Analysts‘ and Investors‘ conference Financial Year 2014/15

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June 10, 2015

Agenda

1. „Heidelberg reloaded“
2. Strategic reorientation of Heidelberg and commitment to growth
3. FY 14/15 key financials
4. Summary & Outlook

We have „reloaded“ our logo: more human than machines, more offerings than just machines!

We updated our logo in line with our corporate strategy.

The three customer touch points:
Service, Equipment and Consumables
are reflected in the colors of the first letter **“H”.**

All of the colors are connected to our traditional blue, reflecting our expertise, global network and the
people of the entire company.

And we will also emphasize the specific customer benefits, summarized in icons: quickly, easily, simply.

Remote Services

Automated Process

e-Commerce

We will stop limiting ourselves by explaining technical features and functions.

In fact we will emphasize the customer benefits, summarized in icons.

Those icons will help to make concrete customer benefits clear.

Quick, easy, simple.

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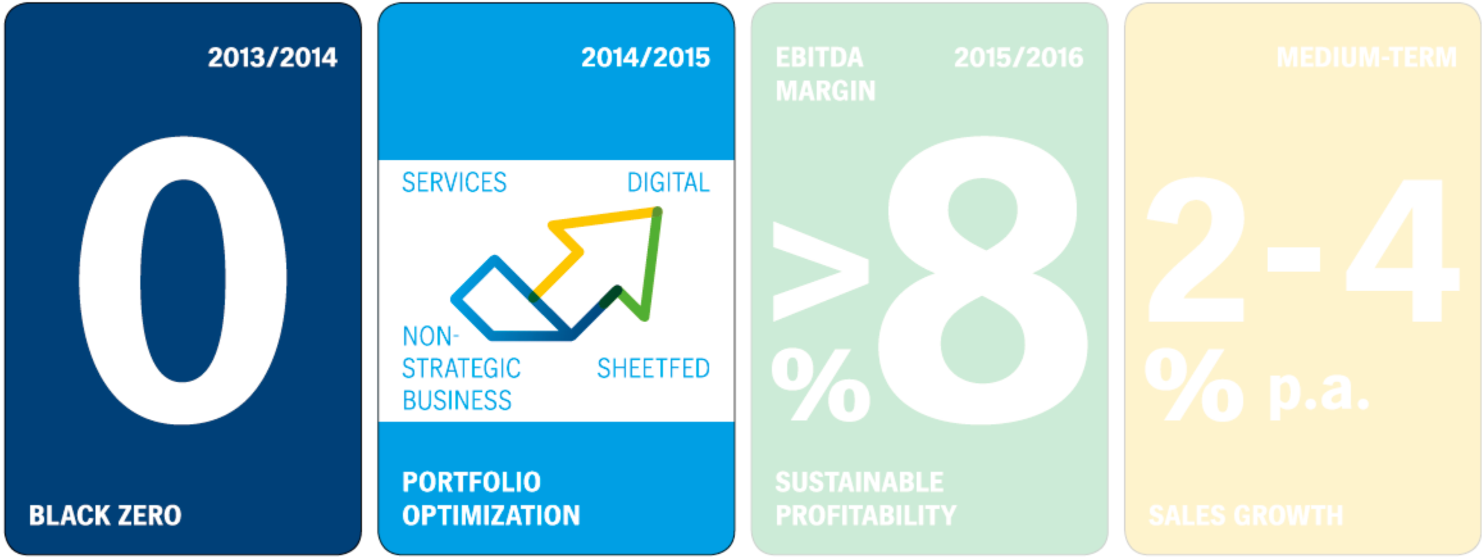
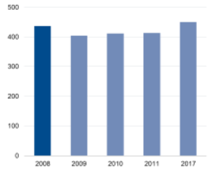
Strategic reorientation of Heidelberg and commitment to growth

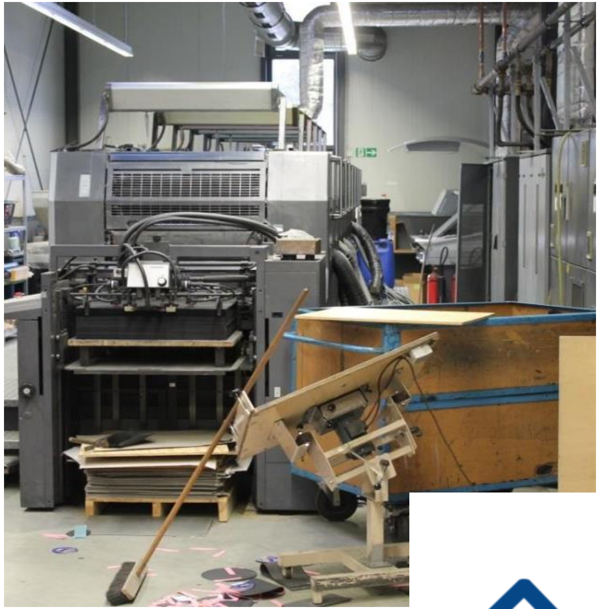


Market trends: Big and stable printing market with attractive pockets of growth

		Size (p.a)	Trends
Global Print Production Volume		approx.€400bn	• Stable PPV volume • Customer base strongly consolidates into (partially multinational) industrialized printers • Flexibility vs productivity: Customers require both for shorter print runs and high output
Equipment		SFO: €2.3bn Digital: €2.3bn	• SFO market mature but fluctuating with economic sentiment • Digital market strongly growing • Limited number of qualified competitors • High barriers to entry (technological sophistication, customer access, 24/7 service &parts)
Services		€1.0bn*	• Stable and recurring market for maintenance and service parts • Trend towards proactive, performance-oriented services creating opportunity for volume growth • Online connection to machinery opens Industry 4.0 potentials
Consumables		€7.9bn*	• Stable overall market volume • Demand for application know-how: Growth areas in specialty inks and coatings • Strong competitive pressure on certain products: e.g. printing plates • No consumables manufacturer with global distribution network specialized in SFO

* Addressable market for Heidelberger Druckmaschinen

Market trends: Dealing with the right (winning) customers



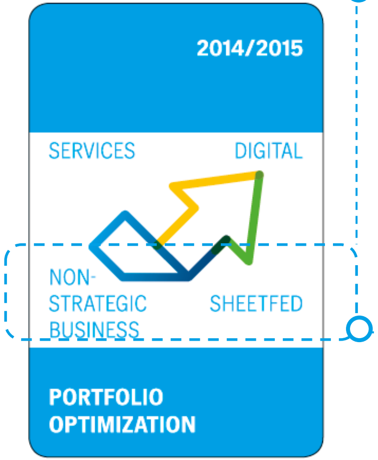
- Customer segmentation
- IT based sales management
- Dual product focus:
    - (highly) customized solutions for industrial markets
    - standard products and services for emerging markets

From
200,000 generalists

Towards
15,000 specialists

2014/15: Year of strategic reorientation (1)

Target: Profitability | Status



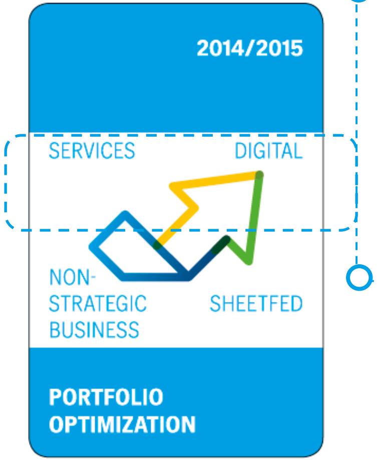
Realignment of non strategic business

- Realignment of Postpress ✓
  - Packaging
  - Commercial
- Site optimization (Leipzig, Ludwigsburg) ✓

Operational improvements in core business Sheetfed Offset

- Streamlining of product portfolio ✓
  - Phasing out of products
  - Modular assembly, complexity management
- Downsizing of infrastructure in Wiesloch ✓

2014/15: Year of strategic reorientation (2)



Target: Growth | Status

Expansion Service + Consumables

- Acquisition PSG ✓
- Acquisition BluePrint Products (Pressroom chemicals) ✓

→ total > € 100m sales

Establishment as leading provider in Digital printing

- Expansion of cooperation with Ricoh + FujiFilm → newly developed machines ✓
- Complete takeover of Gallus Group (digital label printing machine) ✓
- Acquisition of NEO7EVEN (Software) ✓

2014/15: Year of strategic reorientation (3)

Target: Financial stability	Status
Optimization of balance sheet and Financing structure	
• Reorganization of company pension scheme	✓
• Financial framework extended until 2022	✓
• Placement of convertible bond and corporate bond	
• Diversification of instruments and maturities	
• Optimization of net working capital	ongoing
• Leverage below 2x	✓

Heidelberg is successfully adapting its business model

From

- a structural cost intense
- fluctuating
- capital intense
- technology centered business

- *exit from some Equipment businesses*
- *switching to an OEM model*
- *working with strong technology partners*
- *elimination of structural cost*

Towards

- a less cyclical
- more robust
- less fluctuating
- less capital intense
- market / customer driven business with room to grow

- *acquisitions (PSG)*
- *Consumables acquisitions*
- *exclusive partnerships with Manufacturers*
- *new service products*
- *Industry 4.0*

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Strategic reorientation influences operational performance in 2014/15

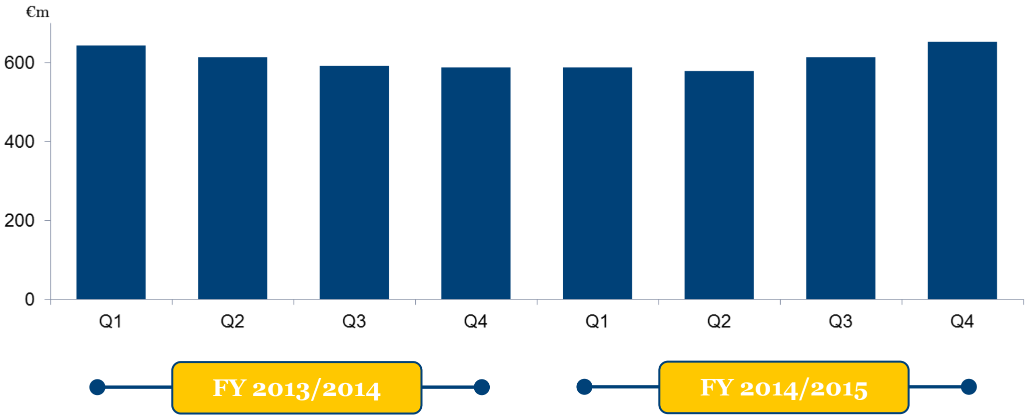
in € million	FY 2014	FY 2015	*Δ pY*
Order intake	2,436	2,434	*–2*
Sales	2,434	**2,334**	*–100*
EBITDA	143	**188**	*45*
EBIT before Special items	72	**119**	*47*
Special items	–10	–99	
Financial result	–60	–96	
Net result before taxes	2	-76	
Net result after taxes	4	**-72**	
Free cash flow	22	**-17**	
Net debt	238	**256**	
Leverage	1.7	**1.4**	

comment

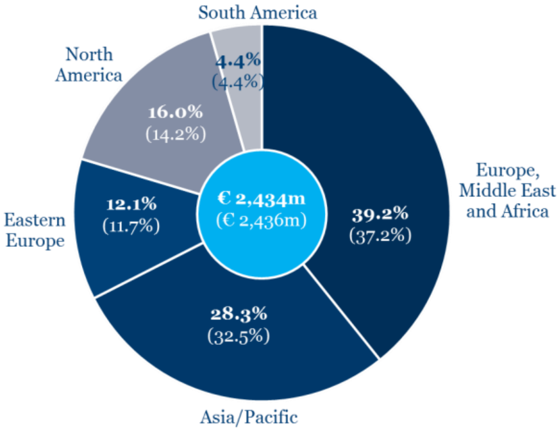
- **Sales** declined by around 4% as expected
- Operational EBITDA-margin slightly improved to 6%; **EBITDA** w/o special items increases to € 188m, incl. approx. € 50m positive one-time effect
- Special items for portfolio optimization and negative financial result lead to **Net result** of **€** -72m
- **Free Cashflow** slightly negative (€ -17m) despite high one-time burden
- Stable **net debt** of € 256m
- **Leverage** of 1.4 incl. one-time effect significantly below target level of <2x
- **Financial framework**: Diversification of financing sources, extension of maturities and reduced interest cost

Stable order intake over the last 2 years

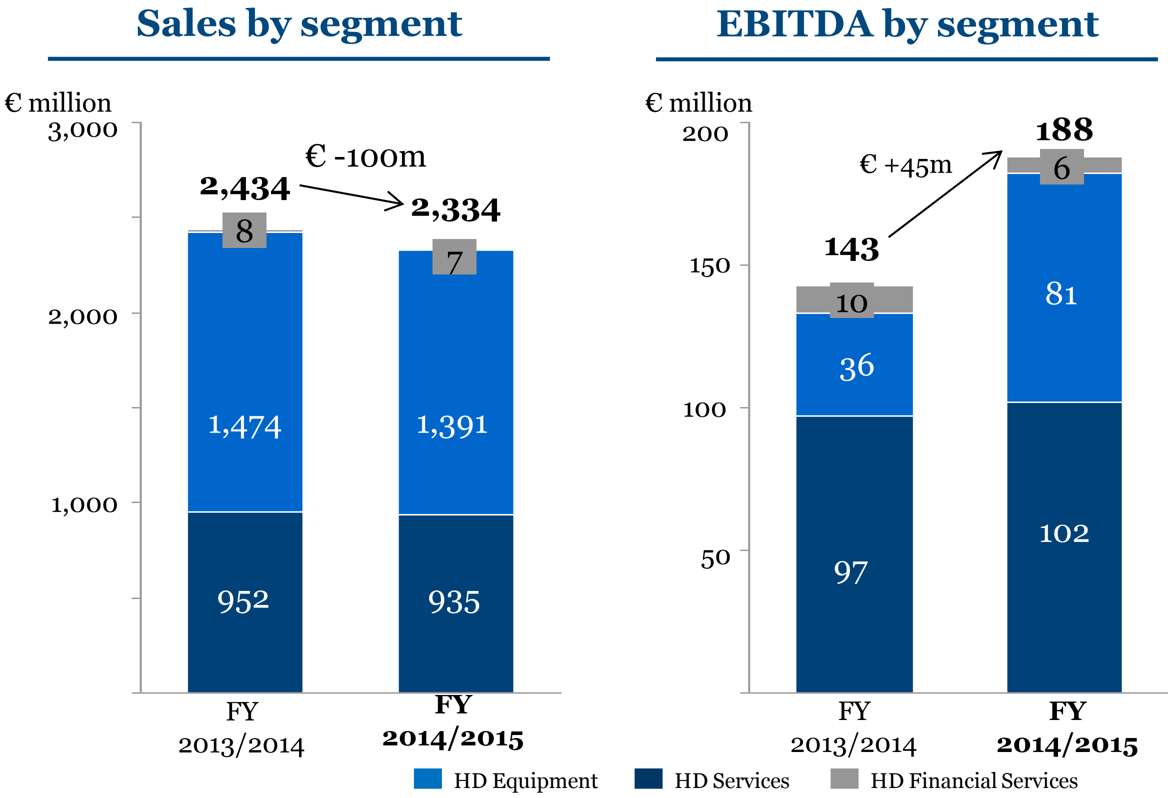
Order intake



Order intake FY 2015 (FY 2014) – regional split



Operational performance retained despite portfolio measures – slowdown in China affects Equipment



comment

HDE:

- Economic slowdown in China affects sales volume
- Realignment of Postpress division influences sales and profitability
- EBITDA incl. One-time effect significantly increased

HDS:

- Decline in sales volume primarily due to used equipment business
- Improved quality of results

Balance sheet: NWC further reduced – lowered actuarial interest rate increases pension provisions – net debt on low level

> Assets	FY 2014	FY 2015
Figures in mEUR	31.03.2014	31.03.2015
Fixed assets	**751**	**735**
Current assets	**1.426**	**1.465**
thereof inventories	623	637
thereof trade receivables	328	335
thereof receivables from customer financing	91	82
thereof liquid assets (incl. marketable sec. afs	243	286
Def tax assets, prepaid expenses, other	**67**	**93**
thereof deferred tax assets	51	62
thereof deferred income	13	18
Total assets	**2.244**	**2.293**

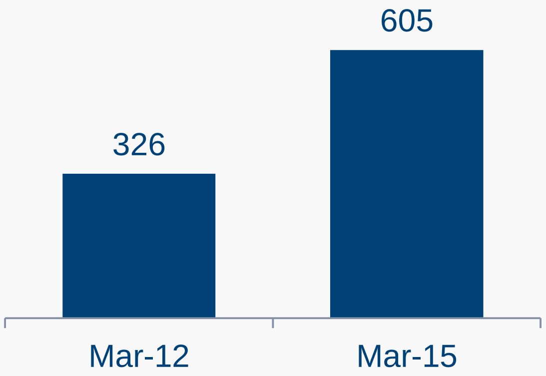
> Equity and liabilities	FY 2014	FY 2015
Figures in mEUR	31.03.2014	31.03.2015
Equity	**359**	**183**
Provisions	**879**	**1.055**
thereof provisions for pensions	450	605*
Other Liabilities	**936**	**975**
thereof trade payables	148	171
thereof financial liabilities	481	542
Def. tax liabilities, deferred income	**70**	**79**
thereof deferred tax liabilities	8	10
thereof deferred income	63	69
Total equity and liabilities	**2.244**	**2.293**
Equity ratio	16,0%	8,0%
Net debt	238	256

* As of March 31, 2015 a discount rate of 1.7 percent (Mar 31, 2014: 3.5 percent) was used to determine actuarial gains and losses for domestic entities

Active pension liability management

Pension obligations

- Domestic discount rate decreased from 4.5 % (FY 2012) to 1.7 % (FY 2015)
- Cash service for pensions kept rather stable



Cash flow impact of pension obligations

	FY12	FY13	FY14	FY15
Group net cash payments	8	12	8	8
Domestic discount rate*	4.5 %	3.5%	3.5 %	1.7%
Domestic gross cash payments	27	29	30	30

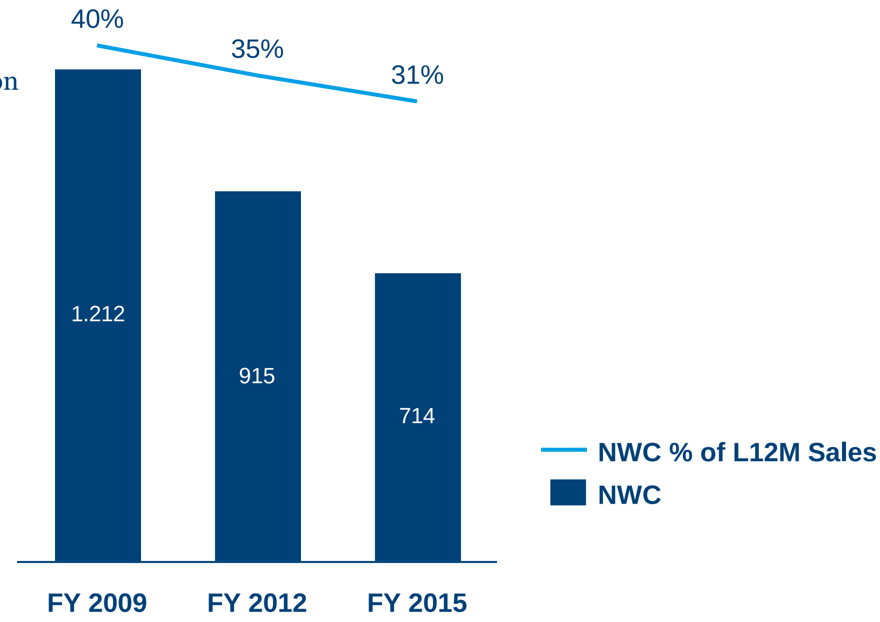
Reorganization of company pension scheme

- Replacement of existing defined benefit scheme by a contribution-based capital commitment
- Resulting reduction in pension obligations partially offset impact of discount rate reduction in FY 2015
- Reduction in running service costs

Cash control: Strong management focus on NWC program has resulted in significant release of funds

Net working capital development

in € million



comment

- Proven track record in Asset und NWC Management
- Release of approx. €500m of funds since FY 2009
- Further improvements initiated: reduced NWC target to below 32 % of sales also during the year

Cash control: Strongly improved operating and free cash flow financed restructuring cash outs

in m€	FY 2012	FY 2013	FY 2014	FY 2015
Net Sales	2,596	2,735	2,434	2,334
EBITDA*	62	80	143	188
EBITDA margin	*2.4 %*	*2.9 %*	*5.9 %*	*8.1%*
Δ in NWC	+25	+57	+113	+96
Δ in sales financing	+29	+40	+22	+20
Net cash tax	-8	-13	-30	-27
Net cash interest	-14	-25	-39	-36
Operating cash flow before restructuring	**62**	**95**	**156**	**63**
Net capex	-46	-51	-38	-37
Free cash flow before restructuring	**16**	**44**	**118**	**26**
Restructuring (Focus efficiency program)	-6	-62	-96	-43
Free Cash Flow before debt repayment	**10**	**-18**	**22**	**-17**
Net debt	243	261	238	256

Comments

- EBITDA increased by more than 2.5x since FY2012
- Proven track record in Asset und NWC Management; reduced NWC target to below 32 % of net sales and significant release of funds
- Sustained investment discipline and target of below 2 % of net sales
- Significant tax losses carried forward (€1.2bn)
- Free cash flow before restructuring outflows strongly improved

Summary

- Cash control in place; net debt remains at a low level
- Leverage below target level of 2x

* Excluding special items, from FY 2013 application of IAS 19 (2011); FY 2012 restated pro forma figure (not audited). Reported figure €90m.

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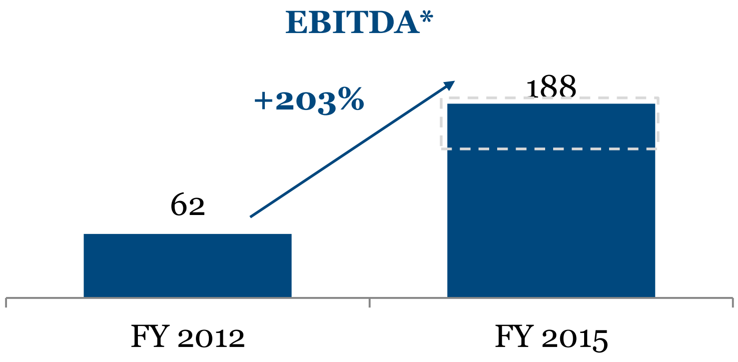
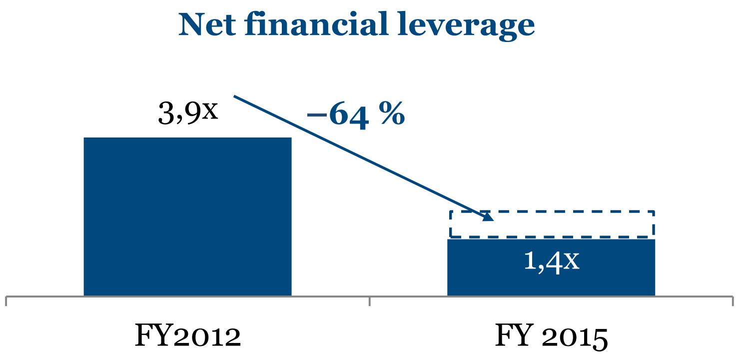
Summary: Significant improvement of profitability and Leverage

Profitability



- **Focus on profitability and margin improvement**
  - Focus efficiency program
  - FY 2014/15 portfolio optimization
- >20 % reduction in headcount to approx. 12,000 as of Mar-15
- Structural cost base significantly reduced
- New proactive and flexible organization structure established

Financial liability & cash flows



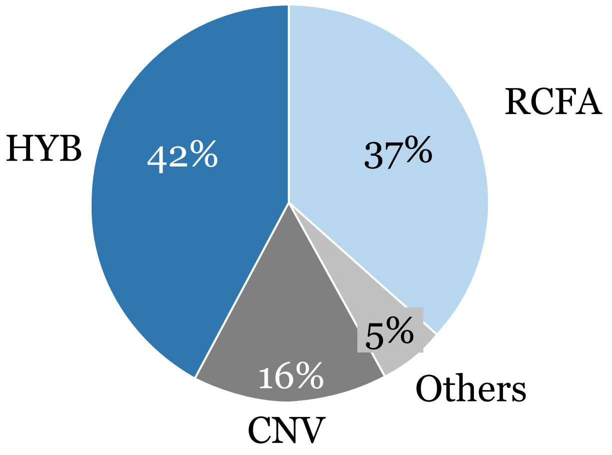
- **Net financial leverage significantly below 2.0x target**
  - Stable absolute debt quantum despite Focus efficiency program restructuring cash outflows of approx. €200m since FY 2012
  - Net working capital further reduced from €916m (March 2012) to a range between €700 – 750m
    - below 32 % target (target reduced from 35 % previously)
    - increasing standardization and modularization of products

* Before special items, FY 2012 adjusted pro forma figure according to IAS 19 (2011) (not audited). Reported and audited figure € 90 m.

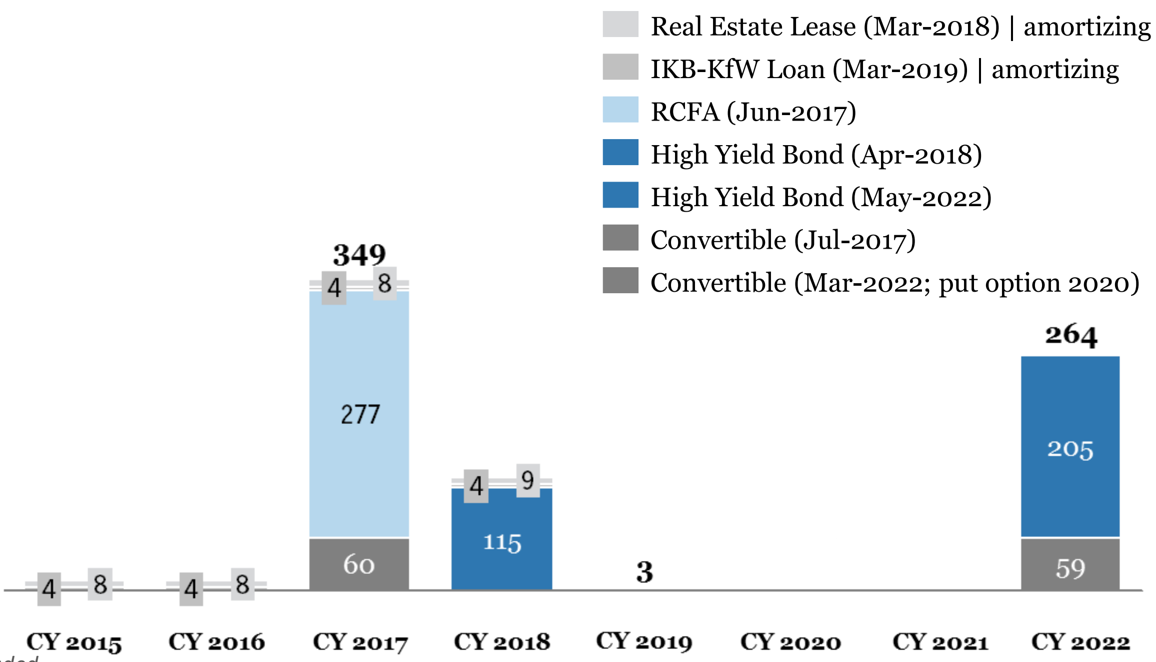
Summary: Financial framework and maturity profile

Financial instruments

Total sources of c. € 750m



Maturity profile



Remark: other financial liabilities and financial leases are not included

Summary: Outlook

EBITDA MARGIN 2015/2016

>8%

SUSTAINABLE PROFITABILITY

MEDIUM-TERM

2-4 % p.a.

SALES GROWTH

Improved EBITDA-margin to >8% (comparable 2014/15: 6%)

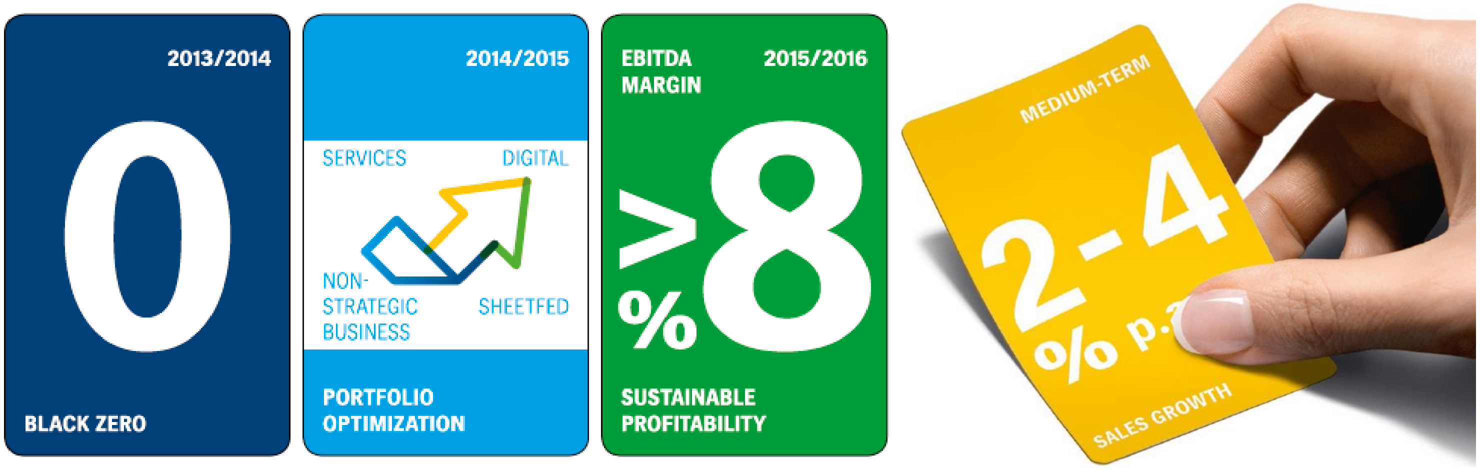
- Based on:
  - more profitable product portfolio
  - improved cost basis
  - profitable growth
- Improved financial result

→ Sustainably positive net result

Annual sales growth of 2-4% from FY 2015/2016 expected

- Strategic reorientation strengthens fields of growth
- Sales volume in HY2 > HY1

Questions & Answers



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