

## Investors' & Analysts' Conference FY 11

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Robin Karpp, Head of Investor Relations

**HEIDELBERG**

*Heidelberger Druckmaschinen AG*

*June 16, 2011*

## Highlights FY 11

Heidelberg is operationally back in the black and achieved its targets

- **Print Media Industry has overcome worldwide economic crisis**
- **Heidelberg resumed its path to growth in FY 11**
- **Financial targets**
  - ✓ – Return to profitability in the operating business
  - ✓ – Refinancing implemented successfully early
  - ✓ – Government guaranteed loans repaid early
- **Operating targets**
  - ✓ – Global strategic cooperation with Ricoh in digital printing
  - ✓ – Market share in the service and consumables area further expanded
  - ✓ – Offerings in packaging printing extended
  - ✓ – System Manufacturing systematically expanded
- **Strategy will be implemented further to accelerate growth and to achieve profitability**

## Incoming orders by region<sup>1)</sup>

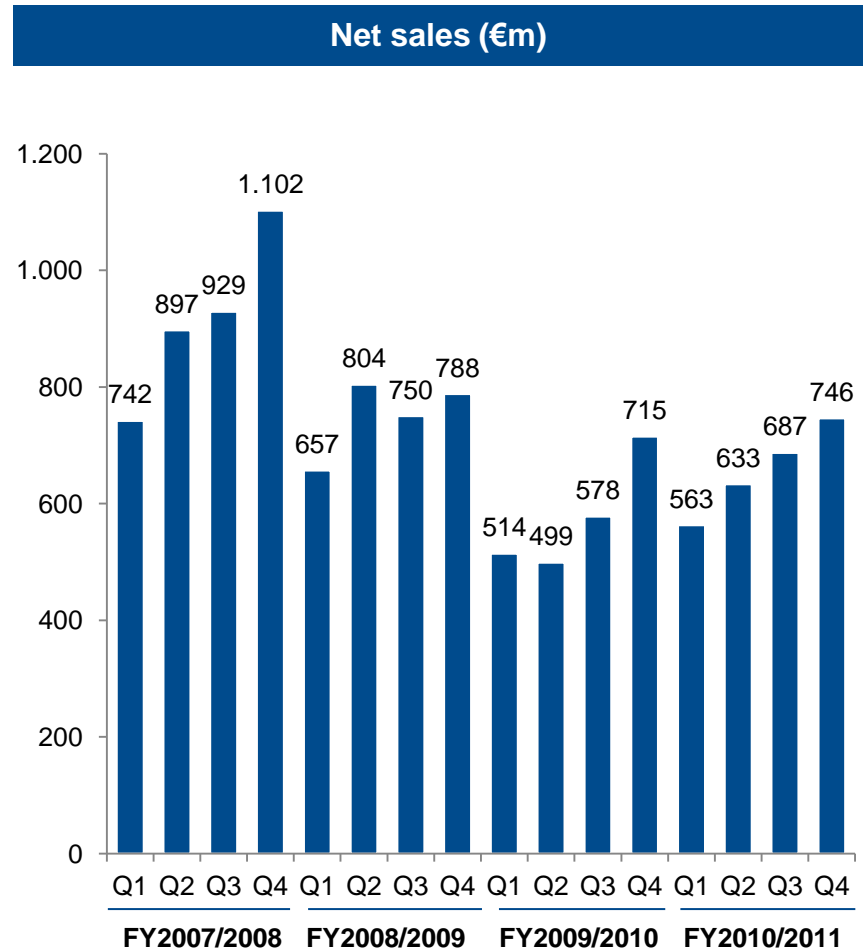
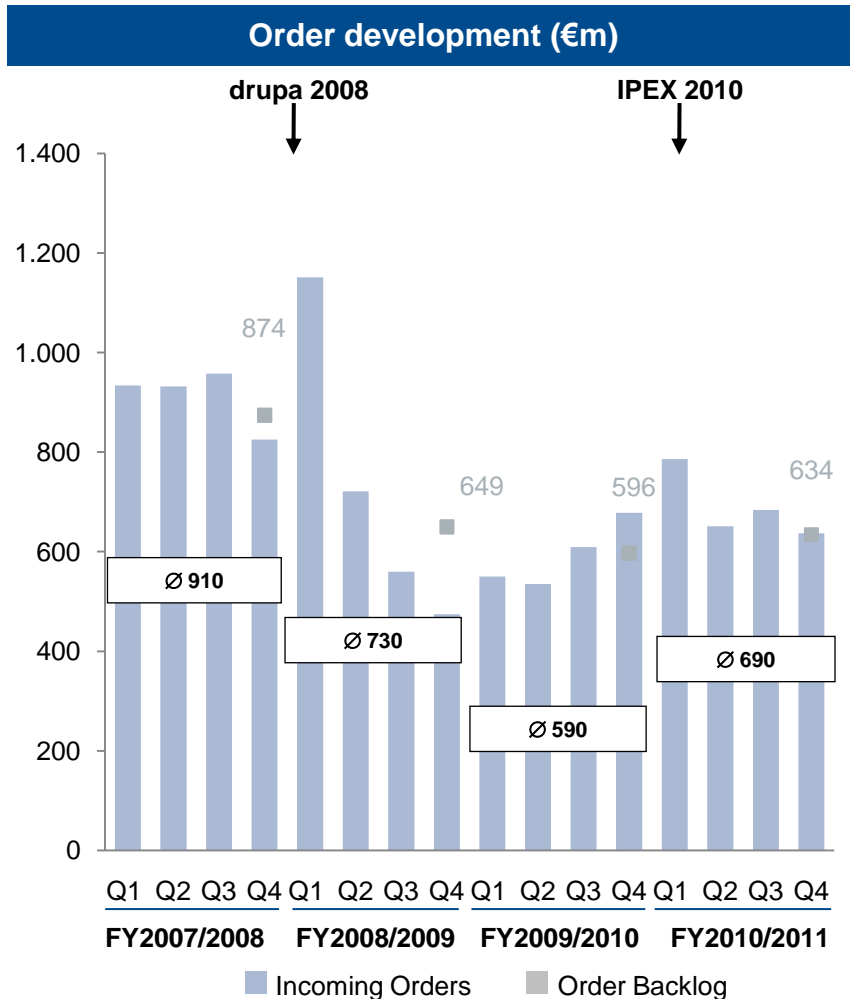
million EUR	FY10	FY11	FY11	FY11	FY11	FY11	yoy
		Q1	Q2	Q3	Q4		
<b>EMEA</b>	<b>933</b>	316	231	273	229	<b>1,049</b>	12.4%
<b>Eastern Europe</b>	<b>273</b>	84	63	80	81	<b>308</b>	12.8%
<b>North America</b>	<b>272</b>	80	81	88	82	<b>331</b>	21.7%
<b>Latin America</b>	<b>123</b>	44	47	40	41	<b>172</b>	39.8%
<b>Asia / Pacific</b>	<b>770</b>	262	228	203	204	<b>897</b>	16.5%
<b>Heidelberg-Group</b>	<b>2,371</b>	786 <sup>2)</sup>	650	684	637	<b>2,757<sup>3)</sup></b>	16.3%

<sup>1)</sup> Markets have been re-classified according to internal lead market sales structure; prior year has been restated accordingly

<sup>2)</sup> Including IPEX trade fair

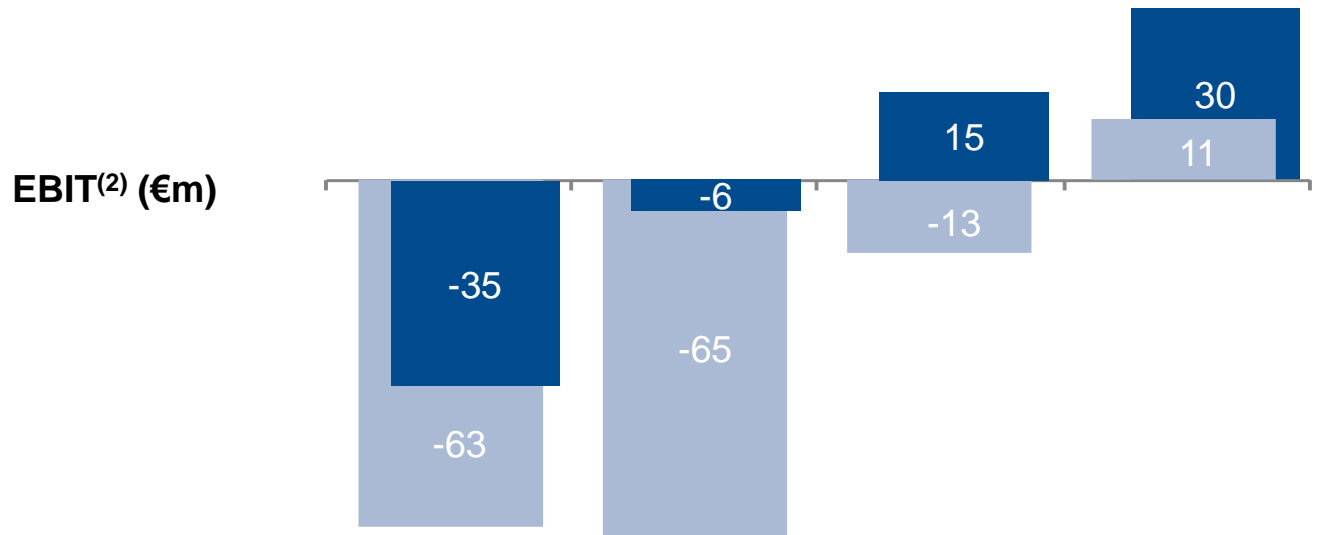
<sup>3)</sup> Positively influenced by € 140 million currency effects

# Order development shows clear improvement trend



## Turnaround in sales and stricter cost management have improved q.o.q. profitability in FY 10/11

(FYE 31 Mar, €m)	Q1	Q2	Q3	Q4	FY	EBIT <sup>(2)</sup>
FY 09/10 sales	514	499	578	715	2,306	-130
FY 10/11 sales	563	633	687	746	2,629 <sup>(1)</sup>	4



(1) Positively influenced by €135 million currency effects  
 (2) EBIT before special items

## Divisional view

million EUR	Sales			EBIT		
	FY10	FY11	yoy	FY10	FY11	yoy
Heidelberg Equipment	1,271	1,516	+19%	-153	-98	+55 mEUR
<i>Currency adjusted</i>			+14%			
Heidelberg Services	1,016	1,097	+8%	12	84	+72 mEUR
<i>Currency adjusted</i>			+1%			
Heidelberg Financial Services	19	16	-16%	11	18	+7 mEUR
Heidelberg-Group	2,306	2,629	+14%	-130	4	+134 mEUR
<i>Currency adjusted</i>			+8%			
Special items				-28	2	
EBIT incl. special items				-158	6	

## Highlights FY 11 – positive operating result for first time in two years

million EUR	FY10	FY11	$\Delta$ to pY
Order intake	2,371	<b>2,757</b>	16.3%
Net Sales	2,306	<b>2,629</b>	14.0%
EBIT before Special items	-130	<b>4</b>	134 mEUR
Special items	-28	<b>2</b>	30 mEUR
EBIT after Special items	-158	<b>6</b>	164 mEUR
Financial result	-127	<b>-149</b>	-22 mEUR
Profit before Tax	-286	<b>-143</b>	143 mEUR
Net profit/Net loss	-229	<b>-129</b>	100 mEUR

## Cash Flow statement

Million EUR	FY10	FY11	FY10	FY11
	Q4	Q4		
	01.01.10	01.01.11	01.04.09	01.04.10
	- 31.03.10	- 31.03.11	- 31.03.10	-31.03.11
<b>Cash Flow</b>	-46	<b>-14</b>	-179	<b>-41</b>
<b>Other operating changes</b>	7	<b>20</b>	138	<b>140</b>
<i>thereof inventory</i>	119	61	213	81
<i>thereof sales financing</i>	17	-5	66	32
<i>thereof trade receivables/trade payables</i>	-97	-43	7	18
<b>Net cash from operating activities</b>	-39	<b>6</b>	-41	<b>99</b>
<b>Inflow/Outflow of funds from investment activity</b>	-9	<b>-22</b>	-22	<b>-25</b>
<b>Free Cash Flow</b>	-47	<b>-16</b>	-62	<b>75</b>



# Balance Sheet

## Improved equity ratio at 33%

Million EUR							
	03/31/2010	12/31/2010	03/31/2011	03/31/2010	12/31/2010	03/31/2011	
<b>Fixed assets</b>	<b>924</b>	<b>884</b>	<b>869</b>	<b>Shareholder's equity / minorities</b>	<b>579</b>	<b>921</b>	<b>869</b>
<b>Current assets</b>	<b>1.769</b>	<b>1.688</b>	<b>1.639</b>	<b>Provisions *</b>	<b>938</b>	<b>895</b>	<b>815</b>
<i>thereof inventories</i>	827	824	748	<i>thereof provisions for pensions</i>	225	244	221
<i>thereof receivables from customer financing</i>	212	183	178	<b>Other Liabilities</b>	<b>1.262</b>	<b>877</b>	<b>882</b>
<i>thereof trade receivables</i>	396	352	377	<i>thereof trade payables</i>	132	128	130
<i>thereof cash and cash equivalents</i>	121	149	148	<i>thereof financial liabilities</i>	816	369	395
<b>Def tax assets, Prepaid expenses, other</b>	<b>186</b>	<b>206</b>	<b>135</b>	<b>Def. tax liabilities, deferred income</b>	<b>100</b>	<b>86</b>	<b>77</b>
<i>thereof deferred tax assets</i>	151	189	119	<i>thereof deferred tax liabilities</i>	13	13	6
<i>thereof assets - held for sale</i>	17	0	1	<i>thereof deferred income</i>	88	73	71
<b>Total assets</b>	<b>2.879</b>	<b>2.778</b>	<b>2.643</b>	<b>Total equity and liabilities</b>	<b>2.879</b>	<b>2.778</b>	<b>2.643</b>

\* As of March 31, 2011 a discount rate of 5 percent (Dec 31, 2009: 5.25 percent; Mar 31, 2010: 4.75 percent, Sep 30, 2010: 4.0 percent, Dec 31, 2010: 4.75 percent) was used to determine actuarial gains and losses for domestic entities.

## Net debt

Strong deleveraging and further diversification of liquidity and funding sources

million EUR			
	31.03.2009	31.03.2010	31.03.2011
Financial liabilities	760	816	395
./. Cash and cash equivalents	80	121	148
<b>Net debt</b>	<b>680</b>	<b>695</b>	<b>247</b>
Provisions for pensions	154	225	221
Equity	796	579	869

**Total debt facilities  
of ~ €800m<sup>(1)</sup>**

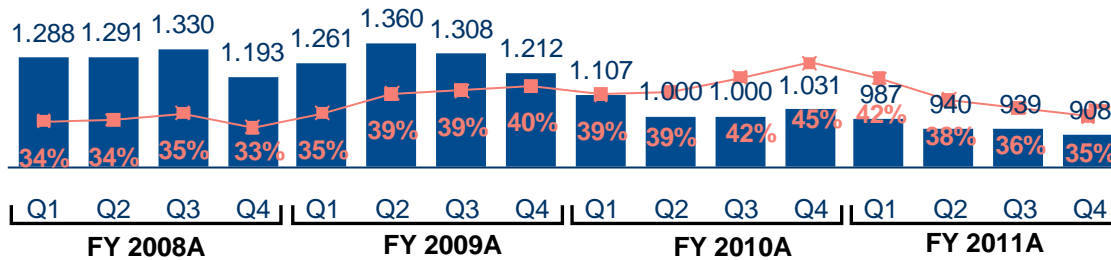


- (1) New financing structure as of April, 2011
- (2) Maturity date December 2014
- (3) Maturity date April 2018

# Tight cash management measures implemented as a basis for continuous positive development of Free Cash Flow

Net working capital in €m / as % of LTM sales <sup>1</sup>

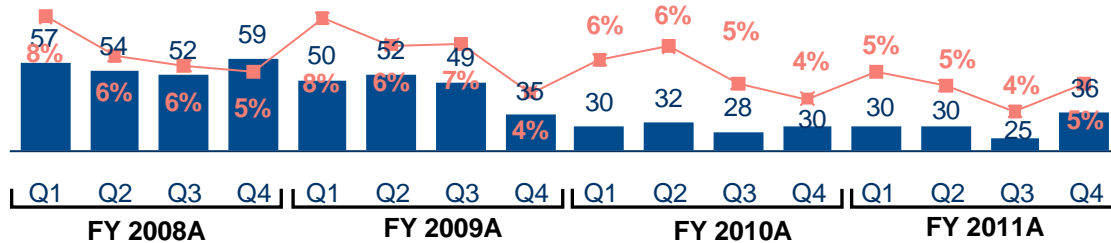
Mid-term target



< 35%

R&D in €m / as % of quarterly sales

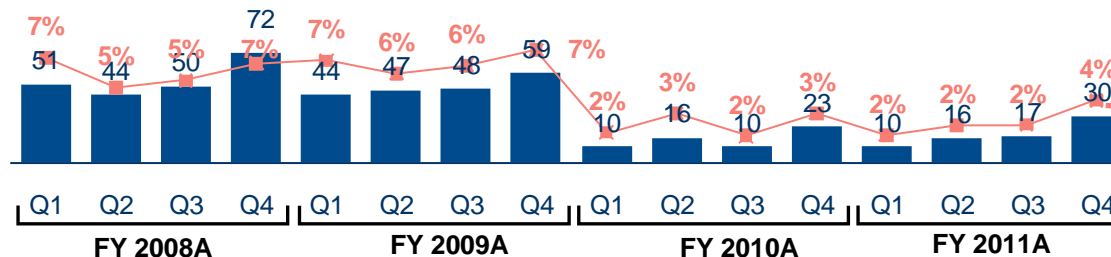
Mid-term target



≤ 5%

Investments <sup>(2)</sup> in €m / as % of quarterly sales

Mid-term target



c. 2%

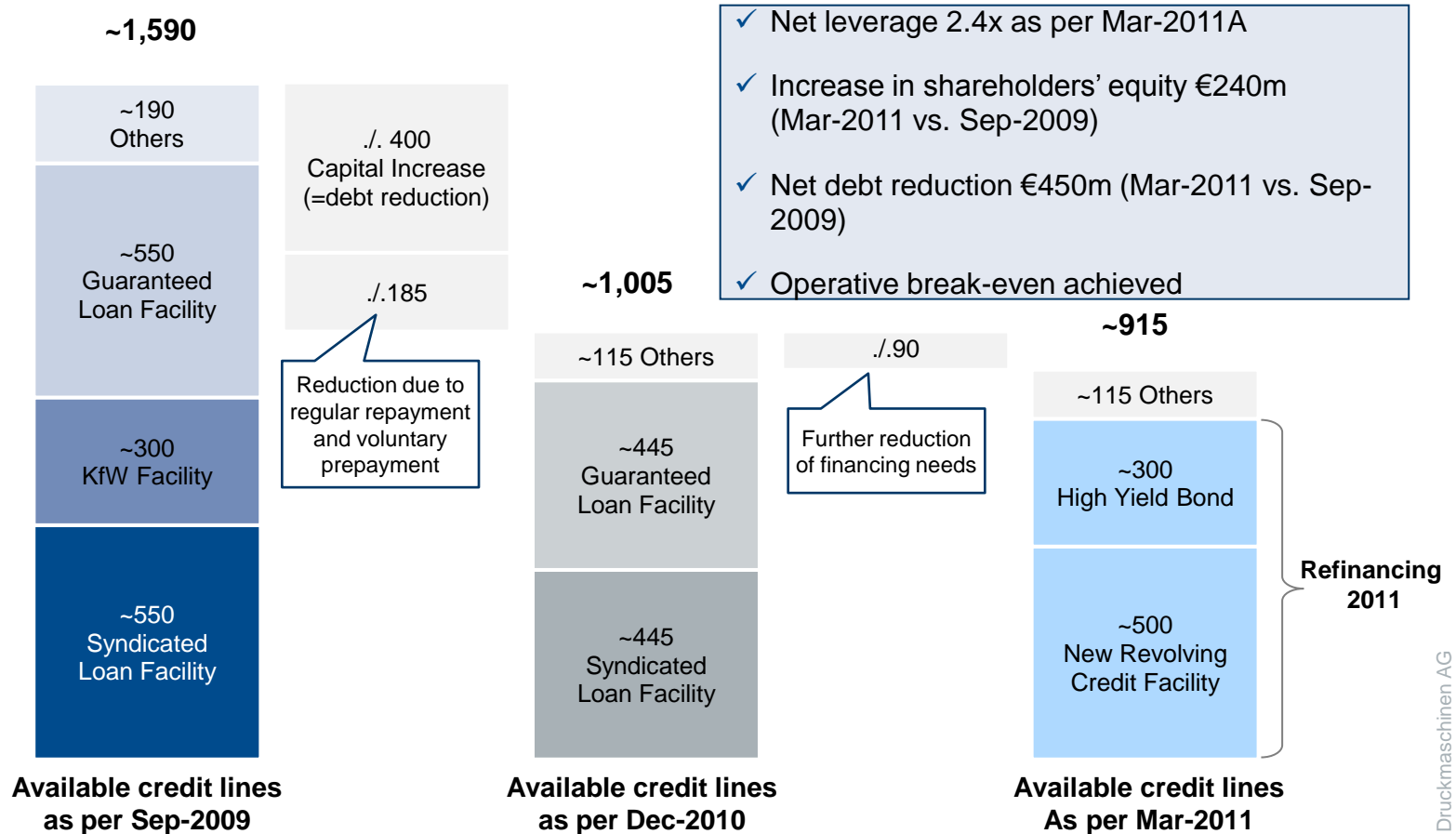
Source: Heidelberg quarterly reports; financial data based on Heidelberg fiscal year (FYE 31 Mar); actuals

(1) Net working capital ("NWC") includes inventory and trade receivables net of trade payables and advance payments; "LTM": last twelve months

(2) Defined as gross investments in intangible assets and tangible assets (excluding finance leases and financial assets)

# Strong deleveraging and further diversification of liquidity and funding sources

(€m)



Net debt	€697m	€220m	€247m
Shareholders' equity	€629m	€921m	€869m

## Outlook

Heidelberg is on the right track to achieve sustained profitability

- **FY 2011/2012:**

Assuming that the volume of business will increase we expect a balanced pre-tax result on the basis of a higher operating result and lower financing expenses

- **FY 2012/2013:**

If favorable trends continue into the year of the drupa trade show, we expect our after-tax result to be in the black

- **Condition:**

Stable development of overall economic conditions and of our industry

Medium-term goals confirmed	
Sales	> € 3 bn
EBIT-margin	>5 %
ROCE	~ 15%



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Bernhard Schreier, CEO

Dirk Kaliebe, CFO

Robin Karpp, Head of Investor Relations

*Heidelberger Druckmaschinen AG*

*February 09, 2011*

**HEIDELBERG**

## Profit & loss statement

million EUR	FY10	FY11		FY10	FY11	
	Q4	Q4	yoy			yoy
<b>Sales</b>	715	<b>746<sup>1)</sup></b>	+4%	2.306	<b>2.629<sup>2)</sup></b>	+14%
<b>Total operating performance</b>	632	<b>713</b>	+13%	2,178	<b>2,598</b>	+19%
<b>EBIT before Special items</b>	11	<b>30</b>	+19 mEUR	-130	<b>4</b>	+134 mEUR
Special items	-47	-24	-	-28	2	-
<b>EBIT after Special items</b>	-36	<b>6</b>	-	-159	<b>6</b>	-
<b>Financial result</b>	-48	-46	+2 mEUR	-127	<b>-149</b>	-22 mEUR
<b>Income before Tax</b>	-85	-40	+45 mEUR	-286	<b>-143</b>	+143 mEUR
<b>Net loss</b>	-71	<b>-51</b>	+20 mEUR	-229	<b>-129</b>	+100 mEUR

1) Positively influenced by € 19 million currency effects

2) Positively influenced by € 135 million currency effects

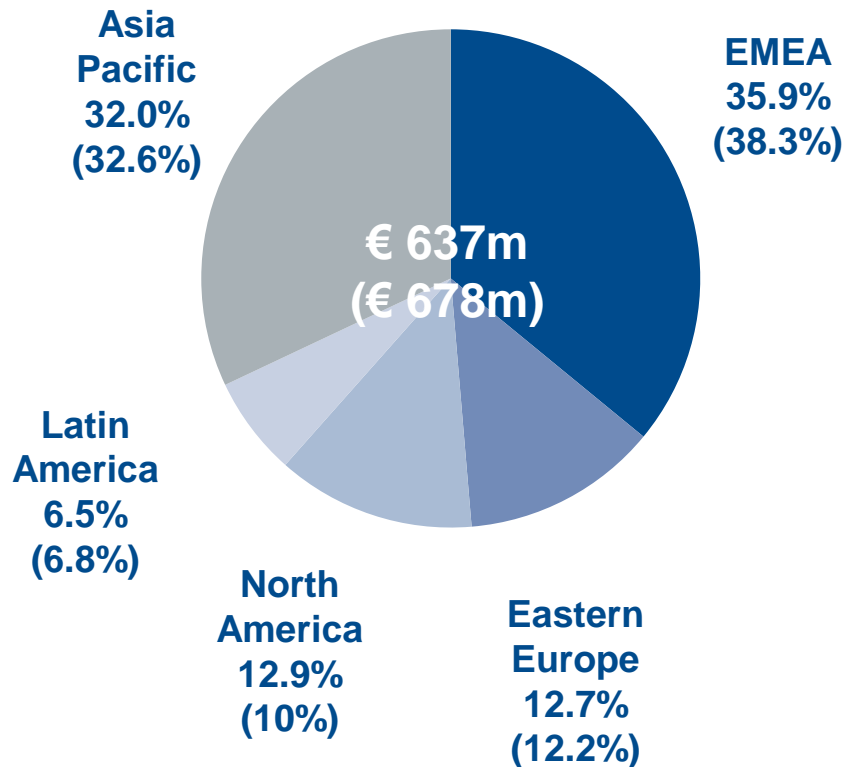
## Divisional view Q4

million EUR	Sales			EBIT		
	FY10 Q4	FY11 Q4	yoy	FY10 Q4	FY11 Q4	yoy
Heidelberg Equipment	417	450	+8%	-6	-3	+3 mEUR
<i>Currency adjusted</i>			+5.5%			
Heidelberg Services	293	292	+0%	12	26	+14 mEUR
<i>Currency adjusted</i>			-3.5%			
Heidelberg Financial Services	5	4	-20%	5	7	+2 mEUR
Heidelberg-Group	715	746	+4%	11	30	+19 mEUR
<i>Currency adjusted</i>			+1.6%			
Special items				-47	-24	
EBIT incl. special items				-36	6	

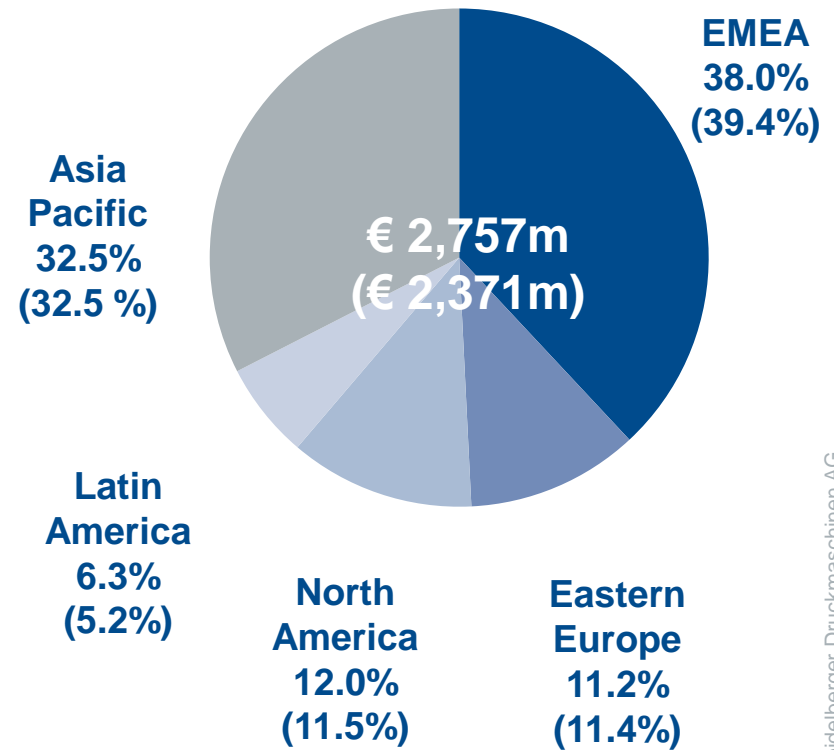


# Regions\*

Regional split of order intake Q4 FY11



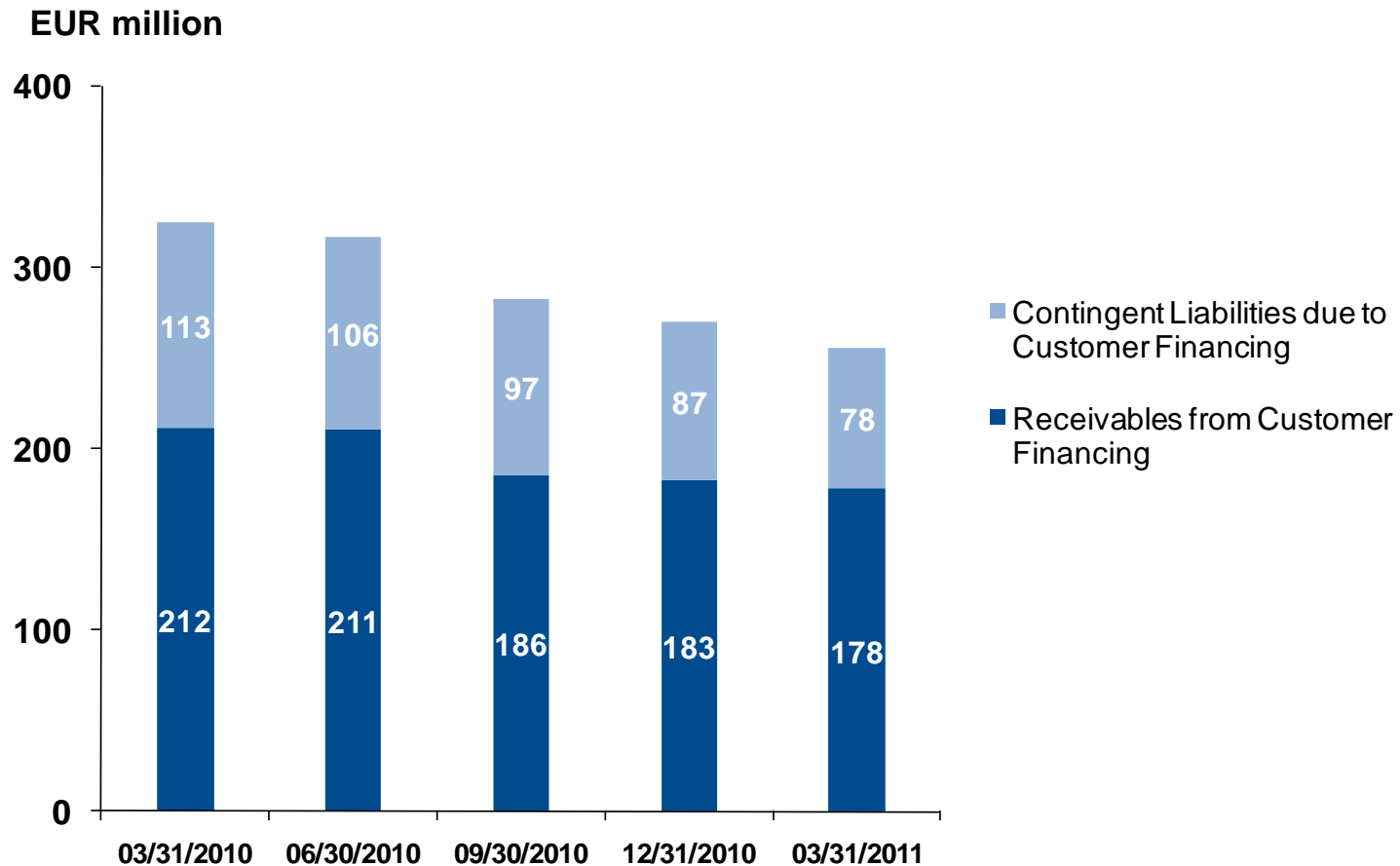
Regional split of order intake 12m FY11



(Previous year's figures in brackets)

\*Markets have been re-classified according to internal lead market sales structure; prior year has been restated accordingly

## Ongoing reduction of customer financing achieved in difficult economical situation



## New segmentation implemented to better reflect strategic positioning of Heidelberg

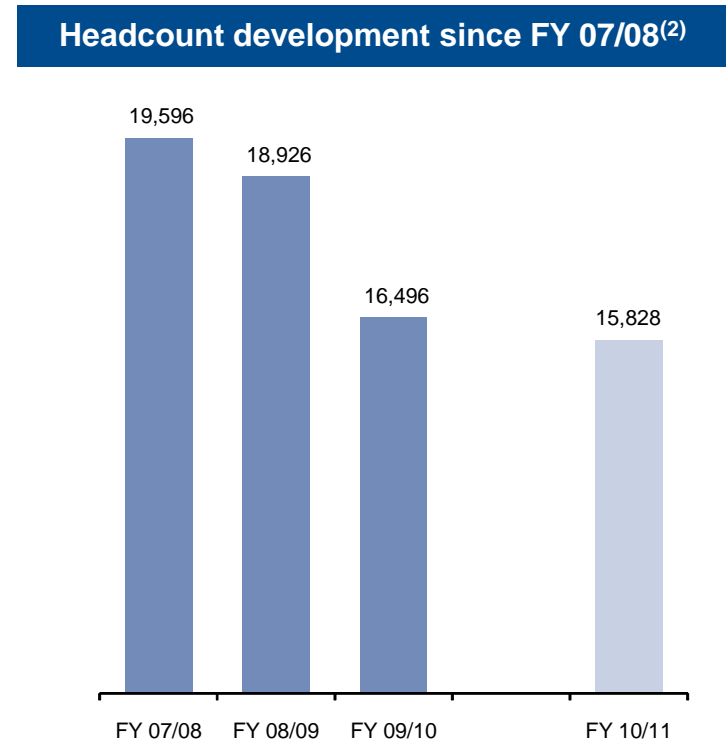
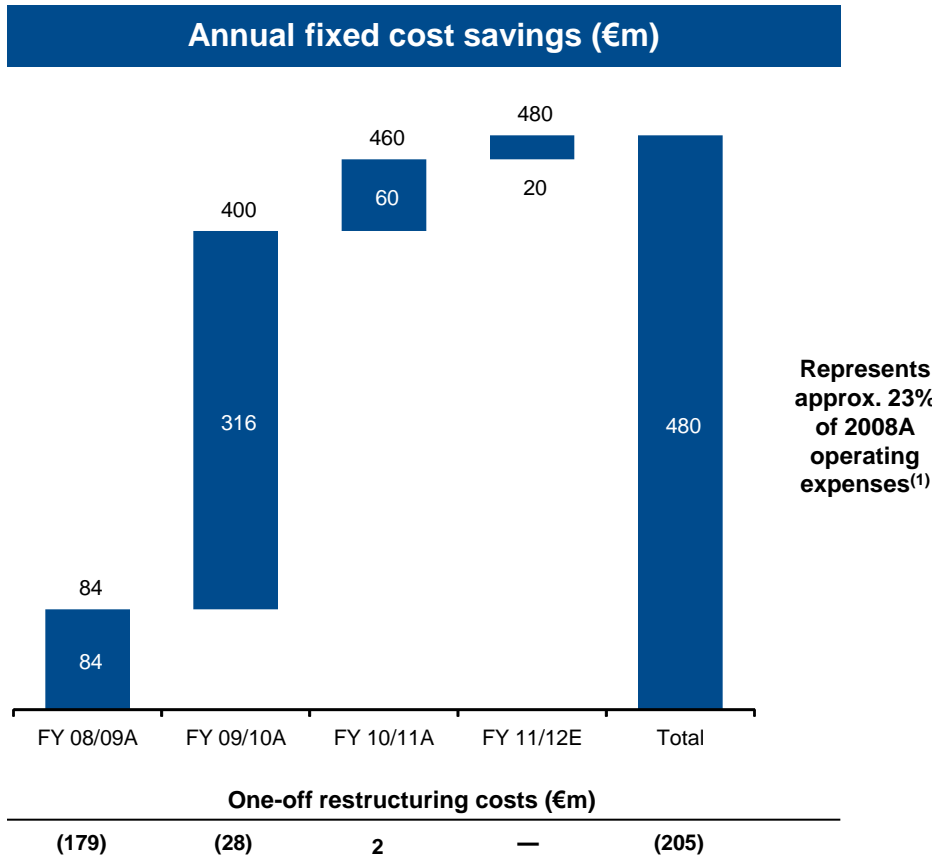


Data FY 10/11:

Sales:	€ 1,516m	Sales:	€ 1,097m	Sales:	€ 16m
EBIT*:	€ -98m	EBIT*:	€ 84m	EBIT*:	€ 18m

\* excluding special items

# Expected total fixed cost savings of €480m to reduce cost base sustainably



Source: Heidelberg; financial data based on Heidelberg fiscal year (FYE 31 Mar); 2009-2010: actual (as per annual report); 2012: estimates (as per Heidelberg press releases (19/07/2010, 15/06/2010, 22/04/2010, 30/03/2010, 07/10/2009, 26/03/2009))

(1) Operating expenses incl. personnel, D&A and other operating expenses, excluding cost of materials

Source: Heidelberg annual reports (headcount, sales), Heidelberg press release 30/03/2010 (further headcount reduction), Heidelberg press release 22/04/2010 and 19/06/2010 (preliminary financial figures); data based on Heidelberg fiscal year (FYE 31 Mar); 2008-11 actuals

(2) Including temporary workers and excluding consolidation effects

## Management fully committed to reposition HEIDELBERG on a path of sustained profitability

### Financial targets

- Net sales target of € 3bn+
- Target normalized EBIT margin > 5%
- Other targets:
  - NWC: < 35% of sales
  - R&D: ≤ 5% of sales
  - Net investments (excl finance leases): c. 2% of sales

### Financial policy

- ✓ HEIDELBERG achieved a sustainable financing structure which at the same time allows for sufficient operational flexibility
- ✓ Deleveraging: Target net debt / norm. EBITDA ≤ 2.5x reached in FY 2010/2011
- ✓ Management committed to reduce leverage further and communicated to target leverage in line with investment grade characteristics

## Financial Calendar 2010/2011

Event	Date
Annual General Meeting	July 28, 2011
Release of the figures for Q1 FY 12	August 9, 2011
Release of the figures for Q2 FY 12	November 8, 2011

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