Q2 INTERIM FINANCIAL REPORT 2013/2014

HEIDELBERG

Q2 2013/2014 at a Glance

> **Sales** of € 593 million in the second quarter; **incoming orders** of € 614 million

> **EBITDA** excluding special items positive at € 33 million. Significant improvement of € 20 million compared with same period of previous year (€ 13 million)

> **Net loss** for the second quarter of around € – 9 million. Significant improvement of € 23 million compared with same period of previous year (€ – 31 million)

> **Free cash flow** clearly positive at € 28 million (previous year: € – 3 million)

> **Earnings target confirmed:** Aiming for net profit in the 2013/2014 financial year

Note concerning prior-year figures (2012/2013 financial year):
The figures have been restated to reflect the effects of IAS 19 (2011).

Key performance data

Figures in € millions

	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	1,558	**1,257**	667	**614**
Net sales	1,217	**1,097**	697	**593**
EBITDA [1]	– 34	**31**	13	**33**
Result of operating activities [2]	– 75	**– 7**	– 7	**13**
– in percent of sales	– 6.1 %	**– 0.7 %**	– 1.0 %	**2.2 %**
Consolidated net loss	– 108	**– 47**	– 31	**– 9**
– in percent of sales	– 8.9 %	**– 4.3 %**	– 4.5 %	**– 1.5 %**
Research and development costs	61	**60**	30	**29**
Investments	44	**31**	30	**19**
Equity	392	**348**	392	**348**
Net debt [3]	357	**239**	357	**239**
Free cash flow	– 115	**28**	– 3	**28**
Earnings per share in €	– 0.46	**– 0.20**	– 0.13	**– 0.04**
Number of employees at the end of the quarter [4]	14,745	**13,616**	14,745	**13,616**

[1] Result of operating activities excluding special items and before depreciation, amortization and write-downs
[2] Excluding special items
[3] Balance of financial liabilities and cash and cash equivalents
[4] Employees including trainees

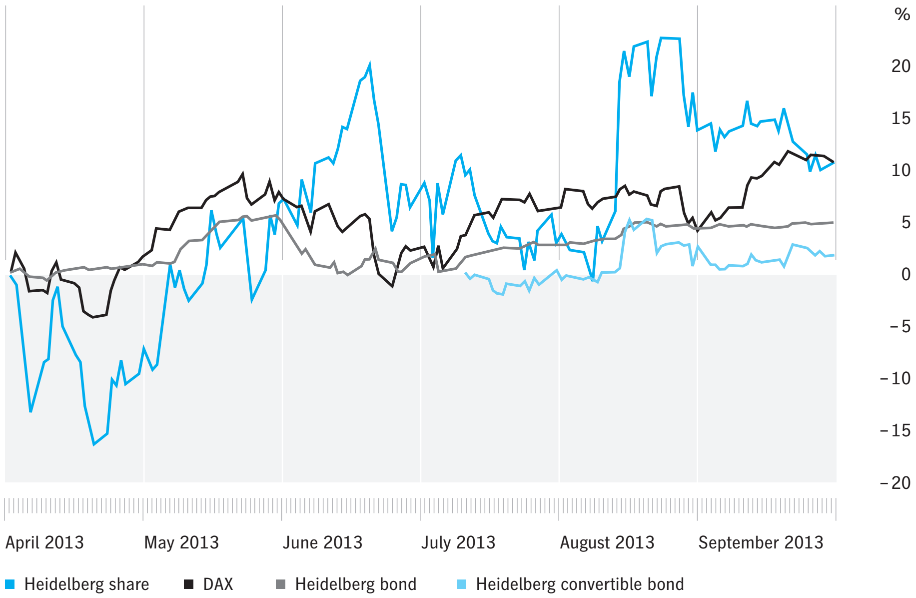
In individual cases, rounding could result in discrepancies concerning the totals and percentages contained in this interim report.

INTERIM CONSOLIDATED FINANCIAL REPORT Q2 2013/2014

HEIDELBERG ON THE CAPITAL MARKETS

Performance of the Heidelberg share and the Heidelberg bonds

Compared to the DAX (Index: April 1, 2013 = 0 percent)



The Heidelberg Share and the Heidelberg Bonds

The **HEIDELBERG SHARE** saw an upward trend at the start of the second quarter of the financial year. Following the publication of the figures for the first quarter of 2013/2014 on August 22, the share price reached a high for the quarter of € 2.20, up approximately 22 percent on the start of the financial year. A subsequent adjustment saw the share price falling to € 1.99 as of the end of September, although this was still around 11 percent higher than the opening price for the financial year.

All in all, the positive price performance of the **HEIDELBERG BOND** continued in the second quarter. The bond traded almost continuously at over 100 percent and ended the quarter at around 104 percent on September 30, 2013. Heidelberg issued a **CONVERTIBLE BOND** in July 2013. This bond was trading at around 107 percent at the end of the quarter under review.

German benchmark index exceeds all-time high from May 2013

The Fed’s withdrawal from quantitative easing, the sustained US budget debate, the conflict in Syria and parliamentary elections in Germany had a negative effect on the stock markets over recent months. Nevertheless, the DAX exceeded its all-time high from May 2013 (8,557 points) in late September, closing the second quarter of the financial year on September 30 at around 8,600 points. The latest positive development on the stock markets was triggered by the signs of a diplomatic solution to the crisis in Syria, while momentum was also provided by good economic data. In particular, investors rewarded the improved economic outlook for the euro zone.

Key performance data of the Heidelberg share

Figures in €

	Q2	
ISIN: DE 0007314007	2012/2013	**2013/2014**
High	1.21	2.20
Low	0.96	1.78
Price at beginning of quarter [1]	1.10	1.95
Price at end of quarter [1]	1.19	1.99
Market capitalization at end of quarter in € millions	279	466
Number of outstanding shares in thousands (reporting date)	234,247	234,247

Key performance data of the Heidelberg bond

Figures in percent

	Q2	
Reg.S ISIN: DE 000A1KQ1E2	2012/2013	**2013/2014**
Nominal volume in € millions	304.0	304.0
High	84.3	103.6
Low	72.0	98.8
Price at beginning of quarter [2]	72.0	100.4
Price at end of quarter [2]	83.6	103.5

Key performance data of the Heidelberg convertible bond

Figures in percent

	Q2	
ISIN: DE 000A1X25N0	2012/2013	**2013/2014**
Nominal volume in € millions	–	60.0
High	–	110.2
Low	–	102.7
Price at beginning of quarter [2]	–	–
Price at end of quarter [2]	–	107.0

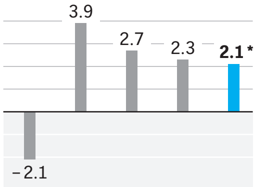
[1] Xetra closing price, source: Bloomberg
[2] Closing price, source: Bloomberg

CORPORATE DEVELOPMENT

Underlying Conditions

Change in global GDP [1)]

Figures in percent
(2009 to 2013)



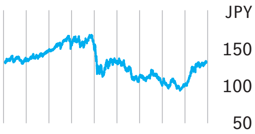
* Forecast

Source: Global Insight (WMM); calendar year; as of Sept. 2013

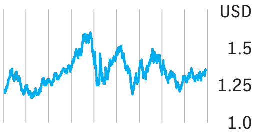
1) Data calculated using the straight aggregate method. Using the chain weighted method would have resulted in the following amounts: 2009: – 1.9 %; 2010: 4.3 %; 2011: 3 %; 2012: 2.5 %; 2013: 2.5 %

Development of EUR / JPY

September 2004 to September 2013



Development of EUR / USD



Source: Global Insight

The momentum of the global economy picked up further during the summer months. The outlook for most industrialized nations improved slightly and there are increasing signs of an end to the crisis in the euro zone. In the US, however, a renewed budgetary crisis became apparent at the end of quarter. Due to continued structural change the printing industry remains faced with significant challenges.

In the industrialized nations, the printing industry is still characterized by a high degree of consolidation, and hence insolvencies, as well as the merger of market players to form business associations or their incorporation into larger corporate structures. This is accompanied by a trend towards fewer and large-format as well as longer machines that can operate 24 hours a day. All in all, this is leading to lower demand for machine units on the market.

In the emerging economies, we are observing a trend towards capacity expansion using standardized machines in order to meet rising demand as economically as possible.

According to an assessment by the German Printing and Media Industries Federation (BVDM) of the current economic situation in the German printing industry, growth has been recorded since August following a downturn in the second quarter of 2013. After improving in June, however, business expectations deteriorated substantially in August.

According to statistics published by the German Engineering Federation (VDMA), sales of printing presses from German printing press manufacturers in the period from January to August 2013 were down 7 percent on the previous year. Incoming orders declined by 12 percent in the same period.

The development of key exchange rates is also having a pronounced adverse impact on the German printing press industry: in the second and third quarter of the 2013 calendar year, the depreciation of the Japanese yen and the US dollar led to significant negative currency translation effects. In the reporting quarter alone, this resulted in negative effects for Heidelberg in the mid-double-digit million range.

Business Development

Segment allocation was changed in the 2012/2013 financial year as part of the adjustment of the organization to reflect the market environment. Information can be found on pages 55 to 57 of the 2012/2013 Annual Report. The first-time application of IAS 19 (2011) also resulted in the restatement of the prior-year figures.

Business performance by quarter

Figures in € millions

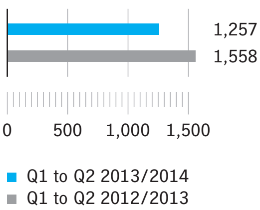
	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	1,558	1,257	667	614
Sales	1,217	1,097	697	593

INCOMING ORDERS amounted to € 614 million in the second quarter (previous year: around € 667 million). Incoming orders of around € 1,257 million were generated in the first half of 2013/2014 (previous year: € 1,558 million). Due to different exchange rate developments than in the previous year the first half of 2013/2014 saw negative currency effects of around € 49 million; of this figure, € 32 million was recorded in the second quarter. Adjusted for currency effects, incoming orders in the reporting period match the average level of the previous quarters. Moreover, the order intake in the first half of 2012/2013 benefited from the drupa trade show held in the first quarter of the previous financial year.

Incoming orders in the Heidelberg Equipment segment amounted to € 379 million in the second quarter after € 412 million in the previous year. The figure for the Heidelberg Services segment amounted to € 232 million in the period under review (previous year: € 253 million). We again largely managed to transfer the financing requirements of our customers to external partners, as a result of which the financing volume directly assumed by the Heidelberg Financial Services segment declined further.

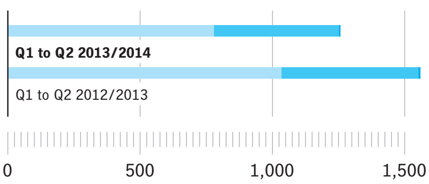
Incoming orders by quarter

Figures in € millions



Incoming orders by segment

Figures in € millions



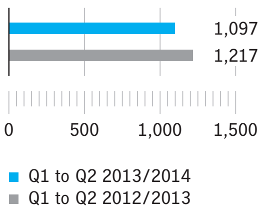
	Q1 to Q2		Q2	
	12/13	**13/14**	12/13	**13/14**
HD Equipment	1,036	780	412	379
HD Services	516	473	253	232
HD Financial Services	6	4	3	2
HD Group	1,558	**1,257**	667	**614**

In the **EUROPE, MIDDLE EAST AND AFRICA (EMEA)** region, incoming orders slightly exceeded the previous year's level. Orders in **EASTERN EUROPE** increased by around 26 percent.

The order volume in the **SOUTH AMERICA** region failed to meet expectations by some distance, largely as a result of the economic environment in Brazil. **NORTH AMERICA** and **ASIA/PACIFIC** also saw a substantial downturn in incoming orders, largely as a result of currency effects.

Sales by quarter

Figures in € millions

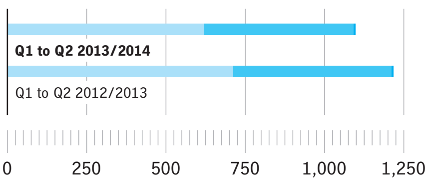


As expected, **CONSOLIDATED SALES** were increased over the previous quarter (€ 504 million) to € 593 million (after € 697 million in the same period of the previous year, which had been favorably influenced by the drupa trade show). The figure for the first half of 2013/2014 was € 1,097 million, down around 10 percent on the same period of the previous year (€ 1,217 million). Negative currency effects of € 30 million were recorded in the second quarter alone, with the figure for the first half of the year as a whole totaling around € 42 million. The systematic application of profitability criteria in order to improve margins has priority over the generation of additional volume. In individual cases, this resulted in the non-acceptance of unprofitable orders.

Sales in the Heidelberg Equipment segment amounted to € 352 million in the period under review (previous year: € 437 million). The Heidelberg Services segment recorded sales of around € 238 million (previous year: € 258 million). In the Financial Services segment, sales (interest income) declined in line with the increasingly scaled-back portfolio.

Sales by segment

Figures in € millions



	Q1 to Q2		Q2	
	12/13	**13/14**	12/13	**13/14**
HD Equipment	712	621	437	352
HD Services	499	471	258	238
HD Financial Services	6	4	3	2
HD Group	1,217	**1,097**	697	**593**

In the period under review, sales in the **EASTERN EUROPE** and **SOUTH AMERICA** regions were unchanged as against the previous year, whereas sales in **NORTH AMERICA** declined slightly. In the **EMEA** region, downturns were recorded as against the prior year which had been favored by the trade show in the markets of Germany and the United Kingdom in particular. **ASIA/PACIFIC** recorded sales of € 216 million in the second quarter after € 245 million in the previous year. Negative exchange rate developments had a particular impact in this region. Sales in China remained stable at a high level.

The Heidelberg Group's **ORDER BACKLOG** remained stable against the previous quarter (€ 602 million) at € 598 million as of September 30, 2013.

Results of Operations, Net Assets and Financial Position

In the second quarter, all key performance indicators improved significantly year-on-year as a result of sustainable savings measures from the Focus 2012 efficiency program on the one hand and activities aimed at increasing profit contributions on the other hand. EBITDA excluding special items increased by € 20 million, from € 13 million in the previous year to € 33 million in the period under review. The figure for the first half of the year also saw substantial growth of € 65 million, from € – 34 million in the previous year to € 31 million. The RESULT OF OPERATING ACTIVITIES (EBIT) excluding special items was positive at € 13 million in the second quarter; this represented a substantial improvement of around € 20 million on the prior-year figure of € – 7 million. The figure for the first half of the year also saw a considerable improvement of € 67 million, from € – 75 million in the previous year to € – 7 million. Special items amounted to around € 1 million in the first half of 2013/2014 compared with € 22 million in the previous year.

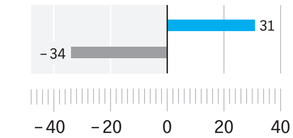
The FINANCIAL RESULT amounted to € – 16 million in the second quarter (previous year: € – 11 million), and to € – 28 million after six months (previous year: € – 23 million). The prior financial year included positive one-off effects from interest on tax refunds. In the quarter under review, INCOME BEFORE TAXES was nearly break-even at € – 3 million (previous year: € – 35 million). The figure for the first half of 2013/2014 improved substantially from € – 120 million to € – 36 million. The NET LOSS amounted to € – 9 million in the second quarter of the current financial year after € – 31 million in the same period of the previous year. On a cumulative basis, the net loss for the first half of the year thus improved significantly to € – 47 million, from € – 108 million in the previous year. EARNINGS PER SHARE improved from € – 0.46 in the first half of 2012/2013 to € – 0.20 in the first half of the current financial year.

INVESTMENTS in property, plant and equipment and intangible assets totaled € 19 million in the second quarter (previous year: € 30 million). Investments in the first half of the year amounted to € 31 million after € 44 million in the previous year, in which the print media center in Heidelberg had been re-equipped with trade show innovations. Net investments amounted to € 24 million (previous year: € 32 million).

Thanks to our comprehensive asset management and the continuation of our net working capital program, we were able to substantially reduce our capital commitment over recent years. The Heidelberg Group's TOTAL ASSETS declined by a further € 107 million compared with March 31, 2013, amounting to € 2,231 million at the end of the second quarter.

EBITDA [1)]

Figures in € millions

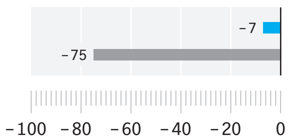


[1)] Excluding special items

■ Q1 to Q2 2013/2014
■ Q1 to Q2 2012/2013

EBIT [1)]

Figures in € millions

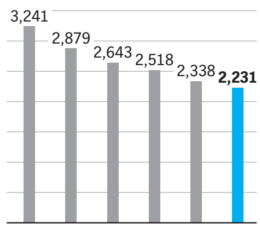


[1)] Excluding special items

■ Q1 to Q2 2013/2014
■ Q1 to Q2 2012/2013

Development of total assets

Figures in € millions
(2008/2009 to Q2 2013/2014)



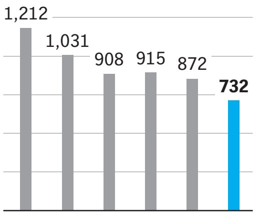
Assets

Figures in € millions

	31-Mar-2013	**30-Sep-2013**
Fixed assets	797	776
Inventories	700	732
Trade receivables	382	243
Receivables from sales financing	118	100
Other assets	184	182
Cash and cash equivalents	157	198
	2,338	**2,231**

Development of net working capital

Figures in € millions (2008/2009 to Q2 2013/2014)



On the **ASSETS** side of the balance sheet, inventories increased by € 32 million to € 732 million compared with March 31, 2013 as a result of orders. Trade receivables declined by € 139 million, from € 382 million as of March 31, 2013 to € 243 million.

Net working capital fell by a further € 140 million, from € 872 million at the end of the 2012/2013 financial year to € 732 million at the reporting date. The optimization of net working capital continues to enjoy a high priority at the Heidelberg Group. We have also succeeded in further externalizing customer financing. Receivables from sales financing reached a new low of around € 100 million.

Equity and liabilities

Figures in € millions

	31-Mar-2013	**30-Sep-2013**
Equity	402	348
Provisions	998	903
Financial liabilities	419	437
Trade payables	139	142
Other equity and liabilities	380	402
	2,338	**2,231**

On the **EQUITY AND LIABILITIES** side, as a result of the net loss for the first half-year period of € −47 million and currency translation effects, equity declined by around € 54 million compared with March 31, 2013, amounting to € 348 million as of September 30, 2013. The equity ratio is currently 16 percent compared with 17 percent as of March 31, 2013. We are aiming to improve the equity ratio in the medium term as part of our planned return to profitability.

PROVISIONS fell by € 95 million compared with March 31, 2013. This was primarily due to the utilization of provisions for the Focus 2012 program as well as provisions for staff costs.

NET DEBT was reduced further year-on-year to € 239 million in the second quarter (previous year: € 357 million). Despite the additional payments for Focus 2012 in the amount of € 12 million, net debt declined slightly by € 22 million in the second quarter compared with March 31, 2013. Financial liabilities amounted to around € 437 million as of September 30, 2013 after € 419 million as of March 31, 2013.

Overview of net assets

Figures in € millions

	31-Mar-2013	**30-Sep-2013**
Total assets	2,338	2,231
Net working capital	872	732
– in percent of sales [1]	31.9 %	28.0 %
Equity	402	348
– in percent of total assets	17.2 %	15.6 %
Net debt [2]	261	239

[1] Net working capital in relation to sales for the last four quarters
[2] Balance of financial liabilities and cash and cash equivalents

On September 30, 2013, our financing structure primarily included a bond, a convertible bond and a revolving credit facility.

The unsecured bond in the nominal amount of € 304 million with a term of seven years and a coupon of 9.25 percent p. a. was issued in early April 2011 and will mature in April 2018. The unsecured, unsubordinated convertible bond in the amount of € 60 million was issued in July 2013 with a term of four years (until July 2017) and a coupon of 8.50 percent p. a. With the issue of the convertible bond, Heidelberg has further diversified its financing structure in terms of both financing sources and the maturity of the instruments involved while leaving the overall financing volume largely unchanged. In this context, the revolving credit facility was further reduced to around € 416 million.

Statement of cash flows of the Heidelberg Group

Figures in € millions

	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Consolidated net loss	– 108	– 47	– 31	– 9
Cash flow	– 61	4	– 4	17
Other operating changes	– 22	48	28	28
of which: net working capital	– 16	118	2	41
of which: receivables from sales financing	25	14	15	5
of which: other	– 31	– 84	11	– 18
Cash used in investing activities	– 32	– 24	– 27	– 17
Free cash flow	– 115	28	– 3	28
– in percent of sales	– 9.5 %	2.55 %	– 0.5 %	4.74 %

FREE CASH FLOW, which had already been balanced in the first quarter of 2013/2014, continued to develop positively, amounting to € 28 million in the second quarter. It improved by around € 31 million year-on-year thanks to the increased result of operating activities and the freeing up of net working capital. Over the first six months this figure even climbed by € 143 million against the prior year to € 28 million. The considerably lower net loss for the period of € – 9 million, after € – 31 million in the previous year, contributed to a substantial increase in **CASH FLOW** by € 21 million, from € – 4 million in the previous year to a positive figure of € 17 million in the quarter under review.

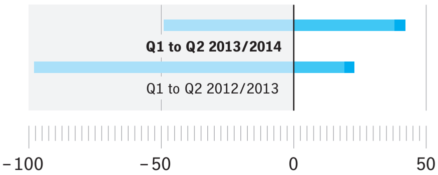
A cash inflow of € 28 million was reported in **OTHER OPERATING CHANGES** in the second quarter. This was primarily attributable to the change in net working capital, which resulted in a cash inflow of around € 41 million. Receivables from sales financing were reduced further, leading to a cash inflow of around € 5 million. The other balance sheet items saw a cash outflow of € – 18 million; among other things, this was due to the utilization of provisions for the Focus 2012 program.

At € – 17 million, **NET CASH USED IN INVESTING ACTIVITIES** was lower than the prior-year figure of around € – 27 million. In the first half of 2013/2014, net cash used in investing activities amounted to € – 24 million after € – 32 million in the previous year.

Segment Report

Result of operating activities by segment [1]

Figures in € millions



	Q1 to Q2		Q2	
	12/13	**13/14**	12/13	**13/14**
HD Equipment	– 98	– 49	– 22	– 13
HD Services	19	38	13	24
HD Financial Services	4	4	1	2
HD Group	– 75	**– 7**	– 7	**13**

[1] Excluding special items

In the second quarter, the **HEIDELBERG EQUIPMENT** segment generated incoming orders of € 379 million after € 412 million in the same period of the previous year. Segment incoming orders for the first half of the year totaled around € 780 million compared with the prior-year figure of € 1,036 million, which was achieved thanks to the effect of the drupa trade show. Exchange rate developments also had a negative impact.

Heidelberg Equipment

Figures in € millions

	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	1,036	780	412	379
Sales	712	621	437	352
Order backlog	742	560	742	560
Result of operating activities [1]	– 98	– 49	– 22	– 13
Employees	9,911	9,220	9,911	9,220

[1] Excluding special items

As expected, second quarter sales in the Heidelberg Equipment segment clearly increased against the first quarter (€ 269 million), climbing to € 352 million (previous year: € 437 million). Segment sales for the first half of the year amounted to around € 621 million compared with € 712 million in the previous year. The segment accounted for around 57 percent of consolidated sales after 59 percent in the previous year. Cost savings and improved profit contributions allowed us to improve the result of operating activities excluding special items by € 9 million to € – 13 million in the second quarter after € – 22 million in the previous year. Despite lower sales, the Heidelberg Equipment segment achieved a significant improvement in the result of operating activities excluding special items of € 49 million to € – 49 million in the first half of the year after € – 98 million. Among other things, the prior-year figure was impacted by expenses incurred for the drupa trade show. In the first half of the year, special items for the Focus 2012 efficiency program were recognized in this segment in the amount of almost € 1 million (previous year: € 18 million).

Segment investments amounted to € 25 million in the first half of the year, down on the prior-year figure of € 37 million. Research and development costs were essentially unchanged year-on-year at € 59 million (previous year: € 60 million).

The segment had a total of 9,220 employees as of September 30, 2013. Hence, the number of employees declined as planned by a further 365 compared with March 31, 2013.

Heidelberg Services

Figures in € millions

	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	516	473	253	232
Sales	499	471	258	238
Order backlog	49	37	49	37
Result of operating activities [1]	19	38	13	24
Employees	4,784	4,351	4,784	4,351

[1] Excluding special items

Incoming orders in the **HEIDELBERG SERVICES** segment amounted to around € 232 million in the second quarter after € 253 million in the previous year. Segment incoming orders for the first half of the year totaled around € 473 million compared with the prior-year figure of € 516 million, which was achieved thanks to the effect of the drupa trade show. The segment accounted for 38 percent of the consolidated order intake in the first half of the year (previous year: 33 percent).

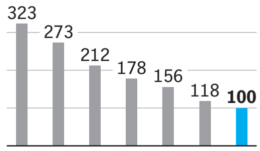
Segment sales for the quarter amounted to € 238 million after € 258 million in the previous year. Segment sales for the first half of the year amounted to around € 471 million compared with € 499 million in the previous year. The share of sales attributable to the segment increased year-on-year to 43 percent.

Based on the substantial improvement in the relative profit contribution from the segment and cost savings as part of Focus 2012 the result of operating activities excluding special items improved by € 11 million in the second quarter to € 24 million, compared to € 13 million in the previous year. Despite the lower level of sales, the result of operating activities excluding special items in the Heidelberg Services segment doubled from € 19 million in the previous year to € 38 million in the first half of the year under review. Investments were essentially unchanged year-on-year at € 6 million in the first half of the year (previous year: € 7 million).

As of September 30, 2013, the segment had a total of 4,351 employees, a reduction of 232 compared with March 31, 2013.

Receivables from sales financing

Figures in € millions
(2007/2008 to Q2 2013/2014)



Heidelberg Financial Services

Figures in € millions

	Q1 to Q2		Q2	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Sales	6	4	3	2
Result of operating activities [1]	4	4	1	2
Employees	50	45	50	45

[1] Excluding special items

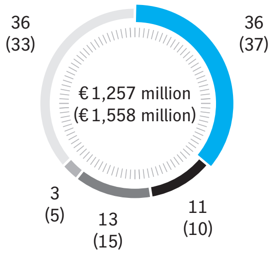
As of September 30, 2013, receivables from sales financing in the HEIDELBERG FINANCIAL SERVICES segment recorded a new low of € 100 million, down a further € 19 million compared with the end of the 2012/2013 financial year. Heidelberg has a tight-knit network of global financing partners, ensuring that our customers' projects can largely be handled by third-party financial service providers. As expected, the planned strategic reduction in receivables from sales financing has been accompanied by a further decline in interest income. Despite this, the result of operating activities excluding special items remained at the prior-year level in the first half of the year under review. The segment had a total of 45 employees as of September 30, 2013.

Report on the Regions

The EMEA region slightly increased its incoming orders to around € 227 million in the second quarter (previous year: € 223 million). Incoming orders for the first half of the year in this region totaled around € 449 million compared with the prior-year figure of approximately € 584 million, which was achieved thanks to the effect of the drupa trade show. Sales in the second quarter amounted to € 193 million after € 253 million in the previous year. Germany and the UK, in particular, recorded declines as against the previous year. Sales for the first half of the year amounted to around € 375 million compared with € 436 million in the previous year. At around 41 percent, Germany made the largest contribution to regional sales. This region accounted for approximately 34 percent of consolidated sales in the first half of the year after 36 percent in the previous year.

Incoming orders by region

Share in the Heidelberg Group
in percent; in parentheses: previous year



Figures in € millions

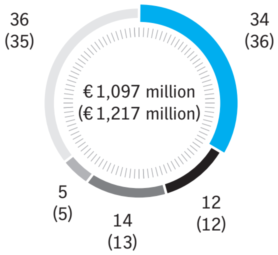
	Q1 to Q2		Q2	
	12/13	**13/14**	12/13	**13/14**
EMEA	584	449	223	227
Eastern Europe	152	142	59	75
North America	227	164	109	87
South America	79	44	40	19
Asia / Pacific	516	459	236	205
Heidelberg Group	1,558	**1,257**	667	**614**

Heidelberg generated incoming orders of around € 75 million in the EASTERN EUROPE region in the second quarter of the current financial year (previous year: € 59 million). This development was driven in particular by the markets of Poland and Russia. Incoming orders for the first half of the year in this region amounted to around € 142 million compared with € 152 million in the previous year. Sales in the region were essentially unchanged year-on-year at € 74 million in the second quarter after around € 78 million in the previous year. Sales for the first half of the year amounted to around € 126 million compared with € 142 million in the previous year.

Incoming orders in the NORTH AMERICA region amounted to € 87 million in the second quarter after € 109 million in the previous year. Incoming orders for the first half of the year in this region amounted to around € 164 million compared with € 227 million in the previous year. In the second quarter, incoming orders from Canada and Mexico were weak, while the USA saw stable development. Sales declined slightly year-on-year to € 80 million in the second quarter, largely as a result of currency translation. Sales for the first half of the year amounted to around € 149 million compared with € 157 million in the previous year. At 14 percent, the proportion of sales attributable to this region was on a level with the previous year.

Sales by region

Share in the Heidelberg Group
in percent; in parentheses: previous year



Figures in € millions

	Q1 to Q2		Q2	
	12/13	**13/14**	12/13	**13/14**
EMEA	436	375	253	193
Eastern Europe	142	126	78	74
North America	157	149	89	80
South America	58	50	32	30
Asia/Pacific	425	397	245	216
Heidelberg Group	1,217	**1,097**	697	**593**

Incoming orders in the SOUTH AMERICA region amounted to only € 19 million in the second quarter. The difficult economic situation in Brazil is continuing to curb our customers' propensity to invest and led to a substantial downturn in orders of around € 20 million compared with the same period of the previous year (€ 40 million). Incoming orders for the first half of the year in this region amounted to around € 44 million compared with € 79 million in the previous year. Sales in the region were essentially unchanged year-on-year at € 30 million in the second quarter (previous year: € 32 million). Sales for the first half of the year amounted to around € 50 million compared with € 58 million in the previous year.

In the second quarter, the ASIA/PACIFIC region generated incoming orders of € 205 million after € 236 million in the same period of the previous year. Incoming orders for the first half of the year in this region amounted to around € 459 million compared with € 516 million in the previous year.

Regional development was impacted in particular by the negative exchange rate development of the Japanese yen. China continued to enjoy a high investment volume, thanks among other things to the China Print trade show. The country remains Heidelberg's largest individual market. All in all, the proportion of incoming orders attributable to the region totaled 36 percent in the first half of the year (previous year: 33 percent). Incoming orders in the region amounted to € 216 million in the second quarter after € 245 million in the previous year. Sales for the first half of the year amounted to around € 397 million compared with € 425 million in the previous year. All in all, the region contributed around 36 percent of consolidated net sales in the first half of 2013/2014 after 35 percent in the same period of the previous year.

Employees

In line with planning, the number of employees at the Heidelberg Group was reduced further in the second quarter of the 2013/2014 financial year.

The Heidelberg Group had 13,616 employees as of September 30, 2013, a decrease of 599 compared with March 31, 2013. The Heidelberg Group reduced its workforce by 1,129 compared with the same period of the previous year. In conjunction with the intensification of individual measures forming part of the Focus 2012 program, the number of employees throughout the Group will be cut to less than 13,500 by mid-2014 at the latest. This adjustment is intended to reflect the changes in market conditions. We remain committed to finding socially responsible solutions for achieving this.

Employees by segment

Number of employees including trainees

	31-Mar-2013	**30-Sep-2013**
Heidelberg Equipment	9,585	9,220
Heidelberg Services	4,583	4,351
Heidelberg Financial Services	47	45
Heidelberg Group	14,215	**13,616**

Risk and Opportunity Report

In the second quarter of 2013/2014, there were no material changes in the assessment of the risks and opportunities of the Heidelberg Group compared with the presentation in the 2012/2013 annual report.

The economic uncertainty resulting from the euro zone and sovereign debt crises remains in place.

No risks that could jeopardize the Heidelberg Group’s continued existence, either individually or together with other risk factors, are discernible at present or for the foreseeable future.

Future Prospects

In 2013, global GDP growth is expected to increase by 2.1 percent on the back of the moderate economic recovery in some industrialized nations. Development in the emerging economies is being impacted by the deterioration in the global financing environment. Future growth rates in these countries are therefore likely to be lower than in recent years.

Although the outlook has improved slightly, economic and market risks for global development continue to depend primarily on the duration and intensity of the crisis in the euro zone and the possibility of a further deterioration in the economic situation in the emerging markets. Even though a compromise was reached in the US budget dispute in October, further developments will depend on the long-term sustainability of this outcome.

Outlook: Net profit remains target

The outlook for the 2013/2014 financial year and the aim of generating a consolidated net profit remain unchanged. In past quarters, Heidelberg has increasingly geared its strategy towards improving profitability in order to become more independent of general economic conditions. The figures for the first half of 2013/2014 show that the company is making good progress in this. Nonetheless, the operating break-even point needs to be adjusted further in order to be better prepared for volatility in individual markets among other things. Heidelberg is therefore using all available tools to make working hours more flexible in addition to the measures forming part of the Focus 2012 efficiency program. Furthermore, we will push for a continued improvement in product-specific profit contributions. As in the first half of the year, this will lead to an increase in the result of operating activities excluding special items in the second six-month period; the figure for the year as a whole will be significantly higher than in the previous year.

In light of the substantial depreciation of certain key foreign currencies, particularly the Japanese yen and the US dollar, we expect currency translation to continue to have a negative impact on sales volumes in the coming months. The reluctance to invest in some markets such as Brazil is likely to persist in the second half of the year. The sales forecast also takes into account possible volume reductions due to the gradual scaling back of low margin business. At present, the overall sales risk amounts to a single-digit percentage compared with the previous year.

We are anticipating additional extraordinary expenses in the current financial year in connection with Focus 2012. The financial result will improve slightly compared with the prior-year figure, which was reported in accordance with IAS 19 (2004). Given the measures initiated and in light of the positive trend already seen in the first two quarters, we are still striving for a consolidated net profit in the 2013/2014 financial year.

Supplementary Report

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

IMPORTANT NOTE

This interim report contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the management is of the opinion that these assumptions and estimates are accurate, 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, exchange and interest rates, and changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future development and results deviating from the assumptions and estimates made in this interim report. Heidelberg neither intends nor assumes any obligation to update the assumptions and estimates made in this interim report to reflect events or developments occurring after the publication of this interim report.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD APRIL 1, 2013 TO SEPTEMBER 30, 2013

Interim consolidated income statement April 1, 2013 to September 30, 2013

Figures in € thousands

	Note	1-Apr-2012 to 30-Sep-2012 [1)]	**1-Apr-2013 to 30-Sep-2013**
Net sales		1,217,315	1,096,805
Change in inventories		65,043	60,186
Other own work capitalized		19,157	9,239
Total operating performance		1,301,515	1,166,230
Other operating income	3	41,181	47,912
Cost of materials	4	636,123	537,811
Staff costs		479,723	435,193
Depreciation and amortization		40,950	38,364
Other operating expenses	5	260,426	210,017
Special items	6	22,339	1,412
Result of operating activities		– 96,865	– 8,655
Financial income	7	13,027	6,491
Financial expenses	8	36,393	34,112
Financial result		– 23,366	– 27,621
Income before taxes		– 120,231	– 36,276
Taxes on income		– 12,324	10,795
Consolidated net loss		– 107,907	**– 47,071**
Basic earnings per share according to IAS 33 (in €/share)	9	– 0.46	**– 0.20**
Diluted earnings per share according to IAS 33 (in €/share)	9	– 0.46	**– 0.20**

[1)] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated statement of comprehensive income April 1, 2013 to September 30, 2013

Figures in € thousands

	1-Apr-2012 to 30-Sep-2012 [1]	**1-Apr-2013 to 30-Sep-2013**
Consolidated net loss	– 107,907	– 47,071
Other comprehensive income not reclassified to the income statement		
Pension obligations	– 86,693	12,873
Deferred income taxes	1,742	450
	– 84,951	13,323
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	8,258	– 23,008
Available-for-sale financial assets	– 511	215
Cash flow hedges	– 2,868	– 195
Deferred income taxes	135	103
	5,014	– 22,885
Total other comprehensive income	– 79,937	– 9,562
Total comprehensive income	– 187,844	**– 56,633**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated income statement July 1, 2013 to September 30, 2013

Figures in € thousands

	1-Jul-2012 to 30-Sep-2012 [1)]	**1-Jul-2013 to 30-Sep-2013**
Net sales	697,242	592,632
Change in inventories	– 29,962	– 6,446
Other own work capitalized	17,214	6,617
Total operating performance	684,494	592,803
Other operating income	18,365	19,328
Cost of materials	332,986	268,395
Staff costs	229,561	206,182
Depreciation and amortization	20,147	19,908
Other operating expenses	127,362	104,627
Special items	16,563	369
Result of operating activities	– 23,760	12,650
Financial income	6,962	1,678
Financial expenses	18,304	17,272
Financial result	– 11,342	– 15,594
Income before taxes	– 35,102	– 2,944
Taxes on income	– 3,615	5,650
Consolidated net loss	– 31,487	**– 8,594**
Basic earnings per share according to IAS 33 (in €/share)	– 0.13	**– 0.04**
Diluted earnings per share according to IAS 33 (in €/share)	– 0.13	**– 0.04**

1) Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated statement of comprehensive income July 1, 2013 to September 30, 2013

Figures in € thousands

	1-Jul-2012 to 30-Sep-2012 [1]	**1-Jul-2013 to 30-Sep-2013**
Consolidated net loss	– 31,487	– 8,594
Other comprehensive income not reclassified to the income statement		
Pension obligations	– 40,807	– 973
Deferred income taxes	560	– 4
	– 40,247	– 977
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	– 2,432	– 7,917
Available-for-sale financial assets	– 158	159
Cash flow hedges	5,459	– 1,299
Deferred income taxes	59	88
	2,928	– 8,969
Total other comprehensive income	– 37,319	– 9,946
Total comprehensive income	– 68,806	**– 18,540**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Interim consolidated statement of financial position as of September 30, 2013

> Assets

Figures in € thousands

	Note	31-Mar-2013	**30-Sep-2013**
Non-current assets			
Intangible assets	10	234,676	228,102
Property, plant and equipment	10	530,517	518,986
Investment property		6,988	5,262
Financial assets		23,590	23,552
Receivables from sales financing		63,215	52,849
Other receivables and other assets	12	19,225	12,364
Income tax assets		345	247
Deferred tax assets		36,145	32,718
		914,701	874,080
Current assets			
Inventories	11	699,692	731,969
Receivables from sales financing		55,049	46,719
Trade receivables		381,842	243,160
Other receivables and other assets	12	110,257	116,882
Income tax assets		17,120	16,855
Cash and cash equivalents	13	157,492	197,708
		1,421,452	1,353,293
Assets held for sale		2,049	3,743
Total assets		2,338,202	**2,231,116**

> Equity and liabilities

Figures in € thousands

	Note	31-Mar-2013[1]	**30-Sep-2013**
Equity	14		
Issued capital		599,308	599,308
Capital reserves and retained earnings		– 80,720	– 204,610
Consolidated net loss		– 117,067	– 47,071
		401,521	347,627
Non-current liabilities			
Provisions for pensions and similar obligations	15	415,361	413,120
Other provisions	16	246,834	217,786
Financial liabilities	17	331,235	388,889
Other liabilities	18	121,509	119,453
Deferred tax liabilities		8,282	7,706
		1,123,221	1,146,954
Current liabilities			
Other provisions	16	336,147	272,109
Financial liabilities	17	87,628	48,022
Trade payables		139,134	142,063
Income tax liabilities		3,086	2,509
Other liabilities	18	247,465	271,832
		813,460	736,535
Total equity and liabilities		2,338,202	**2,231,116**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

Statement of changes in consolidated equity as of September 30, 2013 [1)]

Figures in € thousands

	Issued capital	Capital reserves	Currency translation	Fair value of other financial assets
April 1, 2012	599,308	27,098	–160,836	–1,158
Changes in accounting policies [2)]	0	0	0	0
April 1, 2012, restated [2)]	599,308	27,098	–160,836	–1,158
Profit (+)/loss (–) carryforward	0	0	0	0
Total comprehensive income [2)]	0	0	8,258	–511
Consolidation adjustments/other changes	0	0	0	0
September 30, 2012	599,308	27,098	–152,578	–1,669
April 1, 2013	599,308	27,098	–150,044	–946
Changes in accounting policies [2)]	0	0	0	0
April 1, 2013, restated [2)]	599,308	27,098	–150,044	–946
Profit (+)/loss (–) carryforward	0	0	0	0
Total comprehensive income	0	0	–23,008	215
Consolidation adjustments/other changes	0	1,301	0	0
September 30, 2013	**599,308**	**28,399**	**–173,052**	**–731**

[1)] Please see note 14 for further information
[2)] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1

		Retained earnings	Total capital reserves and retained earnings	Consolidated net loss	Total
Fair value of cash flow hedges	Other retained earnings	Total retained earnings			
– 2,059	343,437	179,384	206,482	– 230,093	575,697
0	2,874	2,874	2,874	0	2,874
– 2,059	346,311	182,258	209,356	– 230,093	578,571
0	– 230,093	– 230,093	– 230,093	230,093	0
– 2,733	– 84,951	– 79,937	– 79,937	– 107,907	– 187,844
0	990	990	990	0	990
– 4,792	32,257	– 126,782	– 99,684	– 107,907	391,717
3,733	30,313	– 116,944	– 89,846	– 109,867	399,595
0	9,126	9,126	9,126	– 7,200	1,926
3,733	39,439	– 107,818	– 80,720	– 117,067	401,521
0	– 117,067	– 117,067	– 117,067	117,067	0
– 92	13,323	– 9,562	– 9,562	– 47,071	– 56,633
0	1,438	1,438	2,739	0	2,739
3,641	**– 62,867**	**– 233,009**	**– 204,610**	**– 47,071**	**347,627**

Interim consolidated statement of cash flows April 1, 2013 to September 30, 2013

Figures in € thousands

	1-Apr-2012 to 30-Sep-2012 [1]	**1-Apr-2013 to 30-Sep-2013**
Consolidated net loss	– 107,907	– 47,071
Depreciation and amortization, write-downs and reversals [2]	43,176	38,364
Change in pension provisions	14,342	11,237
Change in deferred tax assets/deferred tax liabilities/tax provisions	– 10,363	1,860
Result from disposals [2]	161	– 718
Cash flow	– 60,591	**3,672**
Change in inventories	– 66,802	– 43,482
Change in sales financing	24,879	13,657
Change in trade receivables/payables	21,063	127,926
Change in other provisions	– 22,067	– 79,728
Change in other items of the statement of financial position	20,725	29,545
Other operating changes	– 22,202	**47,918**
Cash used in/generated by operating activities	– 82,793	**51,590**
Intangible assets/property, plant and equipment/investment property		
Investments	– 42,311	– 30,383
Income from disposals	10,222	6,764
Financial assets/business acquisitions		
Investments	– 294	– 2
Income from disposals	0	6
Cash used in investing activities	– 32,383	**– 23,615**
Change in financial liabilities	41,528	18,645
Cash generated by financing activities	41,528	**18,645**
Net change in cash and cash equivalents	– 73,648	**46,620**
Cash and cash equivalents at the beginning of the reporting period	194,556	**157,492**
Currency adjustments	3,176	– 6,404
Net change in cash and cash equivalents	– 73,648	46,620
Cash and cash equivalents as of the end of the reporting period	124,084	**197,708**

Cash used in/generated by operating activities	– 82,793	51,590
Cash used in investing activities	– 32,383	– 23,615
Free cash flow	– 115,176	**27,975**

[1] Figures of the previous year were restated due to first-time adoption of IAS 19 (2011), see note 1
[2] Relates to intangible assets, property, plant and equipment, investment property as well as financial assets

NOTES

1 Accounting policies

The interim consolidated financial statements as of September 30, 2013 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, 2013, which were prepared in line with the International Financial Reporting Standards (IFRS) as endorsed in the EU.

The interim consolidated financial statements were generally prepared using the same accounting policies as the consolidated financial statements for the 2012/2013 financial year. 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, 2013. All amounts are generally stated in € thousands.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved and amended the following standards and interpretations, which are to be applied for the first time in financial year 2013/2014:

Standards	Publication by the IASB / IFRS IC	Effective date [1]	Published in the Official Journal of the EU	Effects
Amendments to standards				
Amendments to IAS 1: Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	16-Jun-2011	1-Jul-2012	6-Jun-2012	The statement of comprehensive income was restated accordingly
Amendments to IAS 12: Income Taxes: Deferred Tax: Recovery of Underlying Assets	20-Dec-2010	1-Jan-2013	29-Dec-2012	None
Amendments to IAS 19: Employee Benefits	16-Jun-2011	1-Jan-2013	6-Jun-2012	Anticipated effects are shown on page 30
Amendments to IFRS 1: First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	20-Dec-2010	1-Jan-2013	29-Dec-2012	None
Amendments to IFRS 1: Government Loans	13-Mar-2012	1-Jan-2013	5-Mar-2013	None
Amendment to IFRS 7: Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities	16-Dec-2011	1-Jan-2013	29-Dec-2012	No material effects
Improvements to International Financial Reporting Standards for 2009 – 2011 Cycle	17-May-2012	1-Jan-2013	28-Mar-2013	No material effects
New standards				
IFRS 13: Fair Value Measurement	12-May-2011	1-Jan-2013	29-Dec-2012	Extension of disclosures in the notes to the financial statements (see note 19)
New interpretations				
IFRIC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	19-Oct-2011	1-Jan-2013	29-Dec-2012	None

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

In accordance with the mandatory adoption of the AMENDMENTS TO IAS 19: EMPLOYEE BENEFITS in financial year 2013/2014, the return on plan assets will no longer be offset against staff costs at individual entity level up to the amount of expenses for pension claims. In addition, the net interest approach will replace the concept of an expected return on plan assets; accordingly, interest on plan assets will be calculated using the discount rate for pension obligations. Furthermore, the amendments to IAS 19: Employee Benefits affect the recognition and measurement of top-up payments within the scope of partial retirement obligations in Germany. The notes to the consolidated financial statements for the period ended March 31, 2014 will also include additional disclosures.

As a result of the retrospective application of the amendments to IAS 19: Employee Benefits, the amounts carried forward as of April 1, 2012 and April 1, 2013 were adjusted as follows: Capital reserves and retained earnings increased by € 2,874 thousand and € 9,126 thousand respectively. The consolidated net loss carried forward as of April 1, 2012 remained unchanged, while the figure as of April 1, 2013 increased by € 7,200 thousand. The provisions for pensions and similar obligations declined by € 80 thousand and € 385 thousand respectively. Other provisions declined by € 2,794 thousand and € 1,541 thousand respectively.

In the interim income statement for the period from April 1, 2012 to September 30, 2012, the retrospective application of the amendments to IAS 19: Employee Benefits resulted in an increase of € 17,345 thousand in staff costs and of € 399 thousand in special items, and hence a reduction in the result of operating activities of € 17,744 thousand, as well as an increase of € 13,272 thousand in the financial result and € 325 thousand in taxes on income. Accordingly, the consolidated net loss for the period increased by € 4,147 thousand.

As a result of the retrospective application of the amendments to IAS 19: Employee Benefits, total comprehensive income decreased by € 942 thousand in the interim consolidated statement of comprehensive income for the period from April 1, 2012 to September 30, 2012.

The IASB and the IFRS IC have approved and amended the following standards and interpretations, whose application during financial year 2013/2014 is not yet compulsory or which have not yet been endorsed by the European Union (EU).

- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- Amendments to IAS 32: Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 9: Financial Instruments
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date 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
- IFRIC 21: Levies

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.

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 69 (March 31, 2013: 72) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IAS 27. Of these, 58 (March 31, 2013: 61) are located outside Germany. Subsidiaries that are of minor importance are not included.

3 Other operating income

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Reversal of other provisions/ deferred liabilities	15,308	16,875
Recoveries on loans and other assets previously written down	6,975	10,233
Hedging/exchange rate gains	2,769	5,217
Income from operating facilities	6,798	4,175
Income from disposals of intangible assets, property, plant and equipment and investment property	344	1,007
Other income	8,987	10,405
	41,181	**47,912**

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 € 964 thousand (April 1, 2012 to September 30, 2012: € 1,120 thousand); the interest income from sales financing of € 4,457 thousand (April 1, 2012 to September 30, 2012: € 6,069 thousand) is reported in sales.

5 Other operating expenses

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Other deliveries and services not included in the cost of materials	63,782	51,697
Special direct sales expenses including freight charges	51,725	44,465
Rent and leases	32,844	26,750
Travel expenses	22,030	20,330
Bad debt allowances and impairment on other assets	8,234	8,474
Insurance expense	6,130	7,494
Costs of car fleet (excluding leases)	3,991	3,577
Hedging/exchange rate losses	4,548	3,228
Additions to provisions and accruals relating to several types of expense	15,272	2,787
Other overheads	51,870	41,215
	260,426	**210,017**

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 € 1,412 thousand (April 1, 2012 to September 30, 2012: € 22,339 thousand) essentially result from staff-related outlays and consultancy fees in connection with our Focus 2012 efficiency program.

7 Financial income

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Interest and similar income	8,428	4,031
Income from financial assets/loans/securities	4,599	2,460
	13,027	**6,491**

8 Financial expenses

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Interest and similar expenses	35,433	32,597
Expenses for financial assets/loans/securities	960	1,515
	36,393	**34,112**

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, 2012 to September 30, 2012: 234,104,021). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of September 30, 2013, the Company held 142,919 (March 31, 2013: 142,919) treasury shares.

The calculation of diluted earnings per share assumes conversion of outstanding debt securities (convertible bond) to shares. Due to the fact that the interim result is concurrently adjusted for the interest expense recognized for the convertible bond in the financial result, taking into account the respective number of shares from the convertible bond issued on July 10, 2013 did not have a dilutive effect on earnings per share during the period from April 1, 2013 to September 30, 2013. In the future, the convertible bond may have a fully dilutive effect.

10 Intangible assets and property, plant and equipment

In the period from April 1, 2013 to September 30, 2013, there were additions to intangible assets of € 3,123 thousand (April 1, 2012 to September 30, 2012: € 4,845 thousand) and to property, plant and equipment of € 27,641 thousand (April 1, 2012 to September 30, 2012: € 38,725 thousand). In the same period, the carrying amount of disposals from intangible assets was € 33 thousand (April 1, 2012 to September 30, 2012: € 31 thousand) and € 6,014 thousand (April 1, 2012 to September 30, 2012: € 10,351 thousand) for property, plant and equipment.

In the first quarter of the 2013/2014 financial year we partly adjusted the useful lives of intangible assets and of property, plant and equipment. Assuming unchanged useful lives over the reporting period, amortization of intangible assets would have been € 478 thousand higher while depreciation of property, plant and equipment would have been € 3,017 thousand higher.

11 Inventories

Inventories include raw materials and supplies totaling € 107,997 thousand (March 31, 2013: € 115,364 thousand), work and services in progress amounting to € 315,656 thousand (March 31, 2013: € 292,132 thousand), finished goods and goods for resale of € 306,088 thousand (March 31, 2013: € 289,964 thousand), and advance payments of € 2,228 thousand (March 31, 2013: € 2,232 thousand).

12 Other receivables and other assets

The Other receivables and other assets item includes receivables from derivative financial instruments of € 7,173 thousand (March 31, 2012: € 11,771 thousand) and prepaid expenses of € 20,236 thousand (March 31, 2013: € 12,949 thousand).

13 Cash and cash equivalents

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 111,733 thousand (March 31, 2013: € 61,562 thousand).

14 Equity

As at March 31, 2013, the Company still held 142,919 treasury shares on September 30, 2013. 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 in the notes to the consolidated financial statements as of March 31, 2013 for information on the contingent and authorized capitals as of March 31, 2013. The Annual General Meeting of July 23, 2013 did not pass any resolutions leading to changes in the contingent and authorized capitals.

On July 10, 2013, Heidelberger Druckmaschinen Aktiengesellschaft issued an unsecured, unsubordinated convertible bond convertible into shares of Heidelberger Druckmaschinen Aktiengesellschaft. The convertible bond has a total issue volume of € 60 million, a term of four years (final maturity: July 10, 2017) and an annual coupon of 8.50 percent, payable quarterly in arrears.

The conversion right securitized with the convertible bond will be recognized under the capital reserve as the difference between the proceeds from the issue and the fair value of the liabilities component. As a result, the capital reserve increased by € 1,301 thousand.

15 Provisions for pensions and similar obligations

A discount rate of 3.75 percent (March 31, 2013: 3.50 percent) was used to calculate the actuarial gains and losses of German companies as of September 30, 2013. With a discounting rate in Germany of 3.50 percent, which would have resulted without modification in the composition of the portfolio of the corporate bonds used to calculate the interest rate as of September 30, 2013, the present value of the defined benefit obligation for employees would have been € 37,964 thousand higher.

16 Other provisions

Other provisions relate to tax provisions of € 93,450 thousand (March 31, 2013: € 95,176 thousand) and other provisions of € 396,445 thousand (March 31, 2013: € 487,805 thousand). Other provisions include staff obligations of € 79,885 thousand (March 31, 2013: € 104,214 thousand), sales obligations of € 111,164 thousand (March 31, 2013: € 124,131 thousand) and miscellaneous other provisions of € 205,396 thousand (March 31, 2013: € 259,460 thousand). The latter predominantly include provisions in connection with our Focus 2012 efficiency program.

17 Financial liabilities

			31-Mar-2013			**30-Sep-2013**
	Current	Non-current	Total	Current	Non-current	Total
High-yield bond	12,966	292,844	305,810	12,967	293,704	306,671
Convertible bond	0	0	0	1,150	57,083	58,233
Amounts due to banks	57,355	32,420	89,775	17,071	32,972	50,043
From finance leases	2,035	5,971	8,006	1,982	5,130	7,112
Other	15,272	0	15,272	14,852	0	14,852
	87,628	331,235	418,863	48,022	388,889	**436,911**

For details concerning the financing, please refer to the explanations in note 29 of the consolidated financial statements as of March 31, 2013.

On July 10, 2013, Heidelberger Druckmaschinen Aktiengesellschaft issued an unsubordinated, unsecured convertible bond convertible into shares of Heidelberger Druckmaschinen Aktiengesellschaft. The liabilities component of the convertible bond is recognized under financial liabilities. It was recorded by applying a market interest rate at the present value of the contractually defined future payments on the date of issue; in line with the effective interest rate method, it will be increased by the interest portion of the relevant period at each closing date.

With the issue of the convertible bond, the revolving credit facility was reduced to approximately € 416 million.

18 Other liabilities

Other liabilities include advance payments on orders of € 101,362 thousand (March 31, 2013: € 70,570 thousand), liabilities from derivative financial instruments of € 3,664 thousand (March 31, 2013: € 4,097 thousand), and deferred income of € 62,806 thousand (March 31, 2013: € 67,724 thousand).

19 Additional information on financial instruments

Financial assets and financial liabilities are allocated to the three levels of the fair value hierarchy as set out in IFRS 13 depending on the availability of observable market data.

The individual levels are defined as follows:

LEVEL 1: Financial instruments traded on active markets whose quoted prices can be used to measure fair value without adjustment.

LEVEL 2: Measurement on the basis of measurement procedures whose inputs are derived from observable market data, either directly or indirectly.

LEVEL 3: Measurement on the basis of measurement procedures whose inputs are not derived from observable market data.

The Heidelberg Group is exposed to market price risks in the form of interest rate and exchange rate fluctuations. In general, derivative financial instruments are used to limit these risks. Their fair values correspond to changes in value arising from a notional revaluation taking into account the market parameters applicable at the end of the reporting period. The fair values are calculated using standardized measurement procedures (discounted cash flow and option pricing models). This corresponds to level 2 of the fair value hierarchy set out in IFRS 13, as only input data observable on the market, such as exchange rates, exchange rate volatilities and interest rates, is used.

Securities are classified as financial assets available for sale. In line with IAS 39, these financial instruments are also carried at fair value. The underlying quoted prices for the measurement of the vast majority of securities correspond to level 1 of the fair value hierarchy set out in IFRS 13, as only quoted prices observed on active markets are used in measurement. If the fair value of securities cannot be reliably determined, they are carried at cost.

The following table provides an overview of financial assets and financial liabilities measured at fair value in accordance with the IFRS 13 fair value hierarchy as of September 30, 2013:

				30-Sep-2013
	Level 1	Level 2	Level 3	Total
Securities	2,894	0	0	2,894
Derivative financial assets	0	7,173	0	7,173
Financial assets measured at fair value	2,894	7,173	0	**10,067**
Derivative financial assets	0	3,664	0	3,664
Financial liabilities measured at fair value	0	3,664	0	**3,664**

Shares in subsidiaries in the amount of € 16,757 thousand (March 31, 2013: € 16,800 thousand) and other investments in the amount of € 3,461 thousand (March 31, 2013: € 3,461 thousand) are classified as financial assets available for sale and carried at cost, as their fair values cannot be reliably determined due to the lack of a market for these items.

The fair value of receivables from sales financing essentially corresponds to the reported carrying amount. This fair value is based upon expected cash flows, which are discounted using interest rates with matching maturities and the customer-specific credit rating.

The carrying amount of trade receivables, other financial receivables reported in other receivables and other assets, and cash and cash equivalents is generally assumed as an appropriate estimate of the fair value.

The fair values of the high-yield bond and the convertible bond – which are reported under financial liabilities – as calculated on the basis of the quoted price are € 314,780 thousand (March 31, 2013: € 298,832 thousand) and € 64,176 thousand respectively, compared to the carrying amounts of € 306,671 thousand (March 31, 2013: € 305,810 thousand) and € 58,233 thousand.

In connection with the arranging of a long-term loan of € 37,044 thousand (March 31, 2013: € 40,739 thousand), which is also reported in financial liabilities, the lender was granted usufructuary rights to three developed properties. The basis of this is a sale (usufructuary rights) and leaseback transaction in accordance with SIC 27, which provides for a fixed basic term for the lease agreement of ten years and two renewal options of four years each. The usufructuary rights each have a term of 18 years. The usufructuary rights can be commuted after ten years. As a result of the first-time application of IFRS 13 in the financial year 2013/2014, the fair value of this loan calculated on the basis of the discounted cash flow method using market interest rates with matching maturities declined from € 44,689 thousand (March 31, 2013) to € 35,349 thousand.

The fair value of a noncurrent financial liability reported in other liabilities calculated on the basis of the discounted cash flow method using market interest rates is € 60,893 thousand (March 31, 2013: € 60,246 thousand), while the carrying amount is € 79,580 thousand (March 31, 2013: € 78,880 thousand).

The carrying amount of other financial liabilities, trade payables and miscellaneous other liabilities is generally assumed as an appropriate estimate of the fair value.

20 Contingent liabilities and other financial liabilities

As of September 30, 2013, the contingent liabilities for warranties and guarantees amounted to € 4,929 thousand (March 31, 2013: € 7,325 thousand).

The other financial liabilities amounted to € 250,981 thousand as of September 30, 2013 (March 31, 2013: € 282,175 thousand). Of this amount, € 214,235 thousand (March 31, 2013: € 234,478 thousand) related to lease and rental obligations and € 36,746 thousand (March 31, 2013: € 47,697 thousand) related to investments and other purchase commitments.

21 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, service parts 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 the sections “Management and Control” and “Segments and Business Areas” in the Group management report as of March 31, 2013.

During the fourth quarter of the previous year, our organization was adjusted in line with the changed market environment (see note 37 of the notes to the consolidated financial statements as of March 31, 2013). The previous year’s figures were restated accordingly.

Segment information April 1, 2013 to September 30, 2013:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2012 to 30-Sep-2012 [1)]	**1-Apr-2013 to 30-Sep-2013**	1-Apr-2012 to 30-Sep-2012 [1)]	**1-Apr-2013 to 30-Sep-2013**	1-Apr-2012 to 30-Sep-2012 [1)]	**1-Apr-2013 to 30-Sep-2013**	1-Apr-2012 to 30-Sep-2012 [1)]	**1-Apr-2013 to 30-Sep-2013**
External sales	712,261	621,070	498,985	471,278	6,069	4,457	1,217,315	1,096,805
Result of operating activities (segment result)	– 115,467	– 49,646	14,195	37,371	4,407	3,620	– 96,865	– 8,655
Investments	36,950	25,145	6,618	5,619	2	1	43,570	30,765

[1)] Figures of the previous year were adjusted (see explanations on page 37)

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

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Result of operating activities (segment result)	– 96,865	– 8,655
Financial result	– 23,366	– 27,621
Income before taxes	– 120,231	**– 36,276**

External sales relate to the different regions as follows:

	1-Apr-2012 to 30-Sep-2012	**1-Apr-2013 to 30-Sep-2013**
Europe, Middle East and Africa		
Germany	183,712	153,245
Other Europe, Middle East and Africa regions	251,985	221,560
	435,697	374,805
Asia / Pacific		
China	214,475	219,035
Other Asia / Pacific regions	210,994	178,404
	425,469	397,439
Eastern Europe	141,587	126,273
North America	156,768	148,747
South America	57,794	49,541
	1,217,315	**1,096,805**

22 Supervisory Board/Management Board

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

23 Related party transactions

As described in note 41 of the notes to the consolidated financial statements as of March 31, 2013, 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 € 5,715 thousand (March 31, 2013: € 6,879 thousand), receivables of € 19,002 thousand (March 31, 2013: € 15,846 thousand), expenses of € 5,864 thousand (April 1, 2012 to September 30, 2012: € 9,280 thousand) and income of € 3,862 thousand (April 1, 2012 to September 30, 2012: € 6,921 thousand), which essentially comprises sales. All transactions were again conducted as at arm’s length and did not differ from relationships with other companies.

Members of the Supervisory Board have received a remuneration of € 306 thousand (April 1, 2012 to September 30, 2012: € 264 thousand) from Heidelberger Druckmaschinen Aktiengesellschaft in line with services rendered under consulting, service and employment contracts in the reporting period.

24 Significant events after the end of the reporting period

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

Heidelberg, November 5, 2013

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

REVIEW

This interim report has neither been audited according to Section 317 HGB nor reviewed by the auditors.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Heidelberg, November 5, 2013

HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT
The Management Board

Dr. Gerold Linzbach   Dirk Kaliebe

Marcel Kiessling   Stephan Plenz

THE SUPERVISORY BOARD

Robert J. Koehler
Chairman of the Supervisory Board

Rainer Wagner *
Deputy Chairman of the Supervisory Board

Edwin Eichler

Wolfgang Flörchinger *
– through July 23, 2013 –

Martin Gauß *
– through July 23, 2013 –

Mirko Geiger *

Gunther Heller *
– through July 23, 2013 –

Jörg Hofmann *

Dr. Siegfried Jaschinski

Dr. Herbert Meyer

Dr. Gerhard Rupprecht
– through July 23, 2013 –

Beate Schmitt *

Lone Fønss Schrøder

Prof. Dr.-Ing. Günther Schuh

Peter Sudadse *

Christoph Woesler *
– since July 23, 2013 –

* Employee representative

Committees of the Supervisory Board

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Martin Gauß **
Mirko Geiger
Dr. Gerhard Rupprecht **
Lone Fønss Schrøder ***
Prof. Dr.-Ing. Günther Schuh
Peter Sudadse ***

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

Robert J. Koehler
Rainer Wagner
Wolfgang Flörchinger **
Dr. Herbert Meyer ***
Dr. Gerhard Rupprecht **
Peter Sudadse ***

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

Robert J. Koehler (Chairman)
Rainer Wagner
Dr. Gerhard Rupprecht **
Beate Schmitt
Prof. Dr.-Ing. Günther Schuh ***

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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Dr. Gerhard Rupprecht **
Edwin Eichler ***
Lone Fønss Schrøder ***

STRATEGY COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Edwin Eichler
Mirko Geiger
Dr. Siegfried Jaschinski
Dr. Herbert Meyer
Dr. Gerhard Rupprecht **
Lone Fønss Schrøder
Prof. Dr.-Ing. Günther Schuh

THE MANAGEMENT BOARD

Dr. Gerold Linzbach
Chief Executive Officer and
Chief Human Resources Officer

Dirk Kaliebe

Marcel Kiessling

Stephan Plenz

** through July 23, 2013
*** since July 23, 2013

FINANCIAL CALENDAR 2013/2014

FEBRUARY 5, 2014	Publication of Third Quarter Figures 2013/2014
JUNE 11, 2014	Press Conference, Annual Analysts' and Investors' Conference
JULY 24, 2014	Annual General Meeting

Subject to change

PUBLISHING INFORMATION

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