

This is

where

we are.

Q1 **2** 3

Q2 INTERIM FINANCIAL REPORT 2014/2015

- Sales of € 561 million in Q2
- Incoming orders of € 579 million
- EBITDA excluding special items including income from the Gallus transaction increases to € 47 million
- Free cash flow of € 36 million

Key performance data

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	1,257	1,167	614	579
Net sales	1,097	996	593	561
EBITDA ¹⁾	31	53	33	47
in percent of sales	2.8 %	5.3 %	5.6 %	8.4 %
Result of operating activities ²⁾	-7	19	13	30
Income after taxes	-47	-42	-9	-8
in percent of sales	-4.3 %	-4.2 %	-1.5 %	-1.4 %
Research and development costs	60	60	29	29
Investments	31	25	19	14
Equity	348	300	348	300
Net debt ³⁾	239	272	239	272
Free cash flow	28	-30	28	36
Earnings per share in € ⁴⁾	-0.20	-0.17	-0.04	-0.02
Number of employees at end of quarter (excluding trainees)	13,001	12,393	13,001	12,393

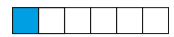
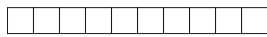
¹⁾ Result of operating activities excluding special items and before depreciation and amortization

²⁾ Excluding special items

³⁾ Net total of financial liabilities and cash and cash equivalents

⁴⁾ Based on the weighted number of shares

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



Interim consolidated financial report

1 /

Q2 2014/2015

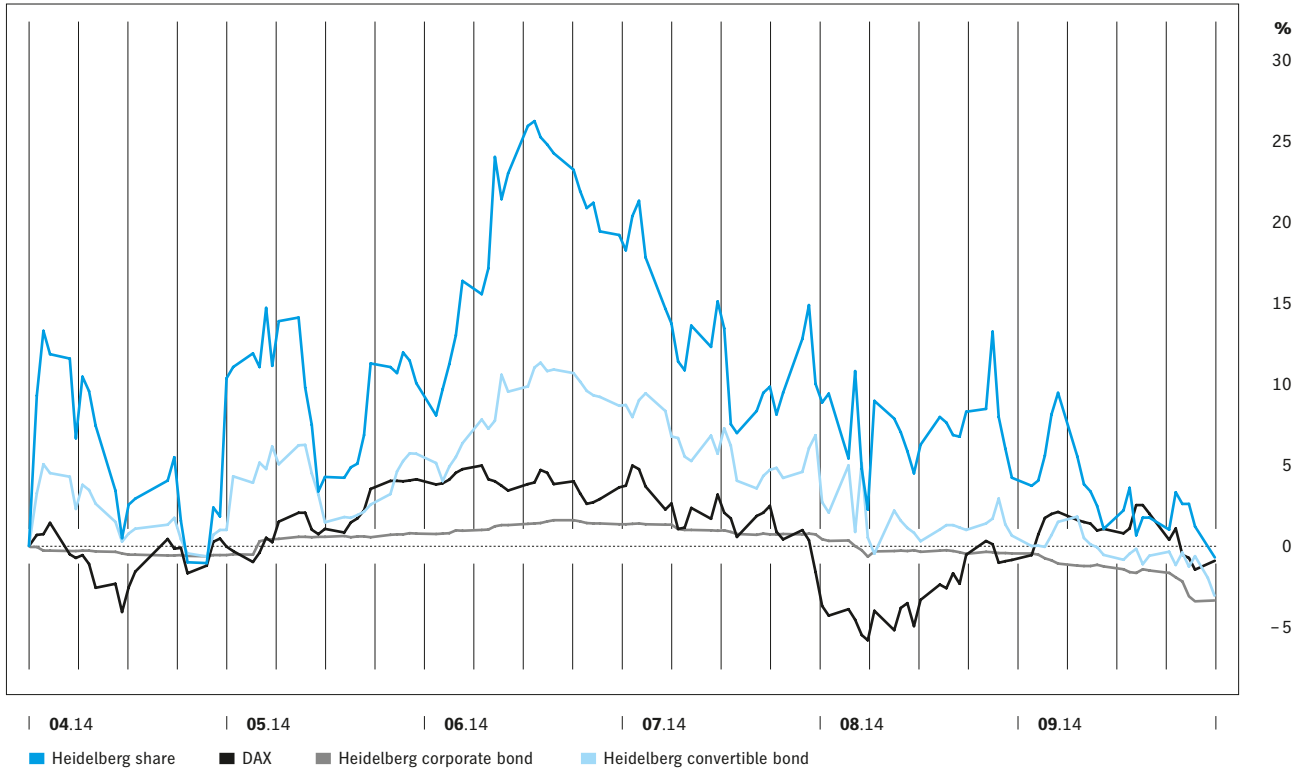
Heidelberg on the capital markets	02	→ Interim consolidated financial statements	15
→ Interim consolidated management report	04	Interim consolidated income statement – April 1, 2014 to September 30, 2014	16
ECONOMIC REPORT	04	Interim consolidated statement of comprehensive income – April 1, 2014 to September 30, 2014	17
Macroeconomic and industry-specific conditions	04	Interim consolidated income statement – July 1, 2014 to September 30, 2014	18
Business development	05	Interim consolidated statement of comprehensive income – July 1, 2014 to September 30, 2014	19
Results of operations, net assets and financial position	05	Interim consolidated statement of financial position	20
Segment report	08	Statement of changes in consolidated equity	22
Report on the regions	11	Interim consolidated statement of cash flows	24
Employees	13	Notes	25
Risk and opportunity report	13	Responsibility statement	35
Future prospects	13	Executive bodies of the Company	36
Supplementary report	14	Financial calendar	37
		Publishing information	37



Heidelberg on the capital markets

Performance of the Heidelberg share and the Heidelberg bonds

Compared to the DAX (Index: April 1, 2014 = 0 percent)



The Heidelberg share and the Heidelberg bonds

Following a good start to 2014, the DAX experienced a highly volatile development after the middle of the year. The announcement that the ECB would continue its extremely expansive monetary policy had caused the Dax to rise to an all-time high of 10,051 points on June 20. The geopolitical tensions in Ukraine, Iraq and Syria, as well as the referendum in Scotland and the Chinese government's decision not to provide further economic assistance temporarily unsettled the international capital markets. In mid-July share prices began to fall and on August 8 the index hit its lowest level in the year to date at 8,903 points.

In the second quarter of the 2014/2015 financial year, the **HEIDELBERG SHARE** could not detach itself from this development and was therefore unable to continue the positive trend it enjoyed in the previous quarters. The share closed the quarter on September 30, 2014 at a price of € 2.22, down around 16 percent on its opening price at the start of the quarter.

The **CORPORATE BOND** and the **CONVERTIBLE BOND** posted a similar development in the second quarter of the 2014/2015 financial year. The corporate bond closed the quarter at 102.5 percent on September 30, while the convertible bond was traded at 113.1 percent at this date.

**Key performance data of the Heidelberg share**

Figures in € ISIN: DE 0007314007	Q2 2013/2014	Q2 2014/2015
High	2.20	2.71
Low	1.78	2.22
Price at beginning of quarter ¹⁾	1.95	2.66
Price at end of quarter ¹⁾	1.99	2.22
Market capitalization at end of quarter in € millions	466	572
Outstanding shares in thousands (reporting date)	234,247	257,438

Key performance data of the Heidelberg corporate bond

Figures in percent RegS ISIN: DE 000A1KQ1E2	Q2 2013/2014	Q2 2014/2015
Nominal volume in € millions	304.0	355.0
High	103.6	107.6
Low	98.8	102.4
Price at beginning of quarter ²⁾	100.4	107.5
Price at end of quarter ²⁾	103.5	102.5

Key performance data of the Heidelberg convertible bond³⁾

Figures in percent ISIN: DE 000A1X25N0	Q2 2013/2014	Q2 2014/2015
Nominal volume in € millions	60.0	60.0
High	110.2	127.5
Low	102.7	113.1
Price at beginning of quarter ²⁾	-	126.7
Price at end of quarter ²⁾	107.0	113.1

¹⁾ Xetra closing price, source: Bloomberg²⁾ Closing price, source: Bloomberg³⁾ Initial public offering on July 9, 2013

ECONOMIC REPORT

Macroeconomic and industry-specific conditions

Global economic expansion stalled again over the course of 2014. With growth of 2.5 percent in the first three quarters, it remains susceptible to disruption, whether it be from geopolitical development or turbulence on the financial markets. The economic development in emerging nations in particular fell short of expectations again. For example, economic growth in China slowed to 7.1 percent in the third quarter (2013: 7.8 percent). This is the lowest growth rate since the global economic crisis began in 2008. As a result, Asia is also likely to grow more slowly on average than in the previous years, although the region is still the global growth driver. In Central and Eastern Europe, there has been a slowdown following a strong first half of the year, while in Latin America a weak economy in Brazil is offset by a sound upturn in Mexico.

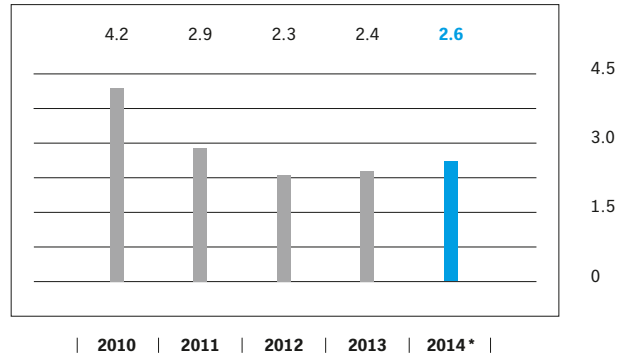
The US economy has recovered rapidly over the past months since the decline in the first quarter. In the third quarter, its gross domestic product rose by 2.4 percent. In the euro zone, the economic upturn that began in spring 2013 recently tapered off. Companies and consumers in Germany are also becoming increasingly unsettled and are postponing investments and purchases.

This development is also reflected in the exchange rates. Within five months, the euro fell to a rate of US\$ 1.256 at the beginning of October 2014, its lowest level since summer 2012. However, in the same period the euro remained essentially unchanged in relation to the yen.

Sales of printing presses from German manufacturers in the period from January to August 2014 were also affected by the geopolitical risks and the associated high level of uncertainty. Statistics published by the German Engineering Federation (VDMA) indicate that they were down 18 percent in comparison to the previous year. Incoming orders declined by 6 percent in the same period.

Change in global GDP¹⁾

Figures in percent



* Forecast

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

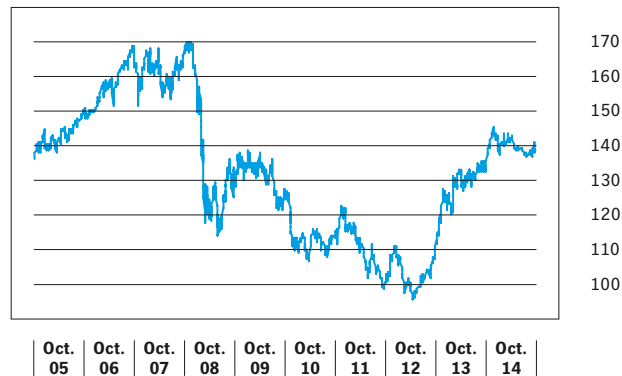
¹⁾ Data determined in accordance with the straight aggregate method.

The chain-weighted method would deliver the following results:

2010: 4.3%; 2011: 3.1%; 2012: 2.5%; 2013: 2.6%; 2014: 2.7%

Development of EUR/JPY

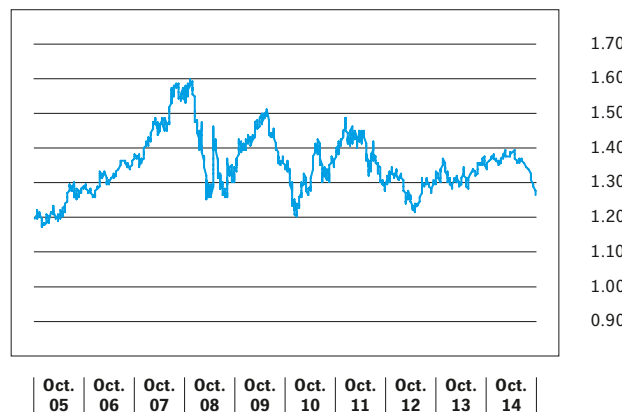
October 2005 until October 2014



Source: Global Insight

Development of EUR/USD

October 2005 until October 2014



Source: Global Insight



Business development

In the second quarter of the 2014/2015 financial year, the Heidelberg Group's incoming orders of € 579 million were at roughly the same level as in the previous quarters but lower than in the same quarter of the previous year (€ 614 million). Overall, incoming orders in the first half of 2014/2015 totaled € 1,167 million (first half of 2013/2014: € 1,257 million).

At € 561 million, **SALES** were up significantly in comparison to the first quarter of the 2014/2015 financial year (€ 435 million). However, they were lower than in the same quarter of the previous year (€ 593 million) due to the lower order backlog. Sales in the first half of 2014/2015 amounted to € 996 million, as against € 1,097 million in the first half of the previous year.

In the quarter under review, the change in inventories and other own work capitalized was € 15 million higher than in the same quarter of the previous year. **TOTAL OPERATING PERFORMANCE** amounted to € 575 million in the second quarter (previous year: € 593 million). As in the previous years, we expect sales development in the 2014/2015 financial year to see a substantial increase between the first and second halves of the year. The Heidelberg Group's **ORDER BACKLOG** increased by € 139 million compared with the beginning of the financial year (€ 421 million) to € 560 million as of September 30, 2014 (as of September 30, 2013: € 598 million).

Business performance by quarter

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	1,257	1,167	614	579
Net sales	1,097	996	593	561

Results of operations, net assets and financial position

In the second quarter of the 2014/2015 financial year, both the result of operating activities excluding special items and before interest, taxes, depreciation and amortization (**EBITDA**) and the result of operating activities excluding special items (**EBIT**) saw further growth compared with the same quarter of the previous year. As a result of the higher sales compared to the first quarter and the income of approximately € 18 million from the Gallus transaction with Ferd. Ruesch AG, St. Gallen, Switzerland, arising from the difference between the book value of the redeemed liability and the value of the equity instrument plus cash component, the EBITDA climbed to € 47 million (previous year: € 33 million). EBIT excluding special items improved from € 13 million in the second quarter of the 2013/2014 financial year to € 30 million in the period under review. On a half-year basis, EBITDA improved from € 31 million to € 53 million, while EBIT climbed from € -7 million to € 19 million.

The special items in the amount of approximately € 18 million (previous year: € 1 million) essentially consist of expenses for the restructuring of the Ludwigsburg site and the closure of the Leipzig plant and income from the transfer of service activities for the discontinued saddle stitcher and adhesive binder products to Swiss company Müller Martini.

At € -16 million, the **FINANCIAL RESULT** was unchanged in comparison to the same quarter of the previous year (€ -16 million), while on a half-year basis it declined slightly from € -28 million to € -33 million. **INCOME BEFORE TAXES** was at the previous year's level at € -4 million (previous year: € -3 million), as was **INCOME AFTER TAXES** at € -8 million (previous year: € -9 million). On a half-year basis, income before taxes improved from € -36 million to € -32 million, while income after taxes improved from € -47 million to € -42 million. Earnings per share also improved slightly in the quarter under review to € -0.02 (previous year: € -0.04).





Heidelberg Group

Income statement

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Net sales	1,097	996	593	561
Change in inventories/Other own work capitalized	69	109	0	15
Total operating performance	1,166	1,105	593	575
EBITDA excluding special items	31	53	33	47
Result of operating activities excluding special items	-7	19	13	30
Special items	-1	-18	0	-18
Financial expenses	-28	-33	-16	-16
Income before taxes	-36	-32	-3	-4
Taxes on income	11	10	6	4
Income after taxes	-47	-42	-9	-8

TOTAL ASSETS increased slightly by € 22 million in the second quarter compared with March 31, 2014, amounting to € 2,266 million as of September 30, 2014. At € 14 million, **INVESTMENTS** in property, plant and equipment and intangible assets in the reporting quarter were lower than in the same period of the previous year (€ 19 million).

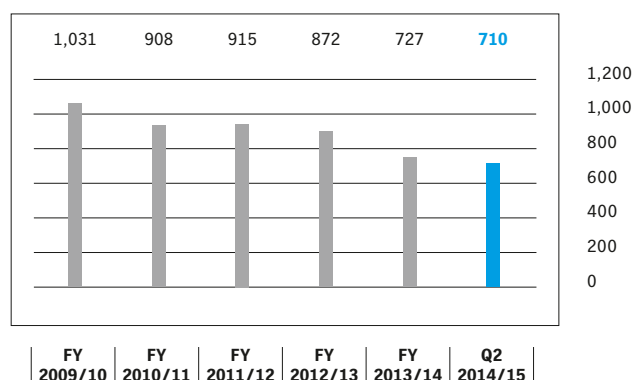
On the **ASSETS SIDE**, the Company's **INVENTORIES** increased by € 117 million to € 740 million compared with March 31, 2014; this was in line with expectations and serves to cover the higher order and sales volumes that are anticipated in the second half of the year. **TRADE RECEIVABLES** declined to € 260 million as of September 30, 2014. Net working capital was reduced further to € 710 million between the financial year-end at March 31, 2014 and September 30, 2014 thanks to systematic asset and net working capital management. In the quarter under review, our customers' financing requirements were covered largely externally with active mediation by the Heidelberg Financial Services segment; as a result, we provided new customer financing directly to a limited extent only. **RECEIVABLES FROM SALES FINANCING** remained roughly at the level of the previous quarters at € 93 million due to the repayments received.

Assets

Figures in € millions	31-Mar-2014	30-Sep-2014
Fixed assets	751	722
Inventories	623	740
Trade receivables	328	260
Receivables from sales financing	91	93
Other assets	209	243
Short-term securities and cash and cash equivalents	243	209
	2,244	2,266

Development of net working capital

Figures in € millions



**Equity and liabilities**

Figures in € millions	31-Mar-2014	30-Sep-2014
Equity	359	300
Provisions	879	973
Financial liabilities	481	481
Trade payables	148	181
Other liabilities	377	330
	2,244	2,266

On the **EQUITY AND LIABILITIES SIDE**, among other things, the net loss for the first half of the year had a negative impact on equity. The positive effect of the capital increase against contribution in kind from the Gallus transaction (increase in share capital as a result of the issue of shares from authorized capital against contribution in kind of shares in Gallus Holding Aktiengesellschaft) took effect in the second quarter. However, this effect was entirely offset by the reduction in the domestic pension discount rate. As of September 30, 2014, the Heidelberg Group's **EQUITY** amounted to € 300 million, with the equity ratio at 13.3 percent as of the reporting date. The change in the discount rate was also the main reason for the increase in **PROVISIONS** to a total of € 973 million.

As a result of the higher level of inventories, **TRADE PAYABLES** increased compared with the end of the financial year, amounting to € 181 million as of September 30, 2014. **NET DEBT** fell to € 272 million (previous quarter: € 297 million) as a result of the positive free cash flow and therefore remains at a low level. Thus, the leverage (the ratio of net debt to EBITDA excluding special items for the last four quarters) was maintained at the target level of 2. **FINANCIAL LIABILITIES** remained unchanged at € 481 million in the quarter under review.

Overview of net assets

Figures in € millions	31-Mar-2014	30-Sep-2014
Total assets	2,244	2,266
Net working capital	727	710
in percent of sales ¹⁾	29.9%	30.4%
Equity	359	300
in percent of total liabilities	16.0%	13.3%
Net debt ²⁾	238	272

¹⁾ Net working capital in relation to sales for the last four quarters

²⁾ Net total of financial liabilities and cash and cash equivalents and short-term securities

As of September 30, 2014, our **FINANCING STRUCTURE** primarily consisted of a corporate bond, a convertible bond and a revolving credit facility. Maturities and financing sources were diversified further in the course of the 2013/2014 financial year. The syndicated credit facility was extended ahead of schedule until mid-2017, while the Group's financing sources were diversified further with the placement of the convertible bond (which has a term until July 2017) and the increase in the corporate bond (which has a total term until April 2018), as well as the arrangement of the amortizing loan in the first quarter of 2014/2015. With the range of instruments it has agreed, Heidelberg currently has total credit facilities of around € 790 million until 2017/2018 with a balanced diversification and maturity structure. We supplement our financing with operating leases where economically appropriate. Other off-balance-sheet financing instruments do not have any significant influence on the economic position of the Group. Heidelberg also has a stable liquidity framework. In future, we will continue to work on ensuring the diversification of sources and maturities in order to substantially reduce our dependency on individual instruments or due dates.

CASH FLOW was positive in the quarter under review and was up on the previous year's level (€ 17 million) at € 20 million. On a half-year basis, it climbed from € 4 million to € 9 million. A net cash inflow of € 15 million was reported in **OTHER OPERATING CHANGES** in the second quarter of the 2014/2015 financial year.

In the quarter under review, there was a clearly positive free cash flow of € 36 million due to increased sales, asset and networking capital management and the income from the transfer of service activities for the discontinued saddle stitcher and adhesive binder products to Müller Martini. **FREE CASH FLOW** amounted to € -30 million at the end of the first half of 2014/2015 (previous year: € 28 million); this was primarily due to the net loss for the period and payments of just under € 20 million in connection with the Focus efficiency program.





Heidelberg Group

Statement of cash flows of the Heidelberg Group

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Income after taxes	-47	-42	-9	-8
Cash flow	4	9	17	20
Other operating changes	48	-33	28	15
of which: net working capital	118	46	41	28
of which: receivables from sales financing	14	2	5	-2
of which: other	-84	-81	-18	-11
Cash used in investing activities	-24	-7	-17	0
Free cash flow	28	-30	28	36
in percent of sales	2.6 %	-3.0 %	4.7 %	6.4 %

Segment report

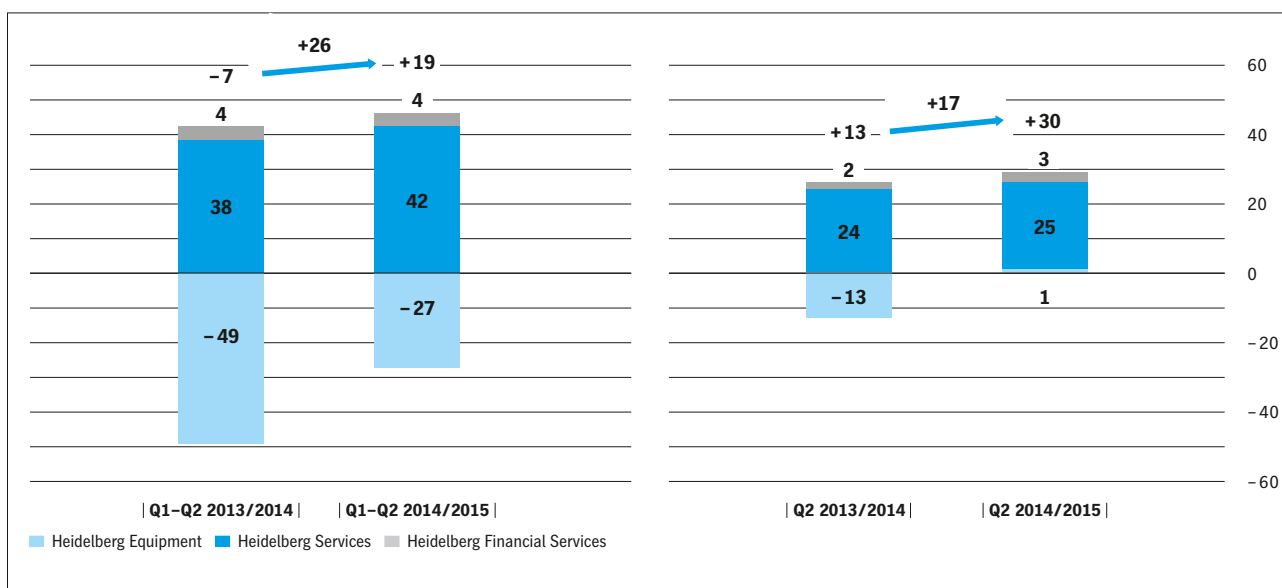
Sales in the **HEIDELBERG EQUIPMENT** segment declined from € 352 million in the second quarter of the previous year to € 329 million in the reporting quarter. As of September 30, 2014, the order backlog increased to € 517 million, up against the first quarter of the year under review, but remained below the previous year's level (€ 560 million). By contrast, the result of operating activities excluding special items (EBIT) broke even at € 1 million (previous year: € -13 million), positively influenced by the income from the Gallus transaction in the amount of approximately € 18 million (see Results of operations, net assets and financial posi-

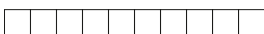
tion on page 05). The half-year result for the segment therefore also improved year-on-year to € -27 million (previous year: € -49 million). However, incoming orders (€ 708 million) and sales (€ 553 million) both lagged behind the previous year's level on a half-year basis. As of the end of the first half of the year, the segment accounted for 55 percent of the Heidelberg Group's sales.

The Heidelberg Equipment segment had a total of 8,295 employees as of September 30, 2014, a decrease of 65 compared with the start of the financial year. On a year-on-year basis, the number of employees fell by 380.

Result of operating activities excluding special items by segment

Figures in € millions



**Heidelberg Equipment**

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	780	708	379	342
Sales	621	553	352	329
Order backlog	560	517	560	517
Result of operating activities ¹⁾	-49	-27	-13	1
Employees ²⁾	8,675	8,295	8,675	8,295

¹⁾ Excluding special items²⁾ At end of quarter (excluding trainees)

With a virtually unchanged sales volume (€ 230 million, previous year: € 238 million), the **HEIDELBERG SERVICES** segment increased the result of operating activities excluding special items (EBIT) slightly on both a quarterly and a half-year basis as a result of improved margins. After a figure of € 24 million in the second quarter of the previous year, EBIT amounted to € 25 million in the quarter under review, while on a half-year basis it rose from € 38 million to € 42 million. Sales in the first half of the 2014/2015 financial year amounted to € 440 million (previous year: € 471 million). Traditional service business (services and service parts) performed somewhat better than in the previous year, but segment sales were negatively impacted by weak business with remarketed equipment, particularly at the beginning of the first half of the year.

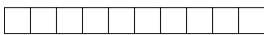
The Heidelberg Services segment had a total of 4,056 employees as of September 30, 2014, a decrease of 76 compared with the start of the financial year. On a year-on-year basis, the number of employees fell by 225.

Heidelberg Services

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	473	455	232	235
Sales	471	440	238	230
Result of operating activities ¹⁾	38	42	24	25
Employees ²⁾	4,281	4,056	4,281	4,056

¹⁾ Excluding special items²⁾ At end of quarter (excluding trainees)



Heidelberg Group

Our strategy of primarily mediating customer financing to our external partners is accompanied by a low volume of financing assumed directly by us. As of September 30, 2014, receivables from sales financing amounted to € 93 million. The result of operating activities excluding special items in the **HEIDELBERG FINANCIAL SERVICES** segment was up year-on-year at € 3 million (previous year: € 2 million) and exceeded sales due to the positive risk provisioning result. The segment had a total of 42 employees as of September 30, 2014.

Heidelberg Financial Services

Figures in € millions

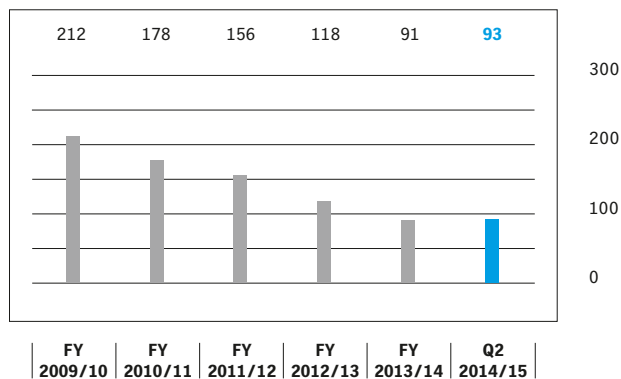
	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Sales	4	4	2	2
Result of operating activities ¹⁾	4	4	2	3
Employees ²⁾	45	42	45	42

¹⁾ Excluding special items

²⁾ At end of quarter (excluding trainees)

Receivables from sales financing

Figures in € millions





Report on the regions

With the exception of China and individual markets of the Asia/Pacific region, incoming orders and sales in the regions showed a generally stable or positive overall trend in the second quarter of the 2014/2015 financial year. Declines were recorded primarily in the new machinery business, where the measures implemented to boost margins and profitability were therefore unable to develop their full impact.

In the second quarter of the 2014/2015 financial year, incoming orders in the **EMEA** (Europe, Middle East and Africa) region were down slightly year-on-year at € 218 million (previous year: € 227 million). After the first six months of the financial year, incoming orders were on a par with the previous year's level (€ 449 million) at € 448 million. Sales recorded an encouraging development, amounting to € 235 million in the second quarter and thus exceeding the previous year's level (€ 193 million). An increase was also generated on a half-year basis, with sales climbing from € 375 million in the first half of 2013/2014 to € 408 million in the first half of the current financial year. The UK and the Italian markets recorded a particularly positive development in terms of both incoming orders and sales in the second quarter.

The **ASIA/PACIFIC** region once again saw the most pronounced year-on-year downturn in incoming orders and sales in the second quarter of the current financial year. The economic slowdown in our largest individual market, China, and the resulting restrictions on lending had a negative impact here. However, the region posted a significant increase in comparison to the first quarter of the 2014/2015 financial year. Although the incoming orders of € 184 million were once again down on the previous year's level (€ 205 million), this figure represented a 9 percent increase compared to the first quarter (€ 169 million). Similarly, sales declined year-on-year to € 160 million (previous year: € 216 million) but marked an increase of 25 percent in comparison to the first quarter of the current financial year (€ 128 million).

The Japanese market developed positively. Despite negative exchange rate effects, sales in the country were up 30 percent year-on-year and almost 10 percent compared to the previous quarter.

On a half-year basis, incoming orders in the region fell from € 459 million to € 353 million, while sales declined from € 397 million to € 288 million.

After a strong first quarter of 2014/2015 (€ 74 million), **EASTERN EUROPE** posted a downturn in incoming orders, which were also down year-on-year at € 68 million (previous year: € 75 million). By contrast, sales rose to € 66 million as against € 52 million in the first quarter (second quarter of the previous year: € 74 million). Uncertainty due to political and economic developments had a significant negative impact on incoming orders and sales on the Russian market. As of the end of the first half of 2014/2015, incoming orders in the region were unchanged year-on-year at € 142 million, while sales were almost at the previous year's level at € 118 million (previous year: € 126 million).

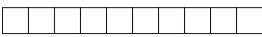
Incoming orders in the **NORTH AMERICA** region were down slightly year-on-year at € 81 million in the quarter under review (previous year: € 87 million). However, sales climbed from € 80 million in the same quarter of the previous year to € 84 million and were considerably higher than in the first quarter of 2014/2015 (€ 62 million).

On a half-year basis, at € 146 million, sales in the region were in line with the previous year (€ 149 million), while incoming orders climbed to € 173 million (previous year: € 164 million).

In the **SOUTH AMERICA** region, incoming orders developed positively in the second quarter of the 2014/2015 financial year, climbing from € 23 million in the first quarter to € 27 million in the second quarter and thus marking a 42 percent increase in comparison to the same quarter of the previous year (€ 19 million). This was primarily the result of sales successes realized at a trade show in Brazil which took place in July. By contrast, sales in the region declined by almost 50 percent year-on-year to € 16 million (previous year: € 30 million). This reflects the poor overall economic situation, primarily in Argentina and Venezuela.

Overall, the half-year figures for the region show an increase in incoming orders from € 44 million to € 50 million, but a decline in sales from € 50 million to € 37 million.





Heidelberg Group

Incoming orders by region

Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Europe, Middle East and Africa	449	448	227	218
Asia/Pacific	459	353	205	184
Eastern Europe	142	142	75	68
North America	164	173	87	81
South America	44	50	19	27
Heidelberg Group	1,257	1,167	614	579

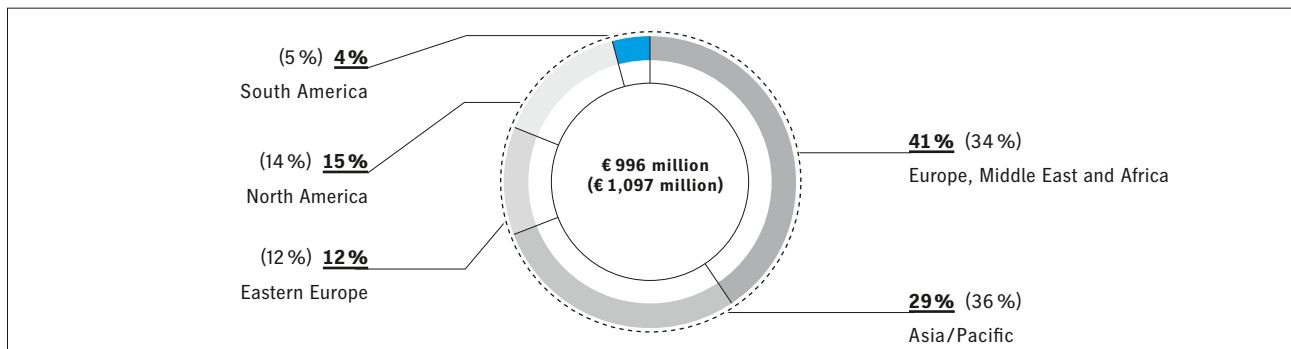
Sales by region

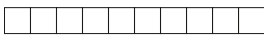
Figures in € millions

	Q1 to Q2		Q2	
	2013/2014	2014/2015	2013/2014	2014/2015
Europe, Middle East and Africa	375	408	193	235
Asia/Pacific	397	288	216	160
Eastern Europe	126	118	74	66
North America	149	146	80	84
South America	50	37	30	16
Heidelberg Group	1,097	996	593	561

Sales by region (Q1 to Q2)

Share of Heidelberg Group sales (in parentheses: previous year)





Employees

As planned, the number of employees in the Heidelberg Group declined further in the second quarter of the 2014/2015 financial year. As of September 30, 2014, the Heidelberg Group had a total of 12,393 employees (excluding some 500 trainees), 146 fewer than on March 31, 2014. The number of employees decreased by 608 compared with one year previously (September 30, 2013: 13,001 employees).

Employees by segment

Number of employees excluding trainees	31-Mar-2014	30-Sep-2014
Heidelberg Equipment	8,360	8,295
Heidelberg Services	4,132	4,056
Heidelberg Financial Services	47	42
Heidelberg Group	12,539	12,393

Risk and opportunity report

In the second quarter of the 2014/2015 financial year, there were no material changes in the assessment of the risks and opportunities of the Heidelberg Group compared with the presentation in the 2013/2014 Annual Report.

The economic uncertainty resulting from the euro zone and sovereign debt crisis remains in place, as does the uncertainty due to political and economic developments in Russia and Ukraine. Our assessment of the risks and opportunities in China remains unchanged.

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

Country-specific and macroeconomic developments affect the propensity to invest of the majority of our customers. The impact on the Heidelberg Equipment segment is generally considerably more pronounced and more direct than on the Heidelberg Services segment, which is less cyclical in nature. Despite changes in media consumption and structural changes within the printing industry in the industrialized nations, the global print volume remains stable and is expected to enjoy a healthy performance in future thanks to the growth of the emerging nations. Nevertheless, we are currently not anticipating an increase in the market volume for new sheetfed offset presses over the coming years in light of the economic risks and the ongoing consolidation of print shops in many industrialized nations.

Outlook: Aiming to achieve an EBITDA margin of at least 8 percent in financial year 2015/2016

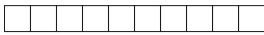
The development of sales and earnings during the current financial year 2014/2015 will largely depend on the continued implementation of the portfolio optimization measures initiated. The reorganization of postpress is expected to lead to lower sales in this area in the short term until implementation is complete. As in the previous year, we will also continue to actively reduce low-margin business and focus on improving profitability. Based on these assumptions, including the economic downturn in China, we expect sales in the current financial year 2014/2015 to be down around 5 percent year-on-year on the whole.

The portfolio optimization measures that have been initiated will have both a boosting and a dampening impact on earnings during the current financial year. Overall, the measures should further improve our operating profitability, thereby bringing the Company closer to our target of an operating margin of at least 8 percent in terms of EBITDA.

Adjusted for the non-recurring effects for portfolio optimizations and cost-cutting measures, our continued aim is to achieve an increase in after-tax earnings after deduction of interest expenses for financial liabilities.

The planned improvement in profitability together with the measures aimed at the reduction and efficient utilization of our capital commitment are intended to strengthen our capital structure and keep our net debt at a low level that does not exceed twice the result of operating activities before interest, taxes, depreciation and amortization excluding special items (EBITDA) in the long term





(leverage). This will allow us to continue to increase the return on capital employed (ROCE) in order to generate positive economic value added after deduction of capital costs.

Supplementary report

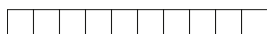
In the **POSTPRESS PACKAGING AREA**, products and solutions will be developed and manufactured by the Chinese partner Masterwork Machinery Co., Ltd. in the future; marketing and service outside China and Japan will remain in the hands of Heidelberg. An agreement to this effect was signed at the end of October 2014. Moreover, Heidelberg and Masterwork Machinery have agreed to consider joint production of components in China.

In **NEW SHEETFEED OFFSET MACHINERY BUSINESS**, profitability is to be increased in the near future and this area is to be adapted to the fluctuations in demand that are typical for the market by increasing flexibility. To this end, product modularization and standardization will be advanced further in order to achieve economies of scale despite the reduced production volume. As part of these measures, the break-even point for operating profit in this area is to be lowered further by the end of the year by adjusting personnel capacity.

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.





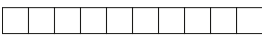
Interim consolidated financial statements

2 /

for the period April 1, 2014 to September 30, 2014

Interim consolidated income statement – April 1, 2014 to September 30, 2014	16
Interim consolidated statement of comprehensive income – April 1, 2014 to September 30, 2014	17
Interim consolidated income statement – July 1, 2014 to September 30, 2014	18
Interim consolidated statement of comprehensive income – July 1, 2014 to September 30, 2014	19
Interim consolidated statement of financial position	20
Statement of changes in consolidated equity	22
Interim consolidated statement of cash flows	24
Notes	25
Responsibility statement	35
Executive bodies of the Company	36
Financial calendar	37
Publishing information	37

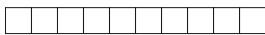




Interim consolidated income statement – April 1, 2014 to September 30, 2014

Figures in € thousands	Note	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Net sales		1,096,805	996,252
Change in inventories		60,186	102,099
Other own work capitalized		9,239	7,100
Total operating performance		1,166,230	1,105,451
Other operating income	3	47,912	61,751
Cost of materials	4	537,811	516,000
Staff costs		435,193	408,628
Depreciation and amortization		38,364	34,436
Other operating expenses	5	210,017	189,484
Special items	6	1,412	17,801
Result of operating activities		- 8,655	853
Financial income	7	6,491	3,722
Financial expenses	8	34,112	36,782
Financial result		- 27,621	- 33,060
Income before taxes		- 36,276	- 32,207
Taxes on income		10,795	9,645
Net result after taxes		- 47,071	- 41,852
Basic earnings per share according to IAS 33 (in € per share)	9	- 0.20	- 0.17
Diluted earnings per share according to IAS 33 (in € per share)	9	- 0.20	- 0.17





Interim consolidated statement of comprehensive income – April 1, 2014 to September 30, 2014

Figures in € thousands	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Net result after taxes	-47,071	-41,852
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	12,873	-101,671
Deferred income taxes	450	1,437
	13,323	-100,234
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	-23,008	34,473
Available-for-sale financial assets	215	225
Cash flow hedges	-195	-7,104
Deferred income taxes	103	190
	-22,885	27,784
Total other comprehensive income	-9,562	-72,450
Total comprehensive income	-56,633	-114,302



Interim consolidated income statement – July 1, 2014 to September 30, 2014

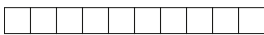
Figures in € thousands	1-Jul-2013 to 30-Sep-2013	1-Jul-2014 to 30-Sep-2014
Net sales	592,632	560,853
Change in inventories	-6,446	10,743
Other own work capitalized	6,617	3,802
Total operating performance	592,803	575,398
Other operating income	19,328	37,883
Cost of materials	268,395	271,355
Staff costs	206,182	195,942
Depreciation and amortization	19,908	17,172
Other operating expenses	104,627	99,009
Special items	369	17,753
Result of operating activities	12,650	12,050
Financial income	1,678	2,197
Financial expenses	17,272	18,047
Financial result	-15,594	-15,850
Income before taxes	-2,944	-3,800
Taxes on income	5,650	4,017
Net result after taxes	-8,594	-7,817
Basic earnings per share according to IAS 33 (in € per share)	-0.04	-0.02
Diluted earnings per share according to IAS 33 (in € per share)	-0.04	-0.02





Interim consolidated statement of comprehensive income – July 1, 2014 to September 30, 2014

Figures in € thousands	1-Jul-2013 to 30-Sep-2013	1-Jul-2014 to 30-Sep-2014
Net result after taxes	- 8,594	- 7,817
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	- 973	- 66,791
Deferred income taxes	- 4	481
	- 977	- 66,310
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	- 7,917	27,927
Available-for-sale financial assets	159	122
Cash flow hedges	- 1,299	- 4,127
Deferred income taxes	88	90
	- 8,969	24,012
Total other comprehensive income	- 9,946	- 42,298
Total comprehensive income	- 18,540	- 50,115



Interim consolidated statement of financial position as of September 30, 2014

Assets

Figures in € thousands	Note	31-Mar-2014	30-Sep-2014
Non-current assets			
Intangible assets	10	220,939	212,973
Property, plant and equipment	10	506,993	484,585
Investment property		5,222	6,384
Financial assets		17,523	18,086
Receivables from sales financing		45,351	46,258
Other receivables and other assets	12	22,541	17,671
Income tax assets		263	166
Deferred tax assets		51,404	55,542
		870,236	841,665
Current assets			
Inventories	11	622,735	740,058
Receivables from sales financing		45,587	46,484
Trade receivables		327,949	259,822
Other receivables and other assets	12	109,280	129,338
Income tax assets		22,922	24,385
Securities		10,169	0
Cash and cash equivalents	13	232,657	208,928
		1,371,299	1,409,015
Assets held for sale			
		2,419	15,743
Total assets		2,243,954	2,266,423



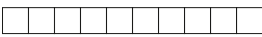


Interim consolidated statement of financial position as of September 30, 2014

Equity and liabilities

Figures in € thousands	Note	31-Mar-2014	30-Sep-2014
Equity	14		
Issued capital		599,796	658,676
Capital reserves, retained earnings and other retained earnings		- 244,611	- 316,352
Net result after taxes		3,619	- 41,852
		358,804	300,472
Non-current liabilities			
Provisions for pensions and similar obligations	15	450,206	563,061
Other provisions	16	167,559	172,545
Financial liabilities	17	432,308	442,371
Other liabilities	18	115,871	45,826
Deferred tax liabilities		7,562	7,639
		1,173,506	1,231,442
Current liabilities			
Other provisions	16	261,127	237,532
Financial liabilities	17	48,897	39,015
Trade payables		148,012	181,427
Income tax liabilities		3,611	1,430
Other liabilities	18	249,997	275,105
		711,644	734,509
Total equity and liabilities		2,243,954	2,266,423





Statement of changes in consolidated equity as of September 30, 2014¹⁾

Figures in € thousands

	Issued capital	Capital reserves	Retained earnings
April 1, 2013	599,308	27,098	39,439
Profit (+)/loss (-) carryforward	0	0	-117,067
Total comprehensive income	0	0	13,323
Consolidation adjustments/other changes	0	1,301	1,438
September 30, 2013	599,308	28,399	-62,867
April 1, 2014	599,796	28,399	-91,636
Capital increase against contribution in kind	58,880	-4,804	0
Profit (+)/loss (-) carryforward	0	0	3,619
Total comprehensive income	0	0	-100,234
Consolidation adjustments/other changes	0	0	1,894
September 30, 2014	658,676	23,595	-186,357

¹⁾ For further details please refer to note 14





Other retained earnings			Total other retained earnings	Total capital reserves, retained earnings and other retained earnings	Net result after taxes	Total
Currency translation	Fair value of other financial assets	Fair value of cash flow hedges				
-150,044	-946	3,733	-147,257	-80,720	-117,067	401,521
0	0	0	0	-117,067	117,067	0
-23,008	215	-92	-22,885	-9,562	-47,071	-56,633
0	0	0	0	2,739	0	2,739
-173,052	-731	3,641	-170,142	-204,610	-47,071	347,627
-182,691	-847	2,164	-181,374	-244,611	3,619	358,804
0	0	0	0	-4,804	0	54,076
0	0	0	0	3,619	-3,619	0
34,473	225	-6,914	27,784	-72,450	-41,852	-114,302
0	0	0	0	1,894	0	1,894
-148,218	-622	-4,750	-153,590	-316,352	-41,852	300,472





Interim consolidated statement of cash flows – April 1, 2014 to September 30, 2014

Figures in € thousands	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Net result after taxes	-47,071	-41,852
Depreciation, amortization and write-downs ¹⁾	38,364	36,405
Change in pension provisions	11,237	11,224
Change in deferred tax assets/deferred tax liabilities/tax provisions	1,860	214
Result from disposals	-718	3,292
Cash flow	3,672	9,283
Change in inventories	-43,482	-102,119
Change in sales financing	13,657	2,064
Change in trade receivables/payables	127,926	119,098
Change in other provisions	-79,728	-31,235
Change in other items of the statement of financial position	29,545	-20,421
Other operating changes	47,918	-32,613
Cash generated by/used in operating activities	51,590	-23,330
Intangible assets/property, plant and equipment/investment property		
Investments	-30,383	-25,260
Income from disposals	6,764	8,390
Financial assets	4	-171
Cash used in investing activities before cash investment	-23,615	-17,041
Cash investment	0	10,189
Cash used in investing activities	-23,615	-6,852
Change in financial liabilities	18,645	-2,555
Cash generated by/used in financing activities	18,645	-2,555
Net change in cash and cash equivalents	46,620	-32,737
Cash and cash equivalents at the beginning of the reporting period	157,492	232,657
Currency adjustments	-6,404	9,008
Net change in cash and cash equivalents	46,620	-32,737
Cash and cash equivalents at the end of the reporting period	197,708	208,928
Cash generated by/used in operating activities	51,590	-23,330
Cash used in investing activities	-23,615	-6,852
Free cash flow	27,975	-30,182

¹⁾ Relates to intangible assets as well as property, plant and equipment



Notes

01 Accounting policies

The interim consolidated financial statements as of September 30, 2014 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, 2014, 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 2013/2014

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, 2014. 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 new standards, which are to be applied for the first time in financial year 2014/2015. The amendment to IAS 36: Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets has been applied on a voluntary basis already since the previous year.

Standards	Publication by the IASB/IFRS IC	Effective date ¹⁾	Published in the Official Journal of the EU	Effects
Amendments to standards				
IAS 27: Separate Financial Statements (as revised in 2011)	12-May-2011	1-Jan-2014	29-Dec-2012	None
IAS 28: Investments in Associates and Joint Ventures (as revised in 2011)	12-May-2011	1-Jan-2014	29-Dec-2012	No material effects
Amendment to IAS 32: Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	16-Dec-2011	1-Jan-2014	29-Dec-2012	No material effects
Amendments to IAS 36: Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	29-May-2013	1-Jan-2014	20-Dec-2013	Clarification of the disclosures to be made in the notes to the consolidated financial statements
Amendments to IAS 39: Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting	27-Jun-2013	1-Jan-2014	20-Dec-2013	None
Amendments to IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities: Transition Guidance	28-Jun-2012	1-Jan-2014	5-Apr-2013	No material effects
Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities	31-Oct-2012	1-Jan-2014	21-Nov-2013	None
New standards				
IFRS 10: Consolidated Financial Statements	12-May-2011	1-Jan-2014	29-Dec-2012	None
IFRS 11: Joint Arrangements	12-May-2011	1-Jan-2014	29-Dec-2012	No material effects
IFRS 12: Disclosure of Interests in Other Entities	12-May-2011	1-Jan-2014	29-Dec-2012	The additional disclosures will be shown in the notes to the consolidated financial statements

¹⁾ For financial years beginning on or after this date





The IASB and the IFRS IC have approved and amended the following standards and interpretations, whose application during financial year 2014/2015 is not yet compulsory or which have not yet been endorsed by the European Union (EU).

- ➔ Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets: Clarification of acceptable Methods of Depreciation and Amortization
- ➔ Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
- ➔ Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- ➔ Amendments to IAS 27: Equity Method in Separate Financial Statements
- ➔ IFRS 9: Financial Instruments
- ➔ Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- ➔ Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- ➔ Amendments to IFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
- ➔ IFRS 14: Regulatory Deferral Accounts
- ➔ IFRS 15: Revenue from Contracts with Customers
- ➔ Improvements to International Financial Reporting Standards for 2010 – 2012 Cycle
- ➔ Improvements to International Financial Reporting Standards for 2011 – 2013 Cycle
- ➔ Improvements to International Financial Reporting Standards for 2012 – 2014 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.

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

02 Scope of consolidation

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 66 (March 31, 2014: 67) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IFRS 10. Of these, 56 (March 31, 2014: 56) are located outside Germany. Subsidiaries that are of minor importance are not included.

03 Other operating income

	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Income from Gallus transaction	0	18,123
Reversal of other provisions/ deferred liabilities	16,875	15,387
Recoveries on loans and other assets previously written down	10,233	7,920
Income from operating facilities	4,175	4,364
Hedging/exchange rate gains	5,217	3,072
Income from disposals of intangible assets, property, plant and equipment and investment property	1,007	760
Other income	10,405	12,125
	47,912	61,751

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



**04 Cost of materials**

The cost of materials includes the pro rata interest expense in connection with the Heidelberg Financial Services segment of € 1,120 thousand (April 1, 2013 to September 30, 2013: € 964 thousand); interest income from sales financing of € 3,625 thousand (April 1, 2013 to September 30, 2013: € 4,457 thousand) is reported in sales.

05 Other operating expenses

	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Other deliveries and services not included in the cost of materials	51,697	52,867
Special direct sales expenses including freight charges	44,465	32,226
Rent and leases	26,750	26,235
Travel expenses	20,330	18,222
Additions to provisions and accruals relating to several types of expense	2,787	6,898
Insurance expense	7,494	5,441
Bad debt allowances and impairment on other assets	8,474	5,223
Costs of car fleet (excluding leases)	3,577	3,124
Hedging/exchange rate losses	3,228	2,778
Other overheads	41,215	36,470
	210,017	189,484

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

06 Special items

Special items in the reporting period primarily include expenses in connection with the closure of our Leipzig site and restructuring measures at the Ludwigsburg site as well as income from the transfer of service activities for the discontinued saddle stitcher and adhesive binder products to Swiss company Müller Martini.

07 Financial income

	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Interest and similar income	4,031	2,123
Income from financial assets/loans/securities	2,460	1,599
	6,491	3,722

08 Financial expenses

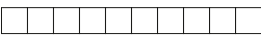
	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Interest and similar expenses	32,597	34,962
Expenses for financial assets/loans/securities	1,515	1,820
	34,112	36,782

09 Earnings per share

Earnings per share are calculated by dividing the net result after taxes 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 240,201,964 (April 1, 2013 to September 30, 2013: 234,104,021). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of September 30, 2014, the Company held 142,919 (March 31, 2014: 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 net result after taxes 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, 2014 to September 30, 2014. 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, 2014 to September 30, 2014, there were additions to intangible assets of € 4,227 thousand (April 1, 2013 to September 30, 2013: € 3,123 thousand) and to property, plant and equipment of € 21,120 thousand (April 1, 2013 to September 30, 2013: € 27,641 thousand). In the same period, the carrying amount of disposals from intangible assets was € 3,555 thousand (April 1, 2013 to September 30, 2013: € 33 thousand) and € 8,128 thousand (April 1, 2013 to September 30, 2013: € 6,014 thousand) for property, plant and equipment.

11 Inventories

Inventories include raw materials and supplies totaling € 98,859 thousand (March 31, 2014: € 99,288 thousand), work and services in progress amounting to € 339,236 thousand (March 31, 2014: € 287,983 thousand), finished goods and goods for resale of € 298,881 thousand (March 31, 2014: € 234,212 thousand), and advance payments of € 3,082 thousand (March 31, 2014: € 1,252 thousand).

12 Other receivables and other assets

The Other receivables and other assets item includes receivables from derivative financial instruments of € 10,057 thousand (March 31, 2014: € 5,274 thousand) and prepaid expenses of € 22,174 thousand (March 31, 2014: € 13,137 thousand).

13 Cash and cash equivalents

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 51,708 thousand (March 31, 2014: € 31,006 thousand).

14 Equity

The same as at March 31, 2014, the Company still held 142,919 treasury shares on September 30, 2014. 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, 2014 for

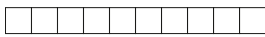
information on the contingent capital and the authorized capital as of March 31, 2014.

Significant changes as against March 31, 2014 resulted from a capital increase against contribution in kind from authorized capital and from the resolutions of the Annual General Meeting of July 24, 2014.

Ferd. Rüesch AG, Switzerland, contributed its 70 percent stake in Gallus Holding Aktiengesellschaft, St. Gallen, Switzerland, as a contribution in kind into Heidelberger Druckmaschinen Aktiengesellschaft against the issue of new shares. The capital increase against contribution in kind from authorized capital was effected with the exclusion of the subscription rights. In consideration for contributing the stake in Gallus Holding Aktiengesellschaft, Heidelberger Druckmaschinen Aktiengesellschaft agreed to grant Ferd. Rüesch Aktiengesellschaft 23,000,000 new shares and a cash payment in the single-digit million euro range. The issue price of the new shares is € 2.70 per new share. The capital increase became effective upon entry in the Commercial Register at the Local Court of Mannheim, Germany, on August 14, 2014. As a result, the share capital rose by € 58,880,000.00 to € 659,040,714.24 (March 31, 2014: € 600,160,714.24) and is now divided into 257,437,779 (March 31, 2014: 234,437,779) shares. Authorized capital 2012 accordingly declined to € 61,054,433.28 (March 31, 2014: € 119,934,433.28).

On July 24, 2014, the Annual General Meeting authorized the Management Board, with the approval of the Supervisory Board, to issue bearer or registered warrants or convertible bonds, profit-sharing rights or participating bonds, or a combination of these instruments (collectively referred to as "bonds") up to a total nominal amount of € 58,625,953.28, dated or undated, on one or several occasions by July 23, 2019, and to grant or impose on the bearers or creditors of option warrants or option profit-sharing rights or option participating bonds, option rights or obligations, or to grant or impose on the bearers or creditors of convertible bonds, convertible profit-sharing rights or convertible participating bonds conversion rights or obligations to bearer shares of the Company with a pro rata amount of share capital of up to € 58,625,953.28 in total, in accordance with the further conditions of these bonds. Shareholders' preemptive subscription rights may be disapplied in accordance with the further conditions of this authorization. For this purpose, the share capital was contingently increased by up to € 58,625,953.28 (Contingent Capital 2014). The resolution was entered in the Commercial Register on September 22, 2014.





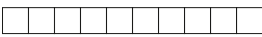
15 Provisions for pensions and similar obligations

A discount rate of 2.90 percent (March 31, 2014: 3.50 percent) was used to calculate the actuarial gains and losses of German companies as of September 30, 2014. With a domestic discount rate of 2.75 percent, which would have been in place as of September 30, 2014 without modification of the rounding system (September 30, 2014: 10 (previously: 25) basis points), the present value of domestic employee benefits would have been € 28,345 thousand higher.

16 Other provisions

Other provisions relate to tax provisions of € 88,100 thousand (March 31, 2014: € 88,278 thousand) and other provisions of € 321,977 thousand (March 31, 2014: € 340,408 thousand). Other provisions include staff obligations of € 74,875 thousand (March 31, 2014: € 93,256 thousand), sales obligations of € 87,208 thousand (March 31, 2014: € 96,155 thousand) and miscellaneous other provisions of € 159,894 thousand (March 31, 2014: € 150,997 thousand). The latter also include, among others, provisions in connection with our Focus efficiency program and portfolio adjustments in the Postpress Commercial business area.





17 Financial liabilities

	31-Mar-2014			30-Sep-2014		
	Current	Non-current	Total	Current	Non-current	Total
High-yield bond	15,142	345,545	360,687	15,141	346,499	361,640
Convertible bond	1,138	56,935	58,073	1,486	56,935	58,421
Amounts due to banks	16,321	25,496	41,817	20,305	35,195	55,500
From finance leases	1,867	4,332	6,199	1,721	3,742	5,463
Other	14,429	0	14,429	362	0	362
	48,897	432,308	481,205	39,015	442,371	481,386

An amortizing loan to the amount of € 20 million maturing in December 2018 was issued in April 2014 reducing the revolving credit facility to € 319 million.

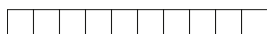
With regard to our financing, please refer to note 29 in the notes to the consolidated financial statements as of March 31, 2014.

18 Other liabilities

Other liabilities include advance payments on orders of € 108,383 thousand (March 31, 2014: € 76,039 thousand), liabilities from derivative financial instruments of € 7,776 thousand (March 31, 2014: € 1,755 thousand), and deferred income of € 60,647 thousand (March 31, 2014: € 62,714 thousand).

A liability to date reported under Other liabilities was derecognized through the issuance of equity instruments as part of the Gallus transaction. The difference between the book value of the redeemed liability and the value of the equity instrument plus cash component is reported under Other operating income (note 3).



**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

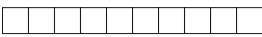
these risks. Their fair values correspond to changes in value arising from a notional revaluation taking into account the market parameters applicable at the end of the reporting period. The fair values are calculated using standardized measurement procedures (discounted cash flow and option pricing 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:

	31-Mar-2014				30-Sep-2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	12,835	0	0	12,835	2,936	0	0	2,936
Derivative financial assets	0	5,274	0	5,274	0	10,057	0	10,057
Financial assets measured at fair value	12,835	5,274	0	18,109	2,936	10,057	0	12,993
Derivative financial assets	0	1,755	0	1,755	0	7,776	0	7,776
Financial liabilities measured at fair value	0	1,755	0	1,755	0	7,776	0	7,776





Shares in subsidiaries in the amount of € 10,273 thousand (March 31, 2014: € 9,992 thousand) and other investments in the amount of € 4,455 thousand (March 31, 2014: € 4,456 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 and interest rates with matching maturities taking into account 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 in the previous year) and the convertible bond – which are reported under financial liabilities – as calculated on the basis of the quoted price are € 363,882 thousand (March 31, 2014: € 376,588 thousand) and € 67,277 thousand (March 31, 2014: € 69,345 thousand) respectively, compared to the carrying amounts of € 361,640 thousand (March 31, 2014: € 360,687 thousand) and € 58,421 thousand (March 31, 2014: € 58,073 thousand). Both correspond to the first level in the fair value hierarchy according to IFRS 13.

In connection with the arranging of a long-term loan of € 29,444 thousand (March 31, 2014: € 33,288 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. The fair value of this loan amounts to € 30,303 thousand (March 31, 2014: € 34,097 thousand).

The fair value of the amortizing loan issued in April 2014, which is reported under financial liabilities, is € 18,983 thousand compared to the carrying amount of € 17,897 thousand.

The fair value of each of these two financial liabilities was calculated on the basis of the discounted cash flow method using market interest rates and corresponds to the second level in the fair value hierarchy according to IFRS 13.

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

20 Contingent liabilities and other financial liabilities

As of September 30, 2014, the contingent liabilities for warranties and guarantees amounted to € 2,041 thousand (March 31, 2014: € 3,257 thousand).

The other financial liabilities amounted to € 222,873 thousand as of September 30, 2014 (March 31, 2014: € 229,187 thousand). Of this amount, € 189,946 thousand (March 31, 2014: € 194,804 thousand) related to lease and rental obligations and € 32,927 thousand (March 31, 2014: € 34,383 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, 2014.





Segment information April 1, 2014 to September 30, 2014:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		Heidelberg Group	
	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
External sales	621,070	552,813	471,278	439,814	4,457	3,625	1,096,805	996,252
Result of operating activities (segment result)	-49,646	-43,579	37,371	40,478	3,620	3,954	-8,655	853
Investments	25,145	19,028	5,619	6,319	1	0	30,765	25,347

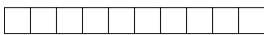
The segment result is reconciled to income before taxes as follows:

	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Result of operating activities (segment result)	-8,655	853
Financial result	-27,621	-33,060
Income before taxes	-36,276	-32,207

External sales relate to the different regions as follows:

	1-Apr-2013 to 30-Sep-2013	1-Apr-2014 to 30-Sep-2014
Europe, Middle East and Africa		
Germany	153,245	157,963
Other Europe, Middle East and Africa regions	221,560	250,262
	374,805	408,225
Asia/Pacific		
China	219,035	148,863
Other Asia/Pacific regions	178,404	138,852
	397,439	287,715
Eastern Europe	126,273	117,883
North America		
USA	115,416	115,289
Other North America regions	33,331	30,320
	148,747	145,609
South America	49,541	36,820
	1,096,805	996,252





22 Supervisory Board/Management Board

The members of the Supervisory Board and the Management Board are presented on page 36.

23 Related party transactions

As described in note 41 of the notes to the consolidated financial statements as of March 31, 2014, 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 € 4,634 thousand (March 31, 2014: € 4,589 thousand), receivables of € 10,283 thousand (March 31, 2014: € 11,552 thousand), expenses of € 8,190 thousand (April 1, 2013 to September 30, 2013: € 5,864 thousand) and income of € 3,672 thousand (April 1, 2013 to September 30, 2013: € 3,862 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 € 217 thousand (April 1, 2013 to September 30, 2013: € 195 thousand) from Heidelberger Druckmaschinen Aktiengesellschaft in line with employment contracts in the reporting period.

24 Significant events after the end of the reporting period

In the **POSTPRESS PACKAGING AREA**, products and solutions will be developed and manufactured by the Chinese partner Masterwork Machinery Co., Ltd. in the future; marketing and service outside China and Japan will remain in the hands of Heidelberg. An agreement to this effect was signed at the end of October 2014. Moreover, Heidelberg and Masterwork Machinery have agreed to consider a joint production of components in China.

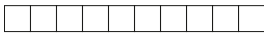
In **NEW SHEETFED OFFSET MACHINERY BUSINESS**, profitability is to be increased in the near future and this area is to be adapted to the fluctuations in demand that are typical for the market by increasing flexibility. To this end, product modularization and standardization will be advanced further in order to achieve economies of scale despite the reduced production volume. As part of these measures, the break-even point for operating profit in this area is to be lowered further by the end of the year by adjusting personnel capacity.

Heidelberg, November 12, 2014

**HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT**

The Management Board





Responsibility statement

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

Heidelberg, November 12, 2014

**HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT**
The Management Board

Dr. Gerold Linzbach

Dirk Kaliebe

Stephan Plenz

Harald Weimer



The Supervisory Board

- **Robert J. Koehler**
Chairman of the
Supervisory Board
- **Rainer Wagner***
Deputy Chairman of the
Supervisory Board
- **Ralph Arns***
since July 24, 2014
- **Edwin Eichler**
- **Mirko Geiger***
- **Jörg Hofmann***
until July 24, 2014
- **Dr. Siegfried Jaschinski**
- **Dr. Herbert Meyer**
- **Beate Schmitt***
- **Lone Fønss Schrøder**
- **Prof. Dr.-Ing. Günther Schuh**
- **Peter Sudadse***
until July 24, 2014
- **Christoph Woesler***
- **Roman Zitzelsberger***
since July 24, 2014

The Management Board

- **Dr. Gerold Linzbach**
Chief Executive Officer and
Chief Human Resources Officer
- **Dirk Kaliebe**
- **Stephan Plenz**
- **Harald Weimer**

Committees of the Supervisory Board

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Ralph Arns
Mirko Geiger
Lone Fønss Schrøder
Prof. Dr.-Ing. Günther Schuh

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

Robert J. Koehler
Rainer Wagner
Ralph Arns
Dr. Herbert Meyer

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

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

AUDIT COMMITTEE

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

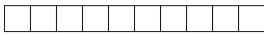
NOMINATION COMMITTEE

Robert J. Koehler (Chairman)
Edwin Eichler
Lone Fønss Schrøder

STRATEGY COMMITTEE

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

* Employee representative



Financial calendar 2014/2015

- February 4, 2015** → Publication of Third Quarter Figures 2014/2015
- June 10, 2015** → Press Conference, Annual Analysts' and Investors' Conference
- July 24, 2015** → Annual General Meeting

Subject to change



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