



Now!

INTERIM FINANCIAL REPORT Q3 2015/2016

- Sales for the first nine months increase to €1,802 million
- Growth in incoming orders to €1,904 million
- EBITDA excluding special items improves to €119 million after nine months
- Result of operating activities excluding special items (EBIT) rises to €65 million

Key performance data

| Figures in € millions | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Incoming orders | 1,780 | 1,904 | 613 | 581 |
| Net sales | 1,552 | 1,802 | 556 | 640 |
| EBITDA ¹⁾ | 80 | 119 | 27 | 40 |
| in percent of sales | 5.2 | 6.6 | 4.9 | 6.2 |
| Result of operating activities ²⁾ | 29 | 65 | 10 | 22 |
| Net result after taxes | -95 | -7 | -53 | 7 |
| Research and development costs | 90 | 93 | 30 | 33 |
| Investments | 37 | 39 | 12 | 16 |
| Equity | 203 | 338 | 203 | 338 |
| Net debt ³⁾ | 250 | 282 | 250 | 282 |
| Free cash flow | -16 | -37 | 14 | -7 |
| Earnings per share in € | -0.39 | -0.03 | -0.22 | 0.02 |
| Number of employees at end of quarter (excluding trainees) | 12,280 | 11,619 | 12,280 | 11,619 |

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

Interim consolidated financial report

Q3 2015/2016

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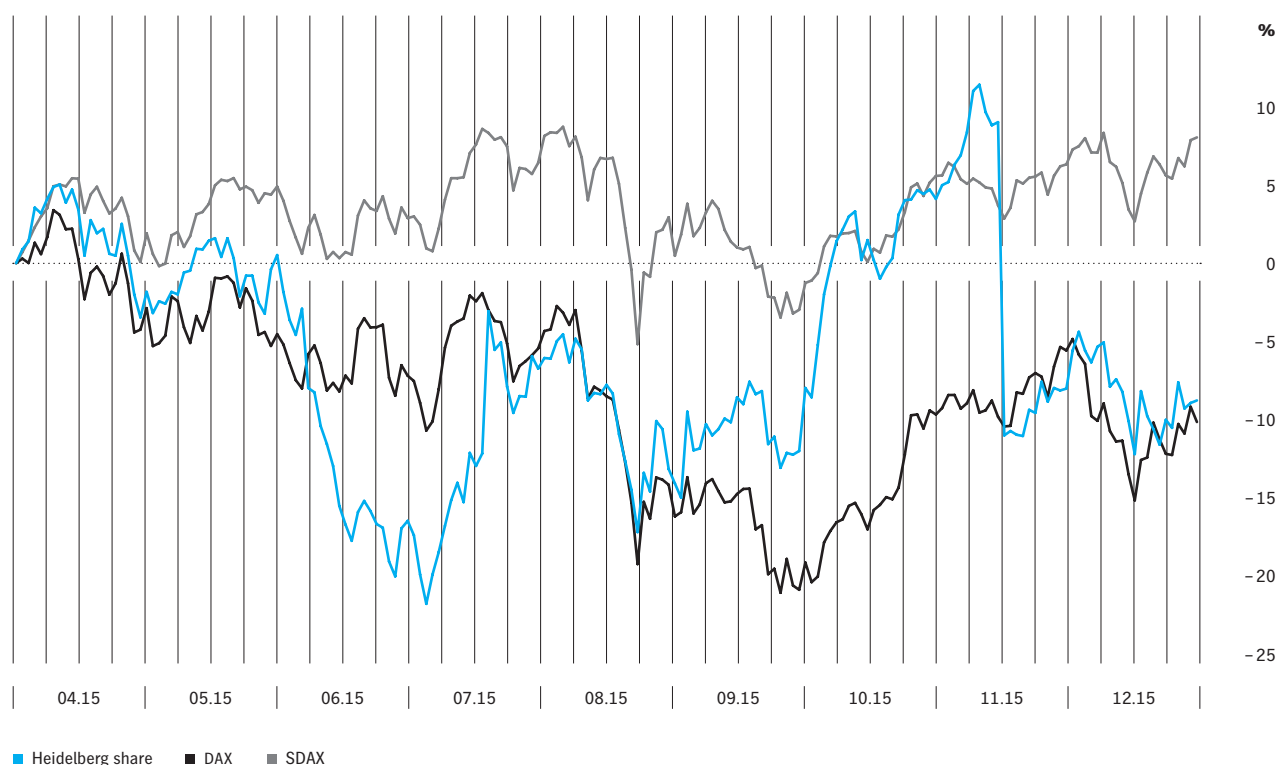
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Heidelberg on the capital markets

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** saw price growth at the start of the third quarter, reaching its high for the period of € 2.78 on November 9. However, following publication of the figures for the first half of 2015/2016 on November 13 the price of the Heidelberg share declined, ending the period under review at € 2.27 on December 31, 2015, close to its opening price for the quarter. The **HEIDELBERG CONVERTIBLE BONDS** saw similar development in the same period, closing the quarter down slightly on their opening price. The **HEIDELBERG CORPORATE BONDS** were traded almost continuously at over 100 percent.

German benchmark index DAX

Having fallen to a low for the year of 9,427 points in September in the wake of concerns about the slowdown in the Chinese economy, the DAX benchmark index recovered to 11,382 points. The reasons for this turnaround were good economic data from Germany and the USA and market expectations of an imminent interest rate rise by the Federal Reserve Bank, which would be another sign of sustained stable economic development in the USA. These market expectations were confirmed when the Fed initially raised interest rates to 0.25–0.5 percent in mid-December. The DAX closed the quarter at 10,734 points, corresponding to an increase of 12.97 percent for the quarter and 9.56 percent in 2015 as a whole.

Key performance data of the Heidelberg share

| Figures in € ISIN: DE 0007314007 | Q3 2014/2015 | Q3 2015/2016 |
|--|-----------------|-----------------|
| High | 2.25 | 2.78 |
| Low | 1.85 | 2.18 |
| Price at beginning of quarter ¹⁾ | 2.25 | 2.28 |
| Price at end of quarter ¹⁾ | 2.07 | 2.27 |
| Market capitalization at end of quarter in € millions | 533 | 584 |
| Outstanding shares in thousands (reporting date) | 257,438 | 257,438 |

Key performance data of the Heidelberg 2011 corporate bond²⁾

| Figures in percent RegS ISIN: DE 000A1KQ1E2 | Q3 2014/2015 | Q3 2015/2016 |
|--|-----------------|-----------------|
| Nominal volume in € millions | 355.0 | 114.5 |
| High | 104.4 | 104.9 |
| Low | 93.3 | 99.4 |
| Price at beginning of quarter ³⁾ | 102.7 | 104.1 |
| Price at end of quarter ³⁾ | 102.9 | 102.9 |

Key performance data of the Heidelberg 2015 corporate bond⁴⁾

| Figures in percent RegS ISIN: DE 000A14J7A9 | Q3 2014/2015 | Q3 2015/2016 |
|--|-----------------|-----------------|
| Nominal volume in € millions | – | 205.4 |
| High | – | 103.5 |
| Low | – | 99.5 |
| Price at beginning of quarter ³⁾ | – | 99.9 |
| Price at end of quarter ³⁾ | – | 100.9 |

Key performance data of the Heidelberg 2013 convertible bond

| Figures in percent ISIN: DE 000A1X25N0 | Q3 2014/2015 | Q3 2015/2016 |
|---|-----------------|-----------------|
| Nominal volume in € millions | 60.0 | 60.0 |
| High | 113.9 | 117.0 |
| Low | 105.2 | 106.7 |
| Price at beginning of quarter ³⁾ | 113.9 | 108.2 |
| Price at end of quarter ³⁾ | 109.5 | 107.8 |

Key performance data of the Heidelberg 2015 convertible bond⁵⁾

| Figures in percent ISIN: DE 000A14KEZ4 | Q3 2014/2015 | Q3 2015/2016 |
|---|-----------------|-----------------|
| Nominal volume in € millions | – | 58.6 |
| High | – | 108.7 |
| Low | – | 97.7 |
| Price at beginning of quarter ³⁾ | – | 100.2 |
| Price at end of quarter ³⁾ | – | 99.9 |

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

Macroeconomic and industry-specific conditions

Due to economic growth of 1.9 percent in the industrialized nations and relatively moderate growth of 3.4 percent in the emerging countries, the global economy saw extremely muted expansion of 2.4 percent in 2015.

Industrial production in China in particular remained weak, while the pace of expansion in the other emerging economies of Asia decreased on the back of the slowdown in China and the downturn in commodity prices. The situation in Latin America remains unfavorable, with the recession in Brazil continuing to proceed at a high speed.

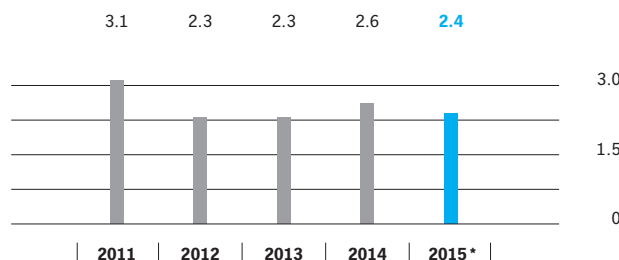
While the US economy continued to enjoy relatively strong performance with growth of 2.4 percent, development in the euro zone remained moderate, although economic output increased for the tenth quarter in succession. Meanwhile, the Japanese economy has weakened substantially in recent quarters.

In 2015, the US dollar saw a strong appreciation of around 10 percent against the euro, while the yen traded in a sideways range of between 127 and 147.

According to statistics published by the German Engineering Federation (VDMA), sales of printing presses by German manufacturers increased by 5 percent year-on-year in the period from September to November 2015.

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 January 2016

Development of EUR/JPY

January 2007 until January 2016



Source: Global Insight

Development of EUR/USD

January 2007 until January 2016



Source: Global Insight

Business development

After the first nine months of financial year 2015/2016, the Heidelberg Group's sales and incoming orders were still above the prior-year levels.

At € 581 million, **INCOMING ORDERS** for the third quarter were down on the same period of the previous year (€ 613 million) due to the economic slowdown in China and the sustained recession in Brazil in particular; however, the figure of € 1,904 million for the first nine months was up on the corresponding prior-year period (€ 1,780 million). Exchange rate effects had a positive impact on incoming orders of around € 98 million in the first nine months.

SALES for the third quarter were up year-on-year at € 640 million (previous year: € 556 million), while the figure for the first three quarters also increased significantly from € 1,552 million in the corresponding period of financial year 2014/2015 to € 1,802 million in the first nine months of the current financial year. Positive exchange rate effects accounted for sales of around € 93 million.

TOTAL OPERATING PERFORMANCE amounted to € 1,851 million in the first nine months (previous year: € 1,665 million). The Heidelberg Group's **ORDER BACKLOG** increased by € 84 million as against the start of the financial year to amount to € 586 million at December 31, 2015 (December 31, 2014: € 614 million).

Business performance by quarter

Figures in € millions

| | Q1 to Q3 | | Q3 | |
|-----------------|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Incoming orders | 1,780 | 1,904 | 613 | 581 |
| Sales | 1,552 | 1,802 | 556 | 640 |

Results of operations, net assets and financial position

As expected, both EBITDA and EBIT saw year-on-year growth in the first nine months and the third quarter. In the Heidelberg Services segment in particular, the improvements achieved as a result of the portfolio measures had a positive impact on margins and earnings in the quarter under review.

Special items amounted to € -24 million in the period under review and related primarily to partial retirement agreements concluded in the previous year in connection with the adjustment of personnel capacities at company sites in Germany. The sale of the former Group headquarters that was contractually agreed in the second quarter of financial year 2015/2016 is expected to be recognized in profit or loss before the end of the financial year.

The result of operating activities excluding special items and before interest, taxes, depreciation and amortization (**EBITDA**) amounted to € 119 million in the first nine

months (Q1 to Q3 2014/2015: € 80 million) and € 40 million in the third quarter (Q3 2014/2015: € 27 million).

The result of operating activities excluding special items (**EBIT**) amounted to € 65 million, up significantly on the prior-year figure of € 29 million. EBIT for the third quarter amounted to € 22 million (previous year: € 10 million).

The **FINANCIAL RESULT** improved to € -42 million as of December 31, 2015 (December 31, 2014: € -49 million) and to € -12 million in the third quarter of 2015/2016 (previous year: € -16 million). The **NET RESULT BEFORE TAXES** for the third quarter was positive at € 8 million (previous year: € -60 million), resulting in a break-even (€ 0 million) for the first nine months (previous year: € -92 million). The **NET RESULT AFTER TAXES** for the first nine months improved significantly to € -7 million after € -95 million in the corresponding prior-year period, while the figure for the third quarter was a positive € 7 million (previous year: € -53 million).

Income statement

Figures in € millions

| | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Net sales | 1,552 | 1,802 | 556 | 640 |
| Change in inventories/other own work capitalized | 113 | 49 | 4 | - 5 |
| Total operating performance | 1,665 | 1,851 | 560 | 635 |
| EBITDA excluding special items | 80 | 119 | 27 | 40 |
| Result of operating activities excluding special items | 29 | 65 | 10 | 22 |
| Special items | - 72 | - 24 | - 55 | - 2 |
| Financial result | - 49 | - 42 | - 16 | - 12 |
| Net result before taxes | - 92 | 0 | - 60 | 8 |
| Taxes on income | 3 | 6 | - 7 | 1 |
| Net result after taxes | - 95 | - 7 | - 53 | 7 |

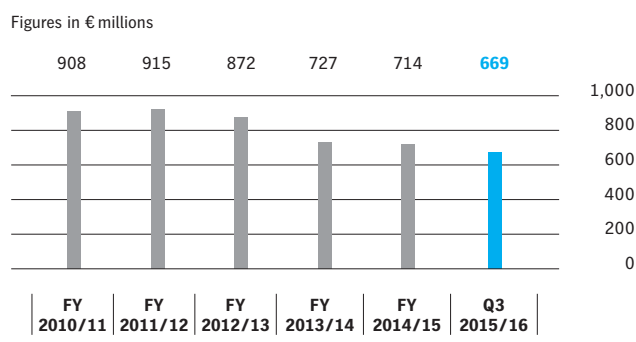
TOTAL ASSETS amounted to € 2,195 million as at December 31, 2015, thereby declining as expected compared with March 31, 2015 due to the partial repayment of the 2011 corporate bond in the first quarter of 2015/2016 and hence lower financial liabilities, as well as the reduction in net working capital. At € 39 million, **INVESTMENTS** in property, plant and equipment and intangible assets were largely unchanged in the first nine months compared with the same period of the previous year (€ 37 million).

On the **ASSETS SIDE**, **INVENTORIES** increased to € 674 million compared with March 31, 2015 (€ 637 million); this serves to cover the higher sales volumes that are anticipated in the fourth quarter. All in all, **NET WORKING CAPITAL** was reduced by € 45 million to € 669 million between the financial year-end at March 31, 2015 and December 31, 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 € 66 million due to the repayments received and refinancing on the part of customers.

Assets

| Figures in € millions | 31-Mar-2015 | 31-Dec-2015 |
|--|--------------|--------------|
| Non-current assets | 735 | 730 |
| Inventories | 637 | 674 |
| Trade receivables | 335 | 308 |
| Receivables from sales financing | 82 | 66 |
| Other assets | 218 | 212 |
| Current securities and cash and cash equivalents | 286 | 205 |
| | 2,293 | 2,195 |

Development of net working capital ¹⁾



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 € 338 million as of December 31, 2015 compared with the end of the previous financial year on March 31, 2015. This was primarily attributable to the increase in the domestic pension discount rate from 1.7 percent at March 31, 2015 to 2.9 percent at December 31, 2015. The equity ratio thus amounted to 15.4 percent at the reporting date. Accordingly, pension provisions declined significantly from € 605 million at the start of the financial year to € 452 million as of December 31, 2015, meaning that total **PROVISIONS** fell to € 843 million. As a result of the higher level of inventories, **TRADE PAYABLES** also increased compared with the end of the previous financial year (€ 171 million), amounting to € 194 million as of December 31, 2015. At € 282 million (March 31, 2015: € 256 million), **NET DEBT** remained at a low level in the third quarter. 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 € 487 million in the third quarter, down significantly on the figure as of March 31, 2015 (€ 542 million).

Equity and liabilities

| Figures in € millions | 31-Mar-2015 | 31-Dec-2015 |
|------------------------------|--------------|--------------|
| Equity | 183 | 338 |
| Provisions | 1,055 | 843 |
| Financial liabilities | 542 | 487 |
| Trade payables | 171 | 194 |
| Other equity and liabilities | 342 | 333 |
| | 2,293 | 2,195 |

Overview of net assets

| Figures in € millions | 31-Mar-2015 | 31-Dec-2015 |
|--|-------------|-------------|
| Total assets | 2,293 | 2,195 |
| Net working capital | 714 | 669 |
| in percent of sales ¹⁾ | 30.6 | 26.1 |
| Equity | 183 | 338 |
| in percent of total equity and liabilities | 8.0 | 15.4 |
| Net debt ²⁾ | 256 | 282 |

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 to the end of June 2019, with the volume declining to € 235 million over the term, 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 € 282 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 improved to € 45 million in the first nine months (previous year: € – 36 million). This was due to the significant improvement in the net result after taxes in particular. A net cash outflow of € – 41 million was reported in **OTHER OPERATING CHANGES** as of December 31, 2015 compared with a net cash inflow of € 44 million in the same period of the previous year. This figure contained payments in connection with portfolio optimization measures of around € 24 million. At € – 40 million, **CASH USED IN INVESTING ACTIVITIES** was higher than in the first nine months of the previous year (€ – 24 million) due to the acquisition of PSG, among other things. This meant that **FREE CASH FLOW** amounted to € – 37 million after the first nine months compared with € – 16 million in the same period of the previous year. At € – 7 million, free cash flow for the third quarter of financial year 2015/2016 was slightly negative after a positive € 14 million in the previous year. The prior-year figure included income from the sale of parts of the postpress business.

Statement of cash flows of the Heidelberg Group

| Figures in € millions | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Net result after taxes | -95 | -7 | -53 | 7 |
| Cash flow | -36 | 45 | -45 | 22 |
| Other operating changes | 44 | -41 | 77 | -14 |
| of which: net working capital | 76 | 71 | 30 | -17 |
| of which: receivables from sales financing | 9 | 12 | 7 | 5 |
| of which: other | -41 | -124 | 40 | -2 |
| Cash used in investing activities | -24 | -40 | -17 | -14 |
| Free cash flow | -16 | -37 | 14 | -7 |
| in percent of sales | -1.0 | -2.1 | 2.6 | -1.1 |

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 financial year 2014/2015 were restated accordingly.

Sales in the **HEIDELBERG EQUIPMENT** segment climbed from € 775 million in the first nine months of the previous year to € 932 million in the first nine months of financial year 2015/2016. The share of consolidated sales attributable to the segment was approximately 52 percent. Sales for the third quarter amounted to € 351 million after € 287 million in the previous year. At € 515 million, the order backlog as of December 31, 2015 was essentially unchanged as against the previous year (€ 516 million). The result of operating

activities excluding special items and before interest, taxes, depreciation and amortization (**EBITDA**) amounted to € 24 million in the first nine months after € 28 million in the same period of the previous year, which was impacted by a positive one-off effect of € 18 million from the Gallus transaction in the second quarter. Income from the PSG acquisition generated during the current financial year, however, only had a pro rata impact on the Heidelberg Equipment segment. EBITDA for the third quarter of financial year 2015/2016 was € 15 million after € 11 million in the previous year. As a consequence of the regional weakness in China, in particular, the Heidelberg Equipment segment was not yet able to achieve the expected EBITDA target margin of 4 to 6 percent.

The Heidelberg Equipment segment had a total of 7,176 employees as of December 31, 2015. On a year-on-year basis, the number of employees fell by 596.

Heidelberg Equipment¹⁾

| Figures in € millions | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Incoming orders | 966 | 1,037 | 331 | 294 |
| Sales | 775 | 932 | 287 | 351 |
| Order backlog | 516 | 515 | 516 | 515 |
| EBITDA ²⁾ | 28 | 24 | 11 | 15 |
| Result of operating activities ²⁾ | -11 | -14 | -2 | 3 |
| Employees ³⁾ | 7,736 | 7,176 | 7,736 | 7,176 |

¹⁾ As of April 1, 2015, the Postpress business areas (Postpress Commercial and Postpress Packaging) were moved to the Heidelberg Services segment. The figures for the 2014/2015 financial year were restated.

²⁾ Excluding special items; the figure for Q1toQ3 2014/2015 includes income of € 18 million from the Gallus transaction

³⁾ At end of quarter (excluding trainees)

With increased sales of € 866 million in the first nine months of the current financial year (Q1 to Q3 2014/2015: € 772 million) and € 288 million in the third quarter (previous year: € 267 million), the **HEIDELBERG SERVICES** segment improved its result of operating activities excluding special items and before interest, taxes, depreciation and amortization (**EBITDA**) compared with the previous year. EBITDA for the first nine months increased from € 46 mil-

lion in the previous year to € 93 million in the current year, while the figure for the third quarter improved from € 14 million in the previous year to € 25 million. The portfolio measures implemented are already having a positive effect. The share of sales attributable to the segment was approximately 48 percent in the first nine months. The Heidelberg Services segment had a total of 4,402 employees as of December 31, 2015.

Heidelberg Services¹⁾

| Figures in € millions | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Incoming orders | 809 | 863 | 281 | 286 |
| Sales | 772 | 866 | 267 | 288 |
| Order backlog | 98 | 72 | 98 | 72 |
| EBITDA ²⁾ | 46 | 93 | 14 | 25 |
| Result of operating activities ²⁾ | 34 | 78 | 10 | 20 |
| Employees ³⁾ | 4,502 | 4,402 | 4,502 | 4,402 |

¹⁾ As of April 1, 2015, the Postpress business areas (Postpress Commercial and Postpress Packaging) were moved 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 € 19 million compared with the previous year to € 66 million as of December 31, 2015. In terms of its result of operating activities excluding special items

and before interest, taxes, depreciation and amortization (**EBITDA**), the **HEIDELBERG FINANCIAL SERVICES** segment broke even in the third quarter due to additions to risk provisions to reflect increased risk in the Brazil portfolio in particular.

Heidelberg Financial Services

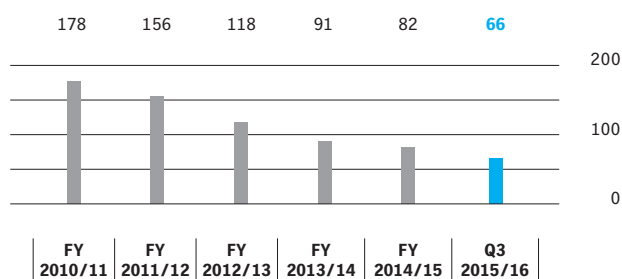
| Figures in € millions | Q1 to Q3 | | Q3 | |
|--|-----------|-----------|-----------|-----------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| Sales | 5 | 4 | 1 | 1 |
| EBITDA ¹⁾ | 6 | 2 | 2 | 0 |
| Result of operating activities ¹⁾ | 6 | 2 | 2 | 0 |
| Employees ²⁾ | 42 | 41 | 42 | 41 |

¹⁾ Excluding special items

²⁾ At end of quarter (excluding trainees)

Receivables from sales financing

Figures in € millions



Report on the regions

In the third quarter of financial year 2015/2016, incoming orders in the **EMEA** (Europe, Middle East and Africa) region of € 247 million were in line with the previous year (€ 246 million), while the figure for the first nine months of € 795 million exceeded the previous year (€ 694 million) by a good € 100 million. This was due in part to the order volume of the acquired PSG. Sales increased both in the third quarter (€ 266 million; previous year: € 217 million) and in the first nine months (€ 744 million; previous year: € 625 million). As previously, this development was primarily driven by Italy, the Benelux nations and Sweden.

In the **ASIA/PACIFIC** region, incoming orders declined significantly from € 162 million in the third quarter of the previous year to € 124 million, with the economic slow-down leading to a lower level of orders from the Chinese market in particular. A high order volume was generated in the region on the back of the Print China trade show in the first quarter, among other things, meaning that incoming orders for the first nine months were essentially unchanged year-on-year at € 516 million (previous year: € 515 million). Sales increased in both the third quarter and the first nine months. Quarterly sales improved from € 151

million in the previous year to € 175 million, while the figure for the first nine months rose from € 439 million in financial year 2014/2015 to € 524 million in the current financial year. Deliveries of orders placed at trade shows contributed to this development. In particular, growth was recorded in smaller markets in the region, such as India, the Philippines and Taiwan.

The sustained political and economic tension in Russia and Ukraine had a negative impact on incoming orders and sales in the **EASTERN EUROPE** region. Incoming orders amounted to € 67 million in the third quarter of 2015/2016 after € 70 million in the previous year, while the figure for the first nine months was € 191 million (previous year: € 212 million). Sales declined from € 76 million in the third quarter of financial year 2014/2015 to € 70 million in the quarter under review, while sales for the first nine months fell from € 194 million to € 188 million.

Incoming orders in the **NORTH AMERICA** region continued to enjoy positive development on both a quarterly basis (Q3 2014/2015: € 105 million; Q3 2015/2016: € 124 million) and a nine-monthly basis (Q1 to Q3 2014/2015: € 278 million; Q1 to Q3 2015/2016: € 331 million). Sales increased both in the third quarter of 2015/2016 (€ 109 million; previous year: € 83 million) and in the first nine months (€ 278 million; previous year: € 229 million). The markets of the USA as well as Canada and Mexico contributed to this growth.

In the **SOUTH AMERICA** region, the economic situation remains difficult due to the depreciation of the Brazilian currency in particular. Incoming orders were down on the previous year at € 19 million in the third quarter and € 71 million in the first nine months (Q3 2014/2015: € 31 million; Q1 to Q3 2014/2015: € 81 million). Sales amounted to € 20 million in the third quarter after € 29 million in the previous year, while sales for the first nine months were largely unchanged year-on-year at € 68 million, thanks to the strong first half-year (first nine months of 2014/2015: € 66 million). This was due in particular to Argentina and the smaller markets in the region.

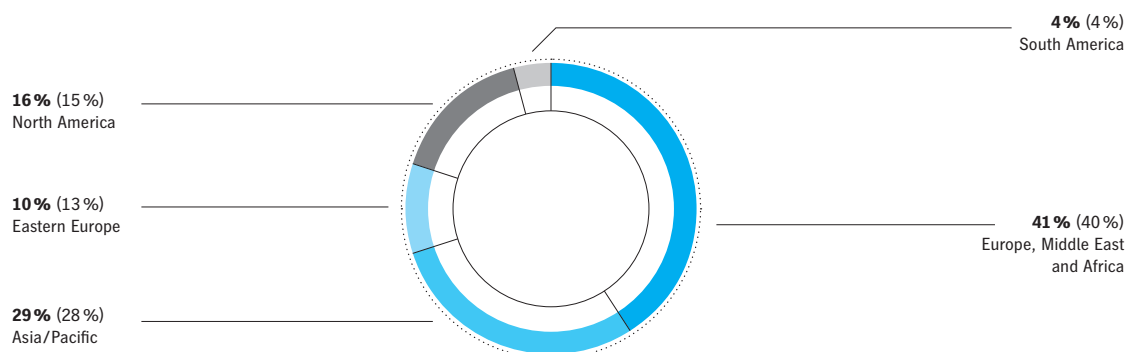
Incoming orders by region

Figures in € millions

| | Q1 to Q3 | | Q3 | |
|-------------------------|--------------|--------------|------------|------------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| EMEA | 694 | 795 | 246 | 247 |
| Asia/Pacific | 515 | 516 | 162 | 124 |
| Eastern Europe | 212 | 191 | 70 | 67 |
| North America | 278 | 331 | 105 | 124 |
| South America | 81 | 71 | 31 | 19 |
| Heidelberg Group | 1,780 | 1,904 | 613 | 581 |

Sales by region (Q1 to Q3)

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



Sales by region

Figures in € millions

| | Q1 to Q3 | | Q3 | |
|-------------------------|--------------|--------------|------------|------------|
| | 2014/2015 | 2015/2016 | 2014/2015 | 2015/2016 |
| EMEA | 625 | 744 | 217 | 266 |
| Asia/Pacific | 439 | 524 | 151 | 175 |
| Eastern Europe | 194 | 188 | 76 | 70 |
| North America | 229 | 278 | 83 | 109 |
| South America | 66 | 68 | 29 | 20 |
| Heidelberg Group | 1,552 | 1,802 | 556 | 640 |

Employees

The number of employees in the Heidelberg Group declined in the third quarter of financial year 2015/2016, 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 December 31, 2015, the Heidelberg Group had a total of 11,619 employees (excluding 455 trainees), 332 fewer than on March 31, 2015. The number of employees decreased by 661 compared with one year previously (December 31, 2014: 12,280 employees).

Employees by region

| | 31-Mar-2015 | 31-Dec-2015 |
|-----------------------------------|---------------|---------------|
| Number of employees ¹⁾ | | |
| EMEA | 8,601 | 8,347 |
| Asia/Pacific | 1,936 | 1,868 |
| Eastern Europe | 504 | 496 |
| North America | 738 | 752 |
| South America | 172 | 156 |
| Heidelberg Group | 11,951 | 11,619 |

¹⁾ Excluding trainees

Risk and opportunity report

In the third 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 towards the end of the 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.

Important note

This interim financial report contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the management is of the opinion that these assumptions and estimates are accurate, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the overall economic situation, exchange and interest rates, and changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future development and results deviating from the assumptions and estimates made in this interim report. Heidelberg neither intends nor assumes any obligation to update the assumptions and estimates made in this interim financial report to reflect events or developments occurring after the publication of this interim report.

Interim consolidated financial statements

for the period April 1, 2015 to December 31, 2015

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Interim consolidated income statement – April 1, 2015 to December 31, 2015

| Figures in € thousands | Note | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|--|------|---------------------------------|---------------------------------|
| Net sales | | 1,552,471 | 1,802,100 |
| Change in inventories | | 102,837 | 32,998 |
| Other own work capitalized | | 10,167 | 16,083 |
| Total operating performance | | 1,665,475 | 1,851,181 |
| Other operating income | 3 | 90,938 | 71,661 |
| Cost of materials | 4 | 778,853 | 882,682 |
| Staff costs | | 611,121 | 601,267 |
| Depreciation and amortization | | 51,486 | 54,127 |
| Other operating expenses | 5 | 286,243 | 319,641 |
| Special items | 6 | 72,324 | 23,669 |
| Result of operating activities | | -43,614 | 41,456 |
| Financial income | 7 | 6,409 | 7,343 |
| Financial expenses | 8 | 55,050 | 49,290 |
| Financial result | | -48,641 | -41,947 |
| Net result before taxes | | -92,255 | -491 |
| Taxes on income | | 3,086 | 6,289 |
| Net result after taxes | | -95,341 | -6,780 |
| Basic earnings per share according to IAS 33 (in € per share) | 9 | -0.39 | -0.03 |
| Diluted earnings per share according to IAS 33 (in € per share) | 9 | -0.39 | -0.03 |

Interim consolidated statement of comprehensive income – April 1, 2015 to December 31, 2015

| Figures in € thousands | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|--|---------------------------------|---------------------------------|
| Net result after taxes | - 95,341 | - 6,780 |
| Other comprehensive income not reclassified to the income statement | | |
| Remeasurement of defined benefit pension plans and similar obligations | - 154,299 | 169,980 |
| Deferred income taxes | 2,589 | 437 |
| | - 151,710 | 170,417 |
| Other comprehensive income which may subsequently be reclassified to the income statement | | |
| Currency translation | 40,977 | - 22,917 |
| Available-for-sale financial assets | 335 | 9 |
| Cash flow hedges | - 6,827 | 13,310 |
| Deferred income taxes | 192 | - 270 |
| | 34,677 | - 9,868 |
| Total other comprehensive income | - 117,033 | 160,549 |
| Total comprehensive income | - 212,374 | 153,769 |

Interim consolidated income statement – October 1, 2015 to December 31, 2015

| Figures in € thousands | 1-Oct-2014 to 31-Dec-2014 | 1-Oct-2015 to 31-Dec-2015 |
|--|---------------------------------|---------------------------------|
| Net sales | 556,219 | 640,464 |
| Change in inventories | 738 | -13,503 |
| Other own work capitalized | 3,067 | 8,667 |
| Total operating performance | 560,024 | 635,628 |
| Other operating income | 29,187 | 15,929 |
| Cost of materials | 262,853 | 296,939 |
| Staff costs | 202,493 | 207,044 |
| Depreciation and amortization | 17,050 | 17,854 |
| Other operating expenses | 96,759 | 107,782 |
| Special items | 54,523 | 2,085 |
| Result of operating activities | -44,467 | 19,853 |
| Financial income | 2,687 | 2,659 |
| Financial expenses | 18,268 | 14,712 |
| Financial result | -15,581 | -12,053 |
| Net result before taxes | -60,048 | 7,800 |
| Taxes on income | -6,559 | 1,017 |
| Net result after taxes | -53,489 | 6,783 |
| Basic earnings per share according to IAS 33 (in € per share) | -0.22 | 0.02 |
| Diluted earnings per share according to IAS 33 (in € per share) | -0.22 | 0.02 |

Interim consolidated statement of comprehensive income – October 1, 2015 to December 31, 2015

| Figures in € thousands | 1-Oct-2014 to 31-Dec-2014 | 1-Oct-2015 to 31-Dec-2015 |
|--|---------------------------------|---------------------------------|
| Net result after taxes | - 53,489 | 6,783 |
| Other comprehensive income not reclassified to the income statement | | |
| Remeasurement of defined benefit pension plans and similar obligations | - 52,628 | 31,324 |
| Deferred income taxes | 1,152 | - 943 |
| | - 51,476 | 30,381 |
| Other comprehensive income which may subsequently be reclassified to the income statement | | |
| Currency translation | 6,504 | 5,527 |
| Available-for-sale financial assets | 110 | 92 |
| Cash flow hedges | 277 | 343 |
| Deferred income taxes | 2 | - 51 |
| | 6,893 | 5,911 |
| Total other comprehensive income | - 44,583 | 36,292 |
| Total comprehensive income | - 98,072 | 43,075 |

Interim consolidated statement of financial position as of December 31, 2015

Assets

| Figures in € thousands | Note | 31-Mar-2015 | 31-Dec-2015 |
|------------------------------------|------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | 10 | 210,457 | 215,693 |
| Property, plant and equipment | 10 | 487,404 | 484,603 |
| Investment property | | 8,679 | 11,683 |
| Financial assets | | 28,829 | 17,922 |
| Receivables from sales financing | | 45,598 | 34,179 |
| Other receivables and other assets | 12 | 18,762 | 17,042 |
| Deferred tax assets | | 62,036 | 61,573 |
| | | 861,765 | 842,695 |
| Current assets | | | |
| Inventories | 11 | 637,074 | 673,591 |
| Receivables from sales financing | | 36,182 | 32,145 |
| Trade receivables | | 335,191 | 307,627 |
| Other receivables and other assets | 12 | 99,184 | 95,258 |
| Income tax assets | | 24,261 | 17,120 |
| Cash and cash equivalents | 13 | 285,961 | 204,976 |
| | | 1,417,853 | 1,330,717 |
| Assets held for sale | 10 | 13,620 | 22,011 |
| Total assets | | 2,293,238 | 2,195,423 |

Interim consolidated statement of financial position as of December 31, 2015

Equity and liabilities

| Figures in € thousands | Note | 31-Mar-2015 | 31-Dec-2015 |
|--|-----------|------------------|------------------|
| Equity | 14 | | |
| Issued capital | | 658,676 | 658,676 |
| Capital reserves, retained earnings and other reserves | | -402,799 | -313,799 |
| Net result after taxes | | -72,403 | -6,780 |
| | | 183,474 | 338,097 |
| Non-current liabilities | | | |
| Provisions for pensions and similar obligations | 15 | 605,009 | 451,978 |
| Other provisions | 16 | 175,132 | 155,844 |
| Financial liabilities | 17 | 493,369 | 450,247 |
| Other liabilities | 18 | 48,854 | 42,136 |
| Deferred tax liabilities | | 10,499 | 9,808 |
| | | 1,332,863 | 1,110,013 |
| Current liabilities | | | |
| Other provisions | 16 | 274,908 | 235,007 |
| Financial liabilities | 17 | 48,920 | 36,730 |
| Trade payables | | 170,885 | 194,422 |
| Income tax liabilities | | 1,104 | 1,149 |
| Other liabilities | 18 | 281,084 | 280,005 |
| | | 776,901 | 747,313 |
| Total equity and liabilities | | 2,293,238 | 2,195,423 |

Statement of changes in consolidated equity as of December 31, 2015¹⁾

| 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 | - | - | - 151,710 |
| Consolidation adjustments/other changes | - | - | 2,089 |
| December 31, 2014 | 658,676 | 23,595 | - 237,638 |
| April 1, 2015 | 658,676 | 29,411 | - 331,660 |
| Loss carryforward | - | - | - 72,403 |
| Total comprehensive income | - | - | 170,417 |
| Consolidation adjustments/other changes | - | - | 854 |
| December 31, 2015 | 658,676 | 29,411 | - 232,792 |

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 |
| 40,977 | 335 | -6,635 | 34,677 | -117,033 | -95,341 | -212,374 |
| - | - | - | - | 2,089 | - | 2,089 |
| -141,714 | -512 | -4,471 | -146,697 | -360,740 | -95,341 | 202,595 |
| -87,537 | -360 | -12,653 | -100,550 | -402,799 | -72,403 | 183,474 |
| - | - | - | - | -72,403 | 72,403 | 0 |
| -22,917 | 9 | 13,040 | -9,868 | 160,549 | -6,780 | 153,769 |
| - | - | - | - | 854 | - | 854 |
| -110,454 | -351 | 387 | -110,418 | -313,799 | -6,780 | 338,097 |

Interim consolidated statement of cash flows – April 1, 2015 to December 31, 2015

| Figures in € thousands | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| Net result after taxes | - 95,341 | - 6,780 |
| Depreciation, amortization, write-downs and write-ups ¹⁾ | 53,832 | 55,198 |
| Change in pension provisions | 15,253 | 1,183 |
| Change in deferred tax assets/deferred tax liabilities/tax provisions | - 12,889 | - 5,493 |
| Result from disposals | 2,944 | 746 |
| Cash flow | - 36,201 | 44,854 |
| Change in inventories | - 106,173 | - 24,702 |
| Change in sales financing | 9,212 | 12,350 |
| Change in trade receivables/payables | 137,377 | 68,361 |
| Change in other provisions | 7,108 | - 53,607 |
| Change in other items of the statement of financial position | - 3,383 | - 44,253 |
| Other operating changes | 44,141 | - 41,851 |
| Cash generated by operating activities | 7,940 | 3,003 |
| Intangible assets/property, plant and equipment/investment property | | |
| Investments | - 36,802 | - 37,735 |
| Income from disposals | 11,782 | 5,555 |
| Financial assets/company acquisitions | | |
| Investments | - 9,099 | - 7,580 |
| Income from disposals | 87 | 50 |
| Cash used in investing activities before cash investment | - 34,032 | - 39,710 |
| Cash investment | 10,189 | - |
| Cash used in investing activities | - 23,843 | - 39,710 |
| Change in financial liabilities | - 5,923 | - 38,041 |
| Cash used in financing activities | - 5,923 | - 38,041 |
| Net change in cash and cash equivalents | - 21,826 | - 74,748 |
| 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 | 10,174 | - 7,238 |
| Net change in cash and cash equivalents | - 21,826 | - 74,748 |
| Cash and cash equivalents at the end of the reporting period | 221,005 | 204,976 |
| Cash generated by operating activities | 7,940 | 3,003 |
| Cash used in investing activities | - 23,843 | - 39,710 |
| Free cash flow | - 15,903 | - 36,707 |

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 December 31, 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.

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:

| | 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 € 91,628 thousand assuming a pro rata net result after taxes of € 3,363 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 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| Reversal of other provisions/deferred liabilities | 32,652 | 22,124 |
| Reversal of negative difference from first-time consolidation | – | 18,761 |
| Income from operating facilities | 6,897 | 8,557 |
| Hedging/exchange rate gains | 3,875 | 4,459 |
| Recoveries on loans and other assets previously written down | 9,606 | 4,391 |
| Income from disposals of intangible assets, property, plant and equipment and investment property | 1,256 | 250 |
| Income from Gallus transaction | 18,123 | – |
| Other income | 18,529 | 13,119 |
| | 90,938 | 71,661 |

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 € 1,330 thousand (April 1, 2014 to December 31, 2014: € 1,675 thousand); interest income from sales financing of € 4,377 thousand (April 1, 2014 to December 31, 2014: € 5,367 thousand) is reported in sales.

5 Other operating expenses

| | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| Other deliveries and services not included in the cost of materials | 80,728 | 87,548 |
| Special direct sales expenses including freight charges | 52,758 | 65,175 |
| Rent and leases | 38,867 | 38,396 |
| Travel expenses | 27,887 | 30,591 |
| Insurance expense | 7,907 | 8,652 |
| Bad debt allowances and impairment on other assets | 8,846 | 7,881 |
| Hedging/exchange rate losses | 4,810 | 7,037 |
| Costs of car fleet (excluding leases) | 4,627 | 4,694 |
| Additions to provisions and accruals relating to several types of expense | 6,115 | 2,953 |
| Other overheads | 53,698 | 66,714 |
| | 286,243 | 319,641 |

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 € 23,669 thousand recorded in the reporting period (April 1, 2014 to December 31, 2014: € 72,324 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 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| Interest and similar income | 4,186 | 2,924 |
| Income from financial assets/loans/ securities | 2,223 | 4,419 |
| Financial income | 6,409 | 7,343 |

8 Financial expenses

| | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|--|---------------------------------|---------------------------------|
| Interest and similar expenses | 52,536 | 45,787 |
| Expenses for financial assets/loans/ securities | 2,514 | 3,503 |
| Financial expenses | 55,050 | 49,290 |

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 December 31, 2014: 245,920,315). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As of December 31, 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 December 31, 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 December 31, 2015, there were additions to intangible assets of € 12,827 thousand (April 1, 2014 to December 31, 2014: € 6,780 thousand) and to property, plant and equipment of € 26,532 thousand (April 1, 2014 to December 31, 2014: € 30,488 thousand). In the same period, the carrying amount of disposals from intangible assets was € 482 thousand (April 1, 2014 to December 31, 2014: € 3,558 thousand) and € 5,818 thousand (April 1, 2014 to December 31, 2014: € 11,168 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 € 127,560 thousand (March 31, 2015: € 90,447 thousand), work and services in progress amounting to € 255,871 thousand (March 31, 2015: € 299,577 thousand), finished goods and goods for resale of € 287,266 thousand (March 31, 2015: € 245,015 thousand), and advance payments of € 2,894 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 € 3,621 thousand (March 31, 2015: € 4,667 thousand) and prepaid expenses of € 15,232 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 € 32,155 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 December 31, 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 disappplied 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 amend-

ments 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 2.90 percent (March 31, 2015: 1.70 percent) was applied as of December 31, 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 € 189,989 thousand higher.

16 Other provisions

Other provisions relate to tax provisions of € 54,540 thousand (March 31, 2015: € 59,116 thousand) and other provisions of € 336,311 thousand (March 31, 2015: € 390,924 thousand). Other provisions include staff obligations of € 61,013 thousand (March 31, 2015: € 92,626 thousand), sales obligations of € 88,176 thousand (March 31, 2015: € 93,463 thousand) and miscellaneous other provisions of € 187,122 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 | | | 31-Dec-2015 | | |
|----------------------|-------------|-------------|---------|-------------|-------------|---------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Corporate bonds | 26,264 | 352,582 | 378,846 | 4,336 | 307,838 | 312,174 |
| Convertible bonds | 1,155 | 108,399 | 109,554 | 1,158 | 109,971 | 111,129 |
| Amounts due to banks | 18,037 | 29,022 | 47,059 | 26,936 | 28,993 | 55,929 |
| From finance leases | 1,454 | 3,366 | 4,820 | 1,357 | 3,445 | 4,802 |
| Other | 2,010 | - | 2,010 | 2,943 | - | 2,943 |
| | 48,920 | 493,369 | 542,289 | 36,730 | 450,247 | 486,977 |

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 € 118,055 thousand (March 31, 2015: € 87,295 thousand), liabilities from derivative financial instruments of € 4,216 thousand (March 31, 2015: € 15,909 thousand), and deferred income of € 66,147 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 | | | | 31-Dec-2015 | | | |
|---|--------------|---------------|----------|---------------|--------------|--------------|----------|--------------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Securities | 3,446 | – | – | 3,446 | 3,424 | – | – | 3,424 |
| Derivative financial assets | – | 4,667 | – | 4,667 | – | 3,621 | – | 3,621 |
| Financial assets measured at fair value | 3,446 | 4,667 | – | 8,113 | 3,424 | 3,621 | – | 7,045 |
| Derivative financial liabilities | – | 15,909 | – | 15,909 | – | 4,216 | – | 4,216 |
| Financial liabilities measured at fair value | – | 15,909 | – | 15,909 | – | 4,216 | – | 4,216 |

Shares in subsidiaries in the amount of € 10,608 thousand (March 31, 2015: € 21,477 thousand) and other investments in the amount of € 3,458 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 € 117,860 thousand (March 31, 2015: € 370,769 thousand) and € 207,230 thousand (March 31, 2015: € 0 thousand) respectively, compared to the carrying amounts of € 114,882 thousand (March 31, 2015: € 378,846 thousand) and € 197,292 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 € 64,164 thousand (March 31, 2015: € 69,777 thousand) and € 58,549 thousand (March 31, 2015: € 60,882 thousand) respectively, compared to the carrying amount of € 59,354 thousand (March 31, 2015: € 58,777 thousand) and € 51,775 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 € 19,508 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 € 20,020 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 € 17,240 thousand (March 31, 2015: € 16,933 thousand) compared to the carrying amount of € 17,384 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 December 31, 2015, the contingent liabilities for warranties and guarantees amounted to € 4,004 thousand (March 31, 2015: € 4,879 thousand).

Other financial liabilities amounted to € 193,631 thousand as of December 31, 2015 (March 31, 2015: € 208,045 thousand). Of this amount, € 170,011 thousand (March 31, 2015: € 188,095 thousand) related to lease and rental obligations and € 23,620 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 December 31, 2015:

| | Heidelberg Equipment | | Heidelberg Services | | Heidelberg Financial Services | | Heidelberg Group | |
|---|---|---------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
| | 1-Apr-2014 to 31-Dec-2014 ¹⁾ | 1-Apr-2015 to 31-Dec-2015 | 1-Apr-2014 to 31-Dec-2014 ¹⁾ | 1-Apr-2015 to 31-Dec-2015 | 1-Apr-2014 to 31-Dec-2014 ¹⁾ | 1-Apr-2015 to 31-Dec-2015 | 1-Apr-2014 to 31-Dec-2014 ¹⁾ | 1-Apr-2015 to 31-Dec-2015 |
| External sales | 774,663 | 932,141 | 772,441 | 865,582 | 5,367 | 4,377 | 1,552,471 | 1,802,100 |
| EBITDA excluding special items (segment result) | 27,835 | 23,961 | 45,872 | 92,991 | 6,489 | 2,300 | 80,196 | 119,252 |
| EBIT excluding special items | -11,048 | -14,314 | 33,271 | 77,593 | 6,487 | 1,846 | 28,710 | 65,125 |

¹⁾ Prior-year figures were adjusted accordingly

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

| | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| EBITDA excluding special items (segment result) | 80,196 | 119,252 |
| Depreciation and amortization | 51,486 | 54,127 |
| EBIT excluding special items | 28,710 | 65,125 |
| Special items | 72,324 | 23,669 |
| Financial result | -48,641 | -41,947 |
| Net result before taxes | -92,255 | -491 |

External sales relate to the different regions as follows:

| | 1-Apr-2014 to 31-Dec-2014 | 1-Apr-2015 to 31-Dec-2015 |
|---|---------------------------------|---------------------------------|
| Europe, Middle East and Africa | | |
| Germany | 242,711 | 239,116 |
| Other Europe, Middle East and Africa region | 382,044 | 504,880 |
| | 624,755 | 743,996 |
| Asia/Pacific | | |
| China | 214,597 | 253,678 |
| Other Asia/Pacific region | 224,508 | 270,094 |
| | 439,105 | 523,772 |
| Eastern Europe | 194,330 | 187,549 |
| North America | | |
| USA | 195,629 | 220,527 |
| Other North America region | 32,954 | 57,768 |
| | 228,583 | 278,295 |
| South America | 65,698 | 68,488 |
| | 1,552,471 | 1,802,100 |

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 nine 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 and Chief Human Resources Officer due to the fact that Dr. Gerold Linzbach was temporarily ill and unable to work for a longer period. After his convalescence, Dr. Gerold Linzbach has returned to the Company and to his duties as Chairman of the Management Board and Chief Human Resources Officer as planned with effect from the start of 2016. Consequently, the function of Deputy Chairman of the Management Board temporarily assumed by Dirk Kaliebe until Dr. Linzbach's return, ended as of January 11, 2016.

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 € 4,450 thousand (March 31, 2015: € 5,879 thousand), receivables of € 8,779 thousand (March 31, 2015: € 10,941 thousand), expenses of € 10,275 thousand (April 1, 2014 to December 31, 2014: € 11,142 thousand) and income of € 5,968 thousand (April 1, 2014 to December 31, 2014: € 5,870 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 € 319 thousand (April 1, 2014 to December 31, 2014: € 309 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, February 10, 2016

HEIDELBERGER DRUCKMASCHINEN

AKTIENGESELLSCHAFT

The Management Board

Financial calendar

| | |
|-------------------------|--|
| June 8, 2016 | ➤ Press Conference, Annual Analysts' and Investors' Conference |
| July 28, 2016 | ➤ Annual General Meeting |
| August 10, 2016 | ➤ Publication of First Quarter Figures 2016/2017 |
| November 9, 2016 | ➤ Publication of Half-Year Figures 2016/2017 |
| February 9, 2017 | ➤ Publication of Third Quarter Figures 2016/2017 |

Subject to change

Publishing information

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