Q2

Now!

Interim Financial Report
Second Quarter
2015/2016

INTERIM FINANCIAL REPORT Q2 2015/2016

- Sales rise to € 1,162 million in first half of 2015/2016
- Incoming orders climb to € 1,323 million
- EBITDA excluding special items improves to € 79 million in first half of year
- Result of operating activities excluding special items (EBIT) of € 43 million

Key performance data

Figures in € millions		Q1 to Q2		Q2
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Incoming orders	1,167	1,323	579	620
Net sales	996	1,162	561	599
EBITDA [1]	53	79	47	33
in percent of sales	5.3	6.8	8.4	5.6
Result of operating activities [2]	19	43	30	15
Net result after taxes	– 42	– 14	– 8	– 9
Research and development costs	60	60	29	30
Investments	25	24	14	11
Equity	300	294	300	294
Net debt [3]	272	284	272	284
Free cash flow	– 30	– 30	36	5
Earnings per share in €	– 0.17	– 0.05	– 0.02	– 0.03
Number of employees at end of quarter (excluding trainees)	12,393	11,753	12,393	11,753

[1] Result of operating activities before interest and taxes and before depreciation and amortization, excluding special items
[2] Excluding special items
[3] Net total of financial liabilities and cash and cash equivalents and current securities

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

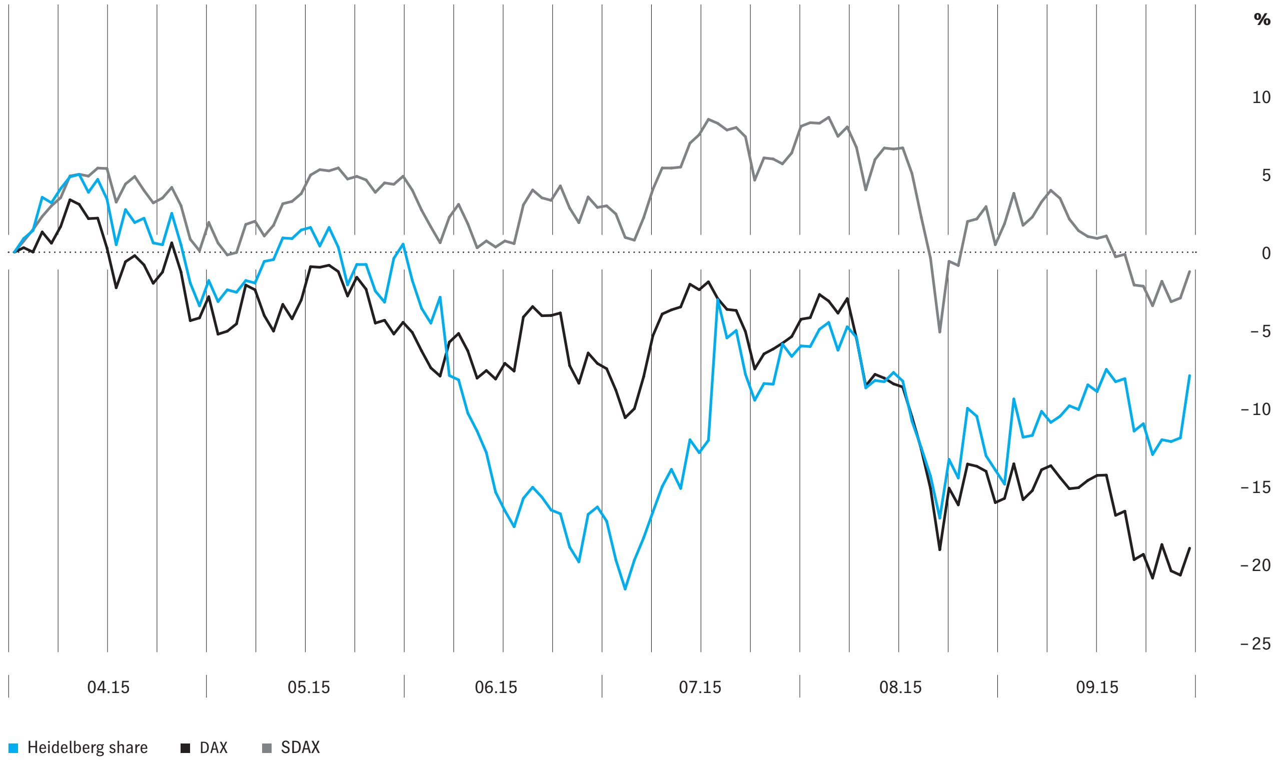
Interim consolidated financial report

Q2 2015/2016

Heidelberg on the capital markets

Performance of the Heidelberg share

Compared to the DAX and the SDAX (index: April 1, 2015 = 0 percent)



The Heidelberg share and the Heidelberg bonds

The HEIDELBERG SHARE recovered at the beginning of the second quarter, reaching a high for the reporting period at € 2.41 on July 21. Due to weak economic data from China, the share experienced an interim price correction in August, which was followed by a renewed substantial upward trend in September. All in all, the Heidelberg share improved by around 15 percent as against the beginning of the quarter and closed at € 2.29 on September 30. The HEIDELBERG CONVERTIBLE BONDS saw a similar development in the period under review and also closed the quarter up on their price at the start of the quarter. The HEIDELBERG CORPORATE BONDS were traded continuously at more than 100 percent.

Disappointing trend of German benchmark index DAX

In July the German benchmark index DAX was still able to recover from the Greece crisis and thus remain above the 11,500-point level. After that, however, in particular weak growth figures from China published in mid-August negatively impacted the index, causing it to fall to 9,648 points on August 24. The benchmark index was able to recover from this low in the meantime. Nevertheless, also intensified by the emissions scandal at Volkswagen, it finally closed the period at only 9,660 points on September 30, down almost 12 percent on its level at the start of the quarter.

Key performance data of the Heidelberg share

Figures in € ISIN: DE 0007314007	Q2 2014/2015	**Q2 2015/2016**
High	2.71	2.41
Low	2.22	1.94
Price at beginning of quarter [1]	2.66	2.07
Price at end of quarter [1]	2.22	2.29
Market capitalization at end of quarter in € millions	572	590
Outstanding shares in thousands (reporting date)	257,438	257,438

Key performance data of the Heidelberg 2011 corporate bond [2]

Figures in percent RegS ISIN: DE 000A1KQ1E2	Q2 2014/2015	**Q2 2015/2016**
Nominal volume in € millions	355.0	114.5
High	107.6	106.0
Low	102.4	104.1
Price at beginning of quarter [3]	107.5	104.8
Price at end of quarter [3]	102.5	104.2

Key performance data of the Heidelberg 2015 corporate bond [4]

Figures in percent RegS ISIN: DE 000A14J7A9	Q2 2014/2015	**Q2 2015/2016**
Nominal volume in € millions	–	205.4
High	–	103.3
Low	–	100.0
Price at beginning of quarter [3]	–	103.2
Price at end of quarter [3]	–	100.0

Key performance data of the Heidelberg 2013 convertible bond

Figures in percent ISIN: DE 000A1X25N0	Q2 2014/2015	**Q2 2015/2016**
Nominal volume in € millions	60.0	60.0
High	127.5	111.9
Low	113.1	104.2
Price at beginning of quarter [3]	126.7	105.9
Price at end of quarter [3]	113.1	108.2

Key performance data of the Heidelberg 2015 convertible bond [5]

Figures in percent ISIN: DE 000A14KEZ4	Q2 2014/2015	**Q2 2015/2016**
Nominal volume in € millions	–	58.6
High	–	102.7
Low	–	94.5
Price at beginning of quarter [3]	–	96.5
Price at end of quarter [3]	–	100.3

[1] Xetra closing price, source: Bloomberg
[2] Partial repayments were made on April 30, 2015 and May 15, 2015
[3] Closing price, source: Bloomberg
[4] Placement on May 5, 2015
[5] Placement on March 30, 2015

ECONOMIC REPORT

Macroeconomic and industry-specific conditions

The pace of global economic expansion has slowed over 2015 to date. A key factor in this has been the significantly downbeat sentiment in the emerging economies, while forecasts in the advanced economies even improved and recently proved stable in spring.

With growth of 3.5 percent, the disappointing performance in the emerging economies in 2015 is due firstly to the structural problems of their own making and, secondly, to the strong dependence on China, whose central government has so far – barring a few more minor fiscal measures – not undertaken a major stimulus package to reignite its flagging growth momentum.

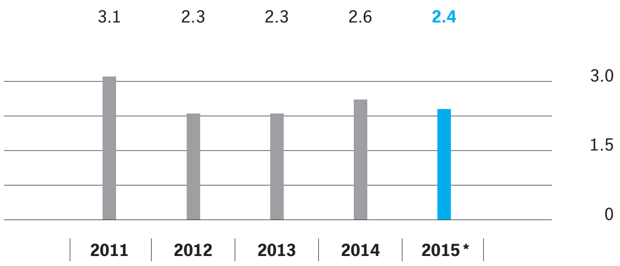
Following the US Fed's interest rate announcement, economic growth has become weaker in the third quarter, with the result that economic momentum in 2015 has so far amounted to only 2.6 percent. However, with growth of 1.5 percent, the economy in the euro zone has finally found its footing and is working its way – propped up by low energy prices, a weaker euro, improved lending conditions and increased fiscal stimulus – out of its deep economic lull a little faster than expected. Nevertheless, the current influx of refugees is posing a major challenge for many EU countries, and is seen by many as testing the resilience of the European Union.

From the middle of September to the middle of October, the euro moved sideways against the US dollar in a range of 1.11 to 1.14. The Japanese yen benefited from the insecurity in China and the economic weakness in the other neighboring Pacific states, and is serving as a safe currency in the region.

Owing to the uncertainty with regard to the economic prospects, statistics published by the German Engineering Federation (VDMA) indicate that sales of printing presses by German manufacturers declined by 10 percent year-on-year in the period from January to September 2015. However, a 14 percent increase in incoming orders was reported for the same period.

Change in global GDP[1)]

Figures in percent



* Forecast
1) Data determined in accordance with the straight aggregate method

The chain-weighted method would deliver the following results:
2011: 3.1 %; 2012: 2.6 %; 2013: 2.5 %; 2014: 2.7 %; 2015: 2.5 %

Source: Global Insight (WMM); calendar year; as of October 2015

Development of EUR / JPY

October 2006 until October 2015

Source: Global Insight

Development of EUR / USD

October 2006 until October 2015

Source: Global Insight

Business development

After a good start to the financial year 2015/2016, incoming orders and sales were again higher in the second quarter of the financial year than the figures for the comparable period last year.

At € 620 million, INCOMING ORDERS in the second quarter were higher than in the same quarter of the previous year (€ 579 million), and, at € 1,323 million, the figure for the first half of the year was also up on the previous year's level (€ 1,167 million). Exchange rate effects of around € 78 million had a positive impact on incoming orders in the first half of the year. Similarly, at € 599 million, SALES outperformed the same quarter of the previous year (€ 561 million); year-on-year they climbed from € 996 million in the financial year 2014/2015 to € 1,162 million in the first half of the current financial year. The positive exchange rate effects amounted to around € 68 million in sales.

TOTAL OPERATING PERFORMANCE amounted to € 1,216 million in the first half of the year (previous year: € 1,105 million). As a result of the good order situation, the Heidelberg Group's ORDER BACKLOG as of September 30, 2015 increased by € 142 million as against the start of the financial year to € 644 million (September 30, 2014: € 560 million).

Business performance by quarter

Figures in € millions	Q1 to Q2		Q2	
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Incoming orders	1,167	1,323	579	620
Sales	996	1,162	561	599

Results of operations, net assets and financial position

As expected, both EBITDA and EBIT increased in the second quarter as against the prior-year figures after adjustment for the income from the Gallus transaction. One-time income of € 18 million had been incurred in the second quarter of the previous year.

The half-year figures for the current financial year include a positive effect of around € 19 million generated in the first quarter from the reversal in profit or loss of the negative difference from the first-time consolidation of the acquired Printing Systems Group (PSG). Even without this effect, the operating result showed a significant increase year-on-year. In the Heidelberg Services segment, the enhancements achieved through portfolio measures already had a positive effect on margins and result. The rise in sales expected for the second half of the financial year and the favorable effects of the portfolio measures are anticipated to improve both margins and result in the Heidelberg Equipment segment as well.

In the quarter under review there were special items of € – 6 million that predominantly resulted from partial retirement agreements concluded in the previous year in line with the adjustment of personnel capacities at the company sites in Germany. The sale of the Group's former headquarters in Heidelberg contractually agreed in the second quarter of the financial year 2015/2016 is expected to be recognized in profit or loss during the financial year.

The result of operating activities excluding special items and before interest, taxes, depreciation and amortization (EBITDA) in the first half of the year was € 79 million (first half of financial year 2014/2015: € 53 million); for the quarter under review this figure was € 33 million (previous year: € 47 million, including the special effect of € 18 million from the Gallus transaction).

After six months, the result of operating activities excluding special items (EBIT) reached a level of € 43 million, significantly higher than the figure for the previous year of € 19 million. In the second quarter, this figure was € 15 million (previous year: € 30 million, including the special effect of € 18 million from the Gallus transaction).

The FINANCIAL RESULT was down at € – 30 million in the first half of the year (first six months of 2014/2015: € – 33 million); in the second quarter of 2015/2016, it was on a par with the previous year's level at € – 16 million. The NET RESULT BEFORE TAXES in the first six months improved year-on-year from € – 32 million to € – 8 million; at € – 7 million in the second quarter, the figure was slightly lower than the level for the same quarter of the previous year (€ – 4 million). The NET RESULT AFTER TAXES improved significantly in the first half of the year to € – 14 million after € – 42 million in the same period of the previous year; in the quarter under review it totaled € – 9 million (previous year: € – 8 million).

Income statement

Figures in € millions	Q1 to Q2 2014/2015	Q1 to Q2 2015/2016	Q2 2014/2015	Q2 2015/2016
Net sales	996	1,162	561	599
Change in inventories/other own work capitalized	109	54	15	15
Total operating performance	1,105	1,216	575	614
EBITDA excluding special items	53	79	47	33
Result of operating activities excluding special items	19	43	30	15
Special items	–18	–22	–18	–6
Financial result	–33	–30	–16	–16
Net result before taxes	–32	–8	–4	–7
Taxes on income	10	5	4	2
Net result after taxes	–42	–14	–8	–9

Compared to March 31, 2015, TOTAL ASSETS declined as expected and amounted to € 2,214 million as of September 30, 2015 on account of a partial repayment of the 2011 corporate bond in the first quarter of 2015/2016 and therefore lower financial liabilities in addition to a further reduction in net working capital. At € 11 million, INVESTMENTS in property, plant and equipment and intangible assets were largely unchanged compared with the same period of the previous year (€ 14 million).

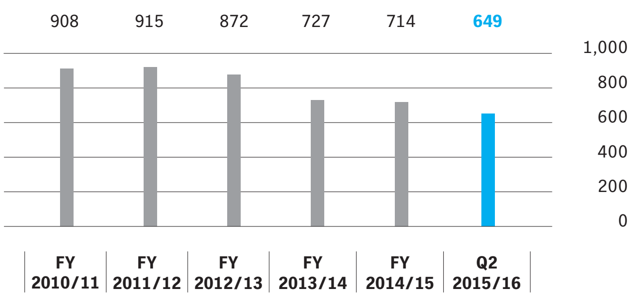
On the ASSETS SIDE, the Company's INVENTORIES increased slightly to € 667 million compared with March 31, 2015 (€ 637 million); this was in line with expectations and serves to cover the higher sales volumes that are anticipated in the coming quarters. NET WORKING CAPITAL was reduced by a further € 65 million to € 649 million between the financial year-end at March 31, 2015 and September 30, 2015, thanks to systematic asset and net working capital management. In the quarter under review, our customers' financing requirements were covered largely externally with active mediation of the Heidelberg Financial Services segment; as a result, we provided customer financing directly to a limited extent only. RECEIVABLES FROM SALES FINANCING declined to € 69 million due to the repayments received and refinancing on the part of customers.

Assets

Figures in € millions	31-Mar-2015	30-Sep-2015
Non-current assets	735	733
Inventories	637	667
Trade receivables	335	296
Receivables from sales financing	82	69
Other assets	218	240
Current securities and cash and cash equivalents	286	209
	2,293	2,214

Development of net working capital [1)]

Figures in € millions



[1)] The total of inventories and trade receivables less trade payables and advance payments

On the **EQUITY AND LIABILITIES SIDE**, the Heidelberg Group's **EQUITY** rose to € 294 million as of September 30, 2015 in comparison to the end of the financial year on March 31, 2015. This was primarily attributable to the increase in the domestic pension discount rate from 1.7 percent as of March 31, 2015 to 2.7 percent on September 30, 2015. The equity ratio was thus 13.3 percent at the end of the reporting period. Pension provisions accordingly recorded a significant decline from € 605 million at the start of the financial year to € 483 million as of September 30, 2015, causing total **PROVISIONS** to fall to € 879 million. As a result of the higher level of inventories, **TRADE PAYABLES** increased slightly compared with the end of the financial year (€ 171 million), amounting to € 184 million as of September 30, 2015. **NET DEBT** increased slightly to € 284 million in the quarter under review (March 31, 2015: € 256 million) and 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** amounted to € 493 million in the quarter under review, significantly lower than on March 31, 2015 (€ 542 million).

Equity and liabilities

Figures in € millions	31-Mar-2015	**30-Sep-2015**
Equity	183	294
Provisions	1,055	879
Financial liabilities	542	493
Trade payables	171	184
Other equity and liabilities	342	364
	2,293	**2,214**

Overview of net assets

Figures in € millions	31-Mar-2015	**30-Sep-2015**
Total assets	2,293	2,214
Net working capital	714	649
in percent of sales [1]	30.6	26.2
Equity	183	294
in percent of total equity and liabilities	8.0	13.3
Net debt [2]	256	284

[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 current securities

The three pillars of our financing portfolio – corporate bonds, the syndicated credit line and other instruments such as convertible bonds – are well-balanced. In July 2015, the early extension of the revolving credit facility with an initial volume of € 250 million, which will be reduced down to € 235 million over the term, to the end of June 2019 was agreed with a consortium of banks. Heidelberg currently has total credit facilities of around € 730 million with balanced diversification and a balanced maturity structure until 2022. Net debt currently amounting to € 284 million is financed by basic funding until 2022.

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 continues to have stable liquidity. Our financial framework thus represents a solid foundation for the Company's continued strategic reorientation.

CASH FLOW increased after the first six months of the current financial year to € 23 million (previous year: € 9 million). The main factor contributing to this was the improved net result after taxes. A net cash outflow of € – 27 million was reported in **OTHER OPERATING CHANGES** in the first half of the year after € – 33 million in the same period of the previous year. This includes payments of around € 17 million in relation to portfolio optimization measures. **CASH USED IN INVESTING ACTIVITIES** was also higher than in the first half of the previous year at € – 26 million owing to the acquisition of PSG (€ – 7 million). The **FREE CASH FLOW** after six months was therefore level with the previous year at € – 30 million (€ – 30 million). In the second quarter of the financial year 2015/2016 it was positive at € 5 million after € 36 million in the same quarter of the previous year. The previous year's figure included income from the disposal of parts of postpress business.

Statement of cash flows of the Heidelberg Group

Figures in € millions	Q1 to Q2		Q2	
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Net result after taxes	– 42	– 14	– 8	– 9
Cash flow	9	23	20	9
Other operating changes	– 33	– 27	15	5
of which: net working capital	46	88	28	26
of which: receivables from sales financing	2	7	– 2	3
of which: other	– 81	– 122	– 11	– 23
Cash used in investing activities	– 7	– 26	0	– 9
Free cash flow	– 30	– 30	36	5
in percent of sales	– 3.0	– 2.6	6.4	0.8

Segment report

The realignment of the postpress business area in the past financial year involved a shift in our focus from in-house production to sales and marketing and service. The postpress business areas (postpress commercial and postpress packaging) have therefore been allocated to the Heidelberg Services segment since April 1, 2015. The figures for the 2014/2015 financial year were restated accordingly.

Sales in the HEIDELBERG EQUIPMENT segment climbed in the second quarter of the financial year 2015/2016 from € 292 million in the same quarter of the previous year to € 304 million in the quarter under review; the half-year figure was € 581 million after € 487 million in the same period of the previous year. The segment accounted for around 50 percent of consolidated sales. The order backlog rose to € 568 million as of September 30, 2015. The result of operating activities excluding special items and before interest, taxes, depreciation and amortization (EBITDA) was € 2 million in the second quarter of the financial year 2015/2016 after € 23 million in the same quarter of the previous year, whereby the figure for the same quarter of the previous year was positively influenced by the income from the Gallus transaction of € 18 million. Year-on-year, the pro rata reversal in profit or loss of the negative difference from the first-time consolidation of PSG in the first quarter of the current financial year had a positive effect, with the result that EBITDA for the first half of the financial year amounted to € 10 million after € 17 million (including income of € 18 million from the Gallus transaction) in the first half of the previous financial year. The planned measures to boost efficiency were continued with the aim of enhancing flexibility and future profitability. Full implementation of these measures by financial year-end will further improve this segment's profitability primarily in the second half of the year.

The Heidelberg Equipment segment had a total of 7,282 employees as of September 30, 2015. On a year-on-year basis, the number of employees fell by 490.

Heidelberg Equipment [1]

Figures in € millions	Q1 to Q2		Q2	
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Incoming orders	635	743	308	340
Sales	487	581	292	304
Order backlog	475	568	475	568
EBITDA [2]	17	10	23	2
Result of operating activities [2]	– 9	– 16	10	– 12
Employees [3]	7,772	7,282	7,772	7,282

[1] Since April 1, 2015, the postpress business areas (postpress commercial and postpress packaging) have been allocated to the Heidelberg Services segment. The figures for the 2014/2015 financial year were restated.
[2] Excluding special items
[3] At end of quarter (excluding trainees)

With higher segment sales of € 294 million in the second quarter (previous year: € 267 million), the HEIDELBERG SERVICES segment also generated an increase in its result of operating activities excluding special items and before interest, taxes, depreciation and amortization (EBITDA) as against the previous year. This climbed from € 21 million in the same quarter of the previous year to € 31 million in the quarter under review. Year-on-year, it improved from € 32 million to € 67 million. There was a positive impact here from the portfolio measures implemented and the pro rata reversal in profit or loss of the negative difference from the first-time consolidation of PSG in the first quarter of 2015/2016. The share of sales attributable to the segment was approximately 50 percent. The Heidelberg Services segment had a total of 4,429 employees as of September 30, 2015.

Heidelberg Services [1)]

Figures in € millions		Q1 to Q2		Q2
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Incoming orders	528	577	269	279
Sales	505	578	267	294
Order backlog	85	76	85	76
EBITDA [2)]	32	67	21	31
Result of operating activities [2)]	24	57	17	27
Employees [3)]	4,579	4,429	4,579	4,429

1) Since April 1, 2015, the postpress business areas (postpress commercial and postpress packaging) have been allocated to the Heidelberg Services segment. The figures for the 2014/2015 financial year were restated.
2) Excluding special items
3) At end of quarter (excluding trainees)

Our strategy of primarily mediating customer financing to our external partners is accompanied by a reduction in the volume directly financed by us. Receivables from sales financing declined by € 24 million compared with the previous year to € 69 million as of September 30, 2015. The portfolio's decline is reflected in a balanced result (€ 0 million) of operating activities excluding special items and before interest, taxes, depreciation and amortization (EBITDA) in the HEIDELBERG FINANCIAL SERVICES segment in the second quarter.

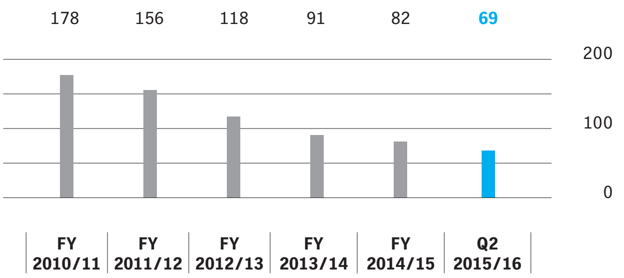
Heidelberg Financial Services

Figures in € millions		Q1 to Q2		Q2
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
Sales	4	3	2	1
EBITDA [1)]	4	2	3	0
Result of operating activities [1)]	4	2	3	0
Employees [2)]	42	42	42	42

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

Receivables from sales financing

Figures in € millions



Report on the regions

In the second quarter of the financial year 2015/2016 the EMEA (Europe, Middle East and Africa) region significantly increased its incoming orders as against the same quarter of the previous year to € 275 million (€ 218 million); at € 548 million, the figure for the first half of the year was also higher than in the previous year (€ 448 million). The order volume of the acquired PSG contributed to this. At € 235 million, sales for the quarter matched the previous year's level, while sales for the first half of the year were up significantly at € 478 million (previous year: € 408 million). Italy, Benelux and Sweden were the main contributors to this.

In the ASIA/PACIFIC region, incoming orders did not meet the figure for the same quarter of the previous year in the second quarter of the current financial year at € 154 million (previous year: € 184 million). The Print China trade show held in the first quarter generated a high order volume, with the result that the figure for the first half of the year – as expected – was up on the previous year's figure of € 353 million at € 391 million. Sales were increased in both the second quarter and the first half of the year. In the quarter under review they rose from € 160 million in the same quarter of the previous year to € 194 million; after six months from € 288 million in the first half of 2014/2015 to € 348 million in the current financial year. Deliveries of trade show orders as well as sales increases in Japan and smaller markets in the region contributed to this.

EASTERN EUROPE kept its incoming orders and sales virtually stable overall despite the lingering uncertainty in Ukraine and Russia. In the second quarter of 2015/2016 incoming orders amounted to € 67 million after € 68 million in the same quarter of the previous year; for the first half of the year they were down year-on-year at € 125 million (€ 142 million). Sales fell from € 66 million in the second quarter of the financial year 2014/2015 to € 59 million in the quarter under review; the figure for the first half of the year remained constant at € 117 million (first half of 2014/2015: € 118 million).

Incoming orders in the NORTH AMERICA region continued to develop positively compared to both the same quarter of the previous year (Q2 2014/2015: € 81 million; Q2 2015/2016: € 105 million) and the first half of the previous year (first half of 2014/2015: € 173 million; first half of 2015/2016: € 207 million). Sales in the second quarter of 2015/2016 were slightly higher than the same quarter of the previous year at € 86 million (previous year: € 84 million), and for the first half of the year at € 169 million (previous year: € 146 million).

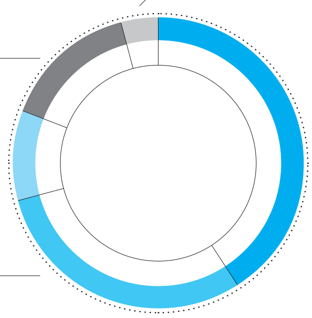
The SOUTH AMERICA region was characterized by a mixed economic picture. While growth in Brazil declined significantly in the second quarter as a result of the devaluation of the local currency, the overall figure for the first half of the year was stable at € 51 million (previous year: € 50 million). Sales developed well, amounting to € 25 million in the quarter under review and € 48 million in the first half of the year, thereby outperforming the figures for the previous year (Q2 2014/2015: € 16 million; first half of 2014/2015: € 37 million). Argentina and the smaller markets in the region were the main contributors here.

Incoming orders by region

Figures in € millions		Q1 to Q2		Q2
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
EMEA	448	548	218	275
Asia/Pacific	353	391	184	154
Eastern Europe	142	125	68	67
North America	173	207	81	105
South America	50	51	27	20
Heidelberg Group	**1,167**	**1,323**	**579**	**620**

Sales by region (Q1 to Q2)

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



Sales by region

Figures in € millions		**Q1 to Q2**		**Q2**
	2014/2015	**2015/2016**	2014/2015	**2015/2016**
EMEA	408	478	235	235
Asia/Pacific	288	348	160	194
Eastern Europe	118	117	66	59
North America	146	169	84	86
South America	37	48	16	25
Heidelberg Group	**996**	**1,162**	**561**	**599**

Employees

In the second quarter of the 2015/2016 financial year, the number of employees in the Heidelberg Group declined, largely as a result of the portfolio optimization measures and including the additional employees as a result of the acquisition of PSG (384 people). As of September 30, 2015, the Heidelberg Group had a total of 11,753 employees (plus 473 trainees), 198 fewer than on March 31, 2015. The number of employees decreased by 640 compared with one year previously (September 30, 2014: 12,393 employees).

Employees by region

Number of employees [1]	31-Mar-2015	**30-Sep-2015**
EMEA	8,601	8,459
Asia/Pacific	1,936	1,881
Eastern Europe	504	499
North America	738	749
South America	172	165
Heidelberg Group	**11,951**	**11,753**

[1] Excluding trainees

Risk and opportunity report

In the second quarter of the 2015/2016 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 2014/2015 Annual Report. The economic uncertainty resulting from the euro zone and debt crisis is still a factor. We also continue to see a source of uncertainty in the political and economic developments in Eastern Europe and the Middle East. Our assessment of the risks as well as opportunities in China remains unchanged. Risks and opportunities still arise from changes in the discount rates for pension obligations with corresponding negative or positive effects on equity.

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

The development of global printing volumes is assumed to be stable and is expected to increase moving ahead thanks to the growth in the emerging nations, although media consumption and structural changes within the printing industry will continue to change in the industrialized nations. However, the investment behavior of the majority of our customers is also influenced by country-specific and general economic developments. The effects on the Heidelberg Equipment segment are generally considerably more pronounced and more direct than on the Heidelberg Services segment, which is less cyclical in nature. Owing to the economic risks and the ongoing consolidation of print shops in some industrialized nations, we are not anticipating an increase in the market volume for new sheetfed offset presses in the coming years and have adjusted our structures accordingly. At the same time, we have geared our portfolio towards profitability in the past financial year and are planning to further expand the growth areas Services and Consumables as well as Digital.

Outlook: Aiming to achieve an EBITDA margin of no less than 8 percent in financial year 2015/2016

In this context, we continue to aim for SALES GROWTH of 2 to 4 percent in the current 2015/2016 financial year, which is adjusted for expected positive exchange rate effects. As in the previous year, the share of sales is expected to be higher in the second half of the financial year than in the first half. Assuming that the initiatives to increase margins in the Equipment area in particular and to optimize the portfolio take effect in the current financial year, we continue to anticipate an operating margin on EBITDA of at least 8 percent of sales, adjusted for exchange rate effects, in the 2015/2016 financial year. The Heidelberg Equipment segment is expected to contribute within a range of 4 to 6 percent to this result and the Heidelberg Services segment 9 to 11 percent. In the Heidelberg Financial Services segment, we will continue to primarily externalize customer financing. The segment should continue to provide a positive EBITDA contribution. The planned earnings improvements 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 sustainably does not exceed twice the result of operating activities before interest, taxes, depreciation and amortization excluding special items (EBITDA) (LEVERAGE).

Supplementary report

No significant events occurred after the end of the reporting period.

Interim consolidated financial statements

for the period April 1, 2015 to September 30, 2015

Interim consolidated income statement – April 1, 2015 to September 30, 2015

Figures in € thousands	Note	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Net sales		996,252	1,161,636
Change in inventories		102,099	46,501
Other own work capitalized		7,100	7,416
Total operating performance		**1,105,451**	**1,215,553**
Other operating income	3	61,751	55,732
Cost of materials	4	516,000	585,743
Staff costs		408,628	394,223
Depreciation and amortization		34,436	36,273
Other operating expenses	5	189,484	211,859
Special items	6	17,801	21,584
Result of operating activities		**853**	**21,603**
Financial income	7	3,722	4,684
Financial expenses	8	36,782	34,578
Financial result		**– 33,060**	**– 29,894**
Net result before taxes		**– 32,207**	**– 8,291**
Taxes on income		9,645	5,272
Net result after taxes		**– 41,852**	**– 13,563**
Basic earnings per share according to IAS 33 (in € per share)	9	**– 0.17**	– 0.05
Diluted earnings per share according to IAS 33 (in € per share)	9	**– 0.17**	– 0.05

Interim consolidated statement of comprehensive income – April 1, 2015 to September 30, 2015

Figures in € thousands	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Net result after taxes	**– 41,852**	**– 13,563**
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	– 101,671	138,656
Deferred income taxes	1,437	1,380
	– 100,234	**140,036**
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	34,473	– 28,444
Available-for-sale financial assets	225	– 83
Cash flow hedges	– 7,104	12,967
Deferred income taxes	190	– 219
	27,784	**– 15,779**
Total other comprehensive income	– 72,450	124,257
Total comprehensive income	**– 114,302**	**110,694**

Interim consolidated income statement – July 1, 2015 to September 30, 2015

Figures in € thousands	1-Jul-2014 to 30-Sep-2014	**1-Jul-2015 to 30-Sep-2015**
Net sales	560,853	598,533
Change in inventories	10,743	11,142
Other own work capitalized	3,802	3,484
Total operating performance	**575,398**	**613,159**
Other operating income	37,883	19,634
Cost of materials	271,355	298,633
Staff costs	195,942	197,768
Depreciation and amortization	17,172	18,375
Other operating expenses	99,009	103,005
Special items	17,753	6,243
Result of operating activities	**12,050**	**8,769**
Financial income	2,197	1,736
Financial expenses	18,047	17,391
Financial result	**– 15,850**	**– 15,655**
Net result before taxes	**– 3,800**	**– 6,886**
Taxes on income	4,017	2,555
Net result after taxes	**– 7,817**	**– 9,441**
Basic earnings per share according to IAS 33 (in € per share)	**– 0.02**	– 0.03
Diluted earnings per share according to IAS 33 (in € per share)	**– 0.02**	– 0.03

Interim consolidated statement of comprehensive income – July 1, 2015 to September 30, 2015

Figures in € thousands	1-Jul-2014 to 30-Sep-2014	**1-Jul-2015 to 30-Sep-2015**
Net result after taxes	**– 7,817**	**– 9,441**
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	– 66,791	– 22,962
Deferred income taxes	481	2,796
	– 66,310	**– 20,166**
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	27,927	– 15,381
Available-for-sale financial assets	122	– 191
Cash flow hedges	– 4,127	2,708
Deferred income taxes	90	31
	24,012	**– 12,833**
Total other comprehensive income	– 42,298	– 32,999
Total comprehensive income	**– 50,115**	**– 42,440**

Interim consolidated statement of financial position as of September 30, 2015

Assets

Figures in € thousands	Note	31-Mar-2015	30-Sep-2015
Non-current assets			
Intangible assets	10	210,457	215,956
Property, plant and equipment	10	487,404	487,695
Investment property		8,679	11,687
Financial assets		28,829	17,752
Receivables from sales financing		45,598	37,986
Other receivables and other assets	12	18,762	14,637
Deferred tax assets		62,036	60,124
		861,765	845,837
Current assets			
Inventories	11	637,074	667,070
Receivables from sales financing		36,182	30,936
Trade receivables		335,191	295,797
Other receivables and other assets	12	99,184	119,329
Income tax assets		24,261	24,566
Cash and cash equivalents	13	285,961	208,826
		1,417,853	1,346,524
Assets held for sale	10	13,620	21,759
Total assets		**2,293,238**	**2,214,120**

Interim consolidated statement of financial position as of September 30, 2015

Equity and liabilities

Figures in € thousands	Note	31-Mar-2015	**30-Sep-2015**
Equity	14		
Issued capital		658,676	658,676
Capital reserves, retained earnings and other reserves		– 402,799	– 350,886
Net result after taxes		– 72,403	– 13,563
		183,474	294,227
Non-current liabilities			
Provisions for pensions and similar obligations	15	605,009	482,700
Other provisions	16	175,132	163,754
Financial liabilities	17	493,369	454,401
Other liabilities	18	48,854	46,789
Deferred tax liabilities		10,499	9,956
		1,332,863	1,157,600
Current liabilities			
Other provisions	16	274,908	232,746
Financial liabilities	17	48,920	38,321
Trade payables		170,885	184,157
Income tax liabilities		1,104	1,432
Other liabilities	18	281,084	302,174
		776,901	758,830
Liabilities held for sale		–	3,463
Total equity and liabilities		**2,293,238**	**2,214,120**

Statement of changes in consolidated equity as of September 30, 2015 [1)]

Figures in € thousands	Issued capital	Capital reserves	Retained earnings
April 1, 2014	599,796	28,399	– 91,636
Capital increase against contribution in kind	58,880	– 4,804	–
Profit carryforward	–	–	3,619
Total comprehensive income	–	–	– 100,234
Consolidation adjustments/other changes	–	–	1,894
September 30, 2014	**658,676**	**23,595**	**– 186,357**
April 1, 2015	658,676	29,411	– 331,660
Loss carryforward	–	–	– 72,403
Total comprehensive income	–	–	140,036
Consolidation adjustments/other changes	–	–	59
September 30, 2015	**658,676**	**29,411**	**– 263,968**

[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				
–182,691	–847	2,164	–181,374	–244,611	3,619	358,804
–	–	–	–	–4,804	–	54,076
–	–	–	–	3,619	–3,619	0
34,473	225	–6,914	27,784	–72,450	–41,852	–114,302
–	–	–	–	1,894	–	1,894
–148,218	**–622**	**–4,750**	**–153,590**	**–316,352**	**–41,852**	**300,472**
–87,537	–360	–12,653	–100,550	–402,799	–72,403	183,474
–	–	–	–	–72,403	72,403	0
–28,444	–83	12,748	–15,779	124,257	–13,563	110,694
–	–	–	–	59	–	59
–115,981	**–443**	**95**	**–116,329**	**–350,886**	**–13,563**	**294,227**

Interim consolidated statement of cash flows – April 1, 2015 to September 30, 2015

Figures in € thousands	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Net result after taxes	– 41,852	– 13,563
Depreciation, amortization, write-downs and write-ups [1]	36,405	37,312
Change in pension provisions	11,224	1,504
Change in deferred tax assets / deferred tax liabilities / tax provisions	214	– 2,119
Result from disposals	3,292	– 464
Cash flow	**9,283**	**22,670**
Change in inventories	– 102,119	– 20,977
Change in sales financing	2,064	6,900
Change in trade receivables / payables	119,098	69,286
Change in other provisions	– 31,235	– 45,030
Change in other items of the statement of financial position	– 20,421	– 36,982
Other operating changes	**– 32,613**	**– 26,803**
Cash used in operating activities	**– 23,330**	**– 4,133**
Intangible assets / property, plant and equipment / investment property		
Investments	– 25,260	– 22,130
Income from disposals	8,390	3,959
Financial assets / company acquisitions		
Investments	– 171	– 7,576
Income from disposals	–	50
Cash used in investing activities before cash investment	**– 17,041**	**– 25,697**
Cash investment	10,189	–
Cash used in investing activities	**– 6,852**	**– 25,697**
Change in financial liabilities	– 2,555	– 39,728
Cash used in financing activities	**– 2,555**	**– 39,728**
Net change in cash and cash equivalents	**– 32,737**	**– 69,558**
Cash and cash equivalents at the beginning of the reporting period	**232,657**	**285,961**
Changes in the scope of consolidation	–	1,001
Currency adjustments	9,008	– 8,578
Net change in cash and cash equivalents	– 32,737	– 69,558
Cash and cash equivalents at the end of the reporting period	**208,928**	**208,826**
Cash used in operating activities	– 23,330	– 4,133
Cash used in investing activities	– 6,852	– 25,697
Free cash flow	**– 30,182**	**– 29,830**

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

Notes

1 Accounting policies

The interim consolidated financial statements as of September 30, 2015 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, 2015, 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 2014/2015 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, 2015. 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 2015/2016.

Standards	Publication by the IASB / IFRS IC	Effective date [1]	Published in the Official Journal of the EU	Effects
Amendments to standards				
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	21-Nov-2013	1-Feb-2015	9-Jan-2015	None
Annual Improvements to IFRSs 2010 – 2012 Cycle	12-Dec-2013	1-Feb-2015	9-Jan-2015	No material effects
Annual Improvements to IFRSs 2011 – 2013 Cycle	12-Dec-2013	1-Jan-2015	19-Dec-2014	No material effects
New interpretations				
IFRIC Interpretation 21: Levies	20-May-2013	17-Jun-2014	14-Jun-2014	No material effects

[1] For financial years beginning on or after this date

Traditionally, Heidelberg generates more sales in the second half of the financial year than in the first. Income that is generated due to seasonal reasons, economic reasons, or only occasionally within the financial year is not brought forward or deferred in the interim consolidated financial statements. Expenses that are incurred irregularly during the financial year are deferred in cases in which they would also be deferred at the end of the financial year.

The present interim financial report has neither been audited according to Section 317 of the German Commercial Code (HGB) nor reviewed by the auditors.

2 Scope of consolidation

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 73 (March 31, 2015: 66) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IFRS 10. Of these, 62 (March 31, 2015: 56) are located outside Germany. Subsidiaries that are of minor importance are not included.

As of April 13, 2015, Heidelberger Druckmaschinen Aktiengesellschaft acquired 100 percent of the shares and voting rights in Printing Systems Group Holding B.V. (PSG), Almere, the Netherlands.

With 384 employees in the Benelux countries and Southern Europe, PSG benefits from established structures in the printing industry and a strong market position. Its partnership with Heidelberg dates back decades. PSG already generates over half of its sales through the sale of services and consumables, which means it meets the target criteria set by Heidelberg for a future sales structure. Heidelberg products account for the majority of the company's equipment sales. Integrating PSG into the Heidelberg Services and Heidelberg Equipment segments will ensure the customer base continues to enjoy the best possible support. The acquisition of PSG is another milestone for Heidelberg in its strategy of further promoting stable, high-margin services and consumables business. The acquisition of PSG will result in additional sales of more than € 100 million for the Heidelberg Group, primarily through services and consumables business. The medium-term goal at Heidelberg is for services and consumables to account for over 50 percent of total Group sales. As a result of the acquisition of PSG, we will come very close to this target during the current financial year.

The purchase price for this acquisition was € 25,071 thousand and was paid in cash. Total transaction costs of € 1,013 thousand were incurred in connection with this acquisition; € 337 thousand of this related to the first quarter of the 2015/2016 financial year and € 676 thousand to the 2014/2015 financial year. The transaction costs were reported in profit or loss in the result of operating activities under other operating expenses. The purchased assets and liabilities were carried at fair value in the context of purchase price allocation in accordance with IFRS 3. The fair values of the identified assets and liabilities at the date of acquisition were as follows:

Figures in € thousands	Fair value at date of acquisition
Non-current assets	
Intangible assets, property, plant and equipment, and investment property	28,612
Other assets	2,612
	31,224
Current assets	
Inventories	24,338
Trade receivables	45,624
Cash and cash equivalents	17,502
Other assets	1,133
	88,597
Total assets	**119,821**
Non-current liabilities	
Provisions	15,305
Current liabilities	
Provisions	5,979
Trade payables	25,993
Other liabilities (including deferred income)	28,712
	60,684
Total liabilities	**75,989**
Net assets at fair value	**43,832**

The biggest influencing factors in purchase price allocation to the statement of financial position and the income statement resulted from the adjustment of intangible assets and property, plant and equipment to fair value and the reversal of the remaining difference (€ 18,761 thousand) reported under “Other operating income”. The intangible assets include the existing customer relationships in particular. The gross amounts of the purchased trade receivables were € 51,057 thousand at the acquisition date; the best estimate of uncollectible trade receivables amounted to € 5,433 thousand. At the date of acquisition other assets include receivables under finance leases at a gross amount of € 799 thousand; the best estimate of uncollectible receivables under finance leases amounted to € 0 thousand. The negative difference recognized for the corporate acquisition was caused by the purchase price, which is ultimately the result of the purchase price negotiations conducted.

The pro rata net sales, which represent the additional sales for the Heidelberg Group and consequently do not include internal group sales generated by Heidelberg affiliates with PSG affiliates, for the period after the acquisition date amount to € 63,144 thousand assuming a pro rata net result after taxes of € 1,917 thousand. The net result after taxes also includes depreciation and amortization on the purchase price allocation adjustments on intangible assets and property, plant and equipment to fair value, but without consideration of the reversal in profit or loss of the negative difference from the first-time consolidation or the expenses attributable to the integration of PSG in the Heidelberg Group. Had this acquisition already been included in the consolidated financial statements of the Heidelberg Group as of April 1, 2015, net sales would have been € 6,266 thousand higher with a negligible effect on the net result after taxes.

3 Other operating income

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Reversal of negative difference from first-time consolidation	–	18,761
Reversal of other provisions/deferred liabilities	15,387	14,261
Income from operating facilities	4,364	5,598
Recoveries on loans and other assets previously written down	7,920	3,782
Hedging/exchange rate gains	3,072	3,395
Income from disposals of intangible assets, property, plant and equipment and investment property	760	1,118
Income from Gallus transaction	18,123	–
Other income	12,125	8,817
	61,751	**55,732**

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

4 Cost of materials

The cost of materials includes the pro rata interest expense in connection with the Heidelberg Financial Services segment of € 903 thousand (April 1, 2014 to September 30, 2014: € 1,120 thousand); interest income from sales financing of € 3,016 thousand (April 1, 2014 to September 30, 2014: € 3,625 thousand) is reported in sales.

5 Other operating expenses

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Other deliveries and services not included in the cost of materials	52,867	58,755
Special direct sales expenses including freight charges	32,226	42,511
Rent and leases	26,235	26,086
Travel expenses	18,222	19,970
Hedging/exchange rate losses	2,778	6,691
Insurance expense	5,441	5,916
Bad debt allowances and impairment on other assets	5,223	5,518
Costs of car fleet (excluding leases)	3,124	3,207
Additions to provisions and accruals relating to several types of expense	6,898	2,193
Other overheads	36,470	41,012
	189,484	**211,859**

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

6 Special items

The special items of € 21,584 thousand recorded in the reporting period (April 1, 2014 to September 30, 2014: € 17,801 thousand) are primarily attributable to partial retirement agreements concluded in the previous year in line with the adjustment of personnel capacities at the company sites in Germany; the resulting expense is to be distributed accordingly.

7 Financial income

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Interest and similar income	2,123	2,157
Income from financial assets/loans/securities	1,599	2,527
Financial income	**3,722**	**4,684**

8 Financial expenses

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Interest and similar expenses	34,962	31,749
Expenses for financial assets/loans/securities	1,820	2,829
Financial expenses	**36,782**	**34,578**

9 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 257,294,860 (April 1, 2014 to September 30, 2014: 240,201,964). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of September 30, 2015, the Company held 142,919 (March 31, 2015: 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 bonds issued on July 10, 2013 and on March 30, 2015 did not have a dilutive effect on earnings per share during the period from April 1, 2015 to September 30, 2015. In the future, these instruments may have a fully dilutive effect.

10 Intangible assets, property, plant and equipment, and assets held for sale

In the period from April 1, 2015 to September 30, 2015, there were additions to intangible assets of € 7,888 thousand (April 1, 2014 to September 30, 2014: € 4,227 thousand) and to property, plant and equipment of € 15,686 thousand (April 1, 2014 to September 30, 2014: € 21,120 thousand). In the same period, the carrying amount of disposals from intangible assets was € 177 thousand (April 1, 2014 to September 30, 2014: € 3,555 thousand) and € 3,319 thousand (April 1, 2014 to September 30, 2014: € 8,128 thousand) for property, plant and equipment.

On September 3, 2015, a notarial purchase contract with a property developer was concluded for the properties of the former headquarters of Heidelberger Druckmaschinen Aktiengesellschaft in Heidelberg, Kurfürsten-Anlage 52 – 58. The transfer is subject to certain contractual conditions which are expected to occur presumably in the current financial year generating income in the single-digit million euro range.

11 Inventories

Inventories include raw materials and supplies totaling € 93,426 thousand (March 31, 2015: € 90,447 thousand), work and services in progress amounting to € 310,583 thousand (March 31, 2015: € 299,577 thousand), finished goods and goods for resale of € 260,956 thousand (March 31, 2015: € 245,015 thousand), and advance payments of € 2,105 thousand (March 31, 2015: € 2,035 thousand).

12 Other receivables and other assets

The Other receivables and other assets item includes receivables from derivative financial instruments of € 3,676 thousand (March 31, 2015: € 4,667 thousand) and prepaid expenses of € 22,576 thousand (March 31, 2015: € 17,681 thousand).

13 Cash and cash equivalents

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 36,140 thousand (March 31, 2015: € 27,950 thousand).

14 Equity

The same as at March 31, 2015, the Company still held 142,919 treasury shares on September 30, 2015. 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, 2015 for information on the contingent capital and the authorized capital as of March 31, 2015.

Significant changes as against March 31, 2015 resulted from the resolutions of the Annual General Meeting of July 24, 2015.

On this date, the Annual General Meeting authorized the Management Board, with the approval of the Supervisory Board, to issue warrants, convertible bonds and/or participating bonds as well as profit-sharing rights including combinations of these instruments (collectively also referred to as "bonds") up to a total nominal amount of € 200,000,000.00 dated or undated, on one or several occasions by July 23, 2020, 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 up to 51,487,555 bearer shares of the Company with a pro rata amount of share capital of up to € 131,808,140.80 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 € 131,808,140.80 (Contingent Capital 2015). In addition, the Annual General Meeting on July 24, 2015 resolved the cancellation of Contingent Capital 2012 and Contingent Capital 2014 to the extent that these are not intended to serve rights under the 2013 or 2015 convertible bonds. The share capital of Heidelberger Druckmaschinen Aktiengesellschaft is now contingently increased by up to € 58,625,953.28 (Contingent Capital 2012) and by up to € 48,230,453.76 (Contingent Capital 2014). The resolutions became effective upon entry of the amendments to the Articles of Association in the Commercial Register at the Mannheim Local Court on October 2, 2015.

In accordance with the resolution of the Annual General Meeting on July 24, 2015, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 131,808,140.80 on one or more occasions against cash or non-cash contributions by July 23, 2020 (Authorized Capital 2015). The Management Board was authorized, with the approval of the Supervisory Board, to determine the further content of share rights and the conditions for the issue of shares. In addition, the Annual General Meeting on July 24, 2015 canceled the authorization of the Management Board it resolved on July 26, 2012 to increase the share capital of the Company, with the approval of the Supervisory Board, by up to a total of € 119,934,433.28 by July 25, 2017 by issuing new shares on one or more occasions against cash or non-cash contributions (Authorized Capital 2012), effective from the date of registration of Authorized Capital 2015, to the extent it has not been used so far. The authorization became effective upon entry of the amendment to the Articles of Association in the Commercial Register at the Mannheim Local Court on October 2, 2015.

15 Provisions for pensions and similar obligations

A discount rate of 2.70 percent (March 31, 2015: 1.70 percent) was applied as of September 30, 2015 as an assumption for the calculation of the actuarial gains and losses of German companies. With a domestic discount rate of 1.70 percent the present value of employee benefits would have been € 164,195 thousand higher.

16 Other provisions

Other provisions relate to tax provisions of € 55,130 thousand (March 31, 2015: € 59,116 thousand) and other provisions of € 341,370 thousand (March 31, 2015: € 390,924 thousand). Other provisions include staff obligations of € 58,656 thousand (March 31, 2015: € 92,626 thousand), sales obligations of € 89,188 thousand (March 31, 2015: € 93,463 thousand) and miscellaneous other provisions of € 193,526 thousand (March 31, 2015: € 204,835 thousand). The latter also include, among others, provisions in connection with our portfolio adjustments and the Focus efficiency program.

17 Financial liabilities

			31-Mar-2015			30-Sep-2015
	Current	Non-current	Total	Current	Non-current	**Total**
Corporate bonds	26,264	352,582	378,846	11,547	307,344	318,891
Convertible bonds	1,155	108,399	109,554	1,149	109,434	110,583
Amounts due to banks	18,037	29,022	47,059	21,119	34,034	55,153
From finance leases	1,454	3,366	4,820	1,405	3,589	4,994
Other	2,010	–	2,010	3,101	–	3,101
	48,920	493,369	**542,289**	38,321	454,401	**492,722**

On May 5, 2015, Heidelberger Druckmaschinen Aktiengesellschaft issued a further unsecured corporate bond of € 205 million with a maturity of seven years and a coupon of 8.00 percent. With the full utilization of the net issue proceeds from the convertible bond issued on March 30, 2015 and this additional corporate bond, the existing corporate bond was repaid early in the first quarter of the 2015/2016 financial year to a level of approximately € 115 million. In July 2015, the early extension of the revolving credit facility with an initial volume of € 250 million, which will be reduced down to € 235 million over the maturity, to the end of June 2019 was agreed with a consortium of banks. With the existing financing portfolio, Heidelberg currently has total credit facilities with balanced diversification and a balanced maturity structure until 2022.

With regard to our financing, please refer to note 29 in the notes to the consolidated financial statements as of March 31, 2015.

18 Other liabilities

Other liabilities include advance payments on orders of € 129,749 thousand (March 31, 2015: € 87,295 thousand), liabilities from derivative financial instruments of € 4,094 thousand (March 31, 2015: € 15,909 thousand), and deferred income of € 64,293 thousand (March 31, 2015: € 68,945 thousand).

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-2015				**30-Sep-2015**
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	**Total**
Securities	3,446	–	–	3,446	3,265	–	–	3,265
Derivative financial assets	–	4,667	–	4,667	–	3,676	–	3,676
Financial assets measured at fair value	**3,446**	**4,667**	**–**	**8,113**	**3,265**	**3,676**	**–**	**6,941**
Derivative financial liabilities	–	15,909	–	15,909	–	4,094	–	4,094
Financial liabilities measured at fair value	**–**	**15,909**	**–**	**15,909**	**–**	**4,094**	**–**	**4,094**

Shares in subsidiaries in the amount of € 10,599 thousand (March 31, 2015: € 21,477 thousand) and other investments in the amount of € 3,457 thousand (March 31, 2015: € 3,455 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 2011 corporate bond and the 2015 corporate bond – which are reported under financial liabilities – as calculated on the basis of the quoted price are € 119,369 thousand (March 31, 2015: € 370,769 thousand) and € 205,474 thousand (March 31, 2015: € 0 thousand) respectively, compared to the carrying amounts of € 117,362 thousand (March 31, 2015: € 378,846 thousand) and € 201,529 thousand (March 31, 2015: € 0 thousand). The fair value of the 2013 convertible bond and of the 2015 convertible bond determined on the basis of the stock exchange listing, which is also reported under financial liabilities, amounts to € 64,405 thousand (March 31, 2015: € 69,777 thousand) and € 58,782 thousand (March 31, 2015: € 60,882 thousand) respectively, compared to the carrying amount of € 59,157 thousand (March 31, 2015: € 58,777 thousand) and € 51,426 thousand (March 31, 2015: € 50,777 thousand). The fair value of the corporate bonds and the convertible bonds corresponds to the first level in the fair value hierarchy according to IFRS 13.

In connection with the arranging of a long-term loan of € 21,531 thousand (March 31, 2015: € 25,526 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 € 22,111 thousand (March 31, 2015: € 26,264 thousand).

The fair value of the amortizing loan issued in April 2014, which is reported under financial liabilities, is € 14,840 thousand (March 31, 2015: € 16,933 thousand) compared to the carrying amount of € 13,686 thousand (March 31, 2015: € 15,792 thousand).

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

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

20 Contingent liabilities and other financial liabilities

As of September 30, 2015, the contingent liabilities for warranties and guarantees amounted to € 4,413 thousand (March 31, 2015: € 4,879 thousand).

Other financial liabilities amounted to € 191,762 thousand as of September 30, 2015 (March 31, 2015: € 208,045 thousand). Of this amount, € 173,537 thousand (March 31, 2015: € 188,095 thousand) related to lease and rental obligations and € 18,225 thousand (March 31, 2015: € 19,950 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, 2015.

From April 1, 2015, the Postpress Commercial business area (BA) and the Postpress Packaging sub-area were moved to the Heidelberg Services segment. The figures for the previous year were adjusted accordingly.

Segment information April 1, 2015 to September 30, 2015:

	Heidelberg Equipment		Heidelberg Services		Heidelberg Financial Services		**Heidelberg Group**	
	1-Apr-2014 to 30-Sep-2014[1]	**1-Apr-2015 to 30-Sep-2015**	1-Apr-2014 to 30-Sep-2014[1]	**1-Apr-2015 to 30-Sep-2015**	1-Apr-2014 to 30-Sep-2014[1]	**1-Apr-2015 to 30-Sep-2015**	1-Apr-2014 to 30-Sep-2014[1]	**1-Apr-2015 to 30-Sep-2015**
External sales	487,277	580,774	505,350	577,846	3,625	3,016	996,252	1,161,636
EBITDA excluding special items (segment result)	17,055	10,587	32,080	67,202	3,955	1,671	53,090	79,460
EBIT excluding special items	– 8,946	– 15,875	23,646	57,394	3,954	1,668	18,654	43,187

[1] Prior-year figures were adjusted accordingly

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

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
EBITDA excluding special items (segment result)	53,090	79,460
Depreciation and amortization	34,436	36,273
EBIT excluding special items	18,654	43,187
Special items	17,801	21,584
Financial result	– 33,060	– 29,894
Net result before taxes	**– 32,207**	**– 8,291**

External sales relate to the different regions as follows:

	1-Apr-2014 to 30-Sep-2014	**1-Apr-2015 to 30-Sep-2015**
Europe, Middle East and Africa		
Germany	157,963	151,799
Other Europe, Middle East and Africa region	250,262	326,606
	408,225	478,405
Asia/Pacific		
China	148,863	175,591
Other Asia/Pacific region	138,852	172,689
	287,715	348,280
Eastern Europe	117,883	117,283
North America		
USA	115,289	134,755
Other North America region	30,320	34,663
	145,609	169,418
South America	36,820	48,250
	996,252	**1,161,636**

22 Supervisory Board/Management Board

The composition of the Supervisory Board and the Management Board as at March 31, 2015 is presented on pages 158 to 160 of the consolidated financial statements as per March 31, 2015.

The following changes in the Supervisory Board and in the Management Board took place in the first six months of financial year 2015/2016:

On May 17, 2015, Robert J. Koehler, Chairman of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft, passed away. He had been a member of the Company's Supervisory Board since 2003 and chaired the Supervisory Board from 2011 until his death. From May 18, 2015 until a successor was appointed, Deputy Chairman of the Supervisory Board, Rainer Wagner, assumed the rights and obligations of the Chairman of the Supervisory Board. On June 2, 2015, the Supervisory Board elected Dr. Siegfried Jaschinski as the new Chairman of the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft. Dr. Jaschinski will hold this position for the remainder of the term of office until the Annual General Meeting in 2018.

On July 24, 2015, with effect from the end of the Annual General Meeting on July 24, 2015 until the end of the Annual General Meeting that resolves discharges for the 2019/2020 financial year, the Annual General Meeting elected Kirsten Lange, managing director of Voith Hydro, who had been appointed a new member of the Supervisory Board by the court earlier, to the Supervisory Board as a shareholder representative.

On July 14, 2015, the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft resolved to appoint CFO Dirk Kaliebe as Deputy Chairman of the Company's Management Board due to the fact that the recovery of Dr. Gerold Linzbach was taking longer than expected. While Dr. Linzbach's state of health has improved, it is still uncertain at present when he will be able to return. In his new function, Dirk Kaliebe will take the chair of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft as well as the functions of the Chief Human Resources Officer until the return of Dr. Gerold Linzbach.

23 Related party transactions

As described in note 41 of the notes to the consolidated financial statements as of March 31, 2015, business relationships exist between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This also includes associated companies, which are regarded as related companies of the Heidelberg Group.

In the reporting period, transactions were performed with related parties that resulted in liabilities of € 4,399 thousand (March 31, 2015: € 5,879 thousand), receivables of € 10,645 thousand (March 31, 2015: € 10,941 thousand), expenses of € 6,417 thousand (April 1, 2014 to September 30, 2014: € 8,190 thousand) and income of € 3,205 thousand (April 1, 2014 to September 30, 2014: € 3,672 thousand), which essentially comprises sales. All transactions were again conducted as at arm's length and did not differ from relationships with other companies.

Members of the Supervisory Board have received a remuneration of € 217 thousand (April 1, 2014 to September 30, 2014: € 217 thousand) from Heidelberger Druckmaschinen Aktiengesellschaft in line with employment contracts in the reporting period.

24 Significant events after the end of the reporting period

No significant events occurred after the end of the reporting period.

Heidelberg, November 13, 2015

HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT
The Management Board

RESPONSIBILITY STATEMENT

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

Heidelberg, November 13, 2015

HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT
The Management Board

Dr. Gerold Linzbach

Dirk Kaliebe

Stephan Plenz

Harald Weimer

Financial calendar 2015/2016

February 10, 2016 – Publication of Third Quarter Figures 2015/2016
June 8, 2016 – Press Conference, Annual Analysts' and Investors' Conference
July 28, 2016 – Annual General Meeting

Subject to change

Publishing information

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