



Conference Call Q2-2015/2016

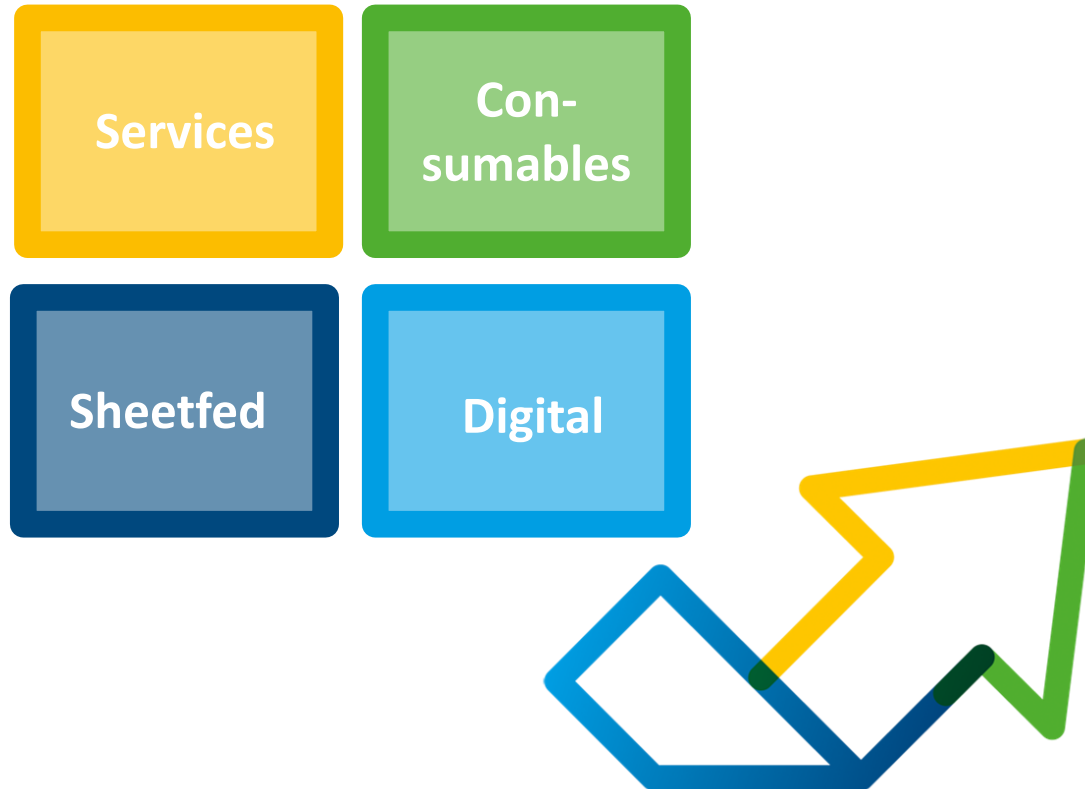
DIRK KALIEBE, CFO

November 13, 2015

**ON
THE
RIGHT
TRACK**



Update strategy implementation:





Growth in Service

- PSG fully integrated, new management structure implemented; no considerable earnings effect in running FY
- Half of the additional planned service sales already achieved
- Extension of consulting offerings by data-provided performance services

Consum-
ables

Sheetfed

Digital



Expansion of Consumables

- Double-digit growth after six months
- Service & Consumables already approx. 50% of group turnover
- M&A: potential takeover candidates evaluated
- eCommerce channel online in US – worldwide rollout until drupa 2016

Services

Sheetfed

Digital



Con-
sumables

Services

Sheetfed

Focus on Digital

- 50 % of R&D resources shifted to Digital
- Installed base of Linoprint is continuing to grow >600 units; Click-charge-model ensures double-digit €m consumables sales
- Launch of 4c Jetmaster Dimension (4-D printing)
- Successful sales start of digital label press
- Industrial digital sheetfed printing machine together with Fujifilm will be presented on drupa 2016



Con-
sumables

Services

Digital

Operational improvements in Sheetfed

- Yearly sales volume of more than € 700m in packaging business
- Structures and processes in Wiesloch streamlined; leads to temporary inefficiencies; full savings effect improves HY2 profitability
- Relocation of former HQ from Heidelberg to Wiesloch completed; real-estate in Heidelberg sold; earnings effect in FY 15/16 expected

Highlights 6m-2015/2016



▪ **Strategic reorientation is taking effect**

- Solid order situation, improved backlog (>€ 600m; +15% yoy)
- Strong revenue growth due to solid order backlog and PSG acquisition
- HD Services already in-line with margin bandwidth of 9-11% EBITDA
- HD Equipment improvement in HY2
- FCF negative at €-30m including PSG acquisition, cash out for portfolio optimization and refinancing of HYB

▪ **Balance sheet structure improved**

- Equity ratio at 13% from 8% at the beginning of the year
- Leverage incl. PSG acquisition below target level
- Net debt financed until CY 2022

▪ **On track to achieve financial targets for FY 2015/2016**

- HD Equipment 4-6% margin, HD Services 9-11% margin: Group EBITDA margin >8%
- FX adjusted revenue growth of 2-4%

Key figures HY1 2015/16 – on track



in € million	6m 14/15	6m 15/16	ΔpY
Order intake	1,167	1,323	+13%
Sales	996	1,162	+17%
EBITDA	53	79	+49%
EBIT before Special items	19	43	+24
Special items	-18	-22	
Financial result	-33	-30	+3
Net result before taxes	-32	-8	+24
Net result after taxes	-42	-14	+28
Free cash flow	-30	-30	
Net debt	272	284	+12
Leverage	1.6	1.3	

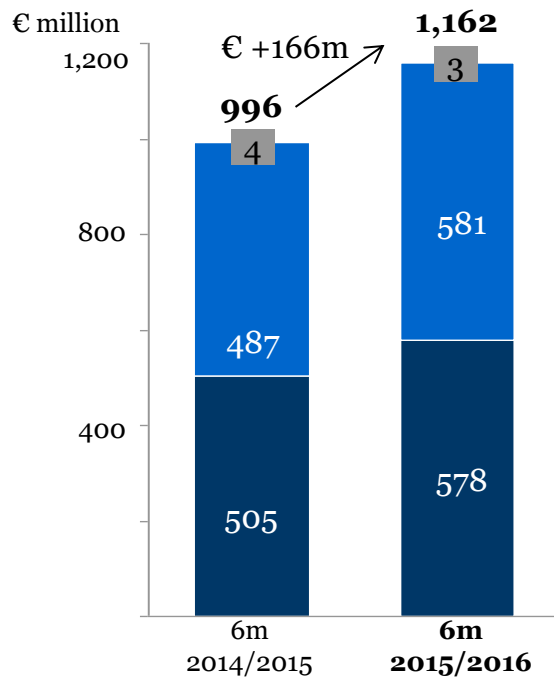
Comment

- Improved **order intake** (FX € 78m) and solid **order backlog** of €644m
- **Sales** increased fx adjusted (FX € +68m) by around 10%
- **EBITDA** improved to € 79m, incl. € 19m positive one-time effect from PSG (previous year incl. € 18m for Gallus transaction)
- Special items for last year's portfolio optimization; real estate sale will be booked in HY2
- **Earnings before taxes** and **Net result** improved significantly
- **Free Cashflow** at € -30m, incl. PSG acquisition, refinancing of HYB and portfolio optimization
- **Leverage** significantly below target level of <2x

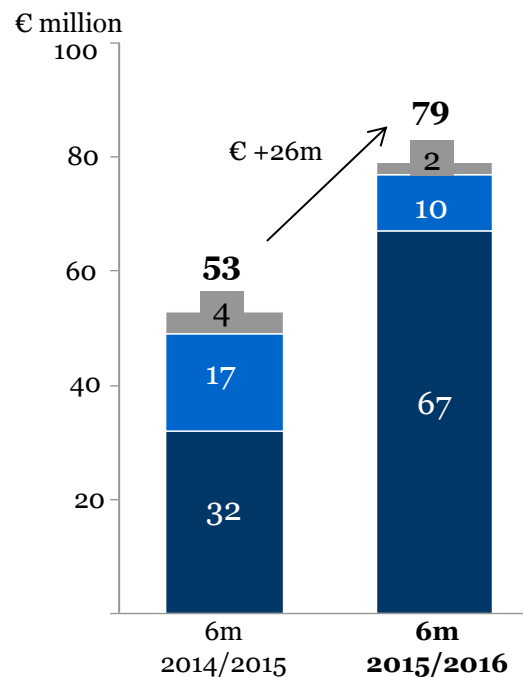
Solid profitability in HDS, HDE improvement in HY2



Sales by segment



EBITDA by segment

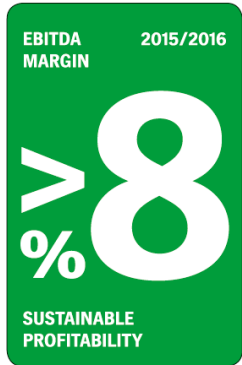


Comment

- Higher sales volume in both segments due to good order situation. With the exception of Eastern Europe, all regions with higher sales contribution.
- **HD Equipment** profit temporarily burdened by inefficiencies. Full savings effect in HY2. Expected contribution of 4-6% EBITDA-margin. **HD Services** benefits from margin improvements and postpress reorganization. On track to achieve target level of 9-11% EBITDA.
- Q2: Sales split 50:50 due to PSG acquisition and reallocation of Postpress business to HD Services

■ HD Equipment
 ■ HD Services
 ■ HD Financial Services

Outlook for FY 2015/2016



EBITDA-margin improvement to >8% (fx-adjusted; comparable 2014/15: 6%)

- Based on:
 - more profitable product portfolio
 - improved cost basis -> core business sheetfed to be further optimized
 - newly acquired PSG business to be integrated -> positive earnings impact expected for 2016/17
- HD Equipment 4-6% EBITDA-margin, HD Services 9-11% EBITDA-margin
- Improved financial result
- Positive net result



FX adjusted sales growth of 2-4%

- Strategic reorientation strengthens fields of profitable growth
- Growth mainly driven by consolidation of PSG and solid order development
- Sales volume in HY2 > HY1



BACKUP

Balance sheet



> Assets	FY 2015	FY 2015	FY 2016	> Equity and liabilities	FY 2015	FY 2015	FY 2016
	30-09-2014	31-03-2015	30-09-2015		30-09-2014	31-03-2015	30-09-2015
Figures in mEUR				Figures in mEUR			
Fixed assets	722	735	733	Equity	300	183	294
Current assets	1.451	1.465	1.377	Provisions	973	1.055	879
thereof inventories	740	637	667	thereof provisions for pensions *	563	605	483
thereof trade receivables	260	335	296	Other Liabilities	925	975	963
thereof receivables from customer financing	93	82	69	thereof trade payables	181	171	184
thereof liquid assets (incl. marketable sec. afs)	209	286	209	thereof financial liabilities	481	542	493
Def tax assets, prepaid expenses, other	93	93	104	Def. tax liabilities, deferred income	68	79	74
thereof deferred tax assets	56	62	60	thereof deferred tax liabilities	8	10	10
thereof deferred income	22	18	23	thereof deferred income	61	69	64
Total assets	2.266	2.293	2.214	Total equity and liabilities	2.266	2.293	2.214
				Equity ratio	13%	8%	13%
				Net debt	272	256	284

* As of September 30, 2015 a discount rate of 2.7 percent (Mar 31, 2014: 1.7 percent) was used to determine actuarial gains and losses for domestic entities

Key figures Q2 2015/16



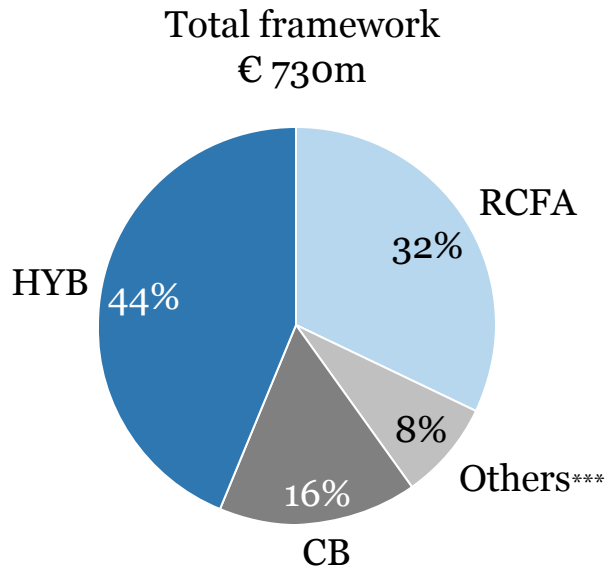
in € million	Q2 14/15	Q2 15/16
Order intake	579	620
Sales	561	599
EBITDA	47*	33
EBIT before Special items	30*	15
Special items	-18	-6
Financial result	-16	-16
Net result before taxes	-4	-7
Net result after taxes	-8	-9
Free cash flow	36	5
Net debt	272	284
Leverage	1.6	1.3

* Incl. positive one-time effect of € 18m from Gallus transaction

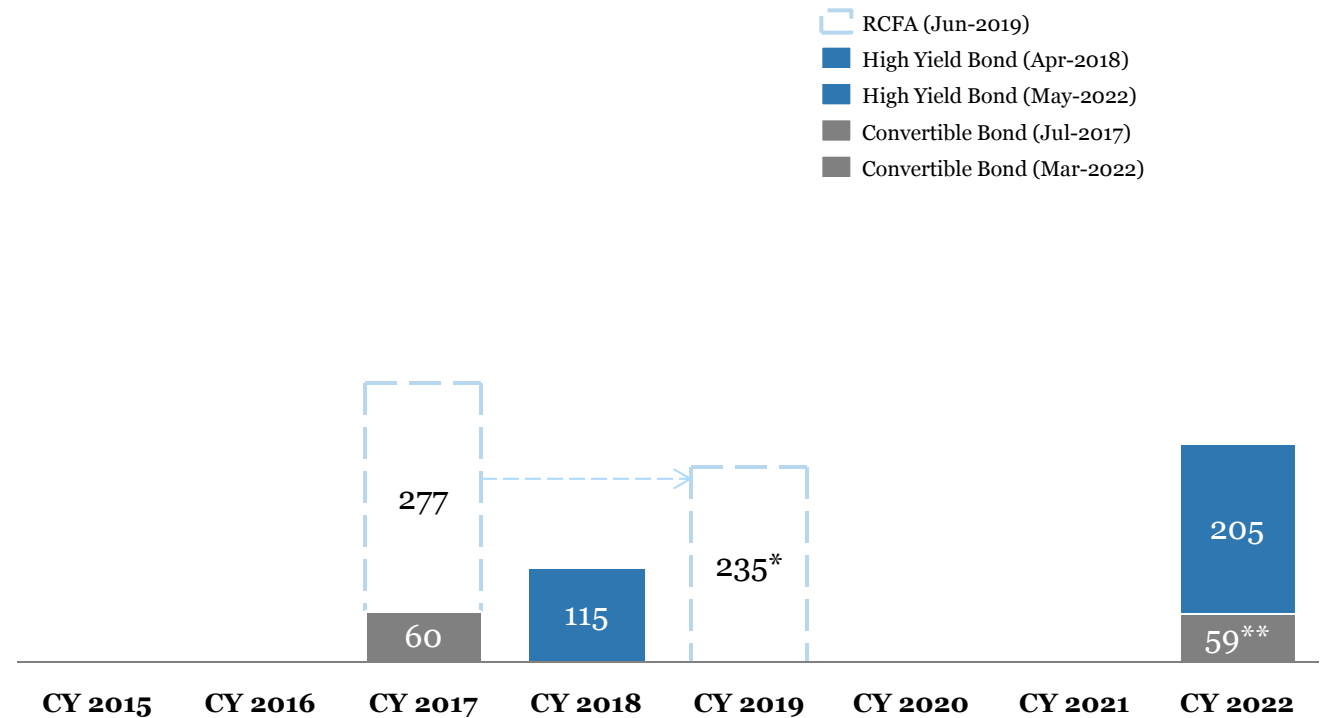


Financial framework: Revolving credit facility extended

Financial framework



Maturity profile



* Initial volume € 250m, amortizing to € 235m in 2019

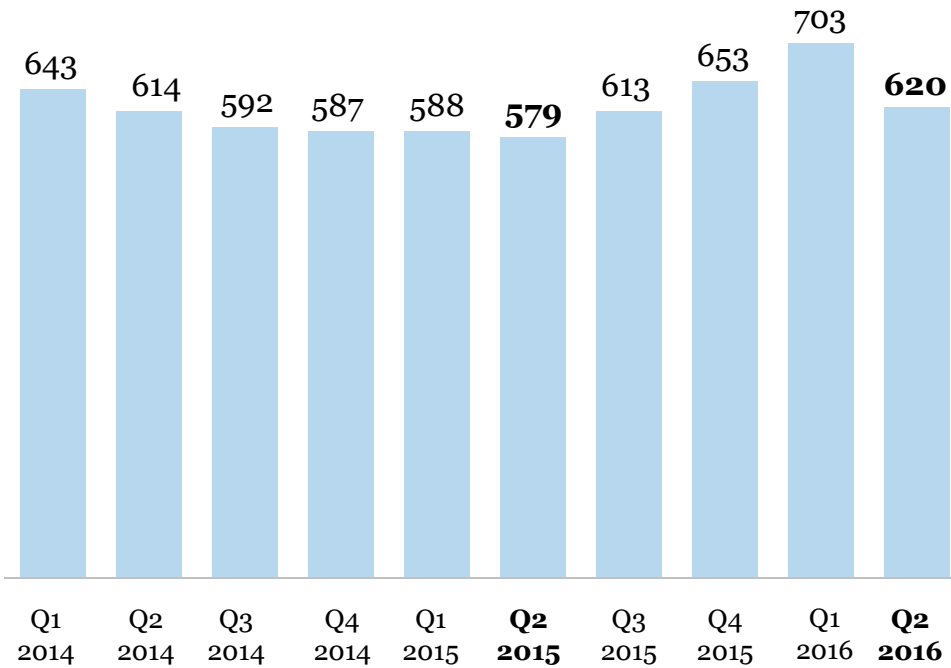
**CB Put Option in 2020

*** Other / amortizing instruments not shown in maturity profile

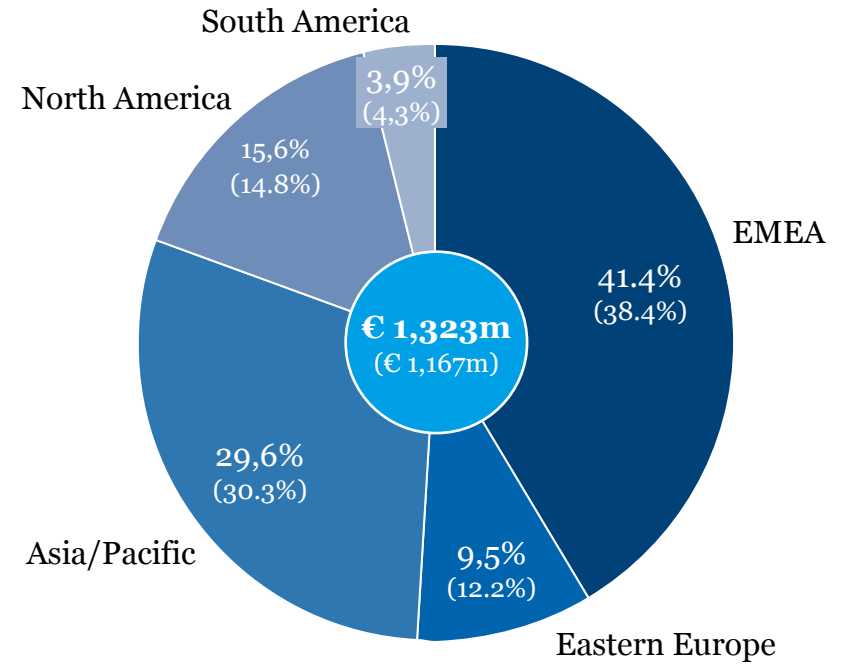
Solid order intake



Order intake



Order intake 6m 2016 (6m 2015) | regional split



Financial Calendar 2015/2016



	Date
Release of the figures for the third quarter 2015/2016	February 10, 2016
Final Figures FY2015/16	June 8, 2016

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