



## Interim Results 9-month figures FY 12

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*Heidelberger Druckmaschinen AG*

*February 8, 2012*

**HEIDELBERG**

# Agenda

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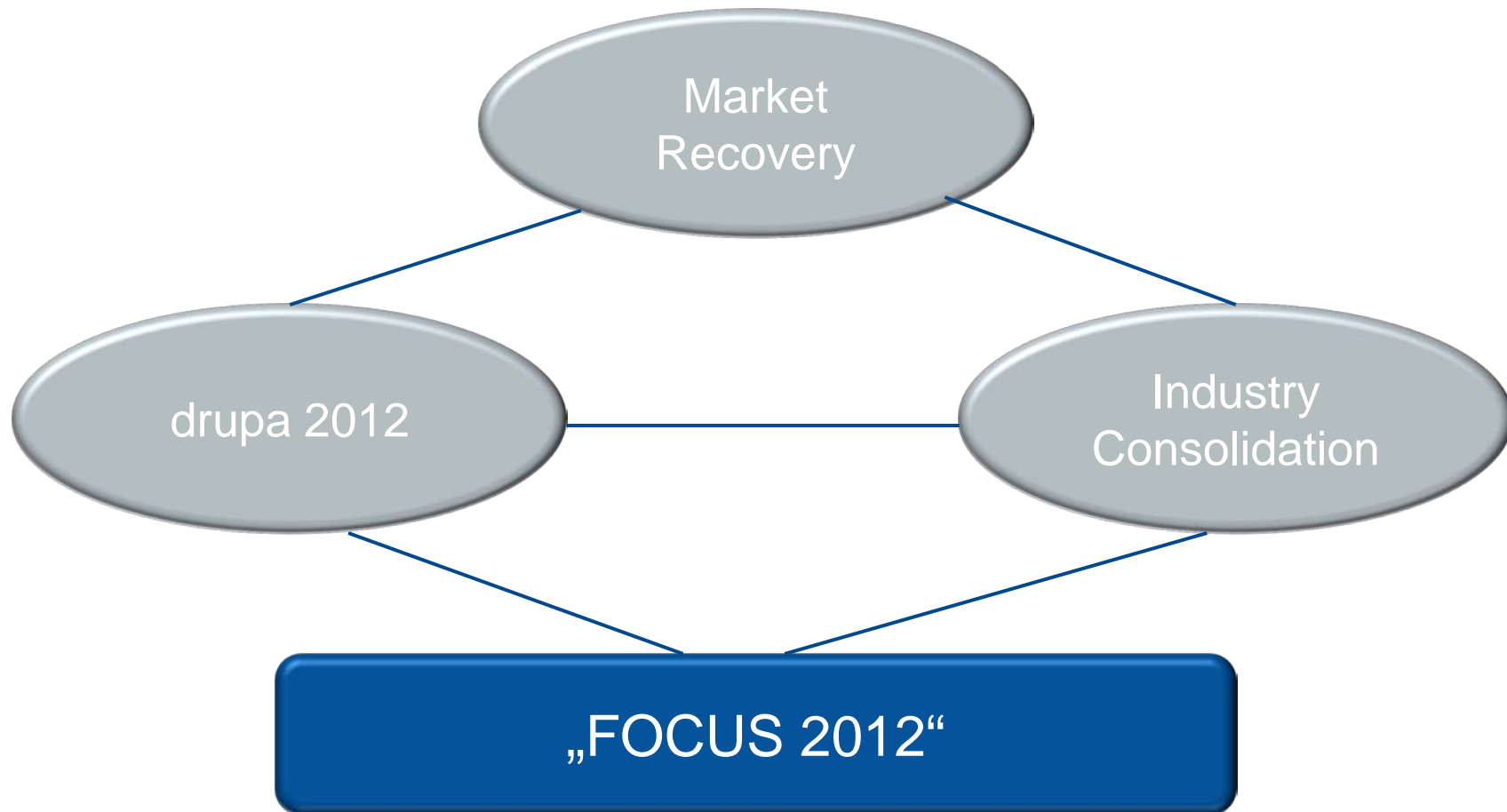
**The development of the Print Media Industry offers opportunities**

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**Efficiency program FOCUS 2012 increases profitability**

**Strategic positioning in the drupa-year**

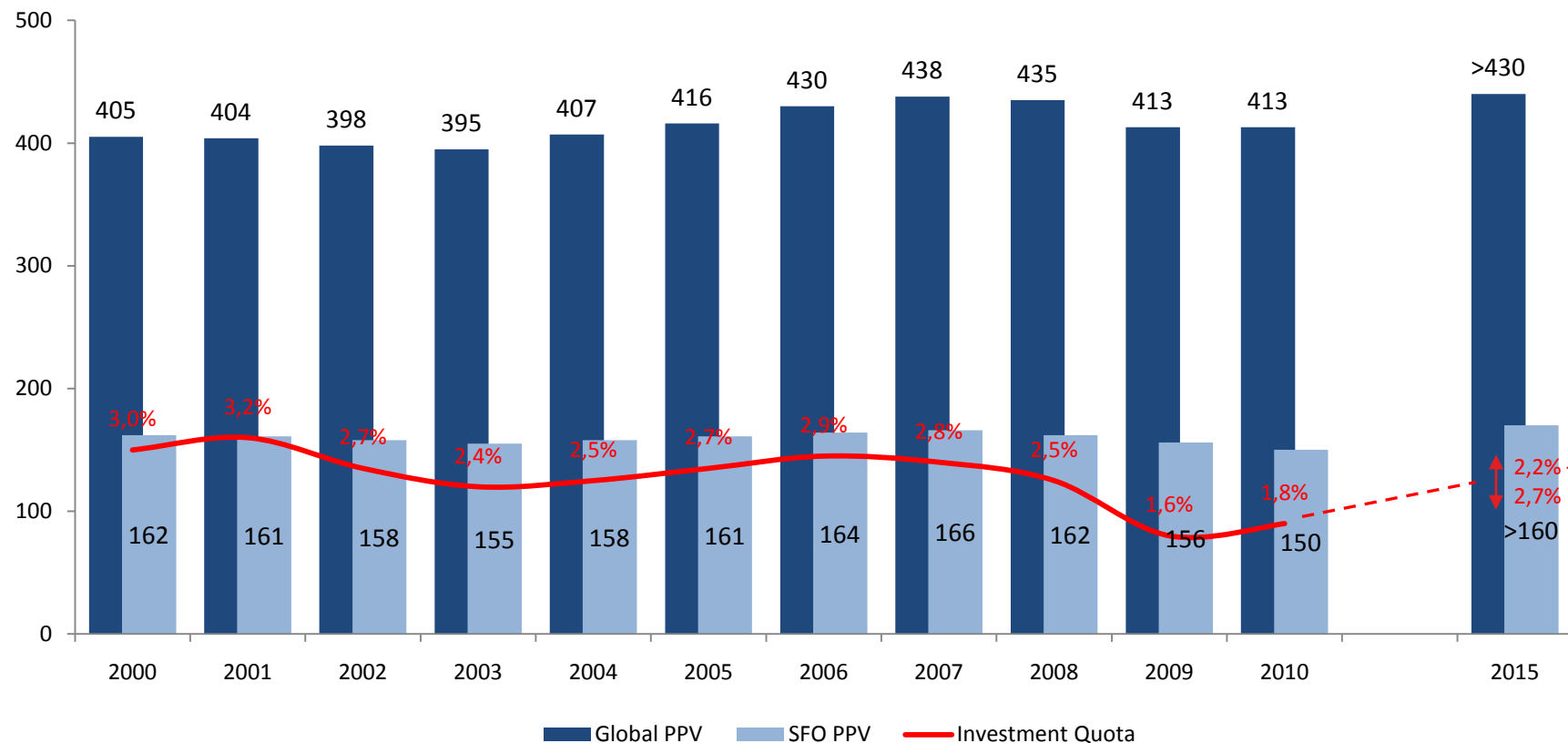
**Q3 FY11/12 in difficult economic environment within expectations**



# Worldwide Print Production Volume will continue to grow

Investment quota recovers from historical trough

Global & SFO PPV in €bn

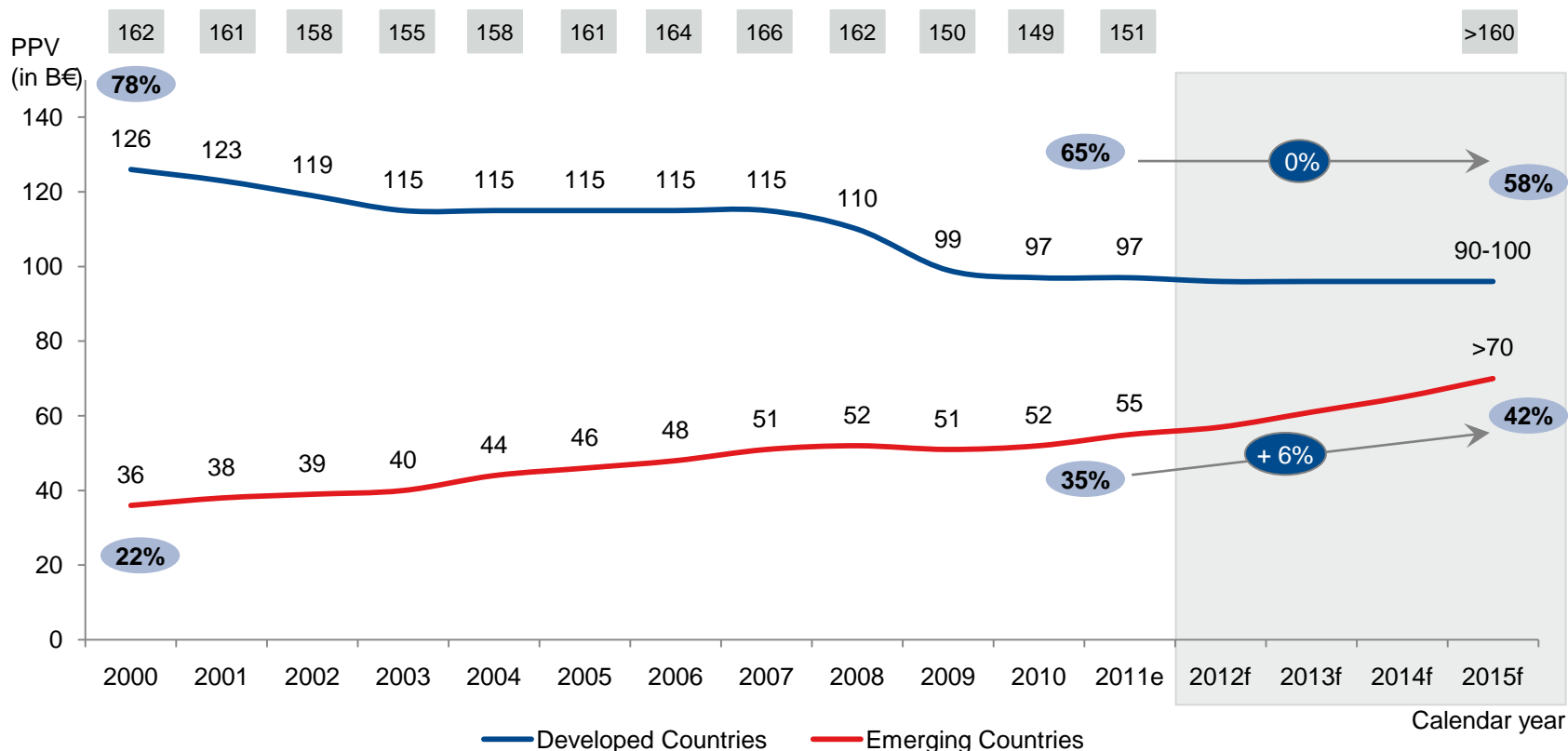


Sheetfed offset still dominant printing technology

# Emerging countries drive global growth in the Print Media Industry

Stabilizing of print production volume in industrialized countries on high level

## Global SFO PPV development forecast



x% Share of PPV

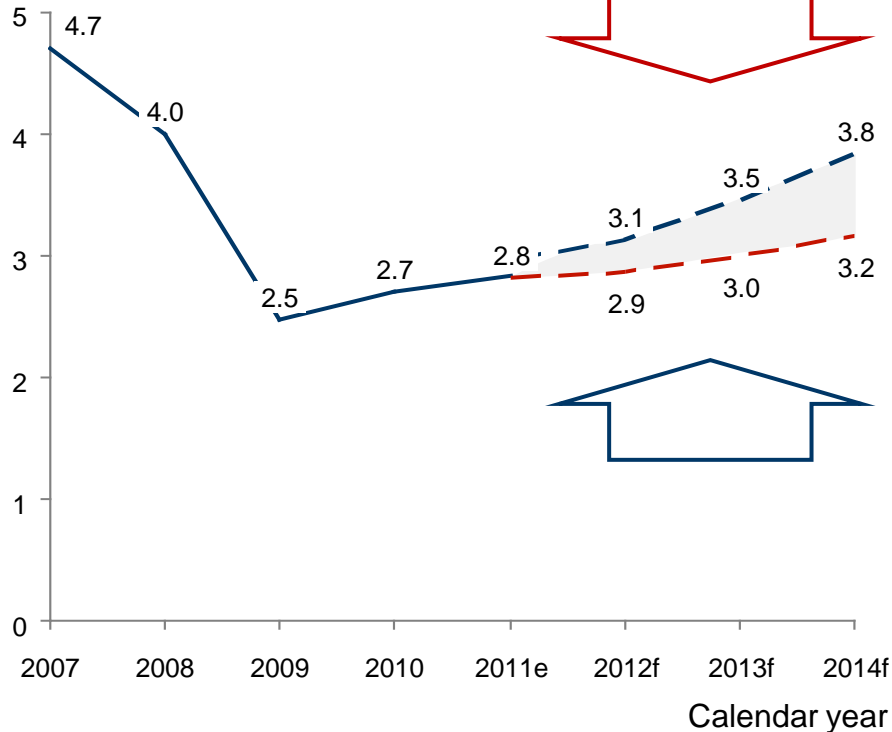
xx Global PPV

# Market outlook for sheetfed offset equipment continues to be positive

Recovery to at least 70% of pre crisis level expected

## Market outlook

SFO press equipment  
market (bn €)

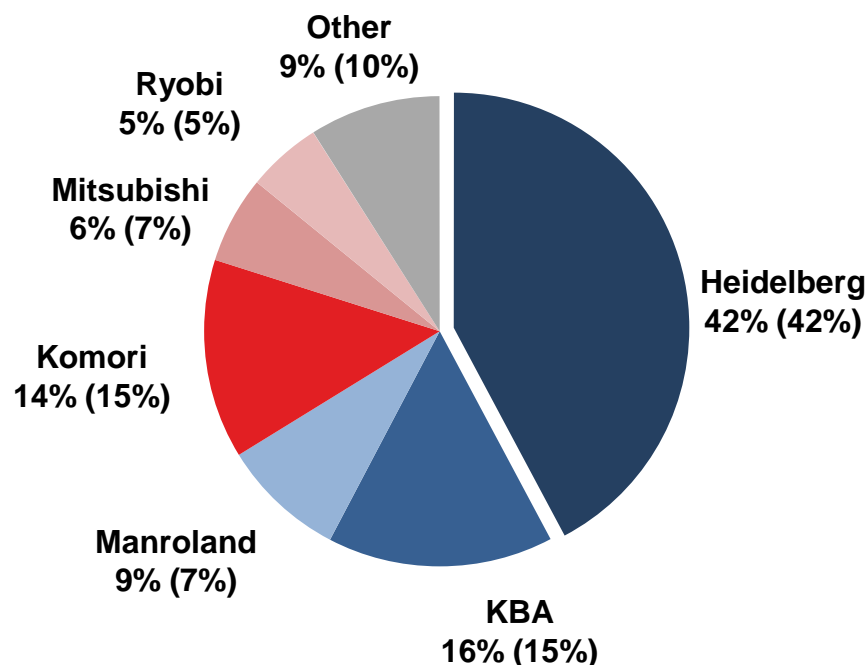


## Influencing factors

- Market recovery in the last three years as expected
- Further positive development influenced by economic conditions
- Consolidation among customer base and low capacity utilization in industrialized countries
- Economic uncertainties and more difficult financing conditions
- + Global Print Production Volume continues to grow
- + Increasing demand for high-quality printed products
- + Declining average run lengths of orders shift volumes from web offset to the Very Large Format sheetfed offset

# Worldwide market leadership maintained

## Market shares in SFO equipment



## Comments

- Market and technology leader with high sophisticated product portfolio
- Innovations secure market success – shortly after introduction 1,000 CX-printing units sold
- Ongoing market share gains in the Very Large Format – Number two behind KBA, ahead of manroland
- Through investment protection, service and spare parts availability, Heidelberg benefits from the industry consolidation, especially in the fields of packaging printing
- Strong presence in growth regions will be expanded
- Local production in China serves increasing demand in emerging countries

# Agenda

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**Efficiency program FOCUS 2012 increases profitability**

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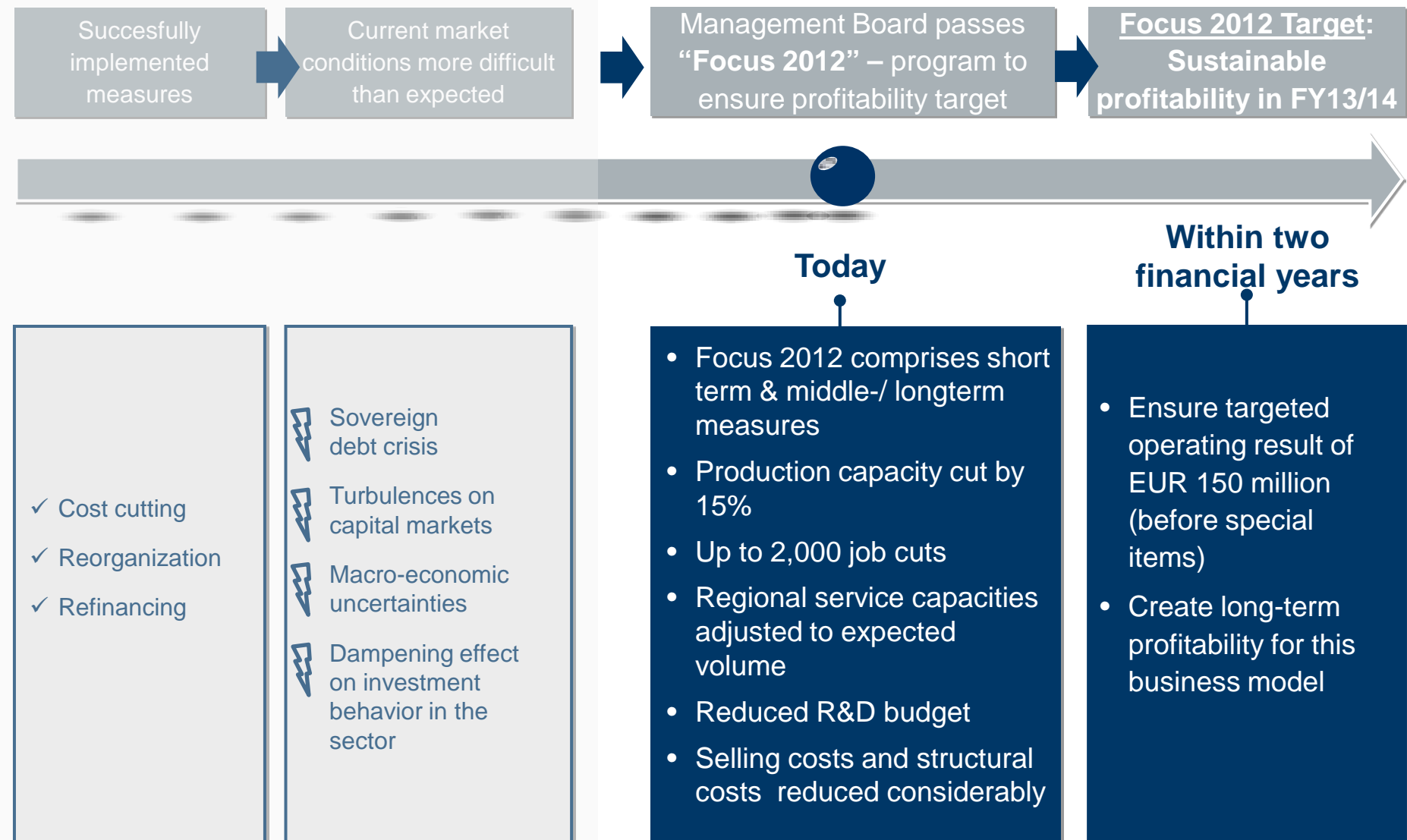
**Strategic positioning in the drupa-year**

**Q3 FY11/12 in difficult economic environment within expectations**



# Efficiency program FOCUS 2012 started

Target: Operating Result of approx. 150m € in FY 2013/14



# Measures defined – Structure and process adjustments in implementation phase

Savings target of 180m €

## FOCUS 2012 by areas – approx. ¾ of savings in production, services and selling costs

### Production & Services

- Adjustment of production (-15%) and services capacities to expected sales volumes in the medium term.

### Sales

- Adjustments both in the SSUs and headquarters
- Core areas are: Capacity adjustment according to regional markets, process standardization, concentration of functions

### Research & Development

- Adjustment of research and development capacities

### Administration / Central Units

- Adjustment of core functions to both organization and processes
- Additional savings to be generated by means of process optimization, reduced IT costs and a more efficient facilities utilization

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**Strategic positioning in the drupa-year**

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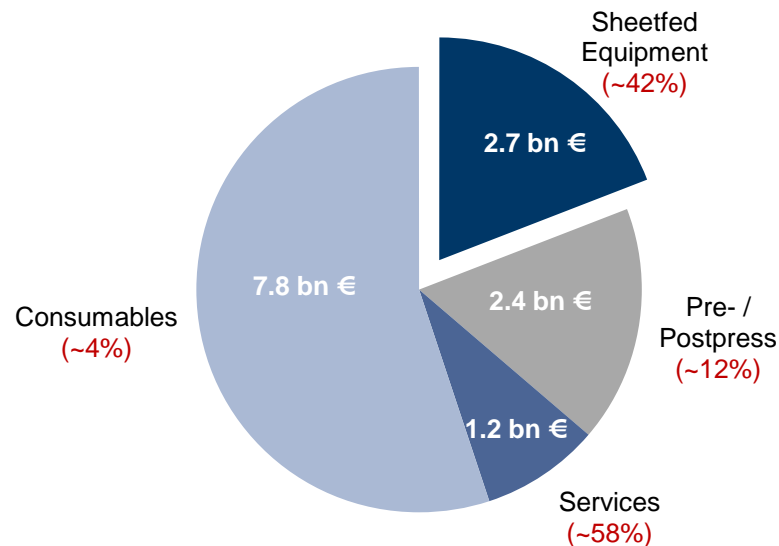
**Q3 FY11/12 in difficult economic environment within expectations**

# Market potential of 14 bn € in Equipment, Services und Consumables

Sheetfed offset market biggest single segment in the printing sector

## Addressable market in sheetfed offset

Heidelberg market share in brackets



## Strategic positioning

- Print shops invest approx. 14 bn € per year in equipment, services und consumables for sheetfed offset applications
- Heidelberg dominant player in sheetfed equipment
- Consumables with biggest growth potential for Heidelberg
- Heidelberg has the broadest installed base in the industry for after-sales business

1. Pre-press includes CtP commercial, offset and SFO-related pre-press workflow, pre-press miscellaneous, newspaper CtP and print-specific MIS 2. Post-press includes cutter, folder, stitcher, binder, die cutter, folder gluer, and other 3. Service include technical service and spare parts for sheetfed offset presses only 4. Consumables exclude web plate and other ink 5. Other consumables include coating, chemical, blankets & rollers, and film & other  
Source: HD market intelligence; BCG analysis, Calendar year 2010

## Innovations drive growth

Worldwide success in commercial and packaging printing –  
Successful product concept will be extended

Speedmaster CX 102



**1,000  
Printing Units**

# Increasing demand in packaging

Market share in Very large Format further expanded

## Latest VLF-installations in Europe and USA

### Hammer-Poznan, Poland



Speedmaster XL 145-6+LYYL  
with AxisControl

### Chesapeake, UK



Speedmaster XL 145-6+LYYL  
with AxisControl

### Cartoneo, France



Speedmaster XL 162-6+L UV  
with InpressControl

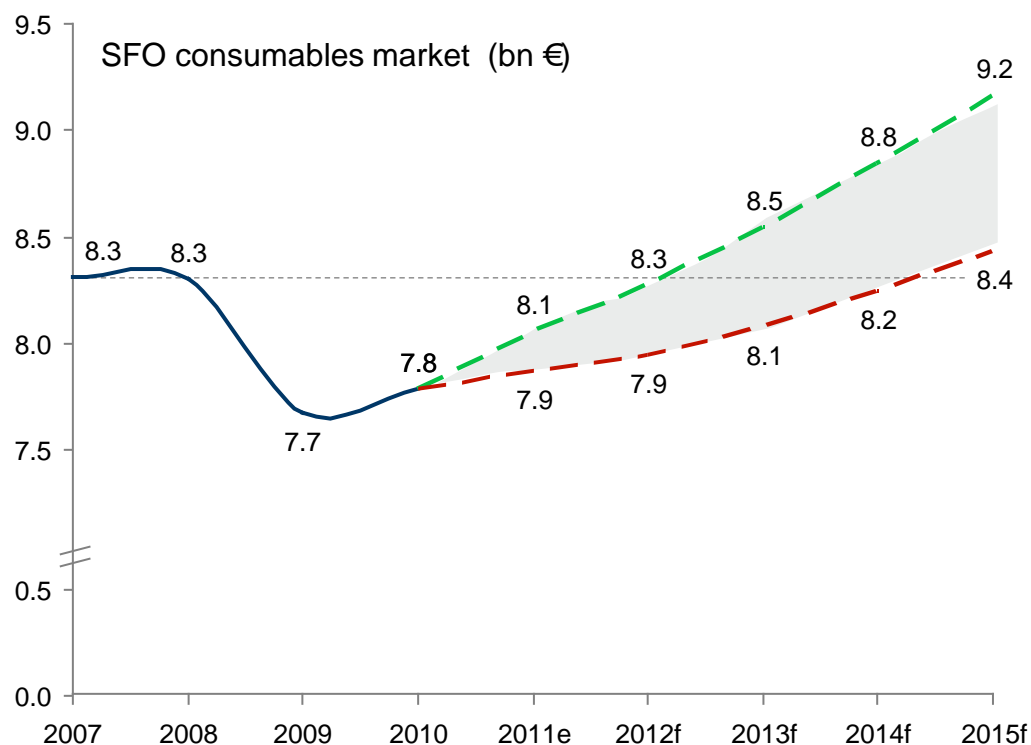
### Rock Tenn, US & Canada



Speedmaster XL 162-8+L  
with InpressControl

# Expansion of market share in consumables business

## Addressable market for consumables



Note: Values refer to calendar years  
Source: BCG analysis

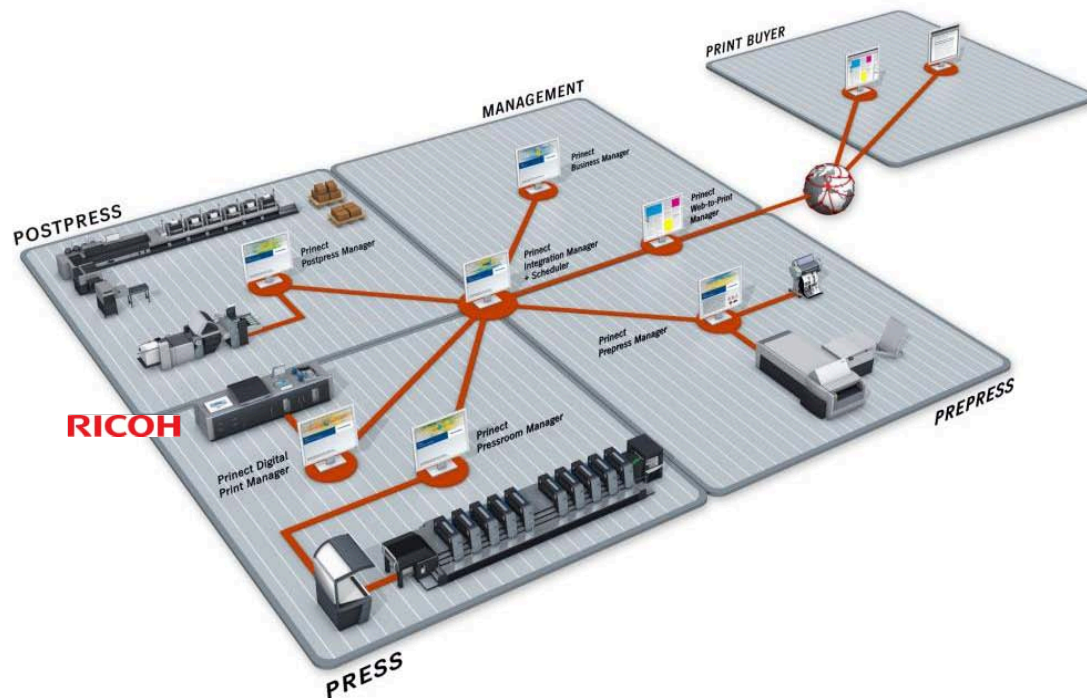
## Strategic positioning



- Trend to environmentally friendly consumables
- Heidelberg is the only manufacturer to offer its customers the whole range of eco products
- Worldwide production network for specialized coatings – trend towards print refinement and high-quality printed products

# Heidelberg expands software- and digital offering

## Fully integrated processes



## Strategic positioning

- Heidelberg is the only manufacturer of fully integrated solutions in sheetfed offset and digital printing
- Strategic cooperation in digital printing with Ricoh started according to plan
- Acquisition in digital inkjet printing for packaging successfully executed
- Workflow-Software Prinect is to be established as industry standard
- New Software-applications for the growth market Web-to-Print (online-printing)



## Equipment, Services & Consumables focusing on current market trends on drupa 2012



Lean manufacturing



Ecological printing



Packaging



Short run printing



Web-to-print



Print refinement

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**Strategic positioning in the drupa-year**

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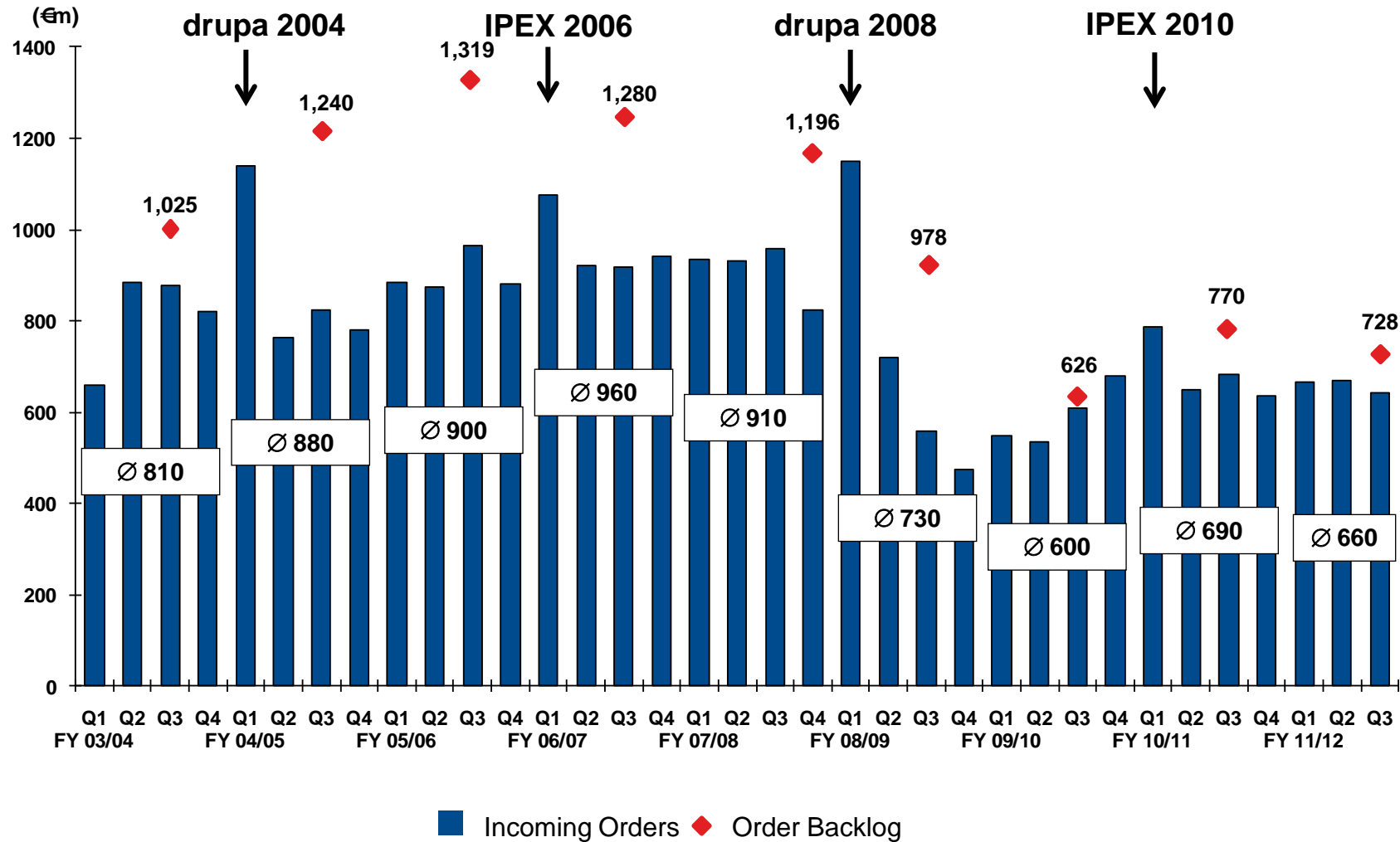
**Q3 FY11/12 in difficult economic environment within expectations**

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## Highlights Q3 FY 12

- **Order intake** of € 642 million in Q3 FY12 in line with lowered expectations. **Order backlog** stable at approx. € 730 million.
- **Sales** of € 631 million in Q3 FY12 stable compared to previous quarter but 8% below previous year.
- **EBIT** (excluding special items) at € 2 million in Q3 (previous quarter € 5m, previous year € 15m). Operating loss after 9m/FY12 of € -19 million reduced against prior year despite lower sales volume (previous year € -26m).
- **Free cash flow** of € -4 million in Q3 almost break-even (€ 22m previous year, € -12m previous quarter).
- **Net debt** slightly reduced against previous quarter at € 273 million. Equity ratio at approx. 30%.
- Efficiency program **FOCUS 2012** started in January 2012. Target savings of € 180 million by FY 2013/14.

# Incoming orders and order backlog



# Profit and loss statement

million EUR	FY11 Q3	FY12 Q3	yoy	FY11 9m	FY12 9m	yoy
<b>Sales</b>	687	<b>631</b>	-8.2%	1.883	<b>1.811</b>	-3.8%
<b>Total operating performance</b>	663	<b>653</b>	-1.5%	1.885	<b>1.919</b>	+1.8%
<b>EBIT before Special items</b>	15	<b>2</b>	-13 mEUR	-26	<b>-19</b>	+7 mEUR
Special items	-4	<b>-7</b>	-3 mEUR	-26	<b>10</b>	+36 mEUR
<b>EBIT after Special items</b>	19	<b>-5</b>	-24 mEUR	0	<b>-29</b>	-29 mEUR
<b>Financial result</b>	-16	<b>-20</b>	-4 mEUR	-103	<b>-62</b>	+41 mEUR
<b>Income before Tax</b>	4	<b>-25</b>	-29 mEUR	-103	<b>-91</b>	+12 mEUR
<b>Net profit/Net loss</b>	9	<b>-14</b>	-23 mEUR	-78	<b>-79</b>	-1 mEUR

## Sales / EBIT divisions

million EUR	Sales			EBIT		
	FY11 Q3	FY12 Q3	yoy	FY11 Q3	FY12 Q3	yoy
Heidelberg Equipment	417	<b>358</b>	<b>-14.1%</b>	-8	<b>-14</b>	<b>-6 mEUR</b>
Heidelberg Services	267	<b>270</b>	<b>+1.3%</b>	21	<b>11</b>	<b>-10 mEUR</b>
Heidelberg Financial Services	3	<b>3</b>		2	<b>5</b>	<b>+3 mEUR</b>
Heidelberg-Group	687	<b>631</b>	<b>-8.2%</b>	15	<b>2</b>	<b>-13 mEUR</b>
<i>Special items</i>				4	<b>-7</b>	

# Balance Sheet

Million EUR

	12/31/2010	03/31/2011	12/31/2011		12/31/2010	03/31/2011	12/31/2011
<b>Fixed assets</b>	<b>884</b>	<b>869</b>	<b>844</b>	<b>Shareholder's equity</b>	<b>921</b>	<b>869</b>	<b>779</b>
<b>Current assets</b>	<b>1,688</b>	<b>1,639</b>	<b>1,710</b>	<b>Provisions</b>	<b>895</b>	<b>815</b>	<b>822</b>
<i>thereof inventories</i>	824	748	890	<i>thereof provisions for pensions</i>	244	221	267
<i>thereof receivables from cufi</i>	183	178	146	<b>Other Liabilities</b>	<b>877</b>	<b>882</b>	<b>1,006</b>
<i>thereof trade receivables</i>	352	377	341	<i>thereof trade payables</i>	128	130	184
<i>thereof cash and cash equivalents</i>	149	148	163	<i>thereof financial liabilities</i>	369	395	435
<b>Def tax assets, Prep exp., other</b>	<b>206</b>	<b>135</b>	<b>134</b>	<b>Def. tax liabilities, def income</b>	<b>86</b>	<b>77</b>	<b>81</b>
<i>thereof deferred tax assets</i>	189	119	115	<i>thereof deferred tax liabilities</i>	13	6	13
<i>thereof assets - held for sale</i>	0	1	2	<i>thereof deferred income</i>	73	71	68
<b>Total assets</b>	<b>2,778</b>	<b>2,643</b>	<b>2,688</b>	<b>Total equity and liabilities</b>	<b>2,778</b>	<b>2,643</b>	<b>2,688</b>

\* As of December 31, 2011 a discount rate of 5.0 percent (Dec 31, 2010: 4.75 percent; Mar 31, 2011: 5.0 percent, Sep 30, 2011: 5.0 percent) was used to determine actuarial gains and losses for domestic entities.

# Net debt

million EUR	12/31/2009	12/31/2010	03/31/2011	12/31/2011
Financial liabilities	815	369	395	435
./. Cash and cash equivalents	111	149	148	163
<b>Net debt</b>	<b>704</b>	<b>220</b>	<b>247</b>	<b>272</b>
Provisions for pensions	209	244	221	267
Equity	607	921	869	779

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

**€500m  
New Revolving  
Credit facility<sup>(2)</sup>**

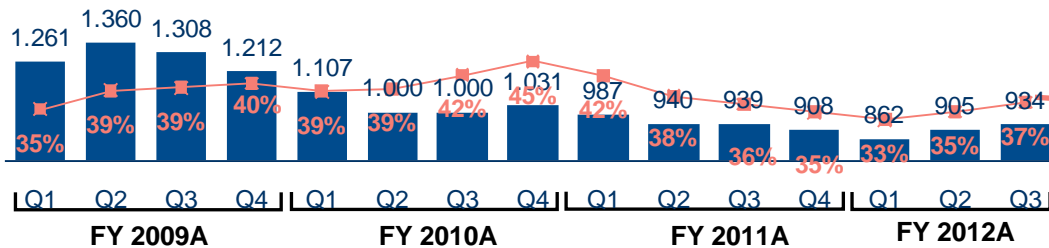
**~ €300m  
High Yield Bond<sup>(3)</sup>**

- (1) New financing structure as of June, 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

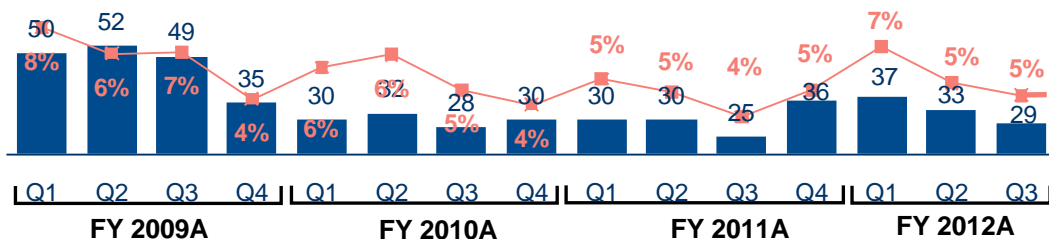
## Net working capital in €m / as % of LTM sales <sup>1</sup>



Mid-term target

&lt; 35%

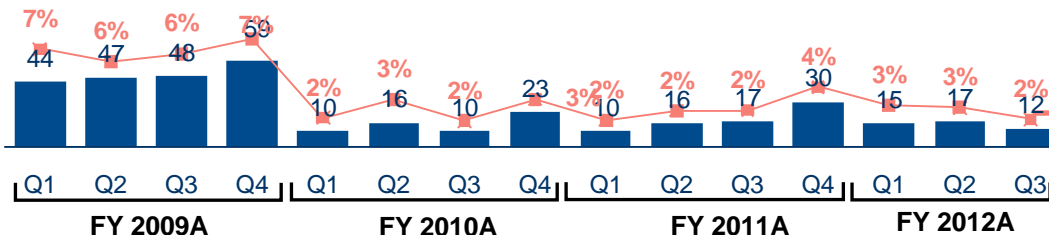
## R&D in €m / as % of quarterly sales



Mid-term target

≤ 5%

## Capex<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) Capex is defined as investments in intangible assets, tangible assets and investment property

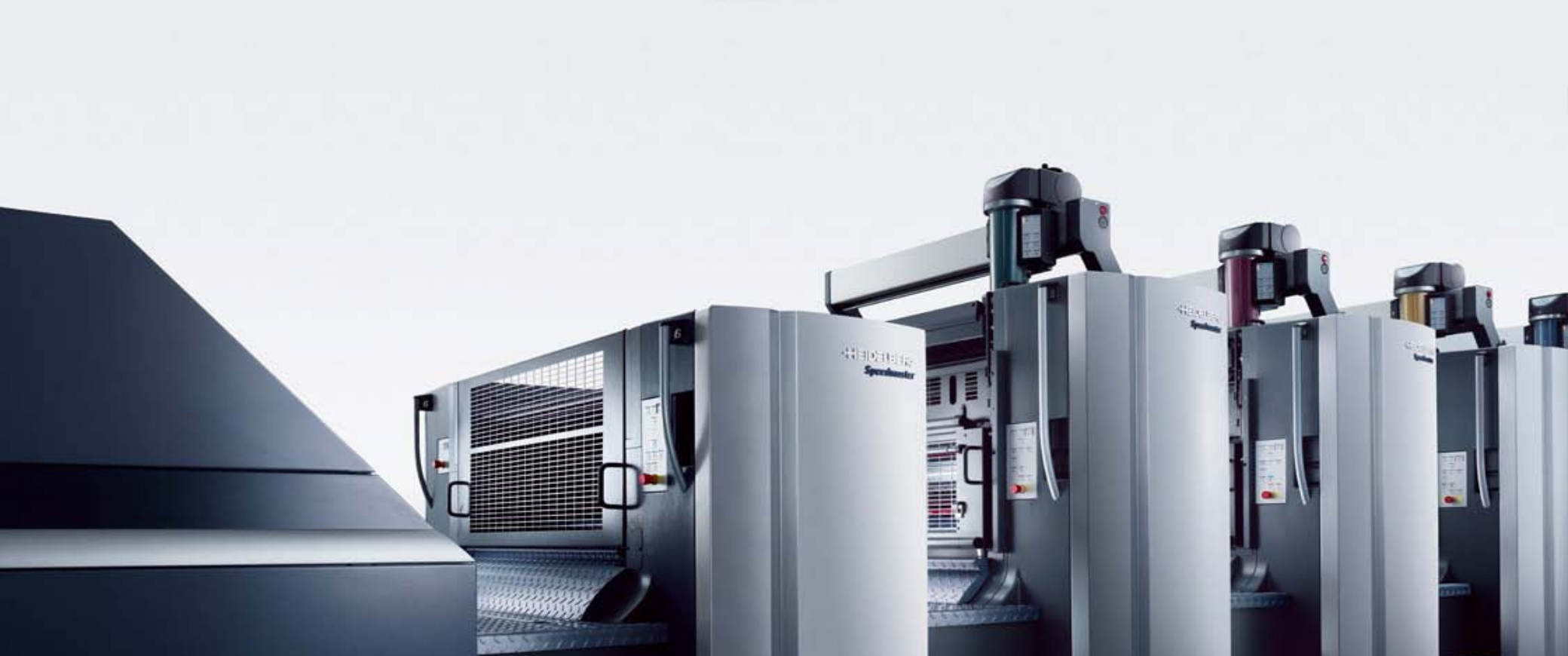
# Cash Flow statement

Million EUR	FY11 Q3 01.10.10 - 31.12.10	FY12 Q3 01.10.11 - 31.12.11	FY11 9m 01.04.10 - 31.12.10	FY12 9m 01.04.11 - 31.12.11
<b>Cash Flow</b>	34	6	-26	-7
<b>Other operating changes</b>	-4	-1	120	17
<i>thereof inventory</i>	30	-20	20	-124
<i>thereof sales financing</i>	10	24	37	43
<i>thereof trade receivables/trade payables</i>	-18	9	61	118
<b>Net cash from operating activities</b>	30	5	94	10
<b>Outflow of funds from investment activity</b>	-8	-9	-3	-33
<b>Free Cash Flow</b>	22	-4	91	-23

## Investor Relations

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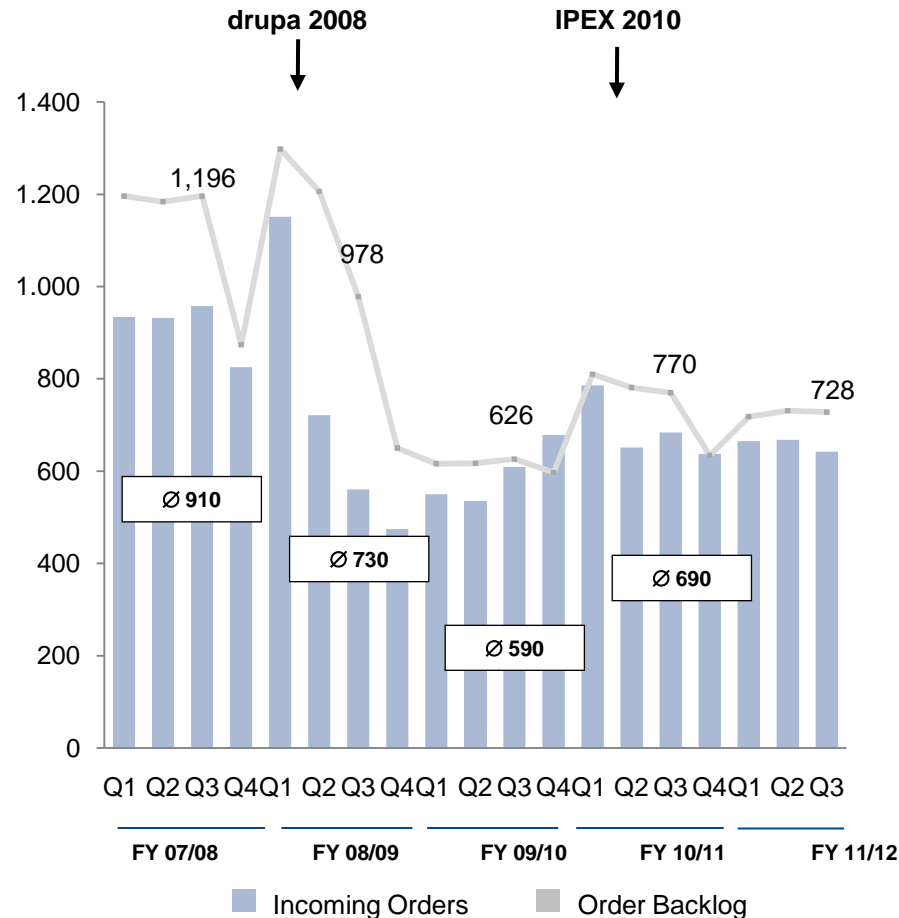


Back-up

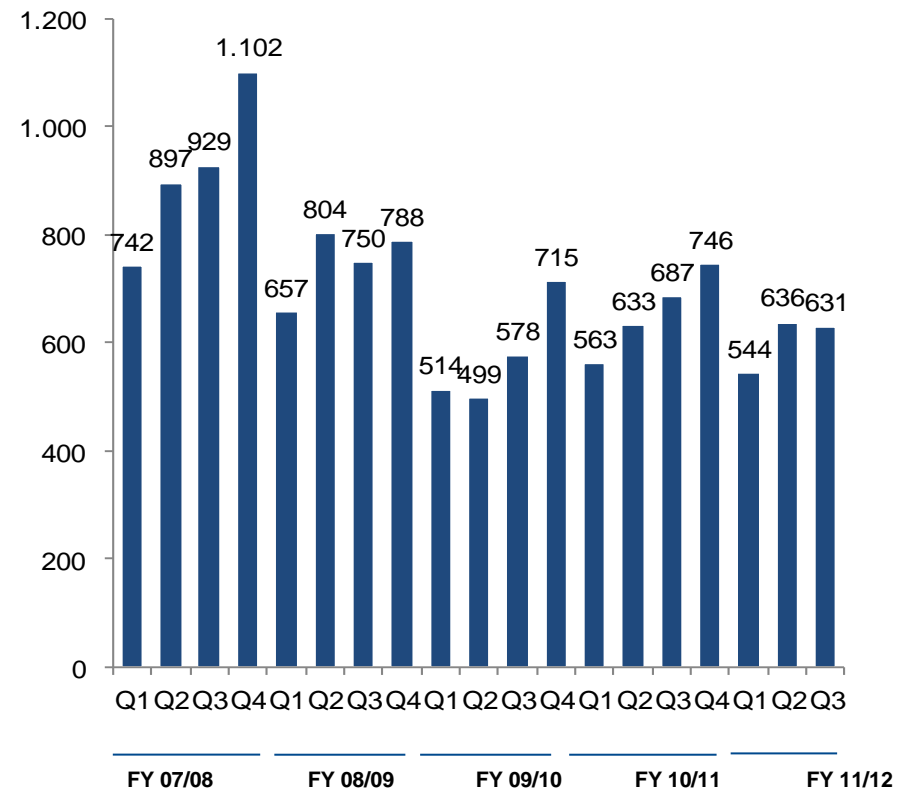
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# Order and sales development

## Order development (€m)



## Net sales (€m)



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

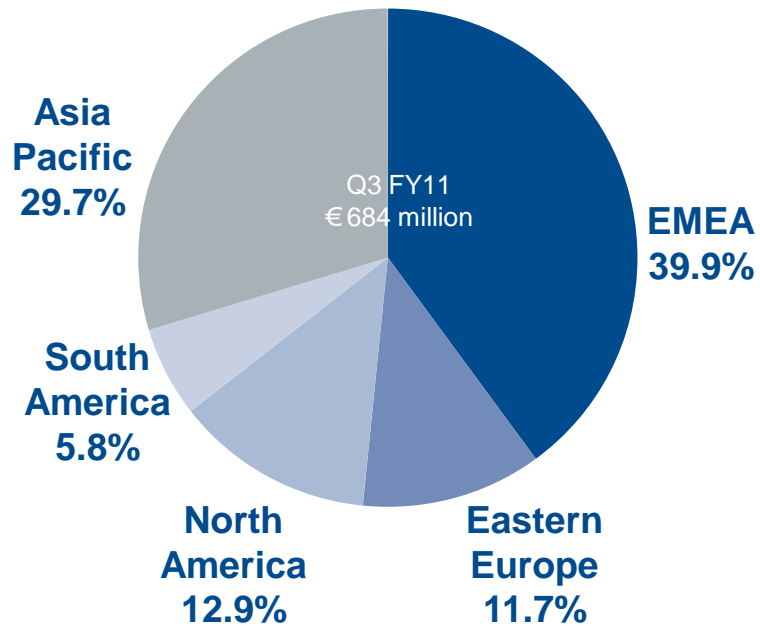
## Incoming orders by region

million EUR						
	FY11 Q3	FY11 Q4	FY12 Q1	FY12 Q2	FY12 Q3	yoy
<b>EMEA</b>	<b>273</b>	229	245	231	<b>239</b>	-12,5%
<b>Eastern Europe</b>	<b>80</b>	81	73	76	<b>83</b>	3,8%
<b>North America</b>	<b>88</b>	82	76	86	<b>88</b>	0,0%
<b>South America</b>	<b>40</b>	41	35	46	<b>42</b>	5,0%
<b>Asia / Pacific</b>	<b>203</b>	204	236	229	<b>190</b>	-6,4%
<b>Heidelberg-Group</b>	<b>684</b>	637	665	668	<b>642</b>	-6,1%

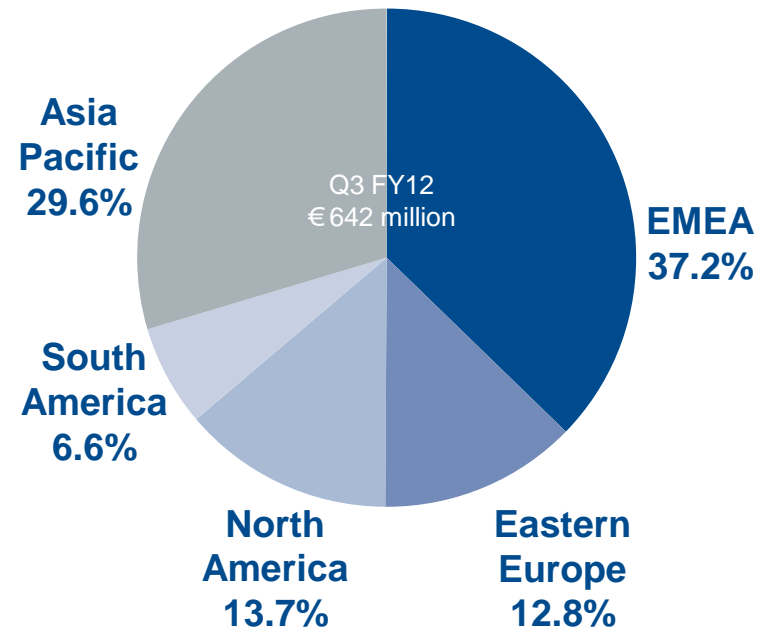
Markets have been re-classified according to internal lead market sales structure; prior year has been restated accordingly

## Regions\*

Regional split of order intake Q3 FY11



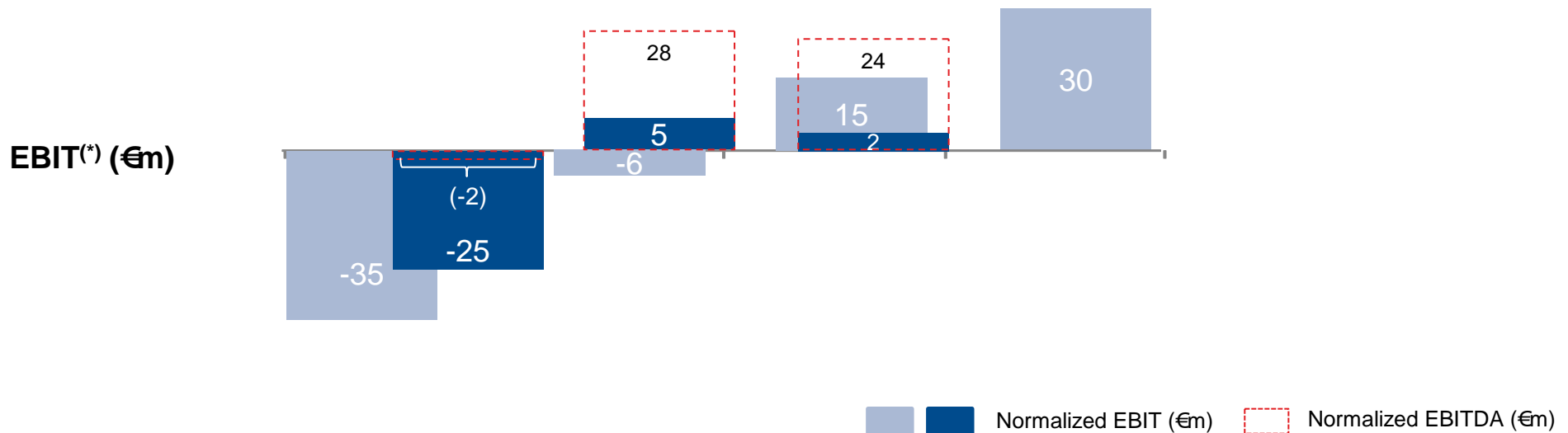
Regional split of order intake Q3 FY12



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

## Ongoing cost management to improve profitability in FY 11/12

(FYE 31 Mar, €m)							
	Q1	Q2	Q3	Q4	FY		EBIT <sup>(*)</sup>
FY 10/11 sales	563	633	687	746	2,629		4
FY 11/12 sales	544	636	630	631			



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

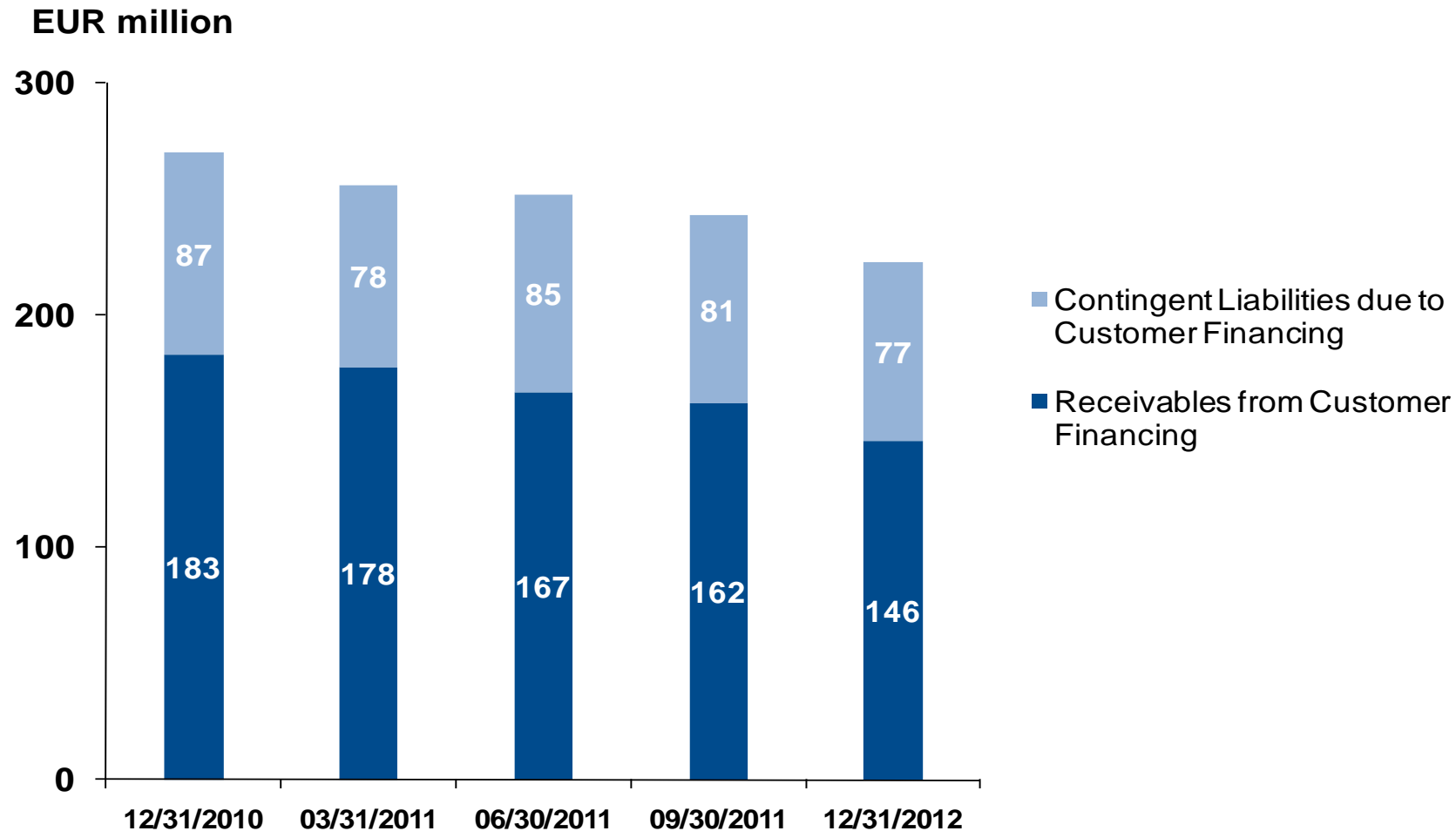
\* EBIT before special items



# Net Working Capital

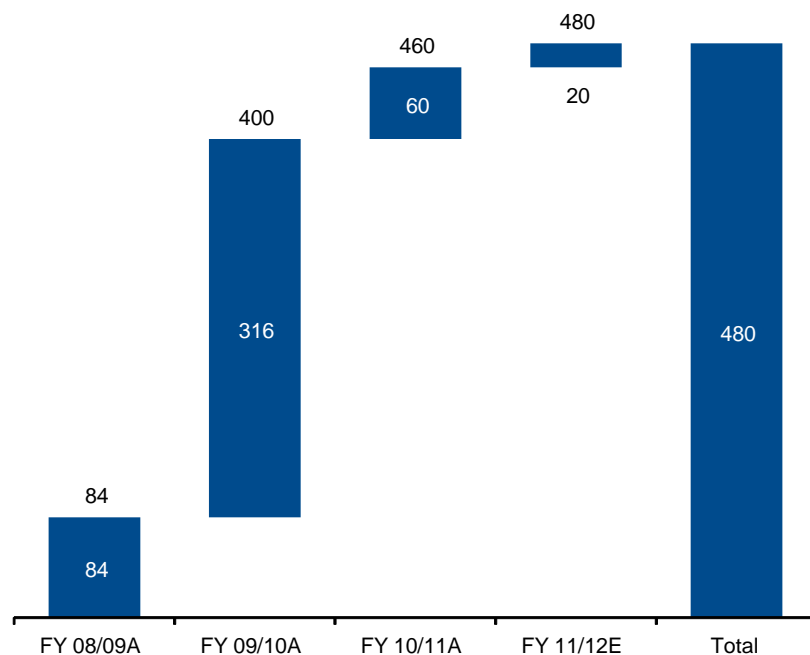
million EUR				
	12/31/2009	12/31/2010	03/31/2011	12/31/2011
Inventories	924	824	748	<b>890</b>
+ Trade receivables	303	352	377	<b>341</b>
./. Trade payables	149	128	130	<b>184</b>
./. Advance payments	78	109	87	<b>112</b>
<b>Net Working Capital</b>	<b>999</b>	<b>939</b>	<b>908</b>	<b>935</b>

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



# Fixed cost savings of €480m to reduce cost base sustainably

## Annual fixed cost savings (€m)



Represents  
approx. 23%  
2008A operating  
expenses<sup>(1)</sup>

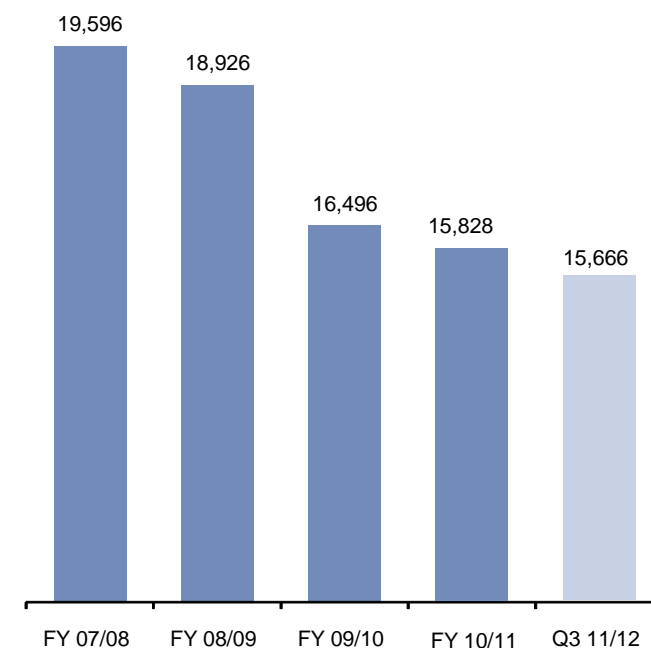
## One-off restructuring costs (€m)

Fiscal Year	One-off restructuring costs (€m)
FY 08/09A	(179)
FY 09/10A	(28)
FY 10/11A	2
FY 11/12E	—
Total	(205)

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

## Headcount development since FY 07/08<sup>(2)</sup>



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); 2008-12 actuals Including temporary workers and excluding consolidation effects

(2)

## Financial Calendar 2011/2012

Event	Date
drupa	May 3-16, 2012
Release of the figures for FY 12	June 14, 2012
Annual Analysts' and Investors' conference	June 14, 2012

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