<u>Not to be released until the speech starts!</u>

Speech for the Annual General Meeting of Heidelberger Druckmaschinen AG

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Dirk Kaliebe
CFO and
Deputy CEO

The spoken word applies!

“We’re on the right track”

Slide 1: On the right track

Dear investors,
dear shareholders’ representatives,
dear guests,

As you heard from Dr. Jaschinski, Dr. Linzbach isn’t with us today, so I have the pleasure of speaking to you. The Management Board would also like to wish Dr. Linzbach a speedy recovery.

My name is Dirk Kaliebe and I’m the CFO and Deputy CEO of Heidelberger Druckmaschinen AG. On behalf of the entire Management Board, I’d like to bid you a warm welcome to the Annual General Meeting.

We’re delighted that you’ve taken the time to join us today to

1. review our company’s progress,
2. look at the current reorientation status,
3. obtain an overview of the reorientation’s impact on the annual accounts for the financial year just closed, and
4. look ahead – to a future that the Management Board is looking forward to, because we can see that things are improving.

Ladies and Gentlemen, Heidelberg is now better equipped for the future than for quite some time.

Dr. Linzbach’s speech at last year’s Annual General Meeting focused on our portfolio strategy. Because this company needs areas of business geared to customers and their needs if it is to impress them.

And we’re succeeding in this respect.

At the same time, however, we need to overcome the financial challenges that we and the markets have been facing on an almost daily basis since the big financial crisis in 2008.

We’re all well aware of the uncertainties in international finance.

- When Mario Draghi, President of the European Central Bank, said at the beginning of June 2015 that the markets would have to get used to more volatile times, investors in government bonds suffered the biggest slump since 1998, with €600 billion wiped off their value. That’s almost double Greece’s national debt.

- For years now, the head of the BIS – the Bank for International Settlements – which can be regarded as the mother of all major central banks, has been warning of the risks of low-interest policies for the global finance system.

- And the problems within the Eurozone – not only with Greece, but also the imbalances in other member states – are creating greater complexity and uncertainty in Europe than has been seen in decades.

We’ve introduced a clear corporate and financial strategy to counter such uncertainties – which affect the markets of all companies – and the specific uncertainties in the printing industry. This will safeguard our company’s future and make us profitable again.

Ladies and Gentlemen, breaking even in financial year 2013/2014 laid the foundation for regaining the capital market’s trust.

On this basis, it was possible over the past financial year to implement the portfolio measures we’d drawn up and make our business more resistant to economic fluctuations.

However, the company also needs a financial basis that it can build on over the long term. We need a financing structure that provides us with a stable basis if the economy in our markets – including China – falters again.

Over the next 45 minutes, I’ll be bringing you up to date on
1. our strategic progress in the portfolio,
2. our key financial results,
3. the implementation status of our financial strategy,
4. and our growth activities.

You’ll then have a complete picture of the company’s current status.

And I promise you, it hasn’t been this stable in years.

The restructuring period is over and in the future we'll be re-focusing our attention on managing our growth. That's the very promise we made you. And we've kept to it. First, though, let's take a look back to get a clear picture of the basis we have to build on in the future.

Slide 2: Break-even achieved in financial year 2013/2014

In financial year 2013/2014, we achieved a break-even net result for the first time in five years. That was still no reason for celebration but, following losses totaling close to €1 billion in the period between 2008 and 2013, this break-even was an initial success.

We achieved it by

- making all areas of business leaner and more efficient,
- gearing the product portfolio to what customers really want, and
- putting profitability before sales.

Prioritizing margins over sales volumes was a paradigm shift, Ladies and Gentlemen!

And despite all the uncertainties, we rebuilt our financial framework to create the state-of-the-art structure of a sound company.

All our key results in financial year 2013/2014 were better than in the previous year. EBITDA – earnings before interest, taxes, depreciation, and amortization – are just one example, increasing to €143 million.

Efficiency improvements under our Focus 2012 program ultimately brought about the break-even result. The aim was to adapt the company's structures to the new market conditions and to lower the cost base accordingly.

The efficiency measures alone enabled us to regain our financial flexibility and the capital market's trust.

To put the company in a position to permanently generate attractive returns on the capital invested, however, we had to make it more effective by realigning the portfolio. And in order to actually implement the necessary portfolio measures, we needed to reach break-even and obtain the capital market's trust, because measures of this kind require sound financing.

One sign of the capital market's confidence in our corporate strategy is that almost all financial and credit analysts observing us recommend buying Heidelberg stock and our bonds.

Financial and stock market experts' current positive assessment of our reorientation is down to the joint efforts of the Management Board and the workforce.

I'd like to offer my sincere thanks and that of my fellow members of the Management Board to our employees in Germany and the rest of the world. They're demonstrating exceptional commitment in helping to shape the company's transformation during times that are extremely challenging, both

- politically
- and at an industry-specific level.

Together, we kept our promises. Together, we laid the foundation for future growth. And together, we'll maintain our market leadership.

Slide 3: Reorientation successfully implemented in financial year 2014/2015

Transformation, commitment, and growth, Ladies and Gentlemen.

As announced, we've successfully completed the reorientation of our portfolio over the past financial year. As a result, we're well on the way to achieving sustained profitability.

As expected, the resolute determination with which we pushed ahead with the reorientation toward sustained profitability has led to non-recurring effects that have had a short-term impact on the annual accounts for the financial year just closed.

It's important to note that, excluding these non-recurring effects, the operating profitability improved further still. Given the intensity of the measures, that was a real achievement.

Later on, in the financial part of my speech, I'll be explaining how the portfolio optimization influenced the annual accounts.

Slide 4: Portfolio restructured for sustained profitable growth

First, though, I'd like to say something about the company's restructuring and rebranding.

What we successfully achieved in financial year 2014/2015 is best demonstrated based on our four strategic areas of activity under the portfolio optimization.

The key difference compared with earlier, similar-sounding approaches was that we promised to place loss-making and low-margin activities on a new footing or abandon them. On the ticket in the chart, these areas are referred to as NON-STRATEGIC BUSINESS.

The main area affected was postpress, which I'll return to later. Overall, we've achieved what we set out to do.

We systematically restructured our portfolio to focus on market segments

- that will remain attractive to customers in the future and
- will be profitable for us.

As a result, Ladies and Gentleman, the world market leader Heidelberger Druckmaschinen AG will expand its leading position as the most reliable partner in the printing industry.

We've ensured that sheetfed offset printing is

- geared to future market developments,
- adapted in terms of capacities,
- made more efficient in terms of production, and
- made more profitable as a result.

We've also developed a successful service portfolio, based primarily on the comprehensive data and experience obtained over many years in close cooperation with our customers. Later on, I'll also explain how useful and beneficial this data is for our customers and thus for us, too, in the area of services.

Acquisitions also lead to further growth.

- In the Services segment, which also covers consumables, we took over the Dutch PSG Group in March/April 2015.
- Prior to this, at the end of 2014, we acquired the Belgian print chemicals manufacturer BluePrint, which has a complete portfolio of dampening and washup solutions for sheetfed offset presses and is particularly innovative when it comes to eco-friendly products.
- The newly acquired companies are set to generate sales of over €100 million from the current financial year 2015/2016 onward and will help ensure sustained profitable growth for Heidelberg following their complete integration.

The provisional figures for the first quarter of the current financial year, which we published three days ago, already confirm our predictions. Our sales were nearly 30 percent up on the same quarter of the previous year at €560 million.

Following publication of the first-quarter figures, the Heidelberg share price climbed by almost 10 percent.

But to return to the subject in hand, Ladies and Gentlemen, you can see that we're not only fit for the future in terms of our portfolio strategy, but are now once again in a sufficiently healthy financial position to make acquisitions.

We've switched from being reactive to proactive!

That also applies to the growing digital sector, where we're generating significant medium-term potential through our successful collaboration with Japanese companies Ricoh and Fujifilm, and through the launch of innovations that are proving a hit with customers in cooperation with our Swiss subsidiary Gallus, which we took over in 2014. I'll be talking more about this later on, too.

That brings me to an interim conclusion.

In all four areas of activity, we've implemented numerous measures and kept our promises. What I can also tell you is that the strategic portfolio optimization is almost complete.

Slide 5: Successful transformation

In other words, Ladies and Gentlemen, Heidelberg has been transformed from an

- equipment-based,

- technology-focused,
- capital-intensive, and
- fluctuation-prone company

into a company that is

- less cyclical and capital-intensive,
- and thus more stable and robust,
- one that is far more customer-focused than before and
- therefore has promising growth opportunities.

One key statistic is the equipment-to-services sales revenue ratio.

In the previous financial year, new equipment business still accounted for 60 percent of our sales, with services making up the remaining 40 percent.

Above all through the acquisition of PSG, we'll virtually balance the equipment-to-services sales ratio. In the future, we're aiming to further reduce the dependence on new equipment business and we're working hard on this on a daily basis.

But the best news at present, Ladies and Gentlemen, is probably that Heidelberg is definitely no longer in need of restructuring! We've reached the point at which we can move on from the restructuring phase to the growth phase. I'll show you the growth potential in the next chart.

Slide 6: Stable market worth billions with attractive growth areas

Please look at the graph in the middle. It shows how the global sales volume of our customers in the graphic arts industry has developed. The volume is huge and it's stable, but its structure is changing – and the new equipment market is volatile.

We're responding to this change – especially in terms of

- printing technologies,
- customer needs, and
- customer structures

– with our portfolio strategy.

Slide 7: Focused on the right customers

Let's remember, Ladies and Gentlemen, we've seen dramatic market consolidation over the last ten years. The total number of potential customers of press manufacturers worldwide has dropped from 200,000 relatively small suppliers to 15,000 primarily industrial-scale suppliers – our core customers.

Many companies have merged and some have also gone bankrupt during this consolidation phase. Those that remain use new ideas and technologies to achieve continued business success. And it's these very companies that we're focusing on.

Slide 8: Stable market worth billions with attractive growth areas

Let's take a look at the potential of the equipment market. The blue bar now also visible in the chart represents business with printing equipment, that is to say presses.

In the center are two of our presses – a latest-generation sheetfed offset press at the top and our new digital label press from Gallus underneath.

The global sales potential for new sheetfed offset presses is currently €2.3 billion. True, this market virtually halved as a result of the financial crisis and the subsequent accelerated consolidation, but the good news is that is has since remained stable.

Be that as it may, digital printing is obviously the growth segment for the future. The volume for digital presses matches that of sheetfed presses this year and it will continue to rise. Digital and offset technology are growing together, producing a market worth €4 to 5 billion.

We're the only supplier to offer both solutions. And not one or the other, but combined solutions. We also provide independent advice on which solution is best for each of our customers. These are genuinely unique selling points!

The third bar, the yellow one, represents the Services segment. The young man in the middle is a service specialist from our company. The services market that is accessible to us is worth €1 billion. And our latest acquisition PSG, which I have just mentioned, will help us gain more of this market.

Last but not least, this chart shows the sales volume that is accessible to Heidelberg for consumables such as inks, coatings, and printing plates. The total volume in this case is €8 billion. PSG is well positioned in this segment, too.

Adding together the figures in the green, yellow, and blue bars gives a total accessible market worth around €14 billion. Another €2.5 billion or so is accessible for prepress and postpress, a market that we'll cultivate with a new business model. It goes without saying that we won't be able to obtain this full market potential for ourselves, but Group sales of around €2.33 billion in the previous financial year suggest there is significant scope for improvement following the reorientation.

Slide 9: The new brand signifies transformation

Everything I've just been telling you about

- transformation,
- growth, and
- customer focus,

Ladies and Gentlemen, is now also reflected in our new logo.

We developed it based on our corporate strategy "More than machines".

No doubt you'll already have noticed that

- yellow stands for service,
- green for consumables, and
- blue for equipment – our original business.

These three points of contact with our customers are now represented with their respective colors in our letter "H". And all three colors are combined with our traditional blue, which symbolizes

- our expertise,
- our global network, and
- all the people at our company.

The new brand image underlines the customer benefits that Heidelberg offers with its comprehensive portfolio comprising digital and offset printing, services, and consumables.

The focus is no longer simply on equipment, but on the integrated overall process employed by our customers and all the requisite components.

And now, Ladies and Gentlemen, I'm giving you a little break to watch a short film that is intended to symbolize the impressive transformation that Heidelberg has undergone.

That concludes the first part of my speech, which focused on the company's restructuring and rebranding. Next, I'll be looking at the impact of the successful reorientation on the balance sheet for financial year 2014/2015. But first, I hope you enjoy the film.

10: Film about the transformation

Slide 11: Financial stability restored

Ladies and Gentlemen, I devoted the first part of my speech to the corporate strategy, which culminated in rebranding and a new logo. Now I'd like to go into a little more detail on the company's finances and the successful implementation of our financing goals.

There were four main financial issues in financial year 2014/2015, which I'll go on to explain:

1. We slightly improved our operating performance.
2. Implementation of the portfolio measures had a significant impact on the key business figures. Without these measures, we would have improved the operating result substantially. They were, however, necessary to achieve sustained profitability and will have a positive impact in the future.
3. We continued to systematically implement the financing strategy.
4. Volatile interest rates had a temporary impact on our equity ratio and the level of reserves for pension obligations. We therefore adopted a modern-day company pension scheme and made it sustainable.

Slide 12: Slightly improved operating profit

Ladies and Gentlemen, this chart shows EBITDA – earnings before interest, taxes, depreciation, and amortization.

This key figure, which best reflects the profitability of pure business operations, was €143 million in financial year 2013/2014.

In financial year 2014/2015, our EBITDA margin was slightly up on the previous year at 6 percent. This is a really impressive result for our sector, all the more since it was achieved despite our portfolio measures. So we're still on the right track.

And that becomes even clearer with a look at the sales figures.

The improved EBITDA figures are particularly encouraging given that our sales fell by a further €100 million. This decrease is accounted for almost entirely by the Equipment segment, which was hit above all by the economic slowdown in China.

However, China once again made a significant contribution to the good order situation in the first quarter of the current financial year.

In our reporting, it's included in the Asia/Pacific region, which now accounts for some 30 percent of our total sales. It's only natural that even growth regions such as Asia regularly experience economic fluctuations, and last year this affected the Equipment segment in particular. That's another reason why we're looking to increase the proportion of sales generated by our service business to 50 percent in the medium term.

Measures to eliminate low-margin products from the portfolio were another factor influencing the further slight drop in sales. We stopped making our own postpress equipment for packaging printing and are focusing on sales and service activities for third-party products.

In the Postpress Commercial sector, we're now only marketing established cutters and folding machines.

The necessary reduction in our capacities led to us closing the Leipzig site and further cutting the headcount in Ludwigsburg and Wiesloch-Walldorf. Around 650 postpress staff worldwide were affected.

Ladies and Gentlemen, restructuring measures are always costly before they have a positive impact. And the necessary costs, amounting to €99 million in financial year 2014/2015, were mainly responsible for the net loss of €72 million.

Thanks to our systematic approach, we have a good chance of increasing EBITDA from 6 to at least 8 percent after adjustment for exchange rate movements in the current financial year.

In order to achieve this, however, we need to continue our portfolio measures and increase the margins as planned. If we succeed, we'll ultimately return to making a net profit.

In a moment, I'll talk a little more about the outlook for the current financial year and beyond. First, though, let's look at the summary providing a long-term comparison of key financial figures.

Slide 13: Increased profitability, reduced debt

Despite all the low-margin and loss-making business activities that have been removed from our portfolio, we've maintained sales at the same level as five years ago.

And although the level of sales remained the same on balance, our efficiency measures over recent years have taken the operating result out of the red on a lasting basis and improved it very significantly.

We've succeeded in reducing the leverage – net financial debt divided by EBITDA – to less than 2 as planned. This figure of 2 means we can cover our net financial liabilities, which currently amount to €250 million – a figure that we can well live with – with the operating result in less than two years.

This net financial debt is calculated by subtracting cash reserves from the total interest-bearing (financial) liabilities.

In our case, the low leverage has a positive impact on financing options and terms, because it proves the company is able to quickly service its debts.

Now back to the long-term comparison, Ladies and Gentlemen.

It shows that we've done what you expected of us. We've also done our homework on the capital structure.

But how did we manage this? I'll show you using the next five-year comparison in the following chart.

Slide 14: Financing requirements halved and covered from three sources

I've already explained the goals of our corporate strategy.

The foundation for restructuring the portfolio was and remains a sound financing structure that reflects the Heidelberg business model and cash flow profile.

Back in financial year 2009/2010, Heidelberg had financing requirements totaling some €1.6 billion. As a result of the financial crisis, almost all these requirements could only be financed by banks and the government!

Since then – for a whole 6 years – we've continuously worked on creating a sound structure for our financing requirements, which – as mentioned – currently amount to just €750 million. The financing strategy had and has four goals:

1. We needed to significantly lower our financing requirements.
2. We wanted to diversify the financing sources (three-source model).
3. We wanted to achieve rolling maturities that could be serviced using the operating free cash flow from day-to-day business.
4. We were also determined to achieve long-term financing of the basic net debt of €250 million through a number of capital market instruments.

As things stand, Ladies and Gentlemen, we've almost entirely achieved our goals.

Firstly, we've succeeded in more than halving the financing requirements to €750 million by halving the capital tie-in of €1.4 billion to €700 million and through good asset management. We took a close look at the entire process chain – from placing of orders to payment by customers – and adapted it to the requirements.

We left no stone unturned!

Secondly, I consider it to be extremely important that we do indeed obtain our financing from three sources – goal 2 – and are no longer exclusively reliant on banks and above all the government.

We’re working hard to create three roughly equal financing sources in the form of

- bank loans,
- corporate bonds, and
- other instruments such as convertible bonds.

This, too, we’ve almost achieved.

What’s more, bonds and convertible bonds are good ways of

- diversifying financing and
- addressing further groups of investors.

Slide 15: Optimized financing framework – the foundation has been laid

Now let’s take a look at the overall timeframe. In financial year 2009/2010, our financing not only came from a single source but also matured in one block at the same time in 2012.

Now, as you can see, we’ve also achieved our third key goal of rolling maturities. The financing framework totaling some €750 million is structured in such a way that roughly €50 to 100 million matures every two to three years. And we’re able to service this from the free cash flow.

Last but not least, we’ve also achieved our fourth goal of creating a long-term financing framework. The basic debt of around €250 million is financed till 2022.

We’re on the right track, Ladies and Gentlemen. Because this financing offers us the entrepreneurial freedom to once again make use of investment opportunities as part of our portfolio strategy. With long-term financing in place, we can now rest easy, because it enables active portfolio management. The acquisition of PSG and BluePrint, which I’ve already mentioned, is an example of this.

Ladies and Gentlemen, a long-term strategy requires long-term financing. And a very important measure in achieving our long-term financial stability was issuing the bond with

- a nominal volume of €205 million,
- running to 2022, and

- with an interest rate of 8 percent

in April 2015.

This is the €205 million that you can see in the bar on the far right. This and a €59 million convertible bond – which appears below the 205 in the right-hand bar – have enabled us to redeem a large part of our first bond with an interest coupon of 9.25 percent.

Some 70 international institutions – primarily long-term pension funds – subscribed to the new bond and over 25 percent of the issue went to private wealth investors, that is to say investors who invest money for very wealthy people.

The difference in interest rate may not appear to be especially relevant at first glance, but it is!

It was particularly important to us to issue an unsecured bond. It meant we didn't need to provide securities that would make us dependent on the creditors in the event of a crisis.

It was also important to us that, having diversified our financing instruments, we also diversified the maturity profile and avoided any high final maturity figure that needs to be paid all at once in the near future. We were successful in this, too, achieving long-term financing of our basic debt till 2022.

What's more, Ladies and Gentlemen, we considered it vital to reduce our overall interest costs. Once again, we were successful.

The costs for early repayment of the old high-interest bond, which naturally affected our net result in the financial year just closed, will be recovered over the next 2 to 3 years.

Heidelberg now has average interest costs of just 5 percent across the entire financing framework. Starting from annual interest costs of over €40 million, we're aiming for a figure of less than €30 million.

We've achieved our financing goals and created a well-structured maturity profile.

We can be proud of this – and of the degree of entrepreneurial freedom this has given us.

I'd like to conclude the financial part of my speech by saying something about equity. We also have this key figure firmly in our focus. At the end of the financial year, equity was €183 million compared with €359 in the previous year. A key reason for this decline was the rise in pension provisions due to the significant lowering of the discount rate for pensions in Germany from 3.50 percent in the previous year to 1.70 percent on the balance sheet date.

Let's be quite clear about this, though – it had no negative impact on our liquidity.

Introducing a new, modern-day company pension scheme in Germany, which has seen the final salary pension replaced by a contribution-based capital commitment, went some way toward compensating for the fall in equity in financial year 2014/2015.

- The medium-term goal is to increase the equity ratio again by returning to sustained profitability.
- In the medium term, we're also basing the evaluation of pension obligations on a sustained higher interest rate level. This, too, would strengthen our equity again.
- Although the interest environment is volatile, interest is rising at present and once again had a positive impact on our equity in the first quarter.
- The convertible bonds issued offer us further potential.

So we also have equity, which is naturally influenced by our financial reorientation, under control.

In the first quarter of the current financial year, it already rose again to around €330 million thanks to an increased pension discount rate. This produces an equity ratio of 15 percent. So here, too, we're on the right track.

That brings me to the end of the second part of my speech, Ladies and Gentlemen.

Slide 16: Outlook for 2015 and beyond

And since all good things come in threes, let's now take a look – in the third part of my speech – at the current financial year and beyond.

Slide 17: Basis created for sustained profitability in the future

Once again, I'll start with the most important key figure for us, that is to say EBITDA – earnings before interest, taxes, depreciation, and amortization.

As announced 12 months ago in this very hall, our aim from financial year 2015/2016 onward is to increase EBITDA after adjustment for exchange rate movements to at least 8 percent of sales.

We've created the basis for sustained profitability in the future and we now also need to achieve the target margin. Assuming the initiatives to increase the margin and optimize the portfolio take effect in the current financial year, we consider this to be entirely realistic.

Slide 18: Upward trend in operating profit

To view the target operating margin of at least 8 percent from a longer-term perspective, let's draw a comparison with previous years. This once again demonstrates that Heidelberg is on the right track, Ladies and Gentlemen!

The Equipment segment, which Mr. Plenz is in charge of, should help reach the target with a margin of between 4 and 6 percent in financial year 2015/2016.

In the Services segment, for which Mr. Weimer is responsible, our EBITDA target is 9 to 11 percent.

If we achieve these targets, we'll also ultimately move back into the black long-term with a net profit.

The provisional figures for the first quarter of 2015/2016 also show that we're being realistic. EBITDA increased from €6 million in the same period of the previous year to €46 million.

Slide 19: Growth in sales on the cards

Talking about growth, it goes without saying that sales also need to increase. The medium-term aim is to achieve annual growth of 2 to 4 percent. Our latest rise in quarterly sales and far higher incoming orders confirm this target is also realistic.

It takes into account both organic growth and growth resulting from possible acquisitions. Having eliminated unprofitable items from the portfolio, the phase of active portfolio expansion is now finally starting so that sales at Heidelberg also start growing again.

Our financial basis now once again allows us to consider expanding our portfolio through acquisitions. We can finally focus our full attention on products and services for the future that are enjoying strong growth.

I've already touched on the relevant products and services in my review of our portfolio optimization.

The question now is how to structure our strategic areas of business –

- sheetfed offset,
- digital printing, and
- services

– and achieve profitable growth. Where exactly does the potential lie? I'll explain that now using a few examples.

Slide 20: PSG takeover expands services business

To further strengthen services, a sector with a strong future, we took over the Dutch Printing Systems Group a few weeks ago. PSG primarily operates in western Europe, which remains our number one sales region. This has given a further boost to our services and consumables business. PSG will increase Heidelberg Group sales by around €100 million.

With some 400 employees in the Benelux countries and southern Europe, the company

- has established structures in the printing industry,
- enjoys a strong market position, and
- has been a partner of Heidelberg for decades.

Consequently, we know PSG fairly well and firmly believe this acquisition will deliver long-term benefits.

PSG already generates half its sales by selling services and consumables, which is in line with our target for the future sales structure in the Group as a whole, with over 50 percent of sales coming from service activities. As I mentioned earlier, our sales from services only amounted to 40 percent last year.

Slide 21: Using the Internet as an additional sales channel

In the services and consumables sector, however, we're looking to achieve growth not only through acquisitions, but also by improving our access to the market. In the next few days, the new Heidelberg eCommerce shop, which offers the entire range of consumables from a single source, will go live in the United States.

The special thing about this innovation is that Heidelberg is the only supplier anywhere in the world to offer the full range of products from a single source.

The benefits for customers are obvious. They no longer need to go to the trouble of clicking or phoning from supplier to supplier to obtain an overview of ranges, prices, terms of delivery, etc. but can get everything they need from us – round the clock and using a straightforward process.

Our online sales principle is similar to that of the world's most successful Internet store – Amazon. This company is a true role model for us in terms of its technologies and business model.

Slide 22: Heidelberg – top-quality products and strong partners

We promised that we'd aim to establish ourselves as the leading supplier in industrial digital printing. This market is growing and customers are using this technology to unlock new business opportunities. Consequently, they're already operating digital presses in parallel to offset machines in many cases. And Heidelberg, Ladies and Gentlemen, supplies both – and they're integrated, too! But let's start at the beginning.

In financial year 2009/2010, we decided to gradually move back into the digital sector. Unlike in the past, we knew we'd be using cooperation agreements with successful partners to re-enter this sector so that the risks were transparent. We've been collaborating with the Japanese group Ricoh since 2011, selling digital printing systems.

The advantage with Ricoh is that it's becoming stronger than previously envisaged in the graphic arts industry. It used to be known above all as an office brand.

The benefit for us is obtaining access to the know-how and technology of a renowned digital print supplier to extend our portfolio for our customers who are looking to invest in this area of business.

The sale of over 600 Linoprint C digital printing systems worldwide proves that this alliance has become a genuine win-win partnership. With these systems, our customers can

- print the shortest of runs and variable data cost-effectively,
- use a wide selection of inline postpress systems, and
- benefit from maximum flexibility in digital and/or offset printing.

What's more, Ricoh's toner technology and the color control achieved by Heidelberg workflow color management deliver the optimum image quality and color consistency that our customers need.

And the journey continues. Our incoming orders show us how important we've become as a digital partner for our customers. Heidelberg is becoming established as the world's leading partner for digital printing.

We'll take the successful partnership with Ricoh in the digital sector to the next level with new product launches. Heidelberg is already generating annual sales in the (low) double-digit million euro range with Linoprint products and this figure will continue to rise along with the installed base.

But Linoprint C is just one example of Heidelberg being the only manufacturer in the world to successfully sell integrated digital and offset solutions.

Ladies and Gentlemen, I'd like to give you another example of our strategy being based on

- future-focused portfolio optimization and

- a sound financial footing.

In fall 2013, we entered into a partnership with another Japanese company – Fujifilm – with the aim of harnessing its inkjet technology know-how to also achieve success in industrial-scale digital printing. The flexibility and creativity of inkjet technology offers our customers huge potential for new business models.

Our goal is to combine Fujifilm's leading inkjet technology with our mechanical engineering expertise to satisfy customer requirements, in particular in the area of industrial-scale digital printing, with a new generation of digital presses. Our collaboration with Fujifilm is opening up growth potential above all in professional commercial and packaging printing.

This sector is growing, because customers are looking to print more and more versions of a packaging or commercial print in relatively small quantities and high quality. A print motif now has a shorter lifespan than ever! In other words, motifs are changing much more frequently than before and need to be printed on the packaging faster.

Fujifilm was also involved in developing the Gallus digital label press.

Our partnerships will thus meet our customers' growing need for digital presses.

In June 2014, we took over one of our long-standing partners – Gallus Holding AG.

Gallus is an innovative and successful packaging and label specialist. In September 2014, Ladies and Gentlemen, we unveiled to customers from all over the world a new digital printing system with Fujifilm technology for the label market that Gallus and Heidelberg developed together in less than 12 months.

The new digital label press is designed to meet growing demand for the cost-effective production of short and medium runs in label printing. And there has been a huge amount of interest from customers.

Slide 23: Digital label press unveiled

Gerold Linzbach is pictured in the center of this photo. Together with former Gallus owner Ferdinand Rüesch, who is now a major Heidelberg shareholder, he unveiled the Gallus digital label press in September in St. Gallen, Switzerland.

This world premiere was a special occasion for everyone involved. The first presses have now been delivered and further orders have been placed. And that's not all. The customer response confirms our expectations that digitally printed labels are a definite future market and together we're extremely well placed in this sector.

Slide 24: Heidelberg – top-quality products and strong partners

The next step in the digital sector is just around the corner. At drupa, the world's largest printing trade show, in 2016 we'll be unveiling a first new industrial-scale digital sheetfed press developed jointly with Fujifilm. And believe me, we can hardly wait! This is a further response to the transformation in the printing industry.

Ladies and Gentlemen, the common link is Prinect. You can see this word in the bottom left corner framed in blue, yellow, and green. Prinect is a key project for our future that forms an integral part of all our activities –

- sheetfed offset printing,
- digital printing, and
- services.

Prinect is our software solution for print shop workflows that enables our customers to efficiently control all management and production processes by networking them. We've taken networking to a whole new level in recent years and Heidelberg now generates a mid two-digit million euro sum with the relevant activities.

Slide 25: Heidelberg networks markets

And while we're on the subject of networking, we're currently seeing nothing short of revolutionary changes in the web-based networking of the business world. The watchword, Ladies and Gentlemen, is Industry 4.0. Heidelberg has many years of experience in this area.

- We started networking internal production processes in the 1990s.
- Then, at the end of the 1990s, we also transferred our know-how to the interface with customers through our Remote Service for troubleshooting.

- The actual development of Industry 4.0 services dates from the first decade of the new millennium.

Connecting production equipment to one system and integrating print shop processes via our Prinect software is still unique in the industry.

It goes without saying that we've further developed these activities and today, for example, we can predict maintenance requirements much sooner and much more accurately than when the service started at the end of the 1990s.

We've also created a productivity database for customers to make comparisons completely anonymously. This, too, is a service that customers buy from us, so it generates sales.

Furthermore, we've sold over 350 model-based design software packages to industrial customers worldwide since 2010. In addition to us being a Siemens Foundation Partner, companies such as Daimler and the U.S. construction machinery manufacturer Terex also use our product. The next version of this software has already been developed and is now on sale.

From the end of 2015, industrial customers will be able to use the View2Connect software to link their development activities with our production operations and have us make parts and equipment for them. This is of particular interest to customers who don't want to undertake production activities themselves. Heidelberg then acts as a contract manufacturer for such companies.

It goes without saying that we're investing in the further development of such solutions and also in new developments. This, too, is something we can now once again afford to do. And it's a must, because we no longer wish to stand still.

We want to grow.

Slide 26: Product portfolio expanded for growth market of China

And on the subject of growth, Ladies and Gentlemen, we also need to mention China – or rather the whole of Asia and the Middle East.

These two markets are delivering stronger growth for print products than any other region in the world. This trend is also due in part to the growing demand for shorter and variable runs in the commercial sector here – exactly as in the rest of the world.

At this year's major spring trade shows – Print China and Gulf Print & Pack in Dubai – for example, there was great interest in our digital printing portfolio. Heidelberg presented a new digital printing system at both trade shows.

The top left photo shows Harald Weimer at Print China unveiling the new Speedmaster CS 92 sheetfed offset press for the Chinese market. At this event, we also presented the new Linoprint CV digital printing systems and the Jetmaster Dimension 250 for 4D printing.

The Jetmaster prints three-dimensional objects with personalized content – hence the name 4D printing. At Print China, the Jetmaster Dimension printed over 500 soccer balls with customized content and exceeded all expectations. We intend to build on the wow effect we achieved and launch the Jetmaster Dimension on the Chinese market before the end of this year.

However:

Offset printing is still widely used in China, too, so we exhibited the Speedmaster CS 92 four-color press designed specifically for the print formats that are popular in Asia. This system also met with a favorable response from visitors to the trade show. A new sheet format means over 20 percent lower printing plate costs for CS 92 users.

China, Ladies and Gentlemen, is and will remain a hugely important growth market for us and one of our largest sales markets. Although we only generated sales of €330 million there in financial year 2014/2015 compared with €400 million in the previous year, incoming orders have been stable in recent months and we're expecting further growth in the long term.

The successful trade show in China is one reason for the strong incoming orders in the first quarter of the current financial year.

Growth is strongest in the packaging segment – not only in China, but in the rest of the world as well. We've therefore invested heavily in this segment in recent years.

This business focuses on large, global groups that are seeing rapid growth. Heidelberg is the perfect partner for these companies because we, too, operate globally and provide them with local support through our service network.

The packaging segment already accounts for around 40 percent of our equipment sales. Just a few years ago, this figure was half as high. On top of this, there's income from services and consumables. This gives us a leading market position here.

Slide 27: New Print Media Center opened

Ladies and Gentlemen, our service and sales network and our portfolio give us unique selling points over the competition.

Another unique selling point is the environment in which we showcase our high-quality equipment and services. And I promise you, this environment is important. It's all about presenting our solutions in the best possible way and training our customers in how to use our solutions so as to maximize their success.

All our developments were recently brought together at our headquarters less than 20 miles from here. This investment has also taken the direct communication between us and our customers to a whole new level.

I'm talking about our new Print Media Center – PMC for short – at the Wiesloch-Walldorf headquarters. And that, Ladies and Gentlemen, brings us back home after our little journey into the world of the printing industry.

Home to Heidelberg.

To the Wiesloch headquarters that are also home to the PMC.

And now we're uniting the entire printing industry world at the new PMC. My colleagues opened it in June in the presence of 500 customers from all over the world. The top right photo shows member of the Management Board responsible for Equipment Stephan Plenz standing next to head of the PMC Mr. Krapp and member of the Management Board responsible for Services Harald Weimer.

They're on the point of pressing a button to lower the curtain revealing our new industry meeting point.

Since the opening, customers have been able to see on an area of over 4,700 square meters how they can master their day-to-day challenges, for example if we free them up for their core business by providing comprehensive round-the-clock services. I've already provided several examples of these services.

At our regular Heidelberg Info days, our customers find out everything they need to know about –

- digital printing,
- packaging printing,
- UV printing,
- cost-effective production of short runs,
- differentiation through surface finishing,
- and much more besides

– in every imaginable facet.

Together with the Print Media Center Packaging, this new center gives Wiesloch-Walldorf the world's largest demonstration center for commercial and packaging printing in the entire printing industry.

The PMC Packaging opened in 2008 and offers state-of-the-art know-how relating to

- folding carton production,
- surface finishing, and
- all kinds of special applications.

Around 100 staff look after our customers at the two centers and we expect to give around 1,200 individual customer demonstrations there each year.

In addition to this, a total of over 2,000 visitors attend open house and other events. It's a true meeting point for the industry!

Slide 28: We're on the right track

Ladies and Gentlemen, you and the people you see here on the podium have experienced some difficult years with Heidelberg. Now, however,

- the reorientation has been completed,
- the financing structure forms a stable foundation for the future,
- we've set our sights firmly on the target operating margin of at least 8 percent after adjustment for exchange rate movements, and
- following the reorientation of the product portfolio, we're now finally looking to once again achieve sales growth.

Slide 29: Thank you very much for your time

On behalf of the entire Management Board, Ladies and Gentlemen, I'd like to say that I very much hope you'll continue to support us and this company on its new path. We'd very much appreciate it.

And, on behalf of the entire Management Board, I'd once again like to thank our employees for their exceptional commitment. Together we'll reach our goals.

Many thanks for your time.

Important note:
This release contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that those assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macro-economic situation, in the exchange rates, in the interest rates and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this press release.