Q3 INTERIM FINANCIAL REPORT 2013/2014

HEIDELBERG

Q3 2013/2014 at a Glance

> **Sales** of € 588 million in Q3; operating break-even point exceeded

> **EBITDA** excluding special items at the previous year's level of € 36 million

> **Net income** of around € 7 million in Q3

> **Financial framework** successfully extended to 2017/2018

> **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 Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	2,203	**1,849**	645	**592**
Net sales	1,905	**1,685**	687	**588**
EBITDA [1]	4	**67**	38	**36**
Result of operating activities [2]	–58	**10**	17	**18**
– in percent of sales	–3.0%	**0.6%**	2.5%	**3.0%**
Net income	–94	**–40**	14	**7**
– in percent of sales	–4.9%	**–2.4%**	2.0%	**1.2%**
Research and development costs	91	**89**	29	**30**
Investments	58	**40**	14	**9**
Equity	378	**348**	378	**348**
Net debt [3]	325	**271**	325	**271**
Free cash flow	–87	**–10**	28	**–38**
Earnings per share in €	–0.40	**–0.17**	0.06	**0.03**
Number of employees [4]	13,901	**12,851**	13,901	**12,851**

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 excluding trainees

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

INTERIM CONSOLIDATED FINANCIAL REPORT
Q3 2013/2014

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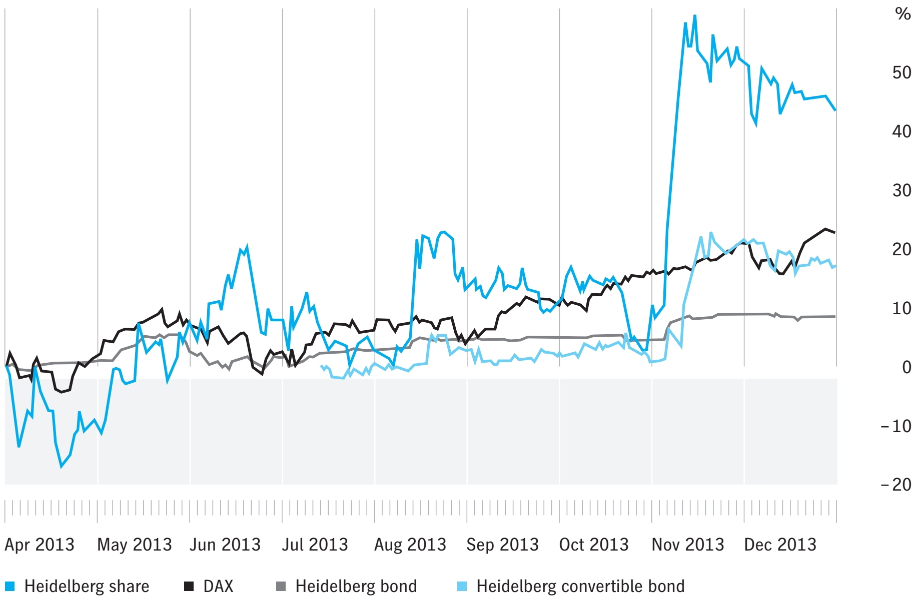
HEIDELBERG ON THE CAPITAL MARKETS

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 positive price performance of the HEIDELBERG SHARE since the start of the financial year also continued in the third quarter. The share price fell briefly in mid-October 2013, although this was followed by a strong upward trend associated with publication of the results for the second quarter of 2013/2014. Consequently, the share reached its quarterly high on November 14, 2013 at around € 2.80. A subsequent adjustment saw the share price falling to around € 2.60 at the end of December, although this was still around 43 percent higher than the opening price for the financial year. 190,839 new shares were issued from contingent capital in November 2013 to service claims arising from the convertible bond. Since then, the total number of shares amounts to 234,437,779.

The HEIDELBERG BOND also performed positively in the third quarter. It too posted a strong upward trend at the beginning of November 2013, after which it traded continuously at over 100 percent, ending the quarter at around 107 percent. In December 2013, a bond increase of € 51 million was successfully placed. The bond issue price was 105.75 percent. Therefore, the yield was 7.66 percent. The CONVERTIBLE BOND issued in July 2013 also followed this trend, trading at around 122 percent on December 31, 2013.

German benchmark index breaks through 9,000 points barrier

Boosted by good economic news and business results, the German benchmark index DAX continued its upward trend until the beginning of December 2013. However, speculation concerning an imminent cutback of Fed stimulus measures subsequently led to another slight fall. Nevertheless, the markets generally gave a positive response to the US central bank's announcement of its intention to gradually scale down bond purchases from January. A year-end rally finally started in the third week of December, as a result of which the DAX ended the calendar year at around 9,500 points, up 22 percent.

Key performance data of the Heidelberg share

Figures in €

ISIN: DE 0007314007	Q3 2012/2013	Q3 **2013/2014**
High	1.29	2.84
Low	0.94	1.83
Price at beginning of quarter [1]	1.19	1.96
Price at end of quarter [1]	1.23	2.58
Market capitalization at end of quarter in € millions	288	605
Number of outstanding shares in thousands (reporting date)	234,247	234,438

Key performance data of the Heidelberg bond

Figures in percent

Reg.S ISIN: DE 000A1KQ1E2	Q3 2012/2013	Q3 **2013/2014**
Nominal volume in € millions	304.0	355.0
High	88.2	107.6
Low	77.7	103.2
Price at beginning of quarter [2]	83.6	103.6
Price at end of quarter [2]	88.2	107.0

Key performance data of the Heidelberg convertible bond

Figures in percent

ISIN: DE 000A1X25N0	Q3 2012/2013	Q3 **2013/2014**
Nominal volume in € millions	–	60.0
High	–	128.3
Low	–	104.8
Price at beginning of quarter [2]	–	106.4
Price at end of quarter [2]	–	122.4

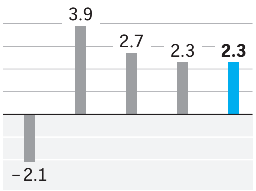
[1] Xetra closing price, source: Bloomberg
[2] Closing price, source: Bloomberg

CORPORATE DEVELOPMENT

Underlying Conditions

Change in global GDP [1]

Figures in percent
(2009 to 2013)

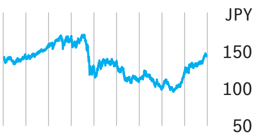


Source: Global Insight (WMM); calendar year; as of Jan. 2014

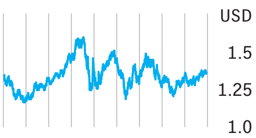
[1] Data calculated using the straight aggregate method. Using the chain weighted method would have resulted in the following amounts: 2009: – 1.9 %; 2010: 4.3 %; 2011: 3 %; 2012: 2.5 %; 2013: 2.5 %

Development of EUR / JPY

January 2005 to January 2014



Development of EUR / USD



Source: Global Insight

The global economy stabilized as 2013 progressed. Sentiment improved in many industrialized nations during 2013, particularly outside the euro zone, and economic activity increased noticeably. For instance, as well as private consumer spending, production and the labor market also grew in the US in 2013. In Japan, the sharp depreciation of the yen along with expansive economic policy measures ensured high economic growth. In the summer, the euro zone emerged from recession after almost two years. The robust development in Germany was a key factor in this upturn, although the rest of the currency area also showed signs of stabilization. However, the recovery itself is a very modest one so far.

The situation in the emerging economies was marked by pronounced economic weakness in 2013, although it has largely eased since the end of September 2013.

The Japanese yen also depreciated in the third quarter, thus compounding the negative impacts on the German printing machine industry. By contrast, the US dollar remained at the same level during this period. In the emerging countries, the picture is still mixed. While the Chinese renminbi and the Indian rupee have been very stable over the past three months, the Brazilian real devalued by 8 percent.

In addition to these underlying economic conditions, structural change processes – particularly in the industrialized nations – were a key factor for the printing industry. In contrast with the simple, standardized machines for the emerging nations, demand from print companies in the industrialized nations is mainly focused on large, configured machine formats with a high degree of automation.

Statistics published by the German Engineering Federation (VDMA) indicate that sales of printing machines from German manufacturers in the period from January to November 2013 were down 10 percent on the previous year. Incoming orders declined by 6 percent in the same period.

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.

The third quarter of the 2013/2014 financial year was again impaired by unfavorable exchange rate developments and currency translations. These had a pronounced adverse impact on incoming orders (Q3: € – 28 million; Q1 – Q3: € – 77 million) as well as sales (Q3: € – 30 million; Q1 – Q3: € – 72 million).

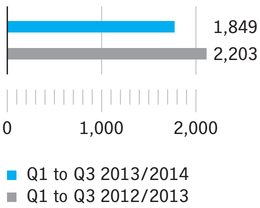
Business performance by quarter

Figures in € millions

	Q1 to Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	2,203	1,849	645	592
Sales	1,905	1,685	687	588

Incoming orders by quarter

Figures in € millions



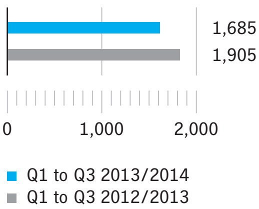
In the Asia/Pacific and South America regions, which were hit hard by the exchange rate developments, the currency effects continued to make customers in the new machinery business reluctant to invest. By contrast, there was a moderate upturn in demand in the North America region, particularly in the US.

The systematic application of profitability criteria in order to improve margins continues to have priority over the generation of additional volume. In individual cases, this resulted in the non-acceptance of unprofitable orders.

The Heidelberg Group's **ORDER BACKLOG** remained stable against the previous quarter (€ 598 million) at € 588 million as of December 31, 2013.

Sales by quarter

Figures in € millions



Results of Operations, Net Assets and Financial Position

Despite lower sales, the operating break-even point was exceeded after the first nine months of the 2013/2014 financial year. As a result of sustainable savings measures from the Focus efficiency program, as well as activities aimed at increasing profit contributions, all key performance indicators improved further year-on-year.

After nine months of the 2013/2014 financial year, **EBITDA** excluding special items rose substantially by € 63 million from € 4 million in the previous year to € 67 million. In the period under review, it remained stable at € 36 million, after € 38 million in the same period of the previous year.

After nine months of the 2013/2014 financial year, the **RESULT OF OPERATING ACTIVITIES (EBIT)** excluding special items improved considerably by € 68 million from € – 58 million in the previous year to a positive € 10 million. Special items amounted to around € 2 million in the first nine months of 2013/2014 compared with € 24 million in the previous year. EBIT excluding special items continued to rise over the year, ending up positive at € 18 million (previous year: € 17 million).

The **FINANCIAL RESULT** stood at € – 13 million in the third quarter, on a level with the same period of the previous year. After nine months of the 2013/2014 financial year, the financial result amounted to € – 41 million (previous year: € – 36 million). The previous year included positive one-off effects from interest on tax refunds.

INCOME BEFORE TAXES improved as the year progressed, standing at € 4 million at the end of the period under review (previous year: € 3 million). After nine months of the 2013/2014 financial year, the result before taxes improved significantly by € 86 million from € – 118 million in the previous year to € – 32 million.

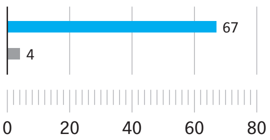
NET INCOME amounted to around € 7 million in the third quarter of the current financial year after € 14 million in the same period of the previous year. On a cumulative basis, the net loss for the first nine months of the 2013/2014 financial year improved to € – 40 million, from € – 94 million in the previous year.

EARNINGS PER SHARE improved from € – 0.40 in the same period of the previous year to € – 0.17 after the first nine months of the 2013/2014 financial year.

Our comprehensive asset management and the continuation of our net working capital program have enabled us to substantially reduce our capital commitment in recent years. The Heidelberg Group's **TOTAL ASSETS** thus declined by a further € 116 million compared with March 31, 2013, amounting to € 2,223 million as of December 31, 2013.

EBITDA [1)]

Figures in € millions

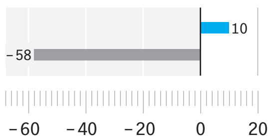


[1)] Excluding special items

■ Q1 to Q3 2013/2014
■ Q1 to Q3 2012/2013

EBIT [1)]

Figures in € millions



[1)] Excluding special items

■ Q1 to Q3 2013/2014
■ Q1 to Q3 2012/2013

INVESTMENTS in property, plant and equipment and intangible assets totaled € 9 million in the third quarter (previous year: € 14 million). After the first nine months of the 2013/2014 financial year, investments amounted to € 40 million after € 58 million in the previous year. In the previous year, the Print Media Center in Heidelberg was re-equipped with trade show innovations. Net investments totaled € 30 million (previous year: € 33 million).

Assets

Figures in € millions

	31-Mar-2013	**31-Dec-2013**
Fixed assets	797	756
Inventories	700	726
Trade receivables	382	257
Receivables from sales financing	118	88
Other assets	184	189
Cash and cash equivalents	157	207
	2,338	**2,223**

On the **ASSETS** side of the balance sheet, inventories increased by € 26 million to € 726 million compared with March 31, 2013 as a result of the higher order backlog. Trade receivables declined by € 125 million, from € 382 million as of March 31, 2013 to € 257 million.

Net working capital fell by € 135 million, from € 872 million at the end of the 2012/2013 financial year to € 737 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 € 88 million.

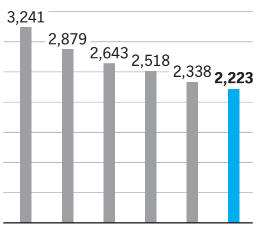
Equity and liabilities

Figures in € millions

	31-Mar-2013	**31-Dec-2013**
Equity	402	348
Provisions	998	872
Financial liabilities	419	479
Trade payables	139	140
Other equity and liabilities	380	384
	2,338	**2,223**

Development of total assets

Figures in € millions
(2008/2009 to Q3 2013/2014)



On the **EQUITY AND LIABILITIES SIDE**, essentially as a result of the net loss for the first nine months of the 2013/2014 financial year and negative currency translation effects, equity declined to € 348 million. 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.

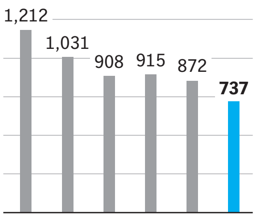
PROVISIONS fell by € 126 million compared with March 31, 2013. The utilization of provisions for the Focus program contributed noticeably to this decline.

NET DEBT was reduced further year-on-year to € 271 million in the third quarter (December 31, 2012: € 325 million). Despite the additional payments for Focus in the amount of € 57 million, net debt remained at the low level of March 31, 2013 (€ 261 million) as of December 31, 2013.

Primarily as a result of the bond increase, **FINANCIAL LIABILITIES** rose to € 479 million as of December 31, 2013 compared with € 419 million on March 31, 2013.

Development of net working capital

Figures in € millions
(2008/2009 to Q3 2013/2014)



Overview of net assets

Figures in € millions

	31-Mar-2013	31-Dec-2013
Total assets	2,338	2,223
Net working capital	872	737
– in percent of sales [1]	31.9 %	29.3 %
Equity	402	348
– in percent of total assets	17.2 %	15.7 %
Net debt [2]	261	271

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

On December 31, 2013, our financing structure primarily included a bond, a convertible bond and a revolving credit facility. With the early extension of the syndicated credit facility until mid-2017 and the increase of the high-yield bond in December 2013, the structure has been optimized once again and remains diversified in terms of the instruments involved and the maturities.

The unsecured bond in the nominal amount of € 355 million with a term of seven years until April 2018 and a coupon of 9.25 percent p. a. was issued in early April 2011 with a volume of € 304 million, and was increased by € 51 million on December 10, 2013. The issue rate of the bond was 105.75 percent to yield 7.66 percent. The tap on the existing bond helped to reduce the syndicated credit line to approximately € 340 million. 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.

The **FREE CASH FLOW** amounted to € – 10 million after the first nine months of the 2013/2014 financial year. It improved substantially by around € 77 million compared with the previous year (€ – 87 million) thanks to the increased result of operating activities and the freeing up of net working capital.

Statement of cash flows of the Heidelberg Group

Figures in € millions	Q1 to Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Net income	– 94	– 40	14	7
Cash flow	– 35	27	25	23
Other operating changes	– 18	– 8	4	– 56
of which: net working capital	7	104	23	– 14
of which: receivables from sales financing	29	24	4	11
of which: other	– 54	– 136	– 23	– 52
Cash used in investing activities	– 33	– 29	– 1	– 6
Free cash flow	– 87	– 10	28	– 38
– in percent of sales	– 7.1 %	– 0.94 %	4.1 %	– 6.45 %

The net profit for the period of € 7 million contributed to an increase in **CASH FLOW** to € 23 million in the period under review compared with the preceding quarters, with cash flow thus remaining positive. After nine months of the 2013/2014 financial year, it climbed by € 62 million against the previous year (€ – 35 million) to around € 27 million.

A cash outflow of € – 56 million was reported in **OTHER OPERATING CHANGES** in the third quarter. Among other things, this was attributable to the seasonal change in net working capital, which resulted in a cash outflow of around € – 14 million. In addition, receivables from sales financing were reduced further, leading to a cash inflow of around € 11 million. The other balance sheet items saw a cash outflow of € – 52 million; among other things, this was due to the utilization of provisions for the Focus program.

NET CASH USED IN INVESTING ACTIVITIES stood at € – 6 million in the third quarter after € – 1 million in the same quarter of the previous year. After the first nine months of the 2013/2014 financial year, net cash used in investing activities amounted to € – 29 million after € – 33 million in the previous year.

Segment Report

In the third quarter, the **HEIDELBERG EQUIPMENT** segment generated incoming orders of € 350 million after € 387 million in the same period of the previous year. Segment incoming orders for the first nine months of the 2013/2014 financial year totaled around € 1,129 million compared with the prior-year figure of € 1,422 million, which was achieved thanks to the effect of the drupa trade show. Exchange rate developments in particular had a negative impact.

Heidelberg Equipment

Figures in € millions

	Q1 to Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	1,422	1,129	387	350
Sales	1,149	980	437	359
Order backlog	674	540	674	540
Result of operating activities [1)]	– 96	– 55	2	– 7
Employees (including trainees)	9,812	9,157	9,812	9,157

[1)] Excluding special items

As expected, third quarter sales in the Heidelberg Equipment segment increased against the second quarter (€ 352 million), climbing to € 359 million (previous year: € 437 million). Segment sales for the first nine months of the 2013/2014 financial year amounted to around € 980 million compared with € 1,149 million in the previous year. The segment accounted for around 58 percent of consolidated sales after 60 percent in the previous year. In the third quarter, the segment generated a result of operating activities excluding special items of € – 7 million, after € 2 million in the same quarter of the previous year. For the first nine months of the 2013/2014 financial year, the Heidelberg Equipment segment posted a significant € 41 million increase in its result of operating activities excluding special items to € – 55 million compared with € – 96 million in the previous year. This was attributable to cost savings and improved profit contributions. After the first nine months of the 2013/2014 financial year, special items for the Focus efficiency program were recognized in this segment in the amount of almost € 1 million (previous year: € 18 million).

Segment investments amounted to € 32 million in the first nine months of the 2013/2014 financial year, down on the prior-year figure of € 51 million. Research and development costs were essentially unchanged year-on-year at € 88 million in the first nine months of the 2013/2014 financial year.

The segment had a total of 9,157 employees as of December 31, 2013. Hence, the number of employees has declined as planned by a further 428 compared with March 31, 2013 (9,585 employees) in the course of the 2013/2014 financial year.

Heidelberg Services

Figures in € millions

	Q1 to Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Incoming orders	771	713	256	240
Sales	747	698	248	227
Order backlog	54	48	54	48
Result of operating activities [1)]	32	60	13	22
Employees (including trainees)	4,703	4,266	4,703	4,266

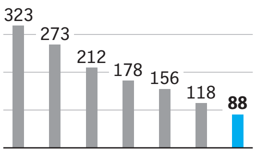
[1)] Excluding special items

Due to exchange rate effects, incoming orders in the HEIDELBERG SERVICES segment declined to around € 240 million in the third quarter, slightly below the comparable quarter of the previous year (€ 256 million). Adjusted for exchange rate effects, the order volume remained stable. Segment incoming orders for the first nine months of the 2013/2014 financial year totaled around € 713 million compared with the prior-year figure of € 771 million, which had slightly benefited from the effect of the drupa trade show. The segment accounted for 39 percent of consolidated incoming orders in the first nine months of the year (previous year: 35 percent).

Segment sales for the quarter amounted to € 227 million after € 248 million in the previous year. Here again, exchange rate effects contributed significantly to the decline. Segment sales for the first nine months of the 2013/2014 financial year amounted to around € 698 million compared with € 747 million in the previous year. The share of sales attributable to the segment increased year-on-year to 41 percent.

Receivables from sales financing

Figures in € millions (2007/2008 to Q3 2013/2014)



Based on the substantial improvement in the relative profit contribution from the segment and cost savings as part of Focus, the result of operating activities excluding special items improved by € 9 million in the third quarter to € 22 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 rose significantly from € 32 million in the previous year to around € 60 million in the first nine months of the 2013/2014 financial year. Investments were essentially unchanged from the previous year (€ 7 million) at € 8 million in the first nine months of the 2013/2014 financial year.

As of December 31, 2013, the segment had a total of 4,266 employees, a reduction of 317 compared with March 31, 2013 (4,583 employees).

Heidelberg Financial Services

Figures in € millions

	Q1 to Q3		Q3	
	2012/2013	**2013/2014**	2012/2013	**2013/2014**
Sales	9	6	3	2
Result of operating activities [1]	7	6	3	2
Employees (including trainees)	48	49	48	49

[1] Excluding special items

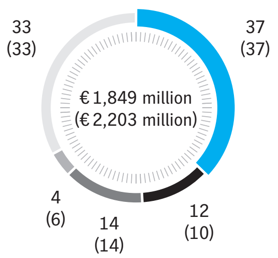
As of December 31, 2013, receivables from sales financing in the HEIDELBERG FINANCIAL SERVICES segment recorded a new low of € 88 million, down a further € 31 million compared with the end of the 2012/2013 financial year. Heidelberg has a tight-knit network of global financing partners, ensuring that 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. The result of operating activities excluding special items of € 6 million in the first nine months of the 2013/2014 financial year was therefore slightly below the previous year. The segment had a total of 49 employees as of December 31, 2013.

Report on the Regions

In the third quarter of 2013/2014, the EMEA region generated incoming orders of € 235 million, an increase on the two preceding quarters. The order volume was almost unchanged from the same quarter of the previous year (€ 240 million). Incoming orders for the first nine months of the 2013/2014 financial year totaled around € 684 million in this region compared with the prior-year figure of around € 824 million, which was achieved thanks to the effect of the drupa trade show. Sales in the third quarter amounted to € 214 million after € 268 million in the previous year. On a cumulative basis, Germany and the UK in particular recorded declines as against the previous year. Sales for the first nine months in this region amounted to around € 589 million compared with € 703 million in the previous year. At around 41 percent, Germany made the largest contribution to regional sales. This region accounted for approximately 35 percent of consolidated sales in the first nine months of the 2013/2014 financial year after 37 percent in the previous year.

Incoming orders by region

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



Figures in € millions

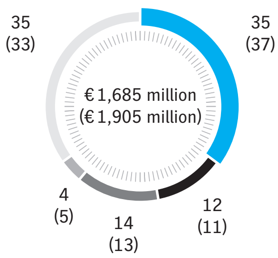
	Q1 to Q3		Q3	
	12/13	13/14	12/13	13/14
EMEA	824	684	240	235
Eastern Europe	228	219	76	78
North America	299	256	72	92
South America	121	74	42	31
Asia/Pacific	730	616	214	157
Heidelberg Group	2,203	**1,849**	645	**592**

Heidelberg generated stable to slightly higher incoming orders of around € 78 million (previous year: € 76 million) in the EASTERN EUROPE region in the third quarter of the current financial year. Incoming orders for the first nine months of the 2013/2014 financial year amounted to around € 219 million compared with € 228 million in the previous year. In the third quarter, sales in this region amounted to € 69 million after € 77 million in the same quarter of the previous year. Sales for the first nine months of the 2013/2014 financial year amounted to around € 195 million in this region compared with € 218 million in the previous year.

Incoming orders in the NORTH AMERICA region rose by € 20 million in the third quarter to € 92 million after € 72 million in the same quarter of the previous year. This development was driven in particular by the US. Incoming orders for the first nine months of the 2013/2014 financial year amounted to around € 256 million in this region compared with € 299 million in the previous year. In the third quarter, sales declined slightly to € 92 million compared with the same quarter of the previous year (€ 96 million), whereas adjusted for exchange rate effects, they were on the previous year's level. Sales after the first nine months of the 2013/2014 financial year amounted to around € 241 million in this region compared with € 252 million in the previous year. On an exchange rate adjusted basis, this figure also reached the prior-year level. The proportion of sales attributable to the region was 14 percent.

Sales by region

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



Figures in € millions

	Q1 to Q3		Q3	
	12/13	**13/14**	12/13	**13/14**
EMEA	703	589	268	214
Eastern Europe	218	195	77	69
North America	252	241	96	92
South America	100	69	43	20
Asia/Pacific	630	591	205	193
Heidelberg Group	1,905	**1,685**	687	**588**

Incoming orders in the **SOUTH AMERICA** region amounted to € 31 million in the third quarter. The ongoing difficult economic situation in Brazil and the adverse effects of the exchange rate situation are continuing to curb our customers' propensity to invest and led to a renewed downturn in orders of around € 12 million compared with the same period of the previous year (€ 42 million). Incoming orders in the first nine months of the 2013/2014 financial year amounted to around € 74 million in this region compared with € 121 million in the previous year. Sales in the region were down significantly year-on-year at € 20 million in the third quarter (previous year: € 43 million). Sales in the first nine months of the 2013/2014 financial year amounted to € 69 million in this region compared with around € 100 million in the previous year.

In the third quarter, the **ASIA/PACIFIC** region generated incoming orders of € 157 million after € 214 million in the same quarter of the previous year. Incoming orders for the first nine months of the 2013/2014 financial year amounted to around € 616 million in this region compared with € 730 million in the previous year.

Regional development was impacted by the negative exchange rate development of the Japanese yen and by the slowdown in economic growth in China. The proportion of incoming orders attributable to the region remained stable year-on-year at 33 percent in the first nine months of the 2013/2014 financial year.

Sales in the region were stable at € 193 million in the third quarter after € 205 million in the previous year. In China, sales remained at the same level as in the previous year. Sales for the first nine months of the 2013/2014 financial year amounted to around € 591 million in this region compared with € 630 million in the previous year. In the first nine months of the 2013/2014 financial year, the region contributed around 35 percent of consolidated net sales after 33 percent in the previous year.

Employees

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

The Heidelberg Group had around 12,851 employees (excluding 621 trainees) as of December 31, 2013, a decrease of 843 compared with March 31, 2013. The Heidelberg Group has therefore reduced its workforce by 1,050 compared with the same period of the previous year.

Employees by segment

Number of employees excluding trainees

	31-Mar-2013	**31-Dec-2013**
Heidelberg Equipment	9,125	8,604
Heidelberg Services	4,522	4,198
Heidelberg Financial Services	47	49
Heidelberg Group	13,694	**12,851**

Risk and Opportunity Report

In the third 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

The prospects for the global economy brightened at the turn of this year. A continuation of the economic upturn is forecasted in the industrialized nations and the emerging economies. In the euro zone, gross domestic product is expected to grow for the first time since 2011, by just under 1 percent. While the end of the fiscal crisis in the US is likely to give its economy a significant boost, growth in China is expected to be on a par with 2013.

Although the outlook has improved, economic and market risks for global development remain high and depend on the economic situation in the euro zone and a possible recovery in the emerging markets, as well as the success of planned measures by the US central bank.

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. The key figures for the first three quarters of the 2013/2014 financial year show that the company is making good progress in this. To remain prepared for volatility in individual markets and business areas in the future, the operating break-even point needs to be lowered further. Heidelberg is therefore using all available tools to make working hours more flexible in addition to the measures forming part of the Focus efficiency program. Furthermore, we will push for continued improvement in product-specific profit contributions to clearly improve the result of operating activities excluding special items and achieve a significantly higher annual figure than in the previous year.

In light of persistent adverse exchange rate developments against the euro, the resultant reluctance to invest in some markets and the scaling back of low margin business, the company expects sales volumes for the year as a whole to be around 10 percent lower than in the previous year. Additional extraordinary expenses will arise in the current financial year in connection with Focus. The financial result will improve 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 three 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 DECEMBER 31, 2013

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Interim consolidated income statement April 1, 2013 to December 31, 2013

Figures in € thousands

	Note	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**
Net sales		1,904,617	1,684,718
Change in inventories		54,812	60,543
Other own work capitalized		22,590	11,061
Total operating performance		1,982,019	1,756,322
Other operating income	3	65,386	66,726
Cost of materials	4	959,578	810,982
Staff costs		710,997	644,904
Depreciation and amortization		61,979	56,969
Other operating expenses	5	372,394	299,868
Special items	6	24,434	2,085
Result of operating activities		– 81,977	8,240
Financial income	7	17,951	9,813
Financial expenses	8	53,668	50,425
Financial result		– 35,717	– 40,612
Income before taxes		– 117,694	– 32,372
Taxes on income		– 23,421	7,545
Consolidated net loss		– 94,273	**– 39,917**
Basic earnings per share according to IAS 33 (in €/share)	9	– 0.40	**– 0.17**
Diluted earnings per share according to IAS 33 (in €/share)	9	– 0.40	**– 0.17**

[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 December 31, 2013

Figures in € thousands

	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**
Consolidated net loss	– 94,273	– 39,917
Other comprehensive income not reclassified to the income statement		
Pension obligations	– 116,749	16,090
Deferred income taxes	558	– 812
	– 116,191	15,278
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	3,696	– 30,524
Available-for-sale financial assets	– 220	345
Cash flow hedges	6,490	– 1,818
Deferred income taxes	488	77
	10,454	– 31,920
Total other comprehensive income	– 105,737	– 16,642
Total comprehensive income	– 200,010	**– 56,559**

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

Interim consolidated income statement October 1, 2013 to December 31, 2013

Figures in € thousands

	1-Oct-2012 to 31-Dec-2012 [1]	**1-Oct-2013 to 31-Dec-2013**
Net sales	687,302	587,913
Change in inventories	– 10,231	357
Other own work capitalized	3,433	1,822
Total operating performance	680,504	590,092
Other operating income	24,205	18,814
Cost of materials	323,455	273,171
Staff costs	231,274	209,711
Depreciation and amortization	21,029	18,605
Other operating expenses	111,968	89,851
Special items	2,095	673
Result of operating activities	14,888	16,895
Financial income	4,924	3,322
Financial expenses	17,275	16,313
Financial result	– 12,351	– 12,991
Income before taxes	2,537	3,904
Taxes on income	– 11,097	– 3,250
Consolidated net loss	13,634	**7,154**
Basic earnings per share according to IAS 33 (in €/share)	0.06	**0.03**
Diluted earnings per share according to IAS 33 (in €/share)	0.06	**0.03**

[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 October 1, 2013 to December 31, 2013

Figures in € thousands

	1-Oct-2012 to 31-Dec-2012 [1]	**1-Oct-2013 to 31-Dec-2013**
Consolidated net profit	13,634	7,154
Other comprehensive income not reclassified to the income statement		
Pension obligations	– 30,056	3,217
Deferred income taxes	– 1,184	– 1,262
	– 31,240	1,955
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	– 4,562	– 7,516
Available-for-sale financial assets	291	130
Cash flow hedges	9,358	– 1,623
Deferred income taxes	353	– 26
	5,440	– 9,035
Total other comprehensive income	– 25,800	– 7,080
Total comprehensive income	– 12,166	**74**

[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 December 31, 2013

> Assets

Figures in € thousands

	Note	31-Mar-2013	**31-Dec-2013**
Non-current assets			
Intangible assets	10	234,676	223,978
Property, plant and equipment	10	530,517	511,055
Investment property		6,988	5,306
Financial assets		23,590	15,977
Receivables from sales financing		63,215	45,675
Other receivables and other assets	12	19,225	20,638
Income tax assets		345	247
Deferred tax assets		36,145	31,534
		914,701	854,410
Current assets			
Inventories	11	699,692	726,008
Receivables from sales financing		55,049	41,867
Trade receivables		381,842	256,883
Other receivables and other assets	12	110,257	111,451
Income tax assets		17,120	14,994
Cash and cash equivalents	13	157,492	207,322
		1,421,452	1,358,525
Assets held for sale		2,049	9,716
Total assets		2,338,202	**2,222,651**

> Equity and liabilities

Figures in € thousands

	Note	31-Mar-2013[1]	**31-Dec-2013**
Equity	14		
Issued capital		599,308	599,797
Capital reserves and retained earnings		– 80,720	– 211,811
Consolidated net loss		– 117,067	– 39,917
		401,521	348,069
Non-current liabilities			
Provisions for pensions and similar obligations	15	415,361	415,437
Other provisions	16	246,834	198,393
Financial liabilities	17	331,235	434,096
Other liabilities	18	121,509	118,451
Deferred tax liabilities		8,282	8,374
		1,123,221	1,174,751
Current liabilities			
Other provisions	16	336,147	258,239
Financial liabilities	17	87,628	44,471
Trade payables		139,134	140,187
Income tax liabilities		3,086	2,344
Other liabilities	18	247,465	254,590
		813,460	699,831
Total equity and liabilities		2,338,202	**2,222,651**

[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 December 31, 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	3,696	– 220
Consolidation adjustments/other changes	0	0	0	0
December 31, 2012	599,308	27,098	– 157,140	– 1,378
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
Capital increase (partial conversion of convertible bond)	489	0	0	0
Profit (+)/loss (–) carryforward	0	0	0	0
Total comprehensive income	0	0	– 30,524	345
Consolidation adjustments/other changes	0	1,301	0	0
December 31, 2013	**599,797**	**28,399**	**– 180,568**	**– 601**

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
6,978	−116,191	−105,737	−105,737	−94,273	−200,010
0	−373	−373	−373	0	−373
4,919	−346	−153,945	−126,847	−94,273	378,188
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	−12	−12	−12	0	477
0	−117,067	−117,067	−117,067	117,067	0
−1,741	15,278	−16,642	−16,642	−39,917	−56,559
0	1,329	1,329	2,630	0	2,630
1,992	**−61,033**	**−240,210**	**−211,811**	**−39,917**	**348,069**

Interim consolidated statement of cash flows April 1, 2013 to December 31, 2013

Figures in € thousands

	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**
Consolidated net loss	– 94,273	– 39,917
Depreciation and amortization, write-downs and reversals [2]	64,205	56,969
Change in pension provisions	20,282	16,657
Change in deferred tax assets / deferred tax liabilities / tax provisions	– 25,172	– 6,195
Result from disposals [2]	– 393	– 555
Cash flow	– 35,351	**26,959**
Change in inventories	– 55,896	– 43,588
Change in sales financing	28,767	24,342
Change in trade receivables / payables	18,120	107,321
Change in other provisions	– 27,352	– 95,806
Change in other items of the statement of financial position	18,336	– 112
Other operating changes	– 18,025	**– 7,843**
Cash used in / generated by operating activities	– 53,376	**19,116**
Intangible assets / property, plant and equipment / investment property		
Investments	– 56,311	– 39,594
Income from disposals	23,220	9,467
Financial assets / business acquisitions		
Investments	– 307	– 49
Income from disposals	0	792
Cash used in investing activities	– 33,398	**– 29,384**
Change in financial liabilities	26,276	68,179
Cash generated by financing activities	26,276	**68,179**
Net change in cash and cash equivalents	– 60,498	**57,911**
Cash and cash equivalents at the beginning of the reporting period	194,556	**157,492**
Changes in the scope of the consolidation	704	0
Currency adjustments	1,959	– 8,081
Net change in cash and cash equivalents	– 60,498	57,911
Cash and cash equivalents as of the end of the reporting period	136,721	**207,322**

Cash used in / generated by operating activities	– 53,376	19,116
Cash used in investing activities	– 33,398	– 29,384
Free cash flow	– 86,774	**– 10,268**

[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 December 31, 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 December 31, 2012, the retrospective application of the amendments to IAS 19: Employee Benefits resulted in an increase of € 25,733 thousand in staff costs and of € 535 thousand in special items, and hence a reduction in the result of operating activities of € 26,268 thousand, as well as an increase of € 19,733 thousand in the financial result and € 489 thousand in taxes on income. Accordingly, the consolidated net loss for the period increased by € 6,046 thousand.

As a result of the retrospective application of the amendments to IAS 19: Employee Benefits, total comprehensive income decreased by € 1,235 thousand in the interim consolidated statement of comprehensive income for the period from April 1, 2012 to December 31, 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).

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- 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: Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39: Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 9: Financial Instruments
- Amendments to IFRS 9: Financial Instruments: Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39

- 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
- IFRS 14: Regulatory Deferral Accounts
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Annual Improvements to IFRSs 2011 – 2013 Cycle
- IFRIC Interpretation 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. At present, Heidelberg is not 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 68 (March 31, 2013: 72) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IAS 27. Of these, 57 (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 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Reversal of other provisions/deferred liabilities	26,869	27,440
Recoveries on loans and other assets previously written down	9,151	11,498
Income from operating facilities	8,124	6,283
Hedging/exchange rate gains	2,675	5,179
Income from disposals of intangible assets, property, plant and equipment and investment property	966	1,249
Other income	17,601	15,077
	65,386	**66,726**

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 € 1,474 thousand (April 1, 2012 to December 31, 2012: € 1,649 thousand); the interest income from sales financing of € 6,481 thousand (April 1, 2012 to December 31, 2012: € 8,724 thousand) is reported in sales.

5 Other operating expenses

	1-Apr-2012 to 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Other deliveries and services not included in the cost of materials	88,568	76,186
Special direct sales expenses including freight charges	80,507	63,964
Rent and leases	46,829	39,844
Travel expenses	32,857	30,313
Bad debt allowances and impairment on other assets	10,453	10,346
Insurance expense	9,516	8,992
Costs of car fleet (excluding leases)	5,808	4,963
Hedging/exchange rate losses	3,797	3,934
Additions to provisions and accruals relating to several types of expense	16,783	1,786
Other overheads	77,276	59,540
	372,394	**299,868**

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 € 2,085 thousand (April 1, 2012 to December 31, 2012: € 24,434 thousand) essentially result from staff-related expenses in connection with our Focus efficiency program.

7 Financial income

	1-Apr-2012 to 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Interest and similar income	11,625	6,206
Income from financial assets/loans/securities	6,326	3,607
	17,951	**9,813**

8 Financial expenses

	1-Apr-2012 to 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Interest and similar expenses	52,194	48,278
Expenses for financial assets/loans/securities	1,474	2,147
	53,668	**50,425**

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 234,133,861 (April 1, 2012 to December 31, 2012: 234,104,021). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of December 31, 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 December 31, 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 December 31, 2013, there were additions to intangible assets of € 3,978 thousand (April 1, 2012 to December 31, 2012: € 5,675 thousand) and to property, plant and equipment of € 36,156 thousand (April 1, 2012 to December 31, 2012: € 51,904 thousand). In the same period, the carrying amount of disposals from intangible assets was € 33 thousand (April 1, 2012 to December 31, 2012: € 50 thousand) and € 8,666 thousand (April 1, 2012 to December 31, 2012: € 22,493 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 € 685 thousand higher while depreciation of property, plant and equipment would have been € 4,488 thousand higher.

11 Inventories

Inventories include raw materials and supplies totaling € 106,675 thousand (March 31, 2013: € 115,364 thousand), work and services in progress amounting to € 328,436 thousand (March 31, 2013: € 292,132 thousand), finished goods and goods for resale of € 289,276 thousand (March 31, 2013: € 289,964 thousand), and advance payments of € 1,621 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 € 9,766 thousand (March 31, 2012: € 11,771 thousand) and prepaid expenses of € 13,833 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 € 101,262 thousand (March 31, 2013: € 61,562 thousand).

14 Equity

The same as at March 31, 2013, the Company still held 142,919 treasury shares on December 31, 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.

190,839 new shares were issued from the Contingent Capital 2012 on November 18, 2013 to service claims arising from the convertible bond. This increased the share capital of Heidelberger Druckmaschinen Aktiengesellschaft from € 599,672,166.40 to € 600,160,714.24, which is now divided into 234,437,779 shares. As a result of the conversion, the original issue volume was reduced to € 59.5 million.

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 December 31, 2013; the rate would have been the same without modification in the composition of the portfolio of the corporate bonds used to calculate the interest rate as of December 31, 2013.

16 Other provisions

Other provisions relate to tax provisions of € 84,975 thousand (March 31, 2013: € 95,176 thousand) and other provisions of € 371,657 thousand (March 31, 2013: € 487,805 thousand). Other provisions include staff obligations of € 87,580 thousand (March 31, 2013: € 104,214 thousand), sales obligations of € 104,251 thousand (March 31, 2013: € 124,131 thousand) and miscellaneous other provisions of € 179,826 thousand (March 31, 2013: € 259,460 thousand). The latter include, among others, provisions in connection with our Focus efficiency program.

17 Financial liabilities

			31-Mar-2013			31-Dec-2013
	Current	Non-current	Total	Current	Non-current	Total
High-yield bond	12,966	292,844	305,810	6,874	345,123	351,997
Convertible bond	0	0	0	1,146	56,771	57,917
Amounts due to banks	57,355	32,420	89,775	20,346	27,467	47,813
From finance leases	2,035	5,971	8,006	1,914	4,735	6,649
Other	15,272	0	15,272	14,191	0	14,191
	87,628	331,235	418,863	44,471	434,096	**478,567**

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. For further details on the convertible bond, please refer to note 14. With the issue of the convertible bond, the revolving credit facility was reduced to approximately € 416 million.

On December 10, 2013, Heidelberger Druckmaschinen Aktiengesellschaft placed a € 51 million tap on its existing high-yield bond now amounting to € 355 million. The tap has been completed based on the same terms as the high-yield bond issued in 2011; the issue rate was 105.75 percent. The tap reduced the syndicated credit line to approximately € 340 million. In parallel, it was agreed to extend the syndicated credit line with the existing banking consortium at an early stage until mid-2017 and to further reduce it on December 31, 2014 to approximately € 277 million.

18 Other liabilities

Other liabilities include advance payments on orders of € 105,811 thousand (March 31, 2013: € 70,570 thousand), liabilities from derivative financial instruments of € 3,730 thousand (March 31, 2013: € 4,097 thousand), and deferred income of € 59,554 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 December 31, 2013:

				31-Dec-2013
	Level 1	Level 2	Level 3	Total
Securities	2,837	0	0	2,837
Derivative financial assets	0	9,766	0	9,766
Financial assets measured at fair value	2,837	9,766	0	**12,603**
Derivative financial assets	0	3,730	0	3,730
Financial liabilities measured at fair value	0	3,730	0	**3,730**

Shares in subsidiaries in the amount of € 16,736 thousand (March 31, 2013: € 16,800 thousand) and other investments in the amount of € 3,456 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 including its tap and the convertible bond – which are reported under financial liabilities – as calculated on the basis of the quoted price are € 379,850 thousand (March 31, 2013: € 298,832 thousand) and € 72,820 thousand respectively, compared to the carrying amounts of € 351,997 thousand (March 31, 2013: € 305,810 thousand) and € 57,917 thousand.

In connection with the arranging of a long-term loan of € 35,171 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 € 33,670 thousand.

The fair value of a non-current financial liability reported in other liabilities calculated on the basis of the discounted cash flow method using market interest rates is € 60,554 thousand (March 31, 2013: € 60,246 thousand), while the carrying amount is € 78,596 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 December 31, 2013, the contingent liabilities for warranties and guarantees amounted to € 4,541 thousand (March 31, 2013: € 7,325 thousand).

The other financial liabilities amounted to € 238,058 thousand as of December 31, 2013 (March 31, 2013: € 282,175 thousand). Of this amount, € 201,434 thousand (March 31, 2013: € 234,478 thousand) related to lease and rental obligations and € 36,624 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 December 31, 2013:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**	1-Apr-2012 to 31-Dec-2012 [1]	**1-Apr-2013 to 31-Dec-2013**
External sales	1,148,795	979,948	747,098	698,289	8,724	6,481	1,904,617	1,684,718
Result of operating activities (segment result)	–114,505	–56,118	25,546	58,579	6,982	5,779	–81,977	8,240
Investments	50,815	32,067	6,762	8,062	2	4	57,579	40,133

[1] Figures of the previous year were adjusted (see explanations on page 38)

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

	1-Apr-2012 to 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Result of operating activities (segment result)	–81,977	8,240
Financial result	–35,716	–40,612
Income before taxes	–117,693	**–32,372**

External sales relate to the different regions as follows:

	1-Apr-2012 to 31-Dec-2012	**1-Apr-2013 to 31-Dec-2013**
Europe, Middle East and Africa		
Germany	282,225	239,321
Other Europe, Middle East and Africa regions	421,142	349,814
	703,367	589,135
Asia/Pacific		
China	319,622	315,877
Other Asia/Pacific regions	310,528	274,816
	630,150	590,693
Eastern Europe	218,274	194,962
North America	252,376	240,666
South America	100,450	69,262
	1,904,617	**1,684,718**

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 € 4,947 thousand (March 31, 2013: € 6,879 thousand), receivables of € 18,310 thousand (March 31, 2013: € 15,846 thousand), expenses of € 10,291 thousand (April 1, 2012 to December 31, 2012: € 13,514 thousand) and income of € 5,944 thousand (April 1, 2012 to December 31, 2012: € 6,275 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 € 399 thousand (April 1, 2012 to December 31, 2012: € 448 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, February 5, 2014

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 *
– 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

Robert J. Koehler (Chairman)
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

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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