & Label

Scenario 1: The 'mild' impact
Scenario 2: The 'probable' impact
Scenario 3: The 'pessimistic' impact
2019 Global Print report (no COVID-impact)

Value ($ billion)


Scenario 1: The 'mild' impact
Scenario 2: The 'probable' impact
Scenario 3: The 'pessimistic' impact
2019 Global Print report (no COVID-impact)

Value ($ billion)

2014 2019 2020 2021 2022 2023 2024

Overall market will continue to feel Covid-19-effects until 2024 – packaging and label without slump and further growth

© Heidelberger Druckmaschinen AG  Market Report Refresh © Copyright Smithers Information Ltd 2020, May 2020
Strong core business. Packaging and label printers with boom during the crisis.

// Heidelberg PMI Climate Report – Data from ~5,000 installations evaluated worldwide

Based on the current Heidelberg database, the global print volume is approaching normalization.
Strong core business. Overview.
Supporting recovery of the core business.

A // Packaging
Expansion of the strong market position in the growing packaging market

B // New business models
New contract models for growing demand for pay-per-use models

C // Growth market China
Stronger presence in the Chinese growth market and higher share of value added to improve margins

// The market offers potential despite consolidation - as market leader we can benefit
Strong core business. Packaging.
Packaging printing more than half of SFO* machine sales.

// Development of the global PPV by segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Packaging &amp; Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>142</td>
<td>166</td>
</tr>
<tr>
<td>2021e</td>
<td>152</td>
<td>160</td>
</tr>
<tr>
<td>2024e</td>
<td>165</td>
<td>158</td>
</tr>
</tbody>
</table>

(No COVID-impact)
Source: Heidelberg estimate – September 2019, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight

// Share of SFO* machine sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Packaging &amp; Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>36</td>
<td>51</td>
</tr>
<tr>
<td>2020</td>
<td>51</td>
<td>36</td>
</tr>
</tbody>
</table>

// Market share in Packaging printing (SFO* printing units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Heidelberg</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>46%</td>
<td></td>
</tr>
</tbody>
</table>

* SFO = Sheetfed Offset

**Heidelberg is the largest supplier to packaging printers**
Strong core business. New business models.
Share of recurring revenue steadily increasing.

// Subscription Plus presses showed up to 15% higher print volumes in the shut-down phase than comparable presses.
Strong core business. Growth market China.
Market leader with ~ 47% share and further increasing footprint.

// Development of China’s PPV by segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Commercial</th>
<th>Packaging &amp; Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>24 €bn</td>
<td>30 €bn</td>
</tr>
<tr>
<td>2021e</td>
<td>26 €bn</td>
<td>35 €bn</td>
</tr>
<tr>
<td>2024e</td>
<td>27 €bn</td>
<td>40 €bn</td>
</tr>
</tbody>
</table>

(estimates without COVID-impact)
Source: Heidelberg estimate – September 2019, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight

// Printing volume in China constantly above prior year

Source: Heidelberg PMI Climate Report – Data from ~5,000 installations evaluated worldwide

// Chinese market relatively stable even in the crisis – with great potential
New growth.
Targeted strategy process for new value creation.

// New growth: Future program for new value creation

- Strategy process started
  - Review of forward issues within and beyond the core business and necessary investments
  - Prospects must allow profitable growth

- First results by end of FY 21

// New growth initiatives to be addressed not before reaching profitability targets
Goal: sustainable value enhancement for shareholders

Turnaround is financed and shows visible progress – positive effects not yet reflected in current share price.

High potential in core business – double-digit EBITDA margin by FY2023.

Strategy program set up for high-margin growth.

- Dates may be subject to changes -
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.