Heidelberg initiates next stage of Group’s reorganization – key messages

- Target result for financial year 2013/2014 achieved
  - Return to profitability after five years

- Acquisitions in growth areas – digital, services, and consumables

- Strategic reorientation supported by new anchor investor

- New business models for product segments with weak margins

- Further consolidation of site structure

Outlook:
- Improved result in FY 2014/2015 depending on feasibility of portfolio optimization
- Striving for EBITDA margin of at least 8% in FY 2015/2016
Successful implementation of key strategic actions in last two financial years

- Implementation of cross-functional **BA-organization**
- Realization of **efficiency program** Focus 2012, incl. required measures for re-sharpening
- Release of funds from **Asset and Net Working Capital** management
- Change in **corporate culture**
  - Paradigm shift: margin before volume
  - Culture of responsibility in top management established (incl. necessary personnel changes)
- Focus on **4 key strategic fields of action**
- Stable **financing** of the group
Successful intermediate step in FY 2013/2014: Return to profitability – strong Euro burdens

Profitability achieved

- Continuous **cost savings** and streamlining
- Price increases
- **Margin improvement** by deemphasizing of low-margin business

<table>
<thead>
<tr>
<th>EBITDA-margin*</th>
<th>Net result*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012/13: 2,9</td>
<td>FY 2012/13: -117</td>
</tr>
<tr>
<td>FY 2013/14: 5,9</td>
<td>FY 2013/14: 4</td>
</tr>
</tbody>
</table>

Headwind

- **Weakening of local** currencies (e.g. Japan, India, Brazil)
- **Reluctance to invest** in countries with weak currencies (Brazil, India)

*Previous year’s figures restated according to IAS 19 (2011)
Focus on 4 strategic fields of action

Invest to grow

Re-invest to maintain

Manage for cash

Non-performing

Performing

Realization of mid-term growth potential in Digital

Acquisitions in growth areas Services and Consumables

Continuous improvement of profitability in core business Sheetfed Offset

New business models for product segments with weak margins
Accelerated realization of mid-term growth potential in Digital

Starting position:
- Digital print is growing

Measures for market establishment:
- **Partnership with Fujifilm** in inkjet technology since fall 2013
  - Joint development for commercial and packaging printing
  - Presentation of a new digital printing system for label printing together with Gallus in fall 2014
- Established **cooperation with Ricoh** in integrated digital and offset applications since 2011
  - More than 400 sold Linoprint C digital printing systems
  - Dynamic sales growth by growing installed base
- Parallel operation of digital and sheetfed offset machinery enabled by **software “Prinect”**
- First application samples at **4D-printing** open up market potential

Target: Realization of mid-term growth potential
Strategic reorientation supported by new anchor investor
Heidelberg invests in digital packaging printing

Complete takeover of the Gallus Holding AG, Switzerland

- **Capital increase against contribution in kind** of up to 23 million shares from authorized capital against contribution of the stake of the Ferd. Rüesch AG in the Gallus Holding AG
- Strategic **cooperation** of both companies reaches next level: Expansion of digital offering
- Ferdinand Rüesch becomes new **anchor investor**
- Strengthened **capital structure** as starting point for portfolio adjustments

Gallus – a leading supplier in packaging printing for labels and folding cartons

- Sales in FY 2013: CHF 188 million
- Employees: around 500 worldwide
Continuous improvement of profitability in core business Sheetfed Offset

Starting position:
- Fluctuating market development

Measures to increase efficiency:
- More cost flexibility
  - Modular assembly concept for flexible usage of capacities
- Improved price quality and product mix:
  - Focus on products with higher margins, portfolio tightened (e.g. GTO, QM 46)
- Reduction of manufacturing costs and complexity:
  - Already around 15 % of parts (article codes) reduced, standardization
- Production in China with focus on customers from Asia/Pacific
  - Expansion of product portfolio with edition models for the local market

Target: Secure market position, improve margins and increase efficiency
Acquisitions in growth areas Services and Consumables

Starting position:
- Significant growth potential

Measures to achieve growth:
- Expansion of range of services: **new products + acquisitions in consumables**
  - After purchase of a coating producer currently talks about further acquisitions
  - OEM-agreement about supply of plate imaging devices as part of the cooperation with Fujifilm
  - Partial takeover of the european distribution of Fujifilm printing plates
- Expansion of **service activities**
  - Expansion of after-sales-business for equipment from Heidelberg and third parties
  - Heidelberg's business with used machines is twice as large as next competitor
  - Expansion of service offering with Performance Plus

Target: Sales growth and margin improvement
New business models for product segments with weak margins

Starting position:
- Economic success of single product areas is only achievable with new business models

Measures regarding portfolio optimization:
- In upcoming 6 months decisions planned
  - to shut down product areas
  - to reduce in-house manufacturing significantly
  - partially involving partners

Target: Stop the losses, generate liquidity
Further consolidation of site structure

Starting position:
- Efficiency projects streamline structures

Measures for further efficiency enhancement:
- Integration of headquarters in production plant in Wiesloch/Walldorf
- Management Board and headquarters (500 employees approx.) are moving
- **Synergies**: Annual savings in operating costs in low single digit million-€-range
- Worldwide largest demo center for commercial and packaging print

New era in corporate culture:
- Emphasis on **profit orientation**
- Central functions and operational areas come closer to each other
- Market and customer driven

Target: Efficient utilization of existing and underutilized infrastructure
Transfer of Headquarters: schedule and realization

- Conversion of Headquarters in the process of planning
- No additional burden from moving expected
- 1st phase (until March 2015): around 500 employees from the Headquarters
- 2nd phase: Schedule and realization still open
Outlook FY 2014/2015: Earnings development depending on timing of portfolio measures

Assumptions:

- No major impetus from global economic growth on printing machinery business
  - Stable or slightly positive momentum from EU countries and North America, uncertain development in Asia/China
- Relatively stable exchange rate developments

Target FY 2014/2015:

- **Sales volume** roughly on previous year's level
  - Higher sales volume in second half of the business year expected, slow start in Q1 due to low order backlog from previous year
- Striving for improved **EBITDA and net result**
  - Improvement of margin
  - Dynamic of the improvement in earnings is dependent on timing of portfolio measures
  - One-time effects cannot be ruled out
Outlook FY 2015/2016: EBITDA margin to reach at least 8 %

- Assumptions:
  - Stable development of core business
  - Successful implementation of actions to increase margins and portfolio optimization

Target: Sustainable profitability
Conclusion: The second half of the Group’s reorganization has just begun

- Net profit in 2013/2014 was just a first intermediate step
- Consistent strategic development with 4 defined fields of action
- Change of corporate culture is key component for sustainability of profitable growth path

Target: Attractive return for Heidelberg shareholders by continuous increase of shareholder value and returning to dividends distribution in the mid-term
This is what we want.

Key financial figures FY 2013/2014

Dirk Kaliebe, CFO
FY 2013/2014: important milestones achieved

- **Guidance met**: Target result for financial year 2013/2014 achieved with **net profit** of €4 million.

- **EBITDA** excl. special items improved to €143 million (py €80 million); EBITDA margin doubled from around 3% to around 6%.

- **EBIT** excl. special items with €72 million clearly positive (py €–3 million).

- **Cashflow** and **free cash flow** incl. payments for efficiency program Focus because of asset management positive.

- **Net financial debt** lowered to €238 million; **Leverage** of <2x reached.

- **Refinancing**: Convertible bond issued and bond tap placed; prolongation of syndicated credit line negotiated.
**Key figures FY 2013/2014: Profitability significantly improved**

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Δ to py</th>
<th>FX adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>2,822</td>
<td>2,436</td>
<td>−13.7 %</td>
<td>−10.2 %</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>2,735</td>
<td>2,434</td>
<td>−11.0 %</td>
<td>−7.3 %</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>80</td>
<td>143</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td><strong>EBIT before special items</strong></td>
<td>−3</td>
<td>72</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td><strong>Special items</strong></td>
<td>−65</td>
<td>−10</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Result</strong></td>
<td>−59</td>
<td>−60</td>
<td>−1</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings before taxes</strong></td>
<td>−126</td>
<td>2</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>−117</td>
<td>4</td>
<td>121</td>
<td></td>
</tr>
<tr>
<td><strong>Free Cashflow</strong></td>
<td>−18</td>
<td>22</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>261</td>
<td>238</td>
<td>−23</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>402</td>
<td>359</td>
<td>−43</td>
<td></td>
</tr>
</tbody>
</table>

*Previous year’s figures restated according to IAS 19 (2011)*
Milestone in FY 2013/2014 reached: positive net result and Leverage <2x

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,306</td>
<td>2,629</td>
<td>2,596</td>
<td>2,735</td>
<td>2,434</td>
</tr>
<tr>
<td><strong>EBITDA</strong>*</td>
<td>-49 (-25)</td>
<td>73 (104)</td>
<td>62 (90)</td>
<td>80</td>
<td>143</td>
</tr>
<tr>
<td><strong>EBIT</strong>*</td>
<td>-154 (-130)</td>
<td>-27 (4)</td>
<td>-25 (3)</td>
<td>-3</td>
<td>72</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>-229</td>
<td>-129</td>
<td>-230</td>
<td>-117</td>
<td>4</td>
</tr>
<tr>
<td><strong>Free cashflow</strong></td>
<td>-62</td>
<td>75</td>
<td>10</td>
<td>-18</td>
<td>22</td>
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<tr>
<td><strong>Equity</strong></td>
<td>579</td>
<td>869</td>
<td>576</td>
<td>400</td>
<td>359</td>
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<tr>
<td><strong>Net debt</strong>*</td>
<td>695</td>
<td>247</td>
<td>243</td>
<td>261</td>
<td>238</td>
</tr>
<tr>
<td><strong>Leverage</strong>*</td>
<td>n.a.</td>
<td>3.4</td>
<td>3.9</td>
<td>3.3</td>
<td>1.7</td>
</tr>
</tbody>
</table>

* Excluding special items, from FY 2013 application of IAS 19 (2011); FY2010 – 2012 restated pro forma figures (not audited). In brackets: reported figures (audited).
** Net total of financial liabilities and cash and cash equivalents
*** Net financial debt in relation to EBITDA excl. special items, FY10-12 statistical estimate
Analysts’ and Investors’ conference | June 11th, 2014

Strong Euro burdens sales volume, EBIT significantly improved
Segment Services fx-adjusted on previous year’s level

Sales by Segment*

<table>
<thead>
<tr>
<th>Segment</th>
<th>2012/2013</th>
<th>2013/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD Equipment</td>
<td>1,712</td>
<td>1,474</td>
</tr>
<tr>
<td>HD Services</td>
<td>1,012</td>
<td>952</td>
</tr>
<tr>
<td>HD Financial Services</td>
<td>1,735</td>
<td>2,434</td>
</tr>
</tbody>
</table>

EBIT by Segment*

<table>
<thead>
<tr>
<th>Segment</th>
<th>2012/2013</th>
<th>2013/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>HD Equipment</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td>HD Services</td>
<td>55</td>
<td>82</td>
</tr>
<tr>
<td>HD Financial Services</td>
<td>-66</td>
<td>-19</td>
</tr>
</tbody>
</table>

Comments

- **Sales** down by 11 % yoy (FX adj. by –7 %); HD Services adjusted for FX effect stable
- **Operating result** clearly improved against previous year on lower sales volume
- Favorable impact of sustainable savings measures from Focus and higher profit contributions
- **HDE** with strongly improved result but still negative.
- **HDS-EBIT margin** at 8,6 % in FY 2013/2014 (prior year 5,4 %)
- **HDF** reduces capital bounded further

*Previous year’s figures restated according to IAS 19 (2011) and new segmentation, before special items
Balance sheet total further reduced
Equity quota remains at 16 % at March 31, 2014 (pro forma at around 19 %)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>in m€</td>
<td>31.03.2012</td>
<td>31.03.2013</td>
<td>31.03.2014</td>
<td></td>
<td>31.03.2012</td>
<td>31.03.2013</td>
<td>31.03.2014</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>828</td>
<td>796</td>
<td>759</td>
<td>Equity</td>
<td>576</td>
<td>402</td>
<td>359*</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,631</td>
<td>1,491</td>
<td>1,418</td>
<td>Provisions</td>
<td>933</td>
<td>998</td>
<td>879</td>
</tr>
<tr>
<td>thereof inventories</td>
<td>786</td>
<td>700</td>
<td>623</td>
<td>thereof provisions for pensions</td>
<td>326</td>
<td>415</td>
<td>450</td>
</tr>
<tr>
<td>thereof trade receivables</td>
<td>361</td>
<td>382</td>
<td>328</td>
<td>Other Liabilities</td>
<td>933</td>
<td>862</td>
<td>936</td>
</tr>
<tr>
<td>thereof receivables from customer financing</td>
<td>156</td>
<td>118</td>
<td>91</td>
<td>thereof trade payables</td>
<td>165</td>
<td>139</td>
<td>148</td>
</tr>
<tr>
<td>thereof liquid assets (incl. marketable sec. afs)</td>
<td>195</td>
<td>157</td>
<td>243</td>
<td>thereof other liabilities</td>
<td>396</td>
<td>369</td>
<td>366*</td>
</tr>
<tr>
<td>Def tax assets, Prepaid expenses, other</td>
<td>59</td>
<td>51</td>
<td>67</td>
<td>Def. tax liabilities, deferred income</td>
<td>76</td>
<td>76</td>
<td>70</td>
</tr>
<tr>
<td>thereof deferred tax assets</td>
<td>39</td>
<td>36</td>
<td>51</td>
<td>thereof deferred tax liabilities</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>thereof deferred income</td>
<td>18</td>
<td>13</td>
<td>13</td>
<td>thereof deferred income</td>
<td>68</td>
<td>68</td>
<td>63</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,518</td>
<td>2,338</td>
<td>2,244</td>
<td>Total equity and liabilities</td>
<td>2,518</td>
<td>2,338</td>
<td>2,244</td>
</tr>
</tbody>
</table>

| Equity ratio | 22.9 % | 17.2 % | 16.0 % |
| pro forma after acquisition | 19.0 %* |
| Net debt | 243 | 261 | 238 |

* Around € 70 million pro forma-effect of capital increase against contribution in-kind on equity (+ € 70m) and other liabilities (- € 70m) estimated, depending on further share price development of the Heidegg share until registration of the capital increase.
## Cash flow statement

Positive cash flow und free cash flow

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in m€</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit/Net loss</strong></td>
<td>–117</td>
<td>4</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>85</td>
<td>71</td>
</tr>
<tr>
<td><strong>Change in pension provision</strong></td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td><strong>Changes in deferred taxes/tax provisions/Disposals</strong></td>
<td>–23</td>
<td>–26</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>–41</td>
<td>70</td>
</tr>
<tr>
<td><strong>Other operating changes</strong></td>
<td>74</td>
<td>–6</td>
</tr>
<tr>
<td><strong>thereof inventory</strong></td>
<td>95</td>
<td>61</td>
</tr>
<tr>
<td><strong>thereof trade receivables/trade payables</strong></td>
<td>–43</td>
<td>43</td>
</tr>
<tr>
<td><strong>thereof sales financing</strong></td>
<td>40</td>
<td>21</td>
</tr>
<tr>
<td><strong>thereof other positions</strong></td>
<td>–18</td>
<td>–131</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>33</td>
<td>64</td>
</tr>
<tr>
<td><strong>Outflow of funds from investment activity</strong></td>
<td>–51</td>
<td>–42</td>
</tr>
<tr>
<td><strong>thereof income from disposals</strong></td>
<td>31</td>
<td>21</td>
</tr>
<tr>
<td><strong>thereof investments</strong></td>
<td>–82</td>
<td>–53</td>
</tr>
<tr>
<td><strong>davon Geldanlage</strong></td>
<td>0</td>
<td>–10</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>–18</td>
<td>22</td>
</tr>
</tbody>
</table>

### Comments

- Improvement of operational profitability leads to first positive **cash flow** since FY 2007/2008
- Release of funds from **Asset and NWC management** compensates capital requirements for restructuring payments of around € 100 million in FY 2013/2014
- **NWC** on average <32 % of sales
- **Net investments** <2 % of sales
- **Free cash flow** with € 22 million positive
Financial framework: sources and maturity profile diversified

**Financial framework**

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
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</thead>
<tbody>
<tr>
<td>Mar-2014</td>
<td>60</td>
</tr>
<tr>
<td>Net debt</td>
<td>238</td>
</tr>
<tr>
<td>788</td>
<td></td>
</tr>
<tr>
<td>340</td>
<td></td>
</tr>
</tbody>
</table>

**Maturity profile**

- **Synd. Credit facility**
- **Convertible bond**
- **Bond**
- **Amortization real estate lease**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>60</td>
<td>9</td>
</tr>
<tr>
<td>358</td>
<td>355</td>
<td>355</td>
<td>355</td>
<td>358</td>
<td>358</td>
</tr>
</tbody>
</table>
Summary:

Essential steps of structural adaption and financing completed:

- **Cost base significantly reduced** with efficiency program Focus and **operational performance improved**
- **Cost of restructuring (internally) financed** by asset and net working capital management
- **Long-term financial framework agreed** and **room for maneuver extended** by capital increase against contribution in kind

Central elements of future steering and financing:

- Continuous improvement of **operational profitability: 4 fields of action defined**
- Sustainable **reduction of future financing requirements** by continuation of asset and net working capital management
- Further **diversification** (maturities and sources) and **Reduction of financing costs**
- Leverage: **Target ratio of 2x** to be reached **throughout the year**

Make use of financial room for maneuver for entrepreneurial (portfolio) measures
This is what we want.
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