Q3 INTERIM FINANCIAL REPORT 2012 / 2013

HEIDELBERG

3rd Quarter at a Glance

> **Incoming orders** in Q3 were at the same level as in the previous year at € 645 million; as a result of the trade show, they were up by 12 percent in the first nine months

> **Sales** in Q3 were up year-on-year by 9 percent at € 688 million and up 5 percent year-on-year over the first nine months

> **EBITDA** excluding special items in Q3 significantly better year-on-year at € 46 million (previous year: € 24 million)

> **Result of operating activities** excluding special items in Q3 significantly better year-on-year at € 25 million (previous year: € 2 million)

> **Free cash flow** in Q3 well into positive territory at € 28 million; **net financial debt** at € 325 million, reduced against Q2 by € 32 million

KEY PERFORMANCE DATA

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2012/2013	Q3 prior year	Q3 2012/2013
Incoming orders	1,975	**2,203** [1]	642	**645**
Net sales	1,811	**1,905** [2]	631	**688**
EBITDA [3]	50	**30**	24	**46**
Result of operating activities [4]	– 19	**– 32**	2	**25**
– in percent of sales	– 1.0 %	**– 1.7 %**	0.3 %	**3.7 %**
Net loss/profit	– 79	**– 88**	– 13	**16**
– in percent of sales	– 4.4 %	**– 4.6 %**	– 2.1 %	**2.3 %**
Cash flow	– 7	**– 34**	6	**26**
– in percent of sales	– 0.4 %	**– 1.8 %**	1.0 %	**3.8 %**
Free cash flow	– 23	**– 87**	– 4	**28**
Research and development costs	99	**91**	30	**30**
Investments	46	**58**	12	**14**
Undiluted earnings per share in € [5]	– 0.34	**– 0.38**	– 0.06	**0.06**

[1] Including positive exchange rate effects totaling € 86 million (adjusted for exchange rate effects: € 2,117 million)
[2] Including positive exchange rate effects totaling € 75 million (adjusted for exchange rate effects: € 1,830 million)
[3] Result of operating activities excluding special items and before depreciation and amortization
[4] Excluding special items
[5] Determined based on the weighted number of outstanding shares

Interim Consolidated Financial Report 3rd Quarter

2012/2013

Interim Consolidated Management Report 2

HEIDELBERG ON THE CAPITAL MARKET ... 2

The Heidelberg Share ... 2

The Heidelberg Bond ... 3

SITUATION OF THE COMPANY ... 4

Underlying Conditions ... 4

Focus 2012 Efficiency Program ... 6

Business Development ... 6

Results of Operations, Net Assets, and Financial Position ... 8

Segment Report ... 12

Regions ... 14

Employees ... 16

Risk and Opportunity Report ... 16

Future Prospects ... 18

Supplementary Report ... 20

Interim Consolidated Financial Statements 21

Interim Consolidated Income Statement April 1, 2012 to December 31, 2012 ... 22

Interim Consolidated Statement of Comprehensive Income April 1, 2012 to December 31, 2012 ... 23

Interim Consolidated Income Statement October 1, 2012 to December 31, 2012 ... 24

Interim Consolidated Statement of Comprehensive Income October 1, 2012 to December 31, 2012 ... 25

Interim Consolidated Statement of Financial Position ... 26

Statement of Changes in Consolidated Equity ... 28

Interim Consolidated Statement of Cash Flows ... 30

Notes ... 31

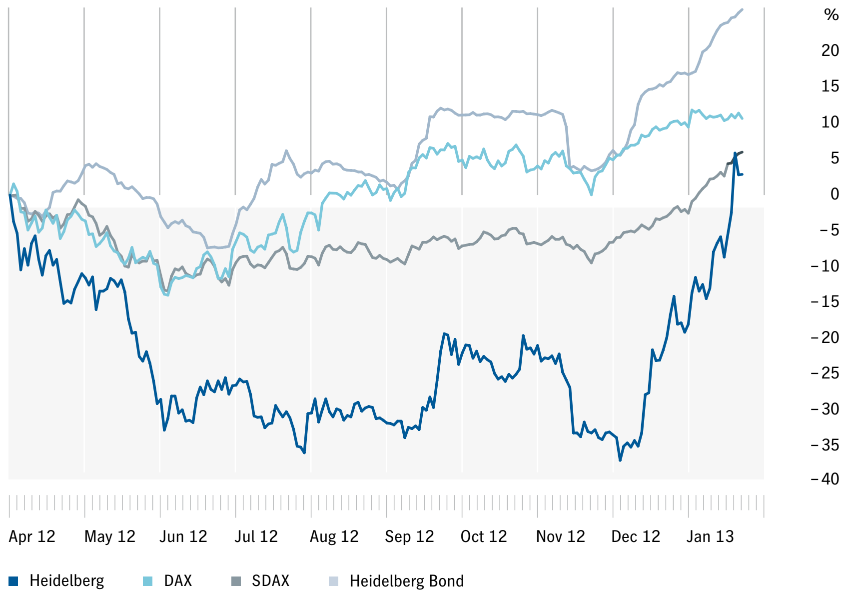
Executive Bodies of the Company ... 42

Financial Calendar ... 44

Heidelberg on the Capital Market

PERFORMANCE OF THE HEIDELBERG SHARE AND OF THE HEIDELBERG BOND

Compared to the DAX / SDAX (Index: April 1, 2012 = 0 percent)



KEY PERFORMANCE DATA OF THE HEIDELBERG SHARE

Figures in €

ISIN: DE 0007314007	Q3 prior year	Q3 2012/13
Basic earnings per share [1]	– 0.06	0.06
Cash flow per share	0.03	0.11
Share price – high	1.69	1.29
Share price – low	1.20	0.94
Share price – beginning of the quarter [2]	1.60	1.19
Share price – end of the quarter [2]	1.24	1.23
Number of shares in thousands [3]	233,999	234,104
Market capitalization at the end of the quarter in € millions	290	288

[1] Determined based on the weighted number of outstanding shares
[2] Xetra closing price; source for prices: Bloomberg
[3] Weighted number of outstanding shares

The Heidelberg Share

The stock exchanges were still torn between monetary easing on the one side as well as mixed economic data and a heterogeneous market outlook on the other in the last quarter of 2012. Despite the gloomy economic data, the markets benefited at the beginning of September from the clear commitment by the ECB to purchase unlimited amounts of government bonds, if necessary, as well as from the additional monetary easing by the Fed.

In mid-September, the equity markets started to consolidate. This phase lasted until the end of October, followed by a period of lateral movement. In November, Hurricane Sandy put the US stock exchanges out of action for two trading days. Other factors affecting financial markets at the time were the outcome of the US elections and concern about whether America could save itself from falling off a fiscal cliff into recession. In line with the major indices, the Heidelberg share price also fell over this period and reached its low for the year of 94 cents on November 28, 2012.

The markets reacted positively to the outcome of the US elections. The renewed deferral of Greece's debt payments and news that China's economy was likely to gain steam next year added to the factors triggering a year-end rally at the end of November.

At the beginning of December, the DAX could overleap the important chart point of 7,500, which in September 2012 still appeared to be an insurmountable barrier. The DAX closed the year at 7,612, marking a gain of 9.6 percent compared with April 1, 2012, and ending an extremely successful year on the stock exchanges. Although the SDAX was still not able to close the year up, it was clearly catching up rapidly. The end result was a fall of only 2.5 percent against the beginning of the year. The Heidelberg share followed this trend. At the beginning of the third financial quarter, it still stood at € 1.19 but recovered to € 1.23 by December 31, 2012.

This made up, in part, for the poor performance in the first half of the year. Seen from the view of the first nine months, performance stood at around minus 18 percent.

The upswing provided by the German equity market's year-end rally continued into the New Year. The provisional agreement over the US budget debate briefly pushed share prices up higher. On January 2, 2013, the DAX rose by more than 2 percent, coming close to 7,800. This was the highest it had been since January 2008. The Heidelberg share also picked up, listing at € 1.67 on January 23 or around 11 percent higher than the share price of € 1.45 prevailing at the beginning of the financial year on April 1, 2012.

The Heidelberg Bond

Our bond has performed well, and this trend continued on the whole in the third reporting quarter. At the beginning of the quarter, the Heidelberg bond stood at 83 percent, and like the Heidelberg share, saw price corrections over the course of November. By November 16, it stood at around 78 percent. In line with the recovery on the financial markets, the bond then participated in the year-end rally that started at the end of November. By December 31, 2012, it was listing at around 88 percent, considerably higher than the price of around 75 percent at the beginning of the financial year. The Heidelberg bond continued along its upward trajectory in the first days of trading in 2012 and reached around 96 percent on January 23.

KEY PERFORMANCE DATA OF THE HEIDELBERG BOND [1]

Figures in percent

RegS ISIN: DE 000A1KQ1E2	Q3 prior year	Q3 2012/13
Nominal volume in € millions	304	304
Share price – high	68.7	88.2
Share price – low	57.3	77.7
Share price – beginning of the quarter	61.4	83.6
Share price – end of the quarter	59.5	88.2

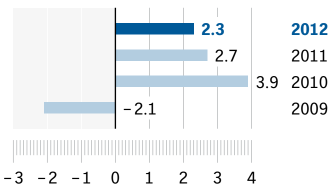
[1] Source Bloomberg

Situation of the Company

Underlying Conditions

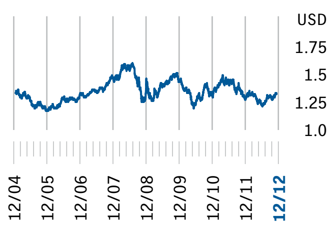
CHANGE IN GDP WORLDWIDE

Figures in percent

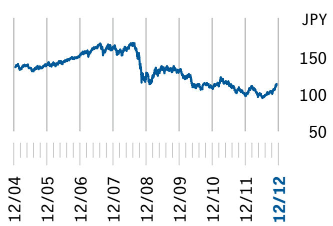


Source: Global Insight (WMM); calendar year; as of December 2012

EUR/USD EXCHANGE RATE



EUR/JPY EXCHANGE RATE



Source: Global Insight

With growth of 2.3 percent in 2012, the **GLOBAL ECONOMY** appears to have passed its low point. Nevertheless, there is still a lot of uncertainty related to the European debt crisis, China's future development, US fiscal policies, and the effect of the ongoing tension in the Middle East on oil prices.

Economic momentum in the developing and emerging countries slowed down over the course of 2012. Economic growth on a year-on-year basis reached 4.8 percent. The main factors dragging these economies down were not only the lack of a boost from demand for their exports but also problems in their domestic economies.

Uncertainty over financial policies continues to determine exchange rates. The euro appreciated against the dollar and the yen in the fourth quarter of 2012.

Burdened by sovereign debt and banking crises, parts of the **EURO ZONE** have found themselves in a recession since the spring of 2012. The political decisions in the fall of 2012 to provide more aid to crisis-hit countries like Spain, Italy, Portugal, and Ireland, and to keep Greece in the euro zone, have basically strengthened confidence in the future of the single currency. What's more, growth of the Consumer Price Index in the last months of 2012 was more modest than expected – among others because of the slower rise of energy prices due to low quotations on the oil and gas market. As a result, the inflation rate amounted to only 2.1 percent at the end of the year.

GERMANY'S economy was one of the best euro zone performers in 2012 but is now undergoing a period of weakness (with overall annual growth of 0.9 percent), mainly caused by the euro zone crisis. The trend in incoming orders and industrial production has been falling since the spring. Business sentiment is markedly worse. Things did not brighten up much before November. Financial conditions continue to be favorable and suggest an upswing. But the German economy is facing a headwind from other countries where economic growth has also slowed down.

Overall economic performance in the **UNITED STATES** continued to be moderate. Gross domestic product has been increasing since the fourth quarter of 2010 at rates of between 1.5 and 2.5 percent. It was up 2.3 percent in the third quarter but increasing uncertainty over fiscal policies pushed it back down to 1.7 percent in the fourth quarter. The unification process between Senate and the House of Representatives had tightened in November and December 2012. The uncertainty thereby caused has increasingly strained the local economy.

After a period of weakness in the spring, the economy in LATIN AMERICA picked up steam again and grew over the whole of calendar year 2012 by 2.9 percent. The improvement is mainly due to the comeback of Argentina and Brazil. Gross domestic product in Brazil had been falling continuously since the first quarter of 2010 but increased significantly in the second half of 2012. Year-on-year, it rose by 1.8 percent in the fourth quarter. The main factor behind this was the improvement in private consumption and exports.

The JAPANESE economy weakened over the course of 2012. Although gross domestic product beat the previous year's rate by 2.0 percent, this was only due to the sharp rise at the beginning of the year. There was hardly any economic growth in the second half of 2012. The fall in industrial activity was particularly drastic: production in the fourth quarter of 2012 was 7.5 percent lower than in the previous year. In contrast, emerging markets in SOUTHEAST ASIA saw their gross domestic product rise sharply by 5.1 percent in 2012. Economic expansion in CHINA accelerated once more in the fourth quarter of 2012, albeit at a slower rate than in the past. Real gross domestic product increased year-on-year in the fourth quarter by 7.7 percent. Mainly as a result of the sharp fall in exports to the European Union, exports in particular stood in the way of strong economic momentum. For this reason the government responded to the downturn in due time in the fall of 2012 and initiated an economic stimulus package, which brought down the inflation rate over the course of the year. On December 31, 2012, the inflation rate accounted to only 2.5 percent, whereas the average inflation rate in 2011 was 5.4 percent.

The German Printing and Media Industries Federation (bvdm) advised that the business situation in the PRINT MEDIA INDUSTRY in Germany has now recovered significantly following a sharp drop in the first half of the year. Growth in December is 9 percentage points higher than in the previous year. However, business expectations have fallen sharply since the summer of 2012 and are at a much lower level than in the previous year. For the United States, no uniform trend can be discerned. Although commercial print sales were nominally up 7 percent over the first eleven months of 2012 compared with the previous year, capacity utilization is still at a low level. Overall figures from the Association of PRINTING AND PAPER TECHNOLOGY, which is part of the German Engineering Federation (VDMA), show sales by German printing press manufacturers in the period from January through November 2012 rising year-on-year by 10 percent.

Focus 2012 Efficiency Program

ANNUAL REPORT 2011/2012

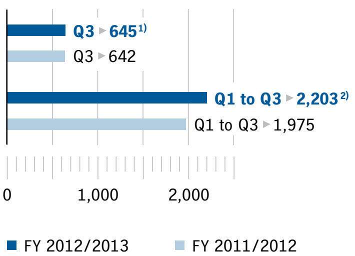
Detailed information on the Focus 2012 efficiency program may be found in our Annual Report beginning on page 28.

The implementation of the Focus 2012 efficiency program continues on schedule. The Company implemented the major measures of the program before drupa, the industry's leading trade show, so that more than a third of the planned annual savings in the amount of around € 180 million will already be effective in the current financial year. In the coming financial year, the cost reductions resulting from Focus 2012 will be fully effective for the first time and result in annual savings of around € 180 million. Moreover, Heidelberg will actively continue adjusting its cost structure.

Business Development

INCOMING ORDERS PER QUARTER

Figures in € millions



[1)] Including positive exchange rate effects totaling € 6 million
[2)] Including positive exchange rate effects totaling € 86 million

At € 645 million, **INCOMING ORDERS IN THE THIRD QUARTER** were at the same level as in the previous year. In the first quarter of the current financial year, drupa, the industry's leading trade show, led to a buoyant level of incoming orders. In the two quarters that followed, incoming orders hovered around the level of the previous year in relatively stable market conditions. Incoming orders in the Asia/Pacific region were higher than in the same quarter in the previous year, but they were at the same level as the previous year in the South America, and in the Europe, Middle East and Africa regions. Meanwhile the North America and Eastern Europe regions reported lower incoming orders.

Incoming orders in the first **NINE MONTHS** of the financial year lived up to expectations and profited from the drupa trade show, and at € 2,203 million, exceeded the previous year by around 12 percent. Incoming orders rose in the first nine months in the North America, Europe, Middle East and Africa, and Asia/Pacific regions. Over the same period, the figures for the South America and Eastern Europe regions were at or slightly below the level in the previous year. In the Heidelberg Equipment and Heidelberg Services segments, incoming orders were higher than in the previous year, due to the trade show.

The Heidelberg Group's **ORDER BACKLOG** stood at the level of the previous quarter, reaching a figure of € 728 million as of December 31, 2012.

The Group generated **SALES** of € 688 million **IN THE THIRD QUARTER**, significantly higher (9 percent) than the previous year. Sales in the Asia/Pacific region were slightly below the previous year's level, but all other regions reported higher sales year-on-year. The Heidelberg Equipment segment improved sales by 15 percent, and sales in the Heidelberg Services segment were on the previous year's level in the reporting quarter.

At € 1,905 million, sales in the first **NINE MONTHS** of the current financial year were 5 percent higher than the figure for the previous year. The percentage year-on-year increase in sales in all regions was in single digits. And, at 85 percent, the proportion of foreign sales was slightly higher than in the previous year. The Heidelberg Equipment and Heidelberg Services segments also reported a year-on-year increase in sales at the end of nine months.

SALES BY SEGMENT

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2012/2013**	Q3 prior year	**Q3 2012/2013**
Heidelberg Equipment	1,031	1,081	357	412
Heidelberg Services	768	815	270	273
Heidelberg Financial Services	12	9	4	3
Heidelberg Group	1,811	**1,905**	631	**688**
(adjusted for exchange rate effects		1,830		676)

Results of Operations, Net Assets, and Financial Position

EBITDA, excluding special items, reached € 46 million in the third quarter compared with € 24 million in the same quarter in the previous year. At the end of nine months, the figure stood at € 30 million, still € 20 million lower than the figure for the previous year. The **RESULT OF OPERATING ACTIVITIES**, excluding special items, was € 25 million in the third quarter, more than € 20 million better than in the previous quarter/previous year. Higher sales and the savings made by Focus 2012 were the main contributors to this quarterly result. At the end of nine months of this financial year, the result of operating activities, excluding special items, was € – 32 million as a result of drupa. The result of operating activities was accordingly worse than in the previous year by € 13 million. The **SPECIAL ITEMS**, amounting to € 24 million in the current financial year, were mainly the result of personnel-related expenses under the terms of the Focus 2012 efficiency program.

RESULT OF OPERATING ACTIVITIES [1]

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2012/2013**	Q3 prior year	**Q3 2012/2013**
Heidelberg Equipment	– 70	– 89	– 14	1
Heidelberg Services	39	50	11	21
Heidelberg Financial Services	12	7	5	3
Heidelberg Group	– 19	**– 32**	2	**25**

[1] Excluding special items

The **FINANCIAL RESULT** for the financial year to date amounts to charges of € – 55 million, around € 7 million less than in the previous year. Still, the financing costs required in connection with the expenditures for the Focus 2012 efficiency program had a negative effect on the financial result.

INCOME BEFORE TAXES for the third quarter showed a profit of € 5 million, an improvement of around € 30 million over the previous year. In the course of the financial year, income before taxes dropped from € – 91 million in the previous year to € – 111 million. The loss at the end of nine months stood at

€ – 88 million; the third quarter reported a profit of € 16 million. Basic **EARNINGS PER SHARE** at the end of the third quarter came to € – 0.38 compared with € – 0.34 in the previous year.

INVESTMENTS in property, plant, and equipment, and intangible assets came to € 14 million in the third quarter, a relatively low figure. At the end of nine months of this financial year, they stood at € 58 million, slightly higher than in the previous year, mainly due to equipping the Print Media Center in Heidelberg with innovations from the trade show.

At € 2,421 million as of December 31, 2012, the Heidelberg Group had slightly further reduced its **TOTAL ASSETS** compared with the second quarter (down € 49 million) and compared with the end of the financial year (down € 97 million). In comparison with the corresponding figure in the previous year, total assets fell by € 267 million.

BALANCE SHEET STRUCTURE

Figures in € millions

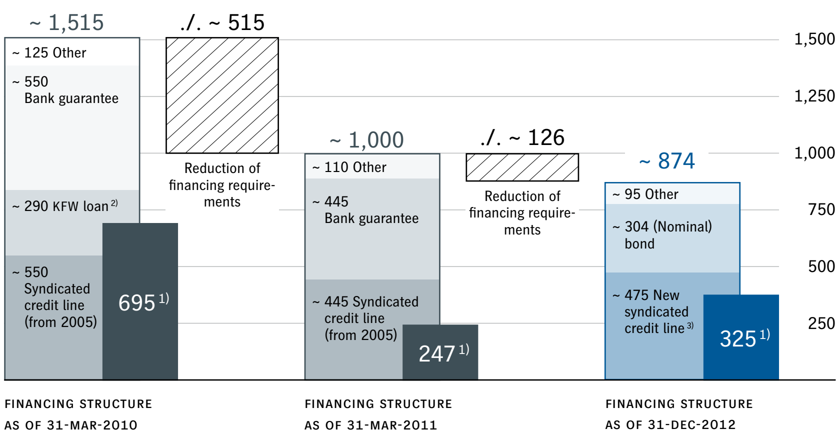
	31-Mar-2012	in percent of total assets	31-Dec-2012	in percent of total assets
Non-current assets	970	38.5	919	38.0
Current assets	1,545	61.4	1,499	61.9
Assets held for sale	3	0.1	3	0.1
Total assets	2,518	100.0	2,421	100.0
Equity	576	22.9	377	15.6
Non-current liabilities	1,082	42.9	1,156	47.7
Current liabilities	860	34.2	888	36.7
Total equity and liabilities	2,518	100.0	2,421	100.0

Under **ASSETS**, inventories dropped slightly, compared with the previous quarter, to € 846 million; they are, nevertheless, higher than the low figure reported at the end of the last financial year. In addition, receivables from sales financing and trade receivables, compared both with the previous quarter and the end of the financial year, fell further.

Under **LIABILITIES**, equity as of December 31, 2012 fell to € 377 million as a result of the actuarial losses arising from the valuation of pension obligations. The equity ratio in the reporting quarter was unchanged quarter-on-quarter at around 16 percent. Pension obligations rose quarter-on-quarter, in particular as a result of the lower discount rate. Financial liabilities in the reporting quarter stood at € 462 million, a quarter-on-quarter reduction of € 19 million. Net financial debt fell by € 32 million in the third quarter, compared with the previous quarter, standing at € 325 million. Compared with the figure at the end of the last financial year (€ 243 million), **NET FINANCIAL DEBT** was, as expected, higher. This is due to an increase in the need for cash and cash equivalents in the wake of the leading industry trade show, drupa, and expenditure on Focus 2012. Heidelberg's financing structure is reasonably diversified, both in terms of sources of finance and the maturity dates of the instruments. Heidelberg has access to a stable volume of liquidity with adequate scope to take action.

DEVELOPMENT OF THE FINANCIAL STRUCTURE

Figures in € millions



1) Net financial debt (balance of financial liabilities and cash and cash equivalents)
2) Initial credit line: € 300 million
3) Initial credit line: € 500 million: reduced by € 25 million since July 1, 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in € millions

	Q1 to Q3 prior year	Q1 to Q3 2012/2013	Q3 prior year	Q3 2012/2013
Cash flow	–7	–34	6	26
Net working capital	15	7	–5	23
Receivables from customer financing	43	29	24	4
Other	–41	–56	–19	–24
Other operating changes	17	–20	0	3
Cash used in investing activities	–33	–33	–10	–1
Free cash flow	–23	–87	–4	28

Unchanged consistent asset management led to the FREE CASH FLOW in the third quarter recording a profit of € 28 million and improving year-on-year by € 32 million. The main contributor to this solid development was CASH FLOW, which rose by around € 30 million compared with the second quarter. Improved operating and financial results are the reason for this development.

OTHER OPERATING CHANGES in the third quarter produced overall cash inflows of € 3 million. This was due not only to the reduction in inventories under net working capital, but also to the further reduction in receivables from sales financing.

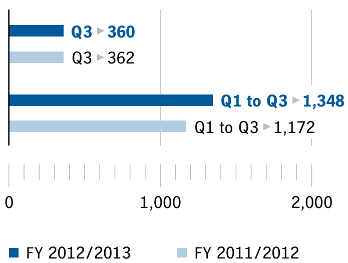
Once the Print Media Center in Heidelberg had been re-equipped in the first half of the year, the level of investments dropped. Consequently, net CASH USED IN INVESTING ACTIVITIES in the third quarter was just € 1 million.

At the end of nine months, FREE CASH FLOW stands at € –87 million. The main reasons for this are the loss in the first two quarters of the current financial year and the expenditure on Focus 2012.

Segment Report

HEIDELBERG EQUIPMENT: INCOMING ORDERS PER QUARTER

Figures in € millions



At € 360 million, incoming orders in the third quarter for the **HEIDELBERG EQUIPMENT** segment were at the same level as in the previous year. Following the high level of incoming orders in the first quarter, which benefited from drupa, the industry's leading trade show, the development of incoming orders in the next two quarters was stable at the level of the previous year. At the end of three quarters, incoming orders in this segment reached € 1,348 million, 15 percent higher than in the previous year.

As expected, sales in this segment developed well in the second half of the financial year. At € 412 million, sales in the third quarter were also 15 percent higher than the figure for the previous year. At € 1,081 million, sales for this segment in the first nine months were 5 percent higher than in the previous year. For large-format sheetfed offset printing presses, contract manufacturing for outside parties and the digital area, sales were also buoyant. Sales of medium- and small-sized sheetfed offset printing presses were lower than in the previous year. The segment's share in Group sales stood at 57 percent at the end of nine months.

The result of operating activities excluding special items in the reporting quarter showed a slight profit of € 1 million, which was a € 15 million improvement on the previous year's figure. This reflected the savings made under the Focus 2012 Efficiency Program and the buoyant sales in the third quarter.

In the first nine months, operating activities excluding special items in this segment stood at € –89 million, € 19 million lower than in the previous year as a result of drupa. The special items generated an expense of € 18 million. Research and development costs in this segment dropped year-on-year by 10 percent. At € 14 million, investments in the third quarter were also at a low level. Overall, a total of € 51 million was invested in the segment, a major part of this amount in new products showcased at the trade show, which can now be seen at the Print Media Center in Heidelberg.

The segment had a total of 9,416 employees as of December 31, 2012. Compared to the figure at the beginning of the financial year, the overall headcount fell by 636, mainly as a result of steps taken under Focus 2012. The headcount at our Qingpu manufacturing facility in China remained stable.

Incoming orders in the **HEIDELBERG SERVICES** segment were stable at € 282 million in the third quarter and were slightly higher than in the previous year. At € 846 million, incoming orders in the current financial year were 7 percent higher overall than the figure for the previous year.

Third-quarter sales in this segment reached € 273 million, a similar level to the previous year. This segment achieved overall sales of € 815 million; this represents a year-on-year increase of 6 percent. The share of the Heidelberg Services segment in Group sales stood at 43 percent at the end of the first nine months of the financial year.

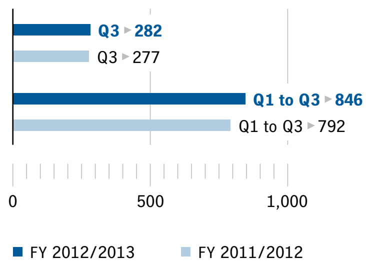
The result of operating activities excluding special items rose sharply by € 10 million year-on-year in the third quarter to € 21 million. Overall, the result for the first nine months improved from € 39 million in the previous year to € 50 million. This improved result was mainly down to an increase in segment sales and the savings made under Focus 2012. Research and development costs stood at the same level as in the previous year. Expenses covered under special items for the Heidelberg Services segment amounted to € 6 million. Total investments stayed at a low level (€ 7 million).

The segment's headcount, as of December 31, 2012, stood at 5,099. In all, the headcount dropped by 210, compared to the numbers at the end of the last financial year, although employees were added selectively in the consumables business to support sales growth there.

At € 128 million, receivables from sales financing at the **HEIDELBERG FINANCIAL SERVICES** segment remained at a low level as of December 31, 2012 and were down further compared with the end of the last financial year (€ 156 million). The reason for this is that customers are predominantly financed by third parties. The result of operating activities for this segment, excluding special items, showed a profit of € 3 million in the third quarter; the result at the end of the first nine months stood at € 7 million. The € 5 million fall in the result of operating activities excluding special items, compared with the same period in the previous year, is mainly the result of the drop in interest income following the reduction on the size of the portfolio and a more normal result from the revaluation of risk provisions. There were 48 employees in the segment as of December 31, 2012.

HEIDELBERG SERVICES: INCOMING ORDERS PER QUARTER

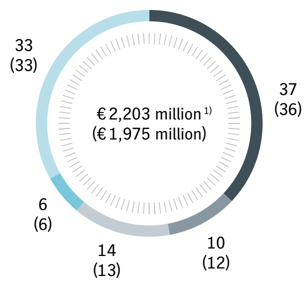
Figures in € millions



Regions

INCOMING ORDERS BY REGION

Shares in the Heidelberg Group in percent
(in parentheses: previous year)



Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2012/2013**
EMEA	715	824
Eastern Europe	232	228
North America	250	299
South America	123	122
Asia/Pacific	655	730

[1] Including positive exchange rate effects totaling € 86 million

The incoming orders of the **EUROPE, MIDDLE EAST AND AFRICA** region totaled € 240 million during the third quarter, a similar level to the figure for the previous year. At the end of nine months in the current financial year, the drupa trade show pushed incoming orders up by 15 percent above the figure for the previous year, ending at € 824 million. Buoyant incoming orders in the first quarter are reflected in the quarters that followed. With sales of € 267 million in the third quarter, the region is 17 percent above the previous year. Overall, sales of € 703 million are 6 percent above the figure for the previous year. Sales in the UK were particularly buoyant compared to the previous year.

Incoming orders in the **EASTERN EUROPE** region stood at € 76 million in the third quarter, a year-on-year fall of 8 percent. At € 228 million, incoming orders for the financial year to date are slightly lower than in the previous year. The region's sales performed well and, at € 77 million, were 4 percent above the figure for the previous year. At € 218 million, sales in the first nine months of the current financial year improved to 7 percent higher than the figure for the previous year. This figure was supported by positive developments in Austria, the Czech Republic and Russia, while sales in Poland were significantly lower than in the previous year.

Following two good quarters, incoming orders in the **NORTH AMERICA** region fell. At € 72 million in the third quarter, they were 18 percent lower than in the previous year. At the end of nine months, the region's incoming orders benefited from the first half-year and, at € 299 million, were up by 20 percent over the previous year. Third-quarter sales reached € 96 million, outstripping the previous year by 12 percent. At the end of nine months, the region was at 8 percent above the figure for the previous year, achieving sales of € 253 million. This positive trend is mainly down to sales in Canada and the US.

In the **SOUTH AMERICA** region, incoming orders of € 43 million in the third quarter were at a similar level to the previous year. At the end of nine months of the current financial year, the region's incoming orders, at € 122 million, were also stable compared with the previous year. Additional orders from smaller markets in the region made up for the drop in sales in Brazil. The region's sales improved year-on-year in the third quarter by 27 percent and stood at € 43 million. In all, the region achieved sales of € 101 million, these were slightly above the previous year level.

The **ASIA / PACIFIC** region had incoming orders worth € 214 million in the third quarter, 13 percent more than in the previous year. At € 730 million, the figure at the end of nine months showed a 12 percent increase over the previous year. Japan and China made particularly strong contributions to this development. Third-quarter sales in the region stood at € 205 million, only slightly below the previous year's figure. At the end of nine months, sales of € 630 million showed a 4 percent year-on-year improvement.

SALES BY REGION

Figures in € millions

	Q1 to Q3 prior year	**Q1 to Q3 2012/2013**	Q3 prior year	**Q3 2012/2013**
Europe, Middle East and Africa	666	703	228	267
Eastern Europe	204	218	74	77
North America	235	253	86	96
South America	99	101	34	43
Asia / Pacific	607	630	209	205
Heidelberg Group	1,811	**1,905**	631	**688**
(adjusted for exchange rate effects		1,830		676)

EMPLOYEES BY SEGMENT

Number of employees

	31-Mar-12	31-Dec-12
HD Equipment	10,052	9,416
HD Services	5,309	5,099
HD Financial Services	53	48
Heidelberg Group	15,414	**14,563**

Employees

The number of employees in the Heidelberg Group continued to decline in the third quarter of the current financial year. There were a total of 14,563 employees as of the reporting date of December 31, 2012. The headcount has accordingly fallen by 851 since the end of the last financial year. Compared with the previous year, the number of employees has fallen by 1,103.

We have adjusted our capacity under the Focus 2012 efficiency program to the changed underlying conditions. Individual working hours can now be adapted using time accounts to match the capacity utilization situation, significantly increasing Heidelberg's flexibility with respect to working hours. The staff reduction in line with the Focus 2012 efficiency program could for the most part be realized due to the structural model for older employees. The tools for the necessary staffing adjustment in Germany were agreed upon with the social partners through reconciliation of interests and a social plan. We made substantial progress in implementing the personnel measures by the reporting date. The first employees have already left the Company on a mutually agreed basis. The number of employees is to be reduced to less than 14,000 by the middle of 2014, in part through socially responsible measures.

At the end of December 2012, with due notification, the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft instigated a status procedure pursuant to Section 97 of the German Stock Corporation Act, as the number of employees on the Company's Supervisory Board no longer complies with the provisions of the German Codetermination Act. The number of staff employed at the Company's German Group locations is, and will stay, below the threshold of 10,001. Consequently, after the Annual General Meeting in July 2013, the Supervisory Board will in all likelihood consist of only twelve members instead of 16, as before.

Risk and Opportunity Report

ANNUAL REPORT 2011/2012

You will find our detailed Risk and Opportunity Report in the Annual Report beginning on page 119. A description of our risk and opportunity management system begins on page 36 of the Annual Report.

There are no significant changes to the assessment of risks and opportunities for the Heidelberg Group in the third quarter of 2012/2013, as compared to the corresponding statements in the 2011/2012 Annual Report.

The core risk continues to be the way global underlying conditions are developing. In the euro zone, for example, there is still no lasting solution in sight. The financial markets are calmer for the time being thanks to the ECB's announcement that it will buy unlimited amounts of governments bonds from crisis-hit countries as necessary. Further steps have also been taken at national level to consolidate national budgets and press ahead with the necessary restructuring. The fact remains, however, that these developments are still not sufficient to bring about a fundamental change in the mood of end consumers and companies. Though the European Commission's economic sentiment rose considerably, it is, however, clearly in negative territory and is thus still creating signals of recession. At the same time, there is still a risk that the situation could be exacerbated if additional and larger euro zone countries abandon the consolidation strategy.

The current situation in the United States is also associated with risks, because there is still no lasting solution in sight to the budget dispute and the planned budget cuts have simply been postponed. Besides the fiscal-cliff debate, the administration is threatened by the possibility of default, as the country is already at its legal debt ceiling — without the necessary packages of measures to deal with this having been approved at the current time. It is assumed that the White House and Congress will ultimately agree on a compromise, but it is impossible to assess the extent to which they will approve austerity measures. Short-term deals would only prolong uncertainty about the future of US financial policies for another year.

There is also greater uncertainty at present about the way economic policies will develop in Japan. Regional flashpoints in the Middle East could mean the risk of higher crude oil prices.

The expected good economic prospects in emerging markets offer a number of opportunities. Economic programs approved and already initiated should pay dividends in 2013 and the following years as long as underlying economic conditions do not worsen again due to a further downturn in the industrialized nations and/or turbulence on the financial markets. China offers particular potential. Its slowdown appears to be over, because economic policy is stimulating future economic development and is set to endure increased growth.

No risks can be discerned currently or in the foreseeable future that, in themselves or in conjunction with other risk factors, could threaten the continued existence of the Heidelberg Group.

Future Prospects

The threat of downgrades to the ratings of euro zone countries could push interest expense up further and slow down growth more than expected.

The global economy is likely to pick up slightly in 2013. The turnaround is once again likely to have its source in the emerging markets. China is expected to grow at a rate of more than 8 percent in 2013. Not least, as a result of the high income generated by their exports of commodities, the economies of Brazil and Russia will also bounce back.

Over the next few weeks, politicians in the US will be drawing up a roadmap for the way the US economy will develop in 2013. They can avoid a major collapse if they can find a sustainable way around the fiscal cliff. Even if they should succeed, US growth will still be moderate over the next year. The government and individual households need to consolidate with a consequent negative impact on demand. A possible economic impetus for the coming years might evolve from newly discovered raw materials and the growing trend toward reindustrialization, which, however, cannot precisely be quantified yet.

There are signs that the current recession in parts of the euro zone can be overcome in the next two years. If the European Central Bank (ECB) stabilizes the single currency by buying bonds, the euro zone economy is likely to gradually improve from the spring. Nevertheless, a stagnation is anticipated on average in 2013.

Despite the slight improvement in underlying macroeconomic conditions in the course of the year, the related risks are still very high. This means that it is not safe to say anything conclusive about business development. The low level of expectations for business in the German printing industry, the ongoing low level of capacity utilization in the US printing industry, and the effect of the euro crisis on the European printing industry might be a drag on the volume of printing production. Growth in the packaging and digital printing business, as well as the momentum of the emerging market economies, are compensating factors to all in all reach a globally stable volume of printing production.

The forecast of the German Engineering Federation (VDMA) assumes there will be stagnation in 2013 for the whole printing and paper technology subsector.

Outlook for the current financial year 2012/2013 confirmed

The trade show orders received in the first quarter 2012/2013 are of benefit to sales in the second half of the financial year with correspondingly improved contributions to earnings. Against this background, Heidelberg continues to assume that there will be a clearly positive result of operating activities excluding special items; this, however, was negatively impacted, especially in the first half of the year, by drupa. Over one-third of the planned savings of around € 180 million from the Focus 2012 efficiency program will already take effect in the current financial year. The expenditures required for this purpose, however, will negatively impact the financial result. That is why the financial result will show a loss. The free cash flow will be negatively impacted in both the current and forthcoming financial years by pro rata payments for Focus 2012. Net financial debt will increase year-on-year in the current financial year 2012/2013.

In the coming **FINANCIAL YEAR 2013/2014**, the cost reductions resulting from Focus 2012 will be fully effective for the first time and result in annual savings of around € 180 million. Heidelberg will, moreover, proactively and continuously work on adjusting its cost structure.

As already announced on November 7, 2012, Heidelberg will apply the new version of the international accounting standard IAS 19 for the first time from financial year 2013/2014. This will have effects for Heidelberg, depending on the performance of various parameters, on its income statement. In addition to transferring earnings amounting to an estimated € 25 million to € 30 million from the operating result excluding special items to the financial result, the accounting of compulsory increases under partial retirement regulations will be modified in future and the concept of an expected return on the plan assets will be replaced by what is known as the net interest approach. Viewed in isolation and based on a 1 percentage point decrease in the currently relevant parameters, the latter would lead to a single-digit million euro reduction in the financial result. Heidelberg is determined to make up as quickly as possible for the negative effects of this new form of accounting on the previous target of achieving a result of operating activities excluding special items, of around € 150 million in the next financial year. The pre-tax result remains virtually unaffected by the change to recording practices in itself, but the currently expected change to the relevant parameters will have a negative impact. The current forecast of achieving a net profit remains unchanged.

ANNUAL REPORT 2011/2012

You will find our detailed Future Prospects beginning on page 125 of the Annual Report. In it we also describe the developments in the segments and the premises on which we based our planning.

Supplementary Report

No significant events occurred following the financial reporting date.

IMPORTANT NOTE:
This Interim Report 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 these 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 overall economic situation, in exchange rates, in 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 Interim Report. Heidelberg does not intend, and does not assume any obligation, to update the forward-looking statements contained in this Interim Report to reflect events or developments that have occurred after this Interim Report was published.

Interim Consolidated Financial Statements

of Heidelberger Druckmaschinen Aktiengesellschaft for the period April 1, 2012 to December 31, 2012

2012/2013

INTERIM CONSOLIDATED FINANCIAL STATEMENTS 21

Interim Consolidated Income Statement
April 1, 2012 to December 31, 2012 22

Interim Consolidated Statement of Comprehensive Income
April 1, 2012 to December 31, 2012 23

Interim Consolidated Income Statement
October 1, 2012 to December 31, 2012 24

Interim Consolidated Statement of Comprehensive Income
October 1, 2012 to December 31, 2012 25

Interim Consolidated Statement of Financial Position 26

Statement of Changes in Consolidated Equity 28

Interim Consolidated Statement of Cash Flows 30

Notes 31

Executive Bodies of the Company 42

INTERIM CONSOLIDATED INCOME STATEMENT APRIL 1, 2012 TO DECEMBER 31, 2012

Figures in € thousands

	Note	1-Apr-2011 to 31-Dec-2011	1-Apr-2012 to 31-Dec-2012
Net sales		1,811,417	1,904,617
Change in inventories		100,945	54,812
Other own work capitalized		6,665	22,590
Total operating performance		1,919,027	1,982,019
Other operating income	3	78,661	65,386
Cost of materials	4	911,647	959,578
Staff costs		679,836	685,264
Depreciation and amortization		68,532	61,979
Other operating expenses	5	356,433	372,394
Special items	6	10,114	23,899
Result of operating activities		– 28,874	– 55,709
Financial income	7	14,908	17,951
Financial expenses	8	76,695	73,401
Financial result		– 61,787	– 55,450
Income before taxes		– 90,661	– 111,159
Taxes on income		– 11,272	– 22,932
Consolidated net loss		– 79,389	**– 88,227**
Basic earnings per share according to IAS 33 (in € per share)	9	– 0.34	**– 0.38**
Diluted earnings per share according to IAS 33 (in € per share)	9	– 0.34	**– 0.38**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME APRIL 1, 2012 TO DECEMBER 31, 2012

Figures in € thousands

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Consolidated net loss	– 79,389	– 88,227
Pension obligations	– 31,509	– 122,049
Currency translation	44,890	3,696
Available-for-sale financial assets	– 485	– 220
Cash flow hedges	– 23,001	6,490
Deferred income taxes	– 5,972	1,535
Total other comprehensive income	– 16,077	– 110,548
Total comprehensive income	– 95,466	**– 198,775**

INTERIM CONSOLIDATED INCOME STATEMENT OCTOBER 1, 2012 TO DECEMBER 31, 2012

Figures in € thousands

	1-Oct-2011 to 31-Dec-2011	**1-Oct-2012 to 31-Dec-20112**
Net sales	631,015	687,302
Change in inventories	19,955	– 10,231
Other own work capitalized	2,149	3,433
Total operating performance	653,119	680,504
Other operating income	23,547	24,205
Cost of materials	318,686	323,455
Personnel expenses	223,746	222,886
Depreciation and amortization	22,322	21,029
Other operating expenses	110,098	111,968
Special items	6,838	1,959
Result of operating activities	– 5,024	23,412
Financial income	4,979	4,924
Financial expenses	24,601	23,736
Financial result	– 19,622	– 18,812
Income before taxes	– 24,646	4,600
Taxes on income	– 10,876	– 10,933
Consolidated net loss / profit	– 13,770	**15,533**
Basic earnings per share according to IAS 33 (in € per share)	– 0.06	**0.06**
Diluted earnings per share according to IAS 33 (in € per share)	– 0.06	**0.06**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OCTOBER 1, 2012 TO DECEMBER 31, 2012

Figures in € thousands

	1-Oct-2011 to 31-Dec-2011	**1-Oct-2012 to 31-Dec-20112**
Consolidated net loss/profit	– 13,770	15,533
Pension obligations	1,176	– 31,826
Currency translation	31,676	– 4,562
Available-for-sale financial assets	– 110	291
Cash flow hedges	– 7,168	9,358
Deferred income taxes	783	– 667
Total other comprehensive income	26,357	– 27,406
Total comprehensive income	12,587	**– 11,873**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

> ASSETS

Figures in € thousands

	Note	31-Mar-2012	31-Dec-2012
Non-current assets			
Intangible assets	10	245,832	237,658
Property, plant, and equipment	10	547,660	530,685
Investment property		7,358	7,116
Financial assets		27,488	23,329
Receivables from sales financing		85,830	66,393
Other receivables and other assets	12	16,598	16,113
Income tax assets		422	325
Deferred tax assets		38,646	36,997
		969,834	918,616
Current assets			
Inventories	11	785,726	845,525
Receivables from sales financing		70,460	61,601
Trade receivables		360,958	330,500
Other receivables and other assets	12	116,418	97,582
Income tax assets		17,428	27,484
Cash and cash equivalents	13	194,556	136,721
		1,545,546	1,499,413
Assets held for sale		2,694	2,528
Total assets		2,518,074	**2,420,557**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

> EQUITY AND LIABILITIES

Figures in € thousands

	Note	31-Mar-2012	31-Dec-2012
Equity	14		
Issued capital		599,308	599,308
Capital reserves and retained earnings		206,482	–134,532
Consolidated net loss		–230,093	–88,227
		575,697	376,549
Non-current liabilities			
Provisions for pensions and similar obligations	15	326,080	463,679
Other provisions	16	284,209	239,387
Financial liabilities	17	339,137	338,198
Other liabilities	18	124,998	107,082
Deferred tax liabilities		7,987	7,394
		1,082,411	1,155,740
Current liabilities			
Other provisions	16	322,740	314,233
Financial liabilities	17	98,559	123,407
Trade payables		165,051	151,736
Income tax liabilities		2,372	2,129
Other liabilities	18	271,244	296,793
		859,966	888,268
Total equity and liabilities		2,518,074	**2,420,557**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS OF DECEMBER 31, 2012 [1)]

Figures in € thousands

	Issued capital	Capital reserves	Pension obligations	Currency translation	Fair value of other financial assets
April 1, 2011	596,302	27,694	–106,874	–196,284	–893
Capital increase	2,347	325	0	0	0
Loss carryforward	0	0	0	0	0
Total comprehensive income	0	0	–37,415	44,890	–485
Consolidation adjustments/ other changes	659	–921	0	0	0
December 31, 2011	599,308	27,098	–144,289	–151,394	–1,378
April 1, 2012	599,308	27,098	–203,401	–160,836	–1,158
Loss carryforward	0	0	0	0	0
Total comprehensive income	0	0	–121,002	3,696	–220
Consolidation adjustments/ other changes	0	0	0	0	0
December 31, 2012	**599,308**	**27,098**	**–324,403**	**–157,140**	**–1,378**

[1)] Please see note 14 for further information

		Retained earnings	Total capital reserves and retained earnings	Consolidated net loss	Total
Fair value of cash flow hedges	Other retained earnings	Total retained earnings			
5,840	671,697	373,486	401,180	– 128,890	868,592
0	0	0	325	0	2,672
0	– 128,890	– 128,890	– 128,890	128,890	0
– 23,067	0	– 16,077	– 16,077	– 79,389	– 95,466
0	3,470	3,470	2,549	0	3,208
– 17,227	546,277	231,989	259,087	– 79,389	779,006
– 2,059	546,838	179,384	206,482	– 230,093	575,697
0	– 230,093	– 230,093	– 230,093	230,093	0
6,978	0	– 110,548	– 110,548	– 88,227	– 198,775
0	– 373	– 373	– 373	0	– 373
4,919	**316,372**	**– 161,630**	**– 134,532**	**– 88,227**	**376,549**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS APRIL 1, 2012 TO DECEMBER 31, 2012

Figures in € thousands

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Consolidated net loss	– 79,389	– 88,227
Depreciation and amortization, write-downs and reversals [1]	71,239	64,205
Change in pension provisions	11,811	15,211
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 10,076	– 24,683
Result from disposals [1]	– 988	– 393
Cash flow	– 7,403	**– 33,887**
Change in inventories	– 124,260	– 55,896
Change in sales financing	42,924	28,767
Change in trade receivables/payables	118,043	18,120
Change in other provisions	– 39,450	– 28,816
Change in other items of the statement of financial position	19,664	18,336
Other operating changes	16,921	**– 19,489**
Cash used in/generated by operating activities	9,518	**– 53,376**
Intangible assets/property, plant, and equipment/investment property		
Investments	– 42,996	– 56,311
Income from disposals	18,319	23,220
Financial assets/business acquisitions		
Investments	– 8,264	– 307
Income from disposals	441	0
Cash used in investing activities	– 32,500	**– 33,398**
Change in financial liabilities	28,914	26,276
Cash generated by financing activities	28,914	**26,276**
Net change in cash and cash equivalents	5,932	**– 60,498**
Cash and cash equivalents at the beginning of the reporting period	147,934	**194,556**
Changes in the scope of the consolidation	0	704
Currency adjustments	8,651	1,959
Net change in cash and cash equivalents	5,932	– 60,498
Cash and cash equivalents at the end of the reporting period	162,517	**136,721**

Cash generated by/used in operating activities	9,518	– 53,376
Cash used in investing activities	– 32,500	– 33,398
Free cash flow	– 22,982	**– 86,774**

[1] Relates to intangible assets, property, plant, and equipment, investment property, and financial assets

NOTES

1 ACCOUNTING POLICIES

The interim consolidated financial statements as of December 31, 2012 are consistent with and were prepared in line with the regulations of IAS 34 (Interim Financial Reporting). They should be read in conjunction with the consolidated financial statements as of March 31, 2012, which were prepared in line with the International Financial Reporting Standards (IFRS) as endorsed in the EU.

The interim consolidated financial statements were prepared using the same accounting policies as the consolidated financial statements for the financial year 2011/2012. In accordance with the regulations of IAS 34, a condensed scope of reporting was chosen as against the consolidated financial statements as of March 31, 2012. All amounts are stated in € thousands.

The International Accounting Standards Board (IASB) has issued the following amendments to an existing standard, which are to be applied for the first time in financial year 2012/2013:

Standard	Publication by the IASB/IFRS IC	Date of adoption [1]	Published in Official Journal of the EU	Expected effects
Amendments to standards				
Amendment to IFRS 7: Financial Instruments: Disclosures – Transfers of Financial Assets	7-Oct-2010	1-Jul-2011	23-Nov-2011	> No significant effects

[1] For financial years beginning on or after this date

The IASB and the IFRS Interpretations Committee (IFRS IC) have approved and amended the following standards and interpretations, whose application during financial year 2012/2013 is not yet compulsory or which have not yet been endorsed by the European Union (EU).

- Amendments to IAS 1: Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income
- Amendments to IAS 12: Income Taxes: Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 19: Employee Benefits
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- Amendment to IAS 32: Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities

- Amendments to IFRS 1: First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to IFRS 1: Government Loans with a Below-market Rate of Interest
- Amendment to IFRS 7: Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities
- IFRS 9: Financial Instruments
- Amendments to IFRS 9 and IFRS 7: Date of Mandatory First-time Adoption and Transition Disclosures
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements, and IFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to IFRS 10, IFRS 12, and IAS 27: Investment Entities
- IFRS 13: Fair Value Measurement
- Improvements to the International Financial Reporting Standards 2009 – 2011 Cycle
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

The effects of first-time adoption of the IFRS relevant to Heidelberg on the financial statements of the Heidelberg Group are currently being examined. Heidelberg is not currently planning to apply these standards at an early date.

In line with the mandatory adoption of IAS 19 (2011) (Amendments to IAS 19: Employee Benefits) in financial year 2013/2014, the return on plan assets is no longer offset against staff costs at individual entity level up to the amount of the expenses for pension claims. As a consequence, in future – ceteris paribus – income estimated at € 25 million to € 30 million will be reclassified from the result of operating activities to the financial result. Furthermore, in accordance with IAS 19 (2011), in addition to a modification of the recognition of top-up payments in line with partial retirement agreements, the concept of an expected return on plan assets will be replaced by the so-called net interest approach in future. If the relevant parameters were to decrease by one percentage point, this substitution – assessed in isolation – would lead to a reduction in the financial result in the seven-figure euro range.

Traditionally, Heidelberg generates more sales in the second half of the financial year than the first. Income that is generated due to seasonal reasons, economic reasons, or only occasionally within the financial year is not brought forward or deferred in the interim consolidated financial statements. Expenses that are incurred irregularly during the financial year are deferred in cases in which they would also be deferred at the end of the financial year.

2 SCOPE OF CONSOLIDATION

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 73 (March 31, 2012: 70) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IAS 27. Of these, 62 (March 31, 2012: 59) are located outside Germany. Subsidiaries that are of minor importance are not included.

3 OTHER OPERATING INCOME

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Reversal of other provisions/deferred liabilities	27,105	26,869
Recoveries on loans and other assets previously written down	13,208	9,151
Income from operating facilities	9,020	8,124
Hedging/exchange rate gains	9,248	2,675
Income from disposals of intangible assets, property, plant, and equipment and investment property	1,792	966
Other income	18,288	17,601
	78,661	**65,386**

The income from hedging/exchange rate gains is offset by expenses for hedging/exchange rate losses reported under other operating expenses (see note 5).

4 COST OF MATERIALS

The cost of materials includes the pro rata interest expense in connection with the Heidelberg Financial Services segment of € 1,649 thousand (April 1, 2011 to December 31, 2011: € 1,831 thousand); the interest income from sales financing of € 8,724 thousand (April 1, 2011 to December 31, 2011: € 11,639 thousand) is reported in sales.

5 OTHER OPERATING EXPENSES

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Other deliveries and services not included in the cost of materials	80,532	88,568
Special direct sales expenses including freight charges	77,654	80,507
Rent and leases	47,103	46,829
Travel expenses	32,715	32,857
Additions to provisions and accruals relating to several types of expense	2,641	16,783
Bad debt allowances and impairment on other assets	13,446	10,453
Insurance expense	9,588	9,516
Costs of car fleet (excluding leases)	6,108	5,808
Hedging/exchange rate losses	14,596	3,797
Other overheads	72,050	77,276
	356,433	**372,394**

The expenses for hedging/exchange rate losses are offset by income from hedging/exchange rate gains reported under other operating income (see note 3).

6 SPECIAL ITEMS

Expenses recognized under special items in the reporting period of € 23,899 thousand (April 1, 2011 to December 31, 2011: € 10,114 thousand) mainly result from staff-related outlays in connection with our Focus 2012 efficiency program.

7 FINANCIAL INCOME

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Interest and similar income	12,411	11,625
Income from financial assets/loans/securities	2,497	6,326
	14,908	**17,951**

8 FINANCIAL EXPENSES

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Interest and similar expenses	74,901	71,927
Expenses for financial assets/loans/securities	1,794	1,474
	76,695	**73,401**

9 EARNINGS PER SHARE

Earnings per share are calculated by dividing the earnings for the period attributable to shareholders by the weighted number of shares outstanding in the period. The weighted number of shares outstanding in the period under review was 234,104,021 (April 1, 2011 to December 31, 2011: 233,999,381). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of December 31, 2012, the Company held 142,919 treasury shares (March 31, 2012: 142,919).

10 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

In the period from April 1, 2012 to December 31, 2012, there were additions to intangible assets of € 5,675 thousand (April 1, 2011 to December 31, 2011: € 2,870 thousand) and to property, plant, and equipment of € 51,904 thousand (April 1, 2011 to December 31, 2011: € 43,330 thousand). In the same period, the carrying amount of disposals from intangible assets was € 50 thousand (April 1, 2011 to December 31, 2011: € 4 thousand) and € 22,493 thousand (April 1, 2011 to December 31, 2011: € 17,328 thousand) for property, plant, and equipment.

11
INVENTORIES

Inventories include raw materials and supplies totaling € 123,565 thousand (March 31, 2012: € 121,925 thousand), work and services in progress amounting to € 358,055 thousand (March 31, 2012: € 334,796 thousand), finished goods and goods for resale of € 361,809 thousand (March 31, 2012: € 325,264 thousand), and advance payments of € 2,096 thousand (March 31, 2012: € 3,741 thousand).

12
OTHER RECEIVABLES AND OTHER ASSETS, INVENTORIES

The Other receivables and other assets item includes receivables from derivative financial instruments of € 9,784 thousand (March 31, 2012: € 15,801 thousand) and prepaid expenses of € 13,081 thousand (March 31, 2012: € 17,597 thousand).

13
CASH AND CASH EQUIVALENTS

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 57,358 thousand (March 31, 2012: € 63,644 thousand).

14
EQUITY

As at March 31, 2012, the Company still held 142,919 treasury shares on December 31, 2012. The repurchased shares can only be utilized to reduce the capital of Heidelberger Druckmaschinen Aktiengesellschaft or for employee share participation programs and other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by Heidelberger Druckmaschinen Aktiengesellschaft or one of its associates.

Please see note 26 of the consolidated financial statements as of March 31, 2012 for information on the contingent and authorized capitals as of March 31, 2012.

There were significant changes compared to March 31, 2012 as a result of the resolutions of the Annual General Meeting of July 26, 2012. On that day, the Annual General Meeting decided to authorize the Management Board to issue bonds with warrants and convertible bonds, profit-sharing rights, or participating bonds, or a combination of these instruments, and to exclude subscription rights on these bonds with warrants or convertible bonds, profit-sharing rights, or participating bonds, or a combination of these instruments, until July 25, 2017 and the creation of Contingent Capital 2012. According to this resolution of the Annual General Meeting, the share capital is contingently increased by up to € 119,934,433.28 by issuing up to 46,849,388 new bearer shares (Contingent Capital 2012). The authorization was entered in the commercial register on August 13, 2012. Additionally, the Annual General Meeting decided to cancel existing contingent capital (Contingent Capital 2008/I, Contingent Capital 2008/II, and Contingent Capital 2006).

According to the decision of the Annual General Meeting of July 26, 2012 and with the approval of the Supervisory Board, the Management Board was authorized to increase the Company's share capital on one or more occasions against cash contributions by up to a total of € 119,934,433.28 until July 25, 2017 (Authorized Capital 2012). The Management Board was authorized, with the approval of the Supervisory Board, to determine the further content of the shares' rights and the conditions for their issue. The authorization took effect only upon entry of the amendment to the Articles of Association in the commercial register; the entry was registered on August 13, 2012/August 24, 2012. In addition, on July 26, 2012 the Annual General Meeting revoked its authorization of the Management Board resolved on July 28, 2011, which allowed the Management Board, with the approval of the Supervisory Board, to increase the share capital of the Company by up to a total of € 119,934,433.28 on one or more occasions against cash contributions until July 27, 2016 (Authorized Capital 2011), effective from the date Authorized Capital 2012 is entered in the commercial register.

15 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The determination of the discount rate, based on Bloomberg data and the adjustment of the expected pension increase, which was carried out for the first time on September 30, 2012, resulted in an overall reduction of actuarial losses at domestic affiliates by € 25,189 thousand as of December 31, 2012. In this respect, a discount rate of 3.50 percent (March 2012: 4.50 percent), which without adjustment would also have been 3.50 percent, and an expected pension increase of 1.75 percent (March 31, 2012: 2.00 percent) were applied.

16 OTHER PROVISIONS

Other provisions relate to tax provisions of € 90,728 thousand (March 31, 2012: € 117,953 thousand) and other provisions of € 462,892 thousand (March 31, 2012: € 488,996 thousand). Other provisions include staff obligations of € 98,814 thousand (March 31, 2012: € 105,756 thousand), sales obligations of € 125,433 thousand (March 31, 2012: € 127,803 thousand), and miscellaneous other provisions of € 238,645 thousand (March 31, 2012: € 255,437 thousand). The latter consists of mostly provisions in connection with our Focus 2012 efficiency program.

17 FINANCIAL LIABILITIES

	31-Mar-2012			31-Dec-2012		
	Current	Non-current	Total	Current	Non-current	Total
Borrower’s note loans	50,000	0	50,000	50,000	0	50,000
High-yield bond	12,966	291,244	304,210	5,936	292,401	298,337
Amounts due to banks	15,276	41,103	56,379	50,436	39,570	90,005
From finance leases	1,955	6,790	8,745	1,959	6,227	8,186
Other	18,362	0	18,362	15,077	0	15,077
	98,559	339,137	437,696	123,407	338,198	**461,605**

In line with the refinancing agreed on March 25, 2011, Heidelberg issued an unsecured high-yield bond totaling € 304 million with a term of seven years and a coupon of 9.25 percent annually. At the same time, a new revolving credit facility of € 500 million from a banking syndicate, maturing at the end of 2014, became effective. Due to Heidelberg’s reduced funding requirement as a result of its successful asset management, the credit line was reduced by € 25 million starting from July 1, 2012. The financing agreements on the new credit facility contain standard financial covenants regarding the financial situation of the Heidelberg Group.

18 OTHER LIABILITIES

Other liabilities include advance payments on orders of € 109,818 thousand (March 31, 2012: € 66,145 thousand), liabilities from derivative financial instruments of € 5,034 thousand (March 31, 2012: € 17,826 thousand), and deferred income of € 64,244 thousand (March 31, 2012: € 68,155 thousand).

19 CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

As of December 31, 2012, the contingent liabilities for warranties and guarantees amounted to € 3,804 thousand (March 31, 2012: € 4,729 thousand).

The other financial liabilities amounted to € 302,799 thousand as of December 31, 2012 (March 31, 2012: € 299,965 thousand). Of this amount, € 241,014 thousand (March 31, 2012: € 245,046 thousand) related to lease and rental obligations and € 61,785 thousand (March 31, 2012: € 54,919 thousand) related to investments and other purchase commitments.

20 GROUP SEGMENT REPORTING

Segment reporting is based on the management approach.

The Heidelberg Group consists of the business segments Heidelberg Equipment, Heidelberg Services, and Heidelberg Financial Services. Heidelberg Equipment essentially comprises new machinery business. Services, consumables, and remarketed equipment business are bundled in the Heidelberg Services segment. The Heidelberg Financial Services segment comprises sales financing business. Further information on the business activities, products, and services of the individual segments can be found in “Group Corporate Structure and Organization” in the Group management report as of March 31, 2012 (pages 30 and 31).

SEGMENT INFORMATION APRIL 1, 2012 TO DECEMBER 31, 2012:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
External sales	1,031,237	1,081,073	768,541	814,820	11,639	8,724	1,811,417	1,904,617
Result of operating activities (segment result)	– 77,610	– 106,811	37,136	44,120	11,600	6,982	– 28,874	– 55,709
Investments	38,290	50,775	7,897	6,802	13	2	46,200	57,579

The segment result is reconciled to earnings before taxes as follows:

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Result of operating activities (segment result)	– 28,874	– 55,709
Financial result	– 61,787	– 55,450
Income before taxes	– 90,661	**– 111,159**

External sales relate to the different regions as follows:

	1-Apr-2011 to 31-Dec-2011	**1-Apr-2012 to 31-Dec-2012**
Europe, Middle East and Africa		
Germany	281,761	282,225
Other Europe, Middle East and Africa regions	384,334	421,142
	666,095	**703,367**
Asia / Pacific		
China	314,862	319,622
Other Asia / Pacific regions	292,410	310,528
	607,272	**630,150**
Eastern Europe	203,953	**218,274**
North America	234,992	**252,376**
South America	99,105	**100,450**
	1,811,417	**1,904,617**

21

SUPERVISORY BOARD/ MANAGEMENT BOARD

The members of the Supervisory Board and the Management Board are presented on pages 42 and 43.

At the end of December 2012, with due notification, the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft instigated a status procedure pursuant to Section 97 of the German Stock Corporation Act, as the number of employees on the company's Supervisory Board no longer complies with the provisions of the German Codetermination Act. The number of staff employed at the company's German Group locations is, and will stay, below the threshold of 10,001. Consequently, after the Annual General Meeting in July 2013, the Supervisory Board will in all likelihood consist of only 12 members.

22

RELATED PARTY TRANSACTIONS

As described in note 41 of the notes to the consolidated financial statements as of March 31, 2012, business relationships exist between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group.

In the reporting period, transactions were performed with related parties that resulted in liabilities of € 6,443 thousand (March 31, 2012: € 9,502 thousand), receivables of € 16,392 thousand (March 31, 2012: € 17,872 thousand), expenses of € 13,514 thousand (April 1, 2011 to December 31, 2011: € 11,987 thousand) and income of € 6,275 thousand (April 1, 2011 to December 31, 2011: € 15,331 thousand), which essentially comprises sales. All transactions were again conducted as at arm's length and did not differ from trade relationships with other companies.

Members of the Supervisory Board received a remuneration of € 448 thousand from Heidelberger Druckmaschinen Aktiengesellschaft in line with services rendered under consulting, service, and employment contracts in the reporting period (April 1, 2011 to December 31, 2011: € 831 thousand).

23

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no significant events after the end of the reporting period.

Heidelberg, February 7, 2013

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

The Supervisory Board

Robert J. Koehler
Chairman of the Supervisory Board

Rainer Wagner*
Deputy Chairman of the Supervisory Board

Edwin Eichler

Wolfgang Flörchinger*

Martin Gauß*

Mirko Geiger*

Gunther Heller*

Jörg Hofmann*

Dr. Siegfried Jaschinski

Dr. Herbert Meyer

Dr. Gerhard Rupprecht

Beate Schmitt*

Lone Fønss Schrøder

Prof. Dr.-Ing. Günther Schuh

Dr. Klaus Sturany
– through August 31, 2012 –

Peter Sudadse*

* Employee representative

Committees of the Supervisory Board

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Martin Gauß
Mirko Geiger
Dr. Gerhard Rupprecht
Prof. Dr.-Ing. Günther Schuh

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

Robert J. Koehler
Rainer Wagner
Wolfgang Flörchinger
Dr. Gerhard Rupprecht

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

Robert J. Koehler (Chairman)
Rainer Wagner
Dr. Gerhard Rupprecht
Beate Schmitt

AUDIT COMMITTEE

Dr. Herbert Meyer (Chairman)
Dr. Siegfried Jaschinski
Mirko Geiger
Rainer Wagner

NOMINATION COMMITTEE

Robert J. Koehler (Chairman)
Dr. Gerhard Rupprecht

The Management Board

Dr. Gerold Linzbach
Chief Executive Officer and
Chief Human Resources Officer
– since September 1, 2012 –

Bernhard Schreier
Chief Executive Officer and
Chief Human Resources Officer
– through August 31, 2012 –

Dirk Kaliebe

Marcel Kiessling

Stephan Plenz

FINANCIAL CALENDAR 2012/2013

JUNE 13, 2013	Press Conference, Annual Analysts' and Investors' Conference
JULY 23, 2013	Annual General Meeting

Subject to change

PUBLISHING INFORMATION

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