Interim Financial Report
2014/2015

This is where we are.

Q1|2|3

Q3 INTERIM FINANCIAL REPORT 2014/2015

- Sales of € 556 million in Q3
- Incoming orders of € 613 million
- EBITDA excluding special items of € 27 million
- Free cash flow of € 14 million

Key performance data

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	1,849	1,780	592	613
Net sales	1,685	1,552	588	556
EBITDA [1]	67	80	36	27
in percent of sales	4.0 %	5.2 %	6.2 %	4.9 %
Result of operating activities [2]	10	29	18	10
Net result after taxes	– 40	– 95	7	– 53
in percent of sales	– 2.4 %	– 6.1 %	1.2 %	– 9.6 %
Research and development costs	89	90	30	30
Investments	40	37	9	12
Equity	348	203	348	203
Net debt [3]	271	250	271	250
Free cash flow	– 10	– 16	– 38	14
Earnings per share in € [4]	– 0.17	– 0.39	0.03	– 0.22
Number of employees at end of quarter (excluding trainees)	12,851	12,280	12,851	12,280

[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

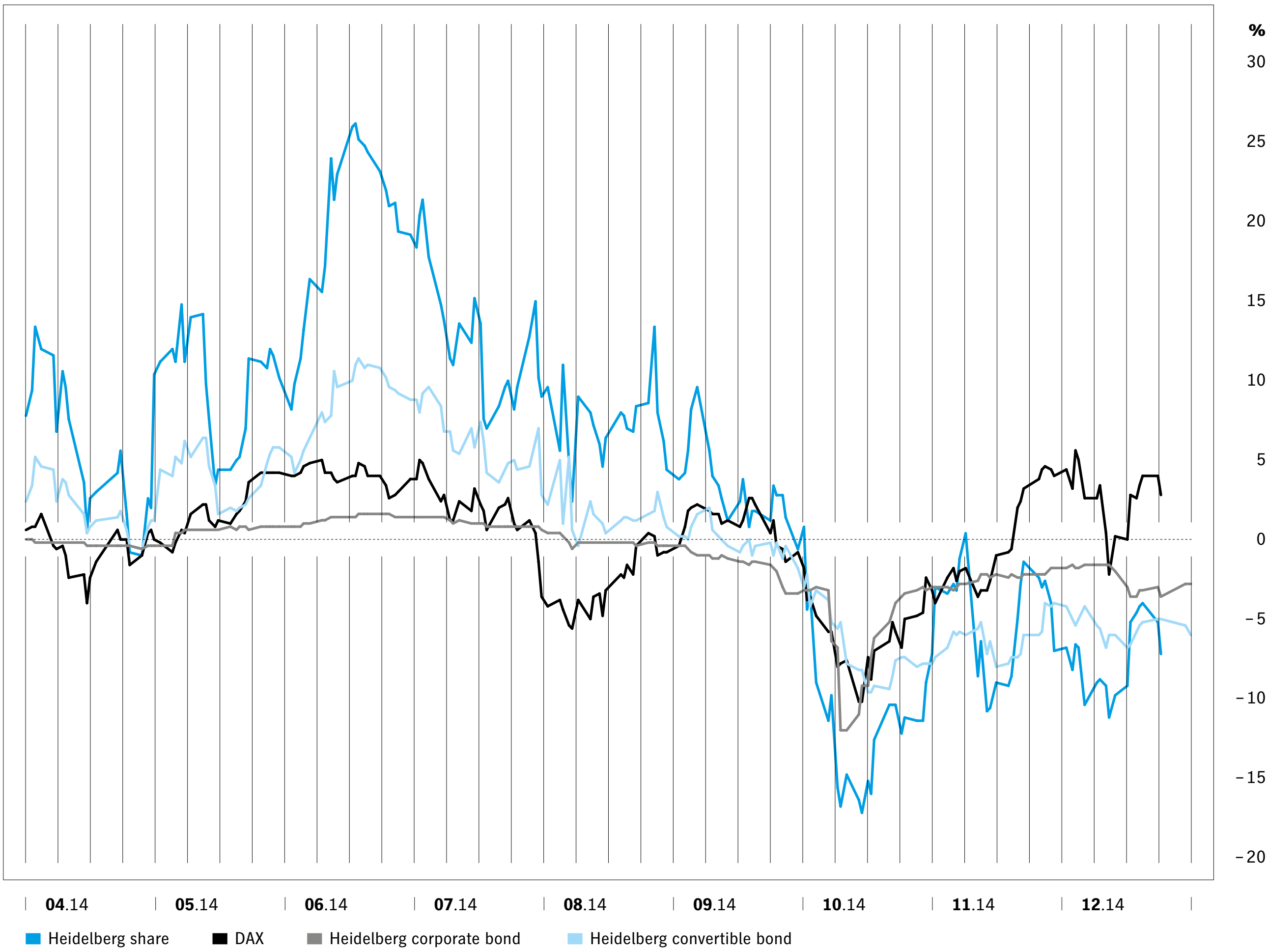
1 /

Q3 2014/2015

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

The 2014 stock market year was characterized by expansive global monetary policy and various geopolitical crises. On June 5, the DAX broke through the 10,000-point barrier for the first time in its history on the back of a further reduction in the base rate. The index reached its low for the year of 8,476 points in October as a result of the poor economic and inflation data from Europe and weaker than expected labor market data from the USA. It then rallied towards the end of the year, taking it to another all-time high. The stock markets received a further substantial boost at the end of the year with the ECB's decision to implement its controversial bond purchases in the peripheral nations in 2015 and reduce the base rate to a record low of 0.05 percent.

The **HEIDELBERG SHARE** closed the quarter at € 2.07 on December 31, 2014, down 8 percent on its opening price at the start of the quarter. The **CORPORATE BOND** and the **CONVERTIBLE BOND** recovered following a general low in mid-October, with the corporate bond closing the quarter at 102.9 percent on December 31, 2014, while the convertible bond was traded at 109.5 percent at this date – down slightly on the start of the quarter.

Key performance data of the Heidelberg share

Figures in € ISIN: DE 0007314007	Q3 2013/2014	**Q3 2014/2015**
High	2.84	2.25
Low	1.83	1.85
Price at beginning of quarter [1]	1.96	2.25
Price at end of quarter [1]	2.58	2.07
Market capitalization at end of quarter in € millions	605	533
Outstanding shares in thousands (reporting date)	234,438	257,438

Key performance data of the Heidelberg corporate bond

Figures in percent RegS ISIN: DE 000A1KQ1E2	Q3 2013/2014	**Q3 2014/2015**
Nominal volume in € millions	355.0	355.0
High	107.6	104.4
Low	103.2	93.3
Price at beginning of quarter [2]	103.6	102.7
Price at end of quarter [2]	107.0	102.9

Key performance data of the Heidelberg convertible bond

Figures in percent ISIN: DE 000A1X25N0	Q3 2013/2014	**Q3 2014/2015**
Nominal volume in € millions	60.0	60.0
High	128.3	113.9
Low	104.8	105.2
Price at beginning of quarter [2]	106.4	113.9
Price at end of quarter [2]	122.4	109.5

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

ECONOMIC REPORT

Macroeconomic and industry-specific conditions

Global economic expansion strengthened over the course of 2014, with growth amounting to 2.5 percent. The global economy is likely to have been stimulated by the low oil prices in the last quarter of the year. As previously, the countries and regions with advanced economies saw extremely varied development. While the USA has largely completed its structural adjustments and the economy returned to comparatively strong growth of 2.3 percent, economic activity in the euro zone saw only moderate growth of 0.9 percent despite the boost provided by the depreciation of the euro and lower energy prices. In Germany, the economy hit a low in the summer before rebounding considerably. Meanwhile, Japan slipped into a recession following a VAT increase, with economic output ultimately stagnating across the year as a whole.

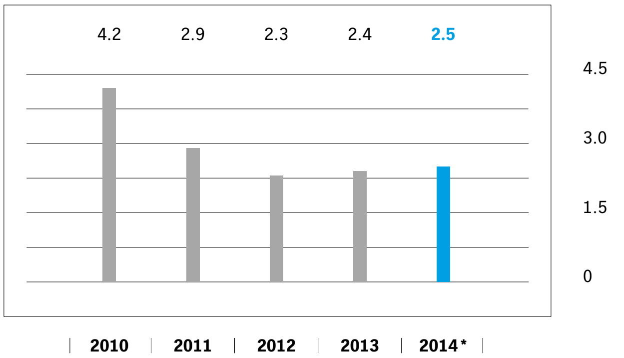
In China, the upturn in the summer half-year proved to be unsustainable and economic performance has recently weakened again, resulting in comparatively moderate growth of 7.3 percent for the year as a whole. Latin America is still showing no signs of a significant upturn, although the economic downturn has clearly bottomed out. In Eastern Europe, the impact of the political crisis in Ukraine became increasingly visible, with an adverse effect on the investment climate and consumer confidence. Despite this, economic development in the emerging economies recently saw slightly more pronounced growth, although the underlying economic trend remains muted with growth of 4.0 percent.

The euro continues to experience strong downward pressure, losing 12 percent of its value against the US dollar in the course of 2014. The euro/yen exchange rate was largely dominated by the disappointing economic data emerging from Japan, but the European Central Bank's monetary policy should prevent the yen from weakening further against the euro. As a result of the ECB's most recent decision to implement further monetary policy measures such as the purchase of government bonds, the continued decline in interest rates has, however, increased the risk that pension obligations may rise further and thus weigh on equity.

The statistics published by the German Engineering Federation (VDMA) clearly reflect the impact of these macroeconomic conditions as well as the pronounced uncertainty among companies due to the prevailing

Change in global GDP [1)]

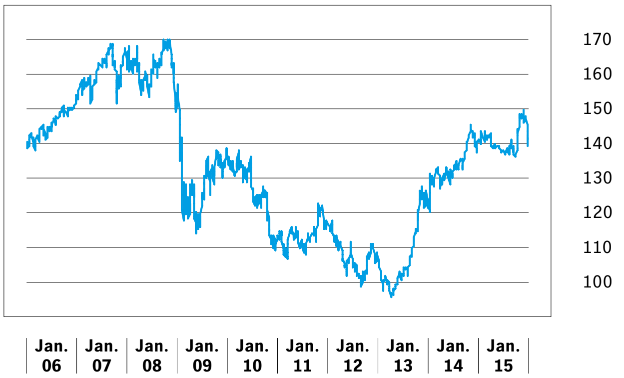
Figures in percent



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

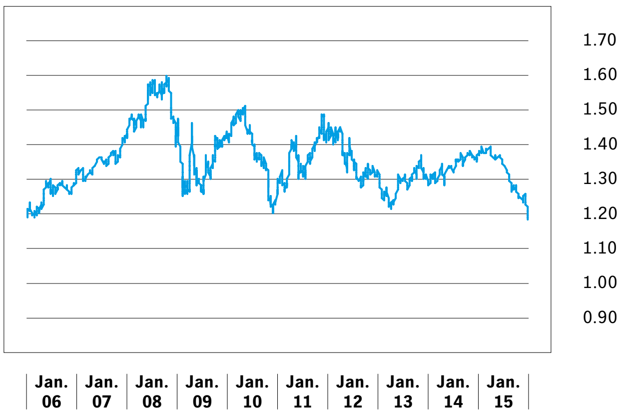
January 2006 until January 2015



Source: Global Insight

Development of EUR/USD

January 2006 until January 2015



Source: Global Insight

geopolitical risks. Sales of printing machines from German manufacturers in the period from January to November 2014 were down 13 percent on the previous year, while incoming orders declined by 5 percent in the same period.

Business development

In the third quarter of the 2014/2015 financial year, the Heidelberg Group's incoming orders of € 613 million were up slightly on the previous quarters as well as the same quarter of the previous year (€ 592 million). In the first nine months of the 2014/2015 financial year, incoming orders amounted to € 1,780 million (first nine months of the 2013/2014 financial year: € 1,849 million).

At € 556 million, **SALES** were largely unchanged compared with the second quarter of the 2014/2015 financial year (€ 561 million) but were down on the prior-year figure of € 588 million. Sales in the first nine months of 2014/2015 amounted to € 1,552 million as against € 1,685 million in the same period of the previous year.

The downturn in incoming orders and sales was primarily attributable to the sustained economic slowdown affecting the Chinese market.

The Heidelberg Group's **ORDER BACKLOG** increased by € 193 million compared with the start of the financial year (€ 421 million) to total € 614 million as of December 31, 2014, thereby also exceeding the figure of € 588 million as of December 31, 2013. **TOTAL OPERATING PERFORMANCE** amounted to € 560 million in the third quarter (previous year: € 590 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.

Business performance by quarter

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Incoming orders	1,849	1,780	592	613
Net sales	1,685	1,552	588	556

Results of operations, net assets and financial position

As the previous quarters of the 2014/2015 financial year, the third quarter was again strongly influenced by the prioritized strategic portfolio optimization measures. 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)** for the third quarter of the 2014/2015 financial year were both lower than in the previous year due to the downturn in sales in China and the remaining burdens in the postpress sector. EBITDA amounted to € 27 million in the third quarter of the current financial year after € 36 million in the previous year, while EBIT excluding special items declined from € 18 million in the third quarter of the 2013/2014 financial year to € 10 million in the period under review.

By contrast, despite extensive portfolio restructuring measures, operating profitability was retained year-on-year in the first nine months of 2014/2015. EBITDA improved to € 80 million despite a lower sales volume (previous year: € 67 million), while EBIT increased from € 10 million to € 29 million. This was attributable to the operational measures already implemented as well as the income generated from the Gallus transaction with Ferd. Rüesch AG, St. Gallen, Switzerland, in the second quarter of the year under review.

Special items in the third quarter in the amount of around € 55 million (previous year: € 1 million) primarily consist of expenses for provisions in connection with portfolio optimization measures. As a result of higher interest expense the **FINANCIAL RESULT** deteriorated slightly to € – 16 million (previous year: € – 13 million). The financial result for the first nine months amounted to € – 49 million after € – 41 million in the same period of the previous year. The special items relating to portfolio optimization substantially impacted both the **NET RESULT BEFORE TAXES**, which amounted to € – 60 million (previous year: € 4 million), and the **NET RESULT AFTER TAXES**, which amounted to € – 53 million (previous year: € 7 million). Accordingly, the net result before taxes for the first nine months deteriorated from € – 32 million to € – 92 million, while the net result after taxes declined from € – 40 million to € – 95 million. Earnings per share amounted to € – 0.22 in the period under review (previous year: € 0.03).

Income statement

Figures in € millions	Q1 to Q3		Q3	
	2013 / 2014	2014 / 2015	2013 / 2014	2014 / 2015
Net sales	**1,685**	**1,552**	**588**	**556**
Change in inventories / Other own work capitalized	72	113	2	4
Total operating performance	**1,756**	**1,665**	**590**	**560**
EBITDA excluding special items	67	80	36	27
Result of operating activities excluding special items	**10**	**29**	**18**	**10**
Special items	– 2	– 72	– 1	– 55
Financial expenses	– 41	– 49	– 13	– 16
Net result before taxes	**– 32**	**– 92**	**4**	**– 60**
Taxes on income	8	3	– 3	– 7
Net result after taxes	**– 40**	**– 95**	**7**	**– 53**

TOTAL ASSETS increased slightly by € 12 million compared with March 31, 2014, amounting to € 2,256 million as of December 31, 2014. At € 12 million, **INVESTMENTS** in property, plant and equipment and intangible assets in the period under review were somewhat higher than in the same period of the previous year (€ 9 million).

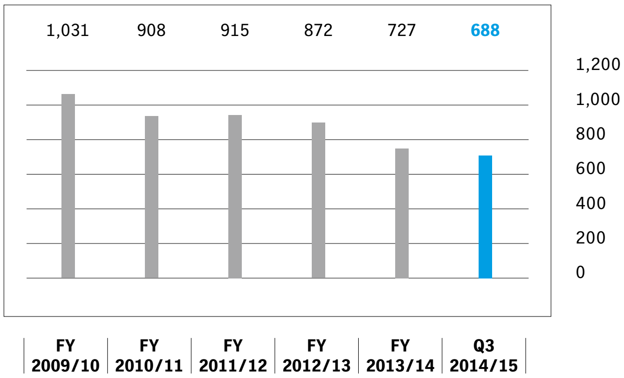
On the **ASSETS SIDE**, the Company's **INVENTORIES** increased by € 124 million to € 747 million compared with March 31, 2014; this was in line with expectations and serves to cover the higher order and sales volumes that are anticipated in the second half of the year. **TRADE RECEIVABLES** declined to € 263 million as of December 31, 2014. Net working capital was reduced from € 727 million at the financial year-end as of March 31, 2014 to € 688 million as of December 31, 2014 through consistent 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 at the low level of the previous quarters at € 85 million due to the repayments received.

Assets

Figures in € millions	31-Mar-2014	31-Dec-2014
Fixed assets	751	724
Inventories	623	747
Trade receivables	328	263
Receivables from sales financing	91	85
Other assets	209	216
Short-term securities and cash and cash equivalents	243	221
	2,244	**2,256**

Development of net working capital

Figures in € millions



Equity and liabilities

Figures in € millions	31-Mar-2014	31-Dec-2014
Equity	359	203
Provisions	879	1,055
Financial liabilities	481	471
Trade payables	148	199
Other liabilities	377	329
	2,244	**2,256**

On the **EQUITY AND LIABILITIES SIDE**, the net loss for the first nine months of the year had a negative impact on equity, among other things. Moreover, the further reduction of the discount rate for pensions in Germany resulted in a drop in equity which overcompensated the positive effect of the Gallus transaction. As of December 31, 2014, equity thus amounted to € 203 million, the equity ratio was 9 percent. The change in the discount rate for pensions and increased restructuring provisions caused **PROVISIONS** to rise to a total of € 1,055 million.

As a result of the higher level of inventories, **TRADE PAYABLES** increased compared with the end of the financial year, amounting to € 199 million as of December 31, 2014. **NET DEBT** fell to € 250 million in the third quarter (previous quarter: € 272 million) as a result of the positive free cash flow and hence remains at a low level. Consequently, leverage (the ratio of net debt to EBITDA excluding special items for the last four quarters) was maintained at below the target level of 2. **FINANCIAL LIABILITIES** declined slightly to € 471 million in the quarter under review.

Overview of net assets

Figures in € millions	31-Mar-2014	31-Dec-2014
Total assets	2,244	2,256
Net working capital	727	688
in percent of sales [1]	29.9 %	29.9 %
Equity	359	203
in percent of total liabilities	16.0 %	9.0 %
Net debt [2]	238	250

[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 December 31, 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. On December 31, 2014, it was reduced to around € 277 million in accordance with the terms of the agreement. 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 an amortizing loan in the first quarter of 2014/2015. With the range of instruments it has agreed, Heidelberg has a total financing framework of around € 740 million until 2017/2018 with a balanced maturity structure and diversification. 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 amounted to € –45 million in the third quarter due to the net loss for the quarter (previous year: € 23 million), while cash flow for the first nine months amounted to € –36 million after € 27 million in the previous year. **OTHER OPERATING CHANGES** totaled € 77 million in the third quarter of the 2014/2015 financial year, largely due to the recognition of provisions for portfolio optimization measures.

In the quarter under review, free cash flow was positive at € 14 million due to factors including the income from the postpress packaging transaction with Masterwork Machinery Co., Ltd. (previous year: € –38 million). Free cash flow for the first nine months of the 2014/2015 financial year amounted to € –16 million (previous year: € –10 million). This development was due in particular to the net loss for the first nine months and the expenditure of approximately € 30 million for the Focus efficiency program.

Statement of cash flows of the Heidelberg Group

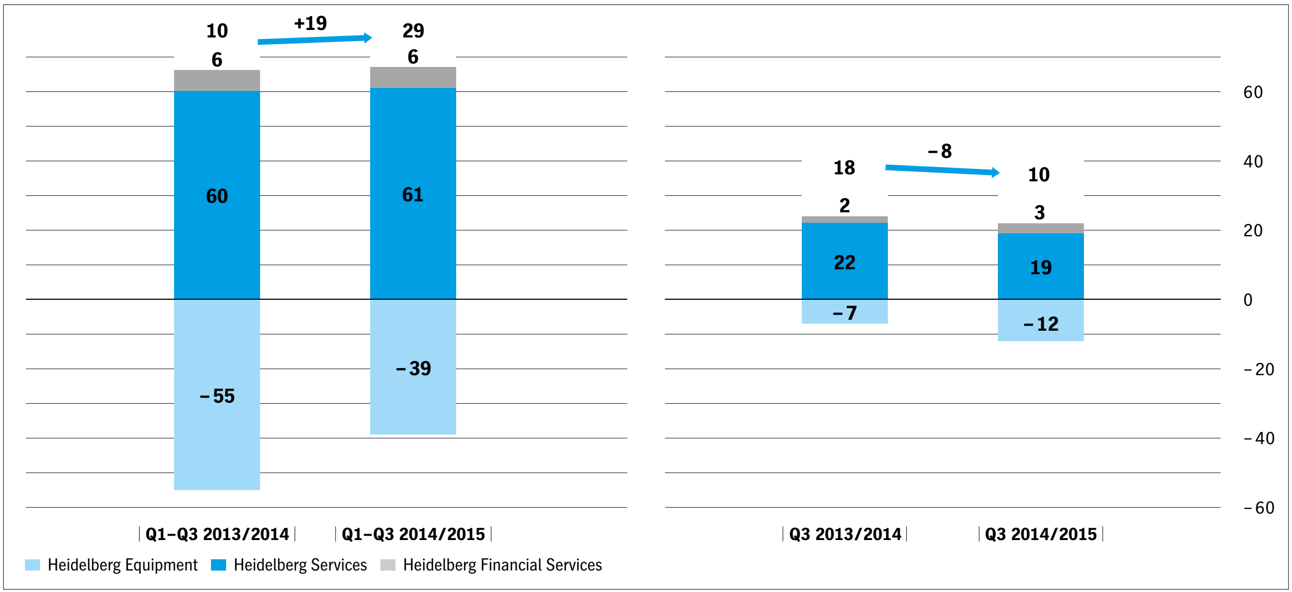
Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Net result after taxes	-40	-95	7	-53
Cash flow	**27**	**-36**	23	**-45**
Other operating changes	**-8**	**44**	**-56**	**77**
of which: net working capital	104	76	-14	30
of which: receivables from sales financing	24	9	11	7
of which: other	-136	-41	-52	40
Cash used in investing activities	**-29**	**-24**	**-6**	**-17**
Free cash flow	**-10**	**-16**	**-38**	**14**
in percent of sales	-0.6%	-1.0%	-6.5%	2.6%

Segment report

Sales in the **HEIDELBERG EQUIPMENT** segment declined from € 359 million in the third quarter of the previous year to € 320 million in the third quarter of the 2014/2015 financial year. After nine months, sales amounted to € 873 million compared to € 980 million in the same period of the previous year. As the economic slowdown in the Chinese market primarily affects the new machinery business, the Equipment segment suffers the most from the decline. The order backlog amounted to € 561 million as of December 31, 2014, an increase compared with the same period of the previous year (€ 540 million). The result of operating activities excluding special items (EBIT) declined from € -7 million in the previous year to € -12 million as a result of the lower level of sales. By contrast, EBIT for the first nine months in the Heidelberg Equipment segment improved from € -55 million in the previous year to € -39 million. Positive factors included the income from the Gallus transaction in the second quarter and the portfolio measures that have already been implemented. Incoming orders (€ 1,076 million) for the first nine months were lower than in the pre-

Result of operating activities excluding special items by segment

Figures in € millions



vious year (€ 1,129 million). As of December 31, 2014, the segment accounted for 56 percent of the Heidelberg Group's sales. The Heidelberg Equipment segment had a total of 8,200 employees as of December 31, 2014, a decrease of 160 compared with the start of the financial year. On a year-on-year basis, the number of employees fell by 404.

Heidelberg Equipment

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	**2014/2015**	2013/2014	**2014/2015**
Incoming orders	1,129	1,076	350	368
Sales	980	873	359	320
Order backlog	540	561	540	561
Result of operating activities [1]	– 55	– 39	– 7	– 12
Employees [2]	8,604	8,200	8,604	8,200

[1] Excluding special items
[2] At end of quarter (excluding trainees)

The **HEIDELBERG SERVICES** segment recorded a slightly higher sales volume of € 234 million in the third quarter of the current financial year (previous year: € 227 million). In the first three quarters of the 2014/2015 financial year sales amounted to € 674 million (previous year: € 698 million). Traditional service business (services and spare 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 financial year. After € 22 million in the corresponding quarter of the previous year, the result of operating activities excluding special items (EBIT) amounted to € 19 million in the quarter under review, while the figure for the first nine months increased slightly from € 60 million in the previous year to € 61 million. The Heidelberg Services segment had a total of 4,038 employees as of December 31, 2014, a decrease of 94 compared with the start of the financial year. On a year-on-year basis, the number of employees fell by 160.

Heidelberg Services

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	**2014/2015**	2013/2014	**2014/2015**
Incoming orders	713	699	240	244
Sales	698	674	227	234
Result of operating activities [1]	60	61	22	19
Employees [2]	4,198	4,038	4,198	4,038

[1] Excluding special items
[2] At end of quarter (excluding trainees)

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 December 31, 2014, receivables from sales financing amounted to € 85 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 was also higher than sales due to the encouragingly positive risk provisioning result. Accordingly, despite the declining average number of receivables from sales financing, the figure for the first nine months of 2014/2015 is unchanged from the previous year's level. On a year-on-year basis, the number of employees in the segment fell by seven to 42 employees as of December 31, 2014.

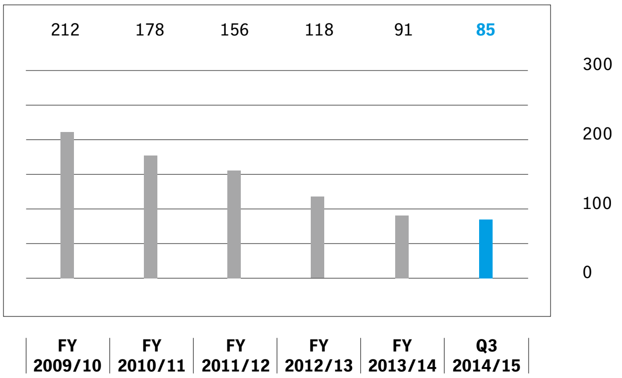
Heidelberg Financial Services

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Sales	6	5	2	2
Result of operating activities [1]	6	6	2	3
Employees [2]	49	42	49	42

[1] Excluding special items
[2] At end of quarter (excluding trainees)

Receivables from sales financing

Figures in € millions



Report on the regions

Incoming orders and sales in the regions developed in line with expectations in the third quarter of the 2014/2015 financial year with the exception of China. While the EMEA region enjoyed positive performance, business in the Asia/Pacific region continued to be impacted by the negative development of our largest individual market, China. The downturn affected sales of new equipment in particular, with the measures aimed at increasing margins and profitability failing to take full effect.

In the third quarter of the 2014/2015 financial year, incoming orders in the **EMEA** (Europe, Middle East and Africa) region were up year-on-year at € 246 million (previous year: € 235 million). Incoming orders for the first nine months of the financial year also increased year-on-year to € 694 million (previous year: € 684 million). Sales also saw encouraging development, increasing slightly year-on-year to € 217 million in the third quarter (previous year: € 214 million) and rising from € 589 million to € 625 million in the first nine months. Within the region, the UK market recorded particularly positive development in terms of both incoming orders and sales.

At € 162 million, incoming orders in the **ASIA/PACIFIC** region increased slightly year-on-year in the third quarter on the back of strong orders from the Japanese market (previous year: € 157 million). While our largest individual market, China, remained at the low level of the previous year, the ongoing economic slowdown led to a reduction in the figure for the first nine months from € 616 million in the 2013/2014 financial year to € 515 million in the current financial year. Sales in the region declined substantially year-on-year to € 151 million in the third quarter of the 2014/2015 financial year (previous year: € 193 million), while sales for the first nine months fell from € 591 million to € 439 million; this was mainly also due to developments on the Chinese market.

Incoming orders in **EASTERN EUROPE** remained unchanged as against the past two quarters at € 70 million, although this was lower than the figure for the same quarter of the previous year (€ 78 million). After the first nine months of the 2014/2015 financial year, incoming orders in the region were down slightly year-on-year at € 212 million (previous year: € 219 million). Uncertainty due to political and economic developments had a clearly negative impact on the Russian market, but this was partially offset by other markets.

By contrast, sales in the third quarter increased year-on-year to € 76 million (previous year: € 69 million) and remained essentially unchanged after the first nine months of the current financial year at € 194 million (previous year: € 195 million).

Incoming orders in the **NORTH AMERICA** region increased year-on-year to € 105 million in the quarter under review (previous year: € 92 million). However, sales fell from € 92 million in the previous year to € 83 million. Although the USA reported positive development in terms of incoming orders and sales, the weaker sales performance in Canada and Mexico meant that this was not reflected in the overall sales figures for the region.

Sales in the region were also down year-on-year in the first nine months at € 229 million (previous year: € 241 million), whereas incoming orders for the same period increased to € 278 million (previous year: € 256 million).

Incoming orders in the **SOUTH AMERICA** region enjoyed encouraging development, increasing steadily throughout the first three quarters of the current financial year and repeating the prior-year figure for the third quarter at € 31 million. All in all, incoming orders in the region in the first nine months benefited from the recovery of the Brazilian market in particular, rising from € 74 million to € 81 million.

Sales increased from € 20 million in the same quarter of the previous year to € 29 million. By contrast, in the first nine months of the financial year under review sales declined slightly to € 66 million, from € 69 million in the same period of financial year 2013/2014.

Incoming orders by region

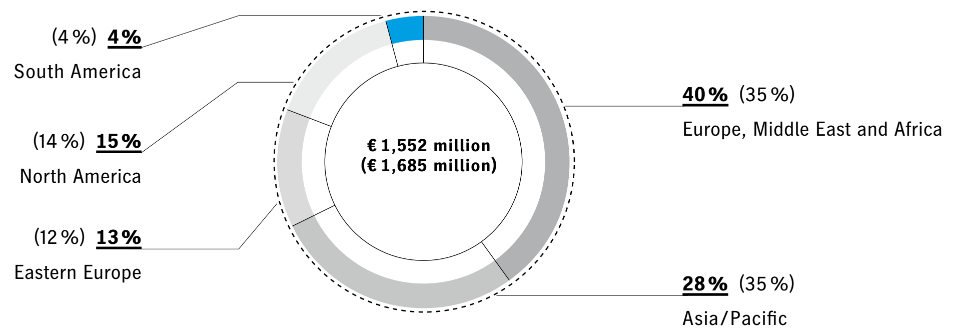
Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Europe, Middle East and Africa	684	694	235	246
Asia/Pacific	616	515	157	162
Eastern Europe	219	212	78	70
North America	256	278	92	105
South America	74	81	31	31
Heidelberg Group	**1,849**	**1,780**	**592**	**613**

Sales by region

Figures in € millions	Q1 to Q3		Q3	
	2013/2014	2014/2015	2013/2014	2014/2015
Europe, Middle East and Africa	589	625	214	217
Asia/Pacific	591	439	193	151
Eastern Europe	195	194	69	76
North America	241	229	92	83
South America	69	66	20	29
Heidelberg Group	**1,685**	**1,552**	**588**	**556**

Sales by region (Q1 to Q3)

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



Employees

In the third quarter of the 2014/2015 financial year, the number of employees in the Heidelberg Group continued to decline, largely as a result of the portfolio realignment in the postpress sector. As of December 31, 2014, the Heidelberg Group had a total of 12,280 employees (plus around 534 trainees), 259 fewer than on March 31, 2014. The number of employees decreased by 571 compared with one year previously (December 31, 2013: 12,851 employees).

Employees by segment

Number of employees excluding trainees	31-Mar-2014	31-Dec-2014
Heidelberg Equipment	8,360	8,200
Heidelberg Services	4,132	4,038
Heidelberg Financial Services	47	42
Heidelberg Group	**12,539**	**12,280**

Risk and opportunity report

In the third 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

Sales and earnings for the financial year 2014/2015 as a whole will be influenced by the 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 optimization 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

There has been a change to the shareholder representatives on the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft: Due to corporate governance guidelines, Lone Fønss Schrøder resigned from her Supervisory Board mandate at her own request and has stepped down from the Supervisory Board as of January 31, 2015. On February 2, 2015, the Mannheim Court of Registration appointed Kirsten Lange member of the Supervisory Board. Her term of appointment will expire at the end of the next Annual General Meeting.

Interim consolidated financial statements

2 /

for the period April 1, 2014 to December 31, 2014

Interim consolidated income statement – April 1, 2014 to December 31, 2014

Figures in € thousands	Note	1-Apr-2013 to 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Net sales		1,684,718	1,552,471
Change in inventories		60,543	102,837
Other own work capitalized		11,061	10,167
Total operating performance		**1,756,322**	**1,665,475**
Other operating income	3	66,726	90,938
Cost of materials	4	810,982	778,853
Staff costs		644,904	611,121
Depreciation and amortization		56,969	51,486
Other operating expenses	5	299,868	286,243
Special items	6	2,085	72,324
Result of operating activities		**8,240**	**– 43,614**
Financial income	7	9,813	6,409
Financial expenses	8	50,425	55,050
Financial result		**– 40,612**	**– 48,641**
Net result before taxes		**– 32,372**	**– 92,255**
Taxes on income		7,545	3,086
Net result after taxes		**– 39,917**	**– 95,341**
Basic earnings per share according to IAS 33 (in € per share)	9	**– 0.17**	**– 0.39**
Diluted earnings per share according to IAS 33 (in € per share)	9	**– 0.17**	**– 0.39**

Interim consolidated statement of comprehensive income – April 1, 2014 to December 31, 2014

Figures in € thousands	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**
Net result after taxes	– 39,917	– 95,341
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	16,090	– 154,299
Deferred income taxes	– 812	2,589
	15,278	– 151,710
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	– 30,524	40,977
Available-for-sale financial assets	345	335
Cash flow hedges	– 1,818	– 6,827
Deferred income taxes	77	192
	– 31,920	**34,677**
Total other comprehensive income	– 16,642	– 117,033
Total comprehensive income	**– 56,559**	**– 212,374**

Interim consolidated income statement – October 1, 2014 to December 31, 2014

Figures in € thousands	1-Oct-2013 to 31-Dec-2013	1-Oct-2014 to 31-Dec-2014
Net sales	587,913	556,219
Change in inventories	357	738
Other own work capitalized	1,822	3,067
Total operating performance	**590,092**	**560,024**
Other operating income	18,814	29,187
Cost of materials	273,171	262,853
Staff costs	209,711	202,493
Depreciation and amortization	18,605	17,050
Other operating expenses	89,851	96,759
Special items	673	54,523
Result of operating activities	**16,895**	**– 44,467**
Financial income	3,322	2,687
Financial expenses	16,313	18,268
Financial result	**– 12,991**	**– 15,581**
Net result before taxes	**3,904**	**– 60,048**
Taxes on income	– 3,250	– 6,559
Net result after taxes	**7,154**	**– 53,489**
Basic earnings per share according to IAS 33 (in € per share)	**0.03**	**– 0.22**
Diluted earnings per share according to IAS 33 (in € per share)	**0.03**	**– 0.22**

Interim consolidated statement of comprehensive income – October 1, 2014 to December 31, 2014

Figures in € thousands	1-Oct-2013 to 31-Dec-2013	1-Oct-2014 to 31-Dec-2014
Net result after taxes	7,154	– 53,489
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	3,217	– 52,628
Deferred income taxes	– 1,262	1,152
	1,955	– 51,476
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	– 7,516	6,504
Available-for-sale financial assets	130	110
Cash flow hedges	– 1,623	277
Deferred income taxes	– 26	2
	– 9,035	**6,893**
Total other comprehensive income	– 7,080	– 44,583
Total comprehensive income	**74**	**– 98,072**

Interim consolidated statement of financial position as of December 31, 2014

Assets

Figures in € thousands	Note	31-Mar-2014	31-Dec-2014
Non-current assets			
Intangible assets	10	220,939	210,799
Property, plant and equipment	10	506,993	480,508
Investment property		5,222	5,657
Financial assets		17,523	26,930
Receivables from sales financing		45,351	42,603
Other receivables and other assets	12	22,541	16,677
Income tax assets		263	165
Deferred tax assets		51,404	54,480
		870,236	837,819
Current assets			
Inventories	11	622,735	746,714
Receivables from sales financing		45,587	42,666
Trade receivables		327,949	263,140
Other receivables and other assets	12	109,280	105,687
Income tax assets		22,922	23,424
Securities		10,169	0
Cash and cash equivalents	13	232,657	221,005
		1,371,299	1,402,636
Assets held for sale		2,419	15,328
Total assets		**2,243,954**	**2,255,783**

Interim consolidated statement of financial position as of December 31, 2014

Equity and liabilities

Figures in € thousands	Note	31-Mar-2014	31-Dec-2014
Equity	14		
Issued capital		599,796	658,676
Capital reserves, retained earnings and other retained earnings		– 244,611	– 360,740
Net result after taxes		3,619	– 95,341
		358,804	202,595
Non-current liabilities			
Provisions for pensions and similar obligations	15	450,206	619,117
Other provisions	16	167,559	175,878
Financial liabilities	17	432,308	439,708
Other liabilities	18	115,871	47,413
Deferred tax liabilities		7,562	7,607
		1,173,506	1,289,723
Current liabilities			
Other provisions	16	261,127	259,662
Financial liabilities	17	48,897	30,938
Trade payables		148,012	198,637
Income tax liabilities		3,611	651
Other liabilities	18	249,997	273,577
		711,644	763,465
Total equity and liabilities		**2,243,954**	**2,255,783**

Statement of changes in consolidated equity as of December 31, 2014 [1)]

Figures in € thousands	Issued capital	Capital reserves	Retained earnings
April 1, 2013	599,308	27,098	39,439
Capital increase (partial conversion of convertible bond)	489	0	– 12
Loss (–) carryforward	0	0	– 117,067
Total comprehensive income	0	0	15,278
Consolidation adjustments / other changes	0	1,301	1,329
December 31, 2013	**599,797**	**28,399**	**– 61,033**
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	– 151,710
Consolidation adjustments / other changes	0	0	2,089
December 31, 2014	**658,676**	**23,595**	**– 237,638**

[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	– 12	0	477
0	0	0	0	– 117,067	117,067	0
– 30,524	345	– 1,741	– 31,920	– 16,642	– 39,917	– 56,559
0	0	0	0	2,630	0	2,630
– 180,568	**– 601**	**1,992**	**– 179,177**	**– 211,811**	**– 39,917**	**348,069**
– 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
40,977	335	– 6,635	34,677	– 117,033	– 95,341	– 212,374
0	0	0	0	2,089	0	2,089
– 141,714	**– 512**	**– 4,471**	**– 146,697**	**– 360,740**	**– 95,341**	**202,595**

Interim consolidated statement of cash flows – April 1, 2014 to December 31, 2014

Figures in € thousands	1-Apr-2013 to 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Net result after taxes	– 39,917	– 95,341
Depreciation, amortization and write-downs [1]	56,969	53,832
Change in pension provisions	16,657	15,253
Change in deferred tax assets / deferred tax liabilities / tax provisions	– 6,195	– 12,889
Result from disposals	– 555	2,944
Cash flow	**26,959**	**– 36,201**
Change in inventories	– 43,588	– 106,173
Change in sales financing	24,342	9,212
Change in trade receivables / payables	107,321	137,377
Change in other provisions	– 95,806	7,108
Change in other items of the statement of financial position	– 112	– 3,383
Other operating changes	**– 7,843**	**44,141**
Cash generated by / used in operating activities	**19,116**	**7,940**
Intangible assets / property, plant and equipment / investment property		
Investments	– 39,594	– 36,802
Income from disposals	9,467	11,782
Financial assets		– 9,012
Cash used in investing activities before cash investment	**– 29,384**	**– 34,032**
Cash investment	0	10,189
Cash used in investing activities	**– 29,384**	**– 23,843**
Change in financial liabilities	68,179	– 5,923
Cash generated by / used in financing activities	**68,179**	**– 5,923**
Net change in cash and cash equivalents	**57,911**	**– 21,826**
Cash and cash equivalents at the beginning of the reporting period	**157,492**	**232,657**
Currency adjustments	– 8,081	10,174
Net change in cash and cash equivalents	57,911	– 21,826
Cash and cash equivalents at the end of the reporting period	**207,322**	**221,005**
Cash generated by operating activities	19,116	7,940
Cash used in investing activities	– 29,384	– 23,843
Free cash flow	**– 10,268**	**– 15,903**

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

Notes

01 Accounting policies

The interim consolidated financial statements as of December 31, 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 1: Disclosure Initiative
- 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 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exemption
- 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
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Annual Improvements to IFRSs 2011 – 2013 Cycle
- Annual Improvements to IFRSs 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.

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 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Reversal of other provisions/deferred liabilities	27,440	32,652
Income from Gallus transaction	0	18,123
Recoveries on loans and other assets previously written down	11,498	9,606
Income from operating facilities	6,283	6,897
Hedging/exchange rate gains	5,179	3,875
Income from disposals of intangible assets, property, plant and equipment and investment property	1,249	1,256
Other income	15,077	18,529
	66,726	**90,938**

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 € 1,675 thousand (April 1, 2013 to December 31, 2013: € 1,474 thousand); interest income from sales financing of € 5,367 thousand (April 1, 2013 to December 31, 2013: € 6,481 thousand) is reported in sales.

05 Other operating expenses

	1-Apr-2013 to 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Other deliveries and services not included in the cost of materials	76,186	80,728
Special direct sales expenses including freight charges	63,964	52,758
Rent and leases	39,844	38,867
Travel expenses	30,313	27,887
Bad debt allowances and impairment on other assets	10,346	8,846
Insurance expense	8,992	7,907
Additions to provisions and accruals relating to several types of expense	1,786	6,115
Hedging / exchange rate losses	3,934	4,810
Costs of car fleet (excluding leases)	4,963	4,627
Other overheads	59,540	53,698
	299,868	**286,243**

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

Expenses included under special items in the reporting period are primarily the result of the adjustment of personnel capacities at the production sites in Wiesloch-Walldorf, Brandenburg, Amstetten and Ludwigsburg as well as of the closure of the Leipzig site. Income reported under special items in the period under review predominantly results from the transfer of service activities for the discontinued saddle stitcher and adhesive binder products to Swiss company Müller Martini and the sale of assets from the development and production of postpress packaging equipment to the Company's Chinese OEM partner Masterwork Machinery Co., Ltd.

07 Financial income

	1-Apr-2013 to 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Interest and similar income	6,206	4,186
Income from financial assets / loans / securities	3,607	2,223
	9,813	**6,409**

08 Financial expenses

	1-Apr-2013 to 31-Dec-2013	1-Apr-2014 to 31-Dec-2014
Interest and similar expenses	48,278	52,536
Expenses for financial assets / loans / securities	2,147	2,514
	50,425	**55,050**

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 245,920,315 (April 1, 2013 to December 31, 2013: 234,133,861). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of December 31, 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 December 31, 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 December 31, 2014, there were additions to intangible assets of € 6,780 thousand (April 1, 2013 to December 31, 2013: € 3,978 thousand) and to property, plant and equipment of € 30,488 thousand (April 1, 2013 to December 31, 2013: € 36,156 thousand). In the same period, the carrying amount of disposals from intangible assets was € 3,558 thousand (April 1, 2013 to December 31, 2013: € 33 thousand) and € 11,168 thousand (April 1, 2013 to December 31, 2013: € 8,666 thousand) for property, plant and equipment.

11 Inventories

Inventories include raw materials and supplies totaling € 96,100 thousand (March 31, 2014: € 99,288 thousand), work and services in progress amounting to € 336,219 thousand (March 31, 2014: € 287,983 thousand), finished goods and goods for resale of € 310,221 thousand (March 31, 2014: € 234,212 thousand), and advance payments of € 4,174 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 € 8,100 thousand (March 31, 2014: € 5,274 thousand) and prepaid expenses of € 18,641 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 € 35,265 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 December 31, 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 2.40 percent (March 31, 2014: 3.50 percent) was applied as of December 31, 2014 as an assumption for the calculation of the actuarial gains and losses of German companies.

16 Other provisions

Other provisions relate to tax provisions of € 72,249 thousand (March 31, 2014: € 88,278 thousand) and other provisions of € 363,291 thousand (March 31, 2014: € 340,408 thousand). Other provisions include staff obligations of € 81,147 thousand (March 31, 2014: € 93,256 thousand), sales obligations of € 83,108 thousand (March 31, 2014: € 96,155 thousand) and miscellaneous other provisions of € 199,036 thousand (March 31, 2014: € 150,997 thousand). The latter also include, among others, provisions in connection with our Focus efficiency program and portfolio adjustments.

17 Financial liabilities

	31-Mar-2014			31-Dec-2014		
	Current	Non-current	Total	Current	Non-current	**Total**
High-yield bond	15,142	345,545	360,687	6,932	346,963	353,895
Convertible bond	1,138	56,935	58,073	1,665	56,935	58,600
Amounts due to banks	16,321	25,496	41,817	18,427	32,118	50,545
From finance leases	1,867	4,332	6,199	1,613	3,692	5,305
Other	14,429	0	14,429	2,301	0	2,301
	48,897	432,308	**481,205**	30,938	439,708	**470,646**

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. As already agreed with the underwriting banks in the year before, the credit facility was to be reduced further to € 277 million as of December 31, 2014.

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 € 123,515 thousand (March 31, 2014: € 76,039 thousand), liabilities from derivative financial instruments of € 7,330 thousand (March 31, 2014: € 1,755 thousand), and deferred income of € 59,264 thousand (March 31, 2014: € 62,714 thousand).

In the second quarter of the current financial year, 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				31-Dec-2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	12,835	0	0	12,835	2,948	0	0	2,948
Derivative financial assets	0	5,274	0	5,274	0	8,100	0	8,100
Financial assets measured at fair value	**12,835**	**5,274**	**0**	**18,109**	**2,948**	**8,100**	**0**	**11,048**
Derivative financial assets	0	1,755	0	1,755	0	7,330	0	7,330
Financial liabilities measured at fair value	**0**	**1,755**	**0**	**1,755**	**0**	**7,330**	**0**	**7,330**

Shares in subsidiaries in the amount of € 20,127 thousand (March 31, 2014: € 9,992 thousand) and other investments in the amount of € 3,455 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 € 365,146 thousand (March 31, 2014: € 376,588 thousand) and € 65,157 thousand (March 31, 2014: € 69,345 thousand) respectively, compared to the carrying amounts of € 353,895 thousand (March 31, 2014: € 360,687 thousand) and € 58,600 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 € 27,498 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 € 28,286 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 € 16,663 thousand compared to the carrying amount of € 16,845 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 December 31, 2014, the contingent liabilities for warranties and guarantees amounted to € 1,932 thousand (March 31, 2014: € 3,257 thousand).

The other financial liabilities amounted to € 221,476 thousand as of December 31, 2014 (March 31, 2014: € 229,187 thousand). Of this amount, € 183,756 thousand (March 31, 2014: € 194,804 thousand) related to lease and rental obligations and € 37,720 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 December 31, 2014:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**
External sales	979,948	873,166	698,289	673,938	6,481	5,367	1,684,718	1,552,471
Result of operating activities (segment result)	– 56,118	– 106,561	58,579	56,460	5,779	6,487	8,240	– 43,614
Investments	32,067	28,658	8,062	8,604	4	6	40,133	37,268

The segment result is reconciled to the net result before taxes as follows:

	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**
Result of operating activities (segment result)	8,240	– 43,614
Financial result	– 40,612	– 48,641
Net result before taxes	**– 32,372**	**– 92,255**

External sales relate to the different regions as follows:

	1-Apr-2013 to 31-Dec-2013	**1-Apr-2014 to 31-Dec-2014**
Europe, Middle East and Africa		
Germany	239,321	242,711
Other Europe, Middle East and Africa regions	349,814	382,044
	589,135	624,755
Asia / Pacific		
China	315,877	214,597
Other Asia / Pacific regions	274,816	224,508
	590,693	439,105
Eastern Europe	194,962	194,330
North America		
USA	174,121	195,629
Other North America regions	66,545	32,954
	240,666	228,583
South America	69,262	65,698
	1,684,718	**1,552,471**

22 Supervisory Board/Management Board

The composition of the Supervisory Board and the Management Board is presented on page 35.

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 € 7,522 thousand (March 31, 2014: € 4,589 thousand), receivables of € 11,007 thousand (March 31, 2014: € 11,552 thousand), expenses of € 11,142 thousand (April 1, 2013 to December 31, 2013: € 10,291 thousand) and income of € 5,870 thousand (April 1, 2013 to December 31, 2013: € 5,944 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 € 309 thousand (April 1, 2013 to December 31, 2013: € 286 thousand) from Heidelberger Druckmaschinen Aktiengesellschaft in line with employment contracts in the reporting period.

24 Significant events after the end of the reporting period

With effect from January 31, 2015 changes have taken place in the composition of the Supervisory Board. For further details, please refer to the supplementary report on page 14 of the management report.

Heidelberg, February 4, 2015

HEIDELBERGER DRUCKMASCHINEN AKTIENGESELLSCHAFT
The Management Board

The Supervisory Board

- **Robert J. Koehler**
  Chairman of the Supervisory Board
- **Rainer Wagner** *
  Deputy Chairman of the Supervisory Board
- **Ralph Arns** *
  since July 24, 2014
- **Edwin Eichler**
- **Mirko Geiger** *
- **Jörg Hofmann** *
  until July 24, 2014
- **Dr. Siegfried Jaschinski**
- **Kirsten Lange**
  since February 2, 2015
- **Dr. Herbert Meyer**
- **Beate Schmitt** *
- **Lone Fønss Schrøder**
  until January 31, 2015
- **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**

* Employee representative

Committees of the Supervisory Board

MANAGEMENT COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Ralph Arns
Mirko Geiger
Lone Fønss Schrøder
until January 31, 2015
Prof. Dr.-Ing. Günther Schuh

COMMITTEE ON ARRANGING PERSONNEL MATTERS OF THE MANAGEMENT BOARD

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

NOMINATION COMMITTEE

Robert J. Koehler (Chairman)
Edwin Eichler
Lone Fønss Schrøder
until January 31, 2015

MEDIATION COMMITTEE UNDER ARTICLE 27 PARAGRAPH 3 OF THE CODETERMINATION ACT

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

AUDIT COMMITTEE

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

STRATEGY COMMITTEE

Robert J. Koehler (Chairman)
Rainer Wagner
Edwin Eichler
Mirko Geiger
Dr. Siegfried Jaschinski
Dr. Herbert Meyer
Lone Fønss Schrøder
until January 31, 2015
Prof. Dr.-Ing. Günther Schuh

Financial calendar 2014/2015

June 10, 2015	➡ Press Conference, Annual Analysts' and Investors' Conference
July 24, 2015	➡ Annual General Meeting

Subject to change

Publishing information

Heidelberger Druckmaschinen
Aktiengesellschaft
Kurfürsten-Anlage 52 – 60
69115 Heidelberg
www.heidelberg.com
Germany

Investor Relations
Phone: +49 - 62 21-92 60 22
Fax: +49 - 62 21-92 51 89
investorrelations@heidelberg.com

This report was published on February 4, 2015.

Produced on Heidelberg machines using Heidelberg technology.

Printed in Germany.

This interim financial report is a translation of the official German interim financial report of Heidelberger Druckmaschinen Aktiengesellschaft. The Company disclaims responsibility for any misunderstanding or misinterpretation due to this translation.

Print CO2 compensated Id-No. 1544962 www.bvdm-online.de

FSC www.fsc.org MIX Paper from responsible sources FSC® C118539

Printed with Saphira Eco HEIDELBERG

Visit us at www.

heidelberg-heart-of-print.com

Heidelberger Druckmaschinen AG
Kurfürsten-Anlage 52 – 60 | 69115 Heidelberg, Germany | www.heidelberg.com