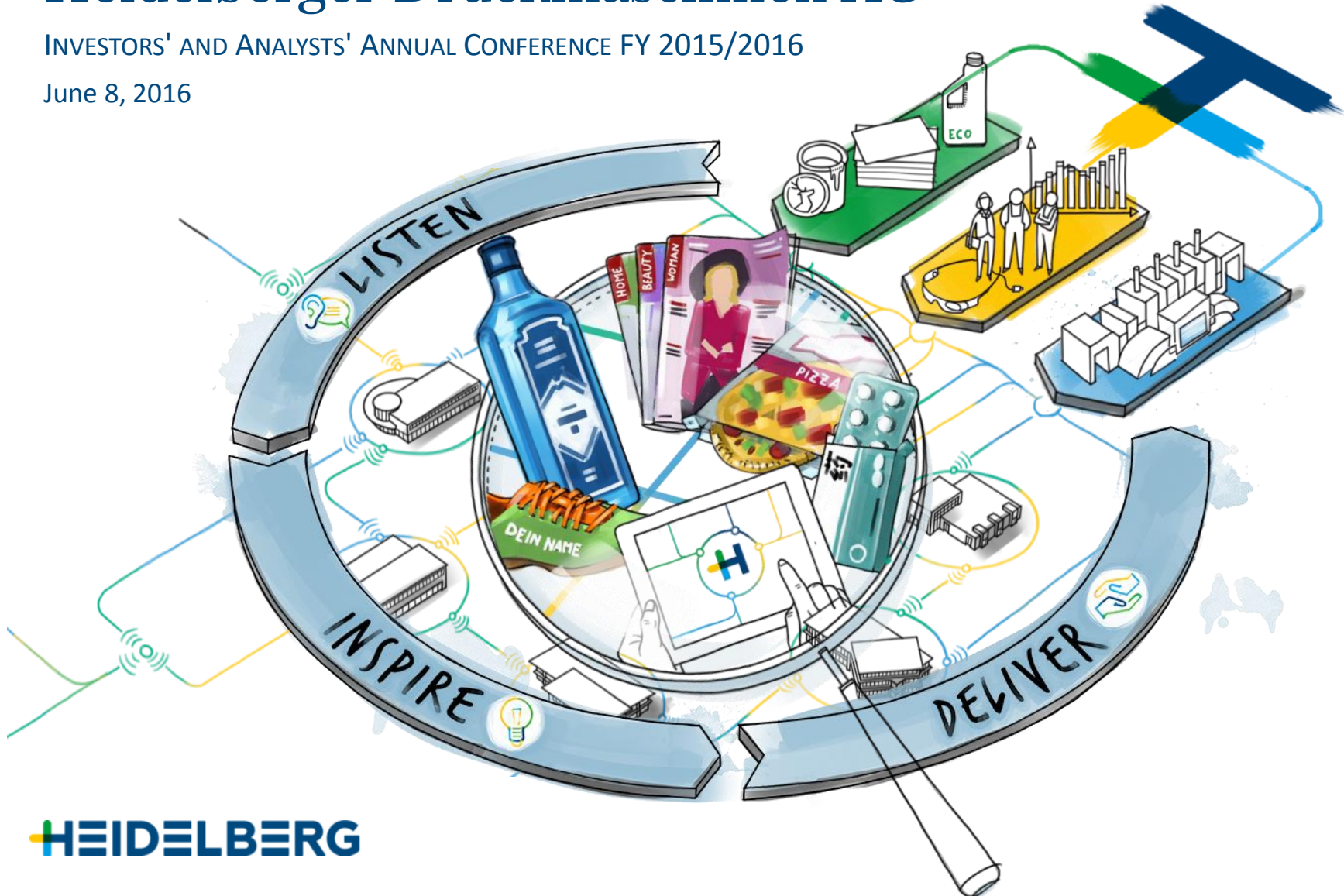




Heidelberger Druckmaschinen AG

INVESTORS' AND ANALYSTS' ANNUAL CONFERENCE FY 2015/2016

June 8, 2016



1. Strategy

Dr. Gerold Linzbach

2. Financials & Outlook

Dirk Kaliebe

3. Equipment

Stephan Plenz

4. Services

Harald Weimer

Back to profitability.



■ Strategic focus on growth areas

- Expansion with **Digital** and **Services**
- Successful integration of acquired PSG-Group
- Services revenue grows to almost 50% of group sales
- Driving force behind industry's **digitization**

■ Growth targets defined

- Solid **financing structure** allows future growth

■ Heidelberg grows profitably

- Sales volume grows by 7.6%
- EBITDA-Margin improved to 7.8%
- Net profit of € 28m achieved

On the right track.



Structure optimization

- Capacity re-dimensioning
- General cost reduction
- Site consolidation (HQ, R&D, Leipzig, Neuss, Nove Mesto)



Portfolio optimization

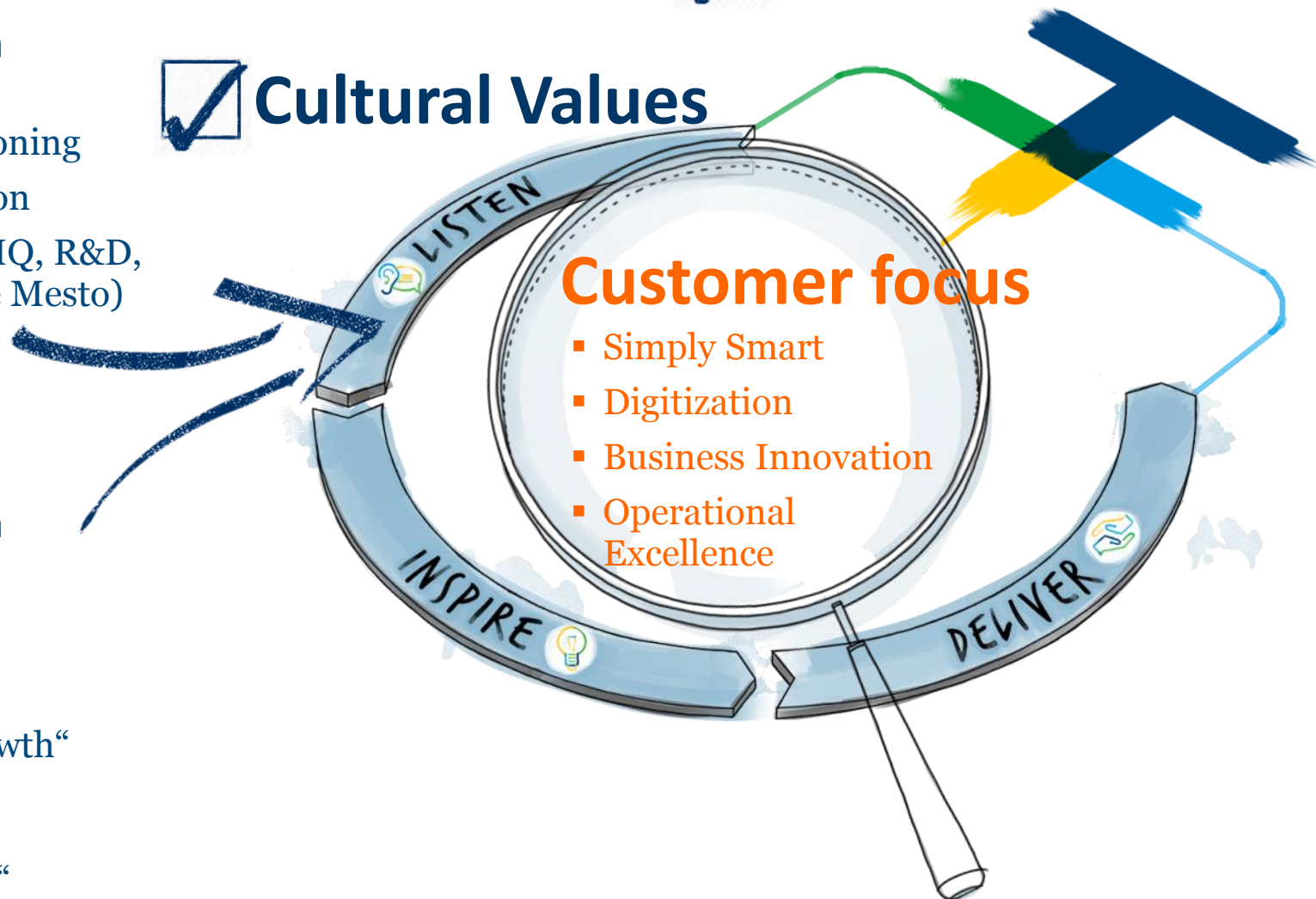
- Sheetfed „cash“
 - Digital
 - Consumables
 - Service
 - Postpress
- „growth“
- „exit manufacturing“



Cultural Values



Re-Branding



Critical success factor.

Our cultural change towards a strictly customer-oriented company.

In the past
focus on:

- Technology/
Productivity
- Volume/
Market share

Cultural change



Listen



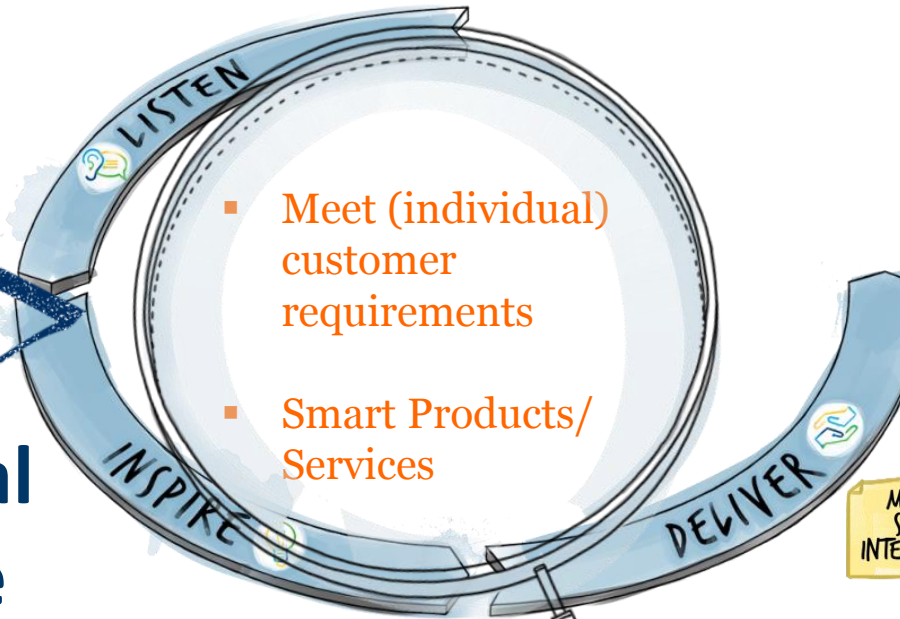
Inspire

(more than machines & digitization)



Deliver

(Only the results count)



MAKE IT
SIMPLY
INTELLIGENT!

AUTONOMOUS
PRINTING

>>SMART
PRODUCTS<<

ANALYTICS
SMART DATA

EASE OF USE
eCOMMERCE
DIGITAL FRONTEND

TRANSPARENT
COLLABORATION
HEIDELBERG
ASSISTANT

PERFORMANCE
PLUS

PERFORMANCE
BENCHMARK

PREDICTIVE
MONITORING

eSHOP

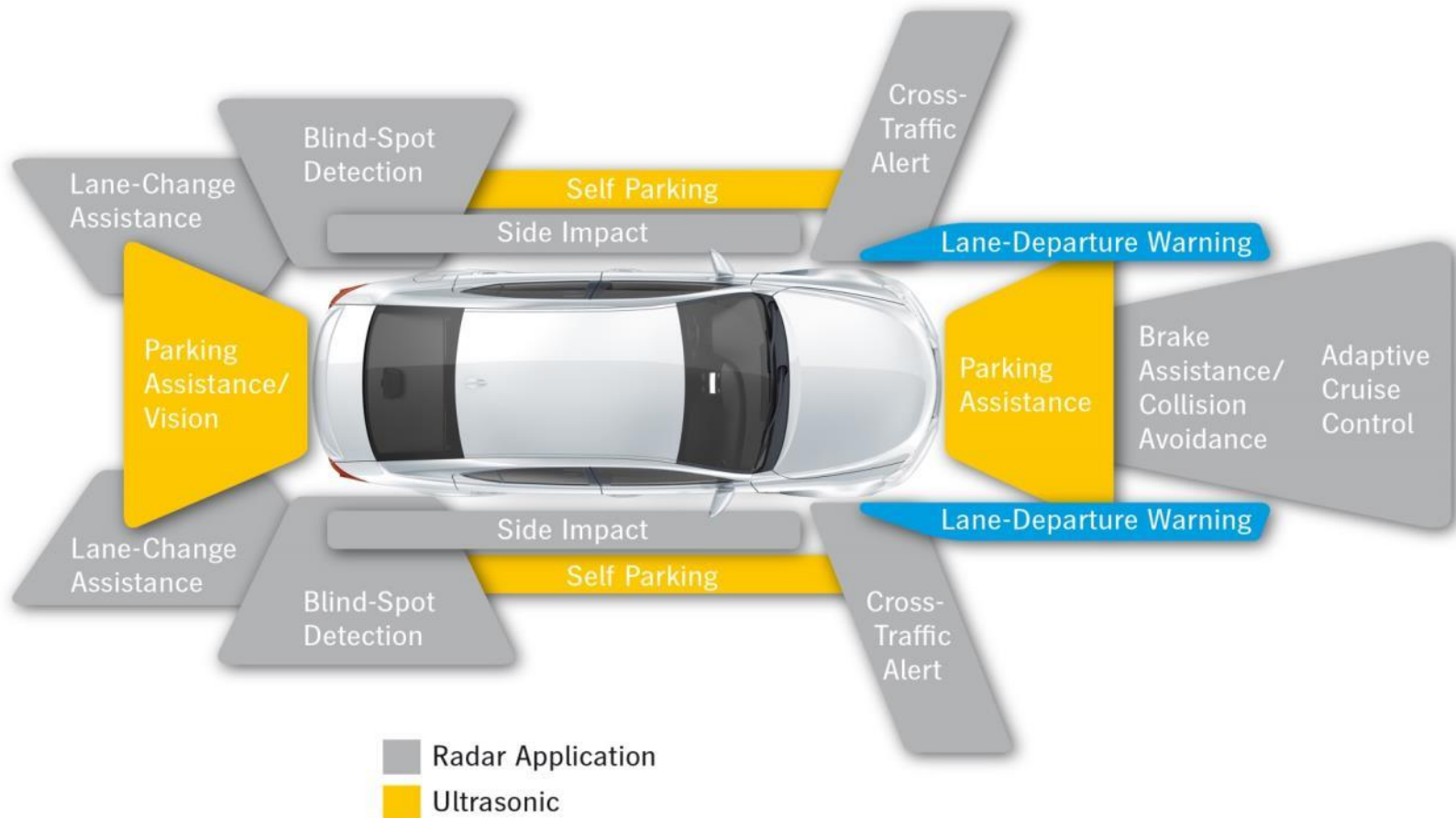
Another way to phrase customers' needs in the future: Digitized world / Industry 4.0

Digitization means **to integrate smartness** into products and processes. It doesn't mean to equip machines with sensors and to wire them.

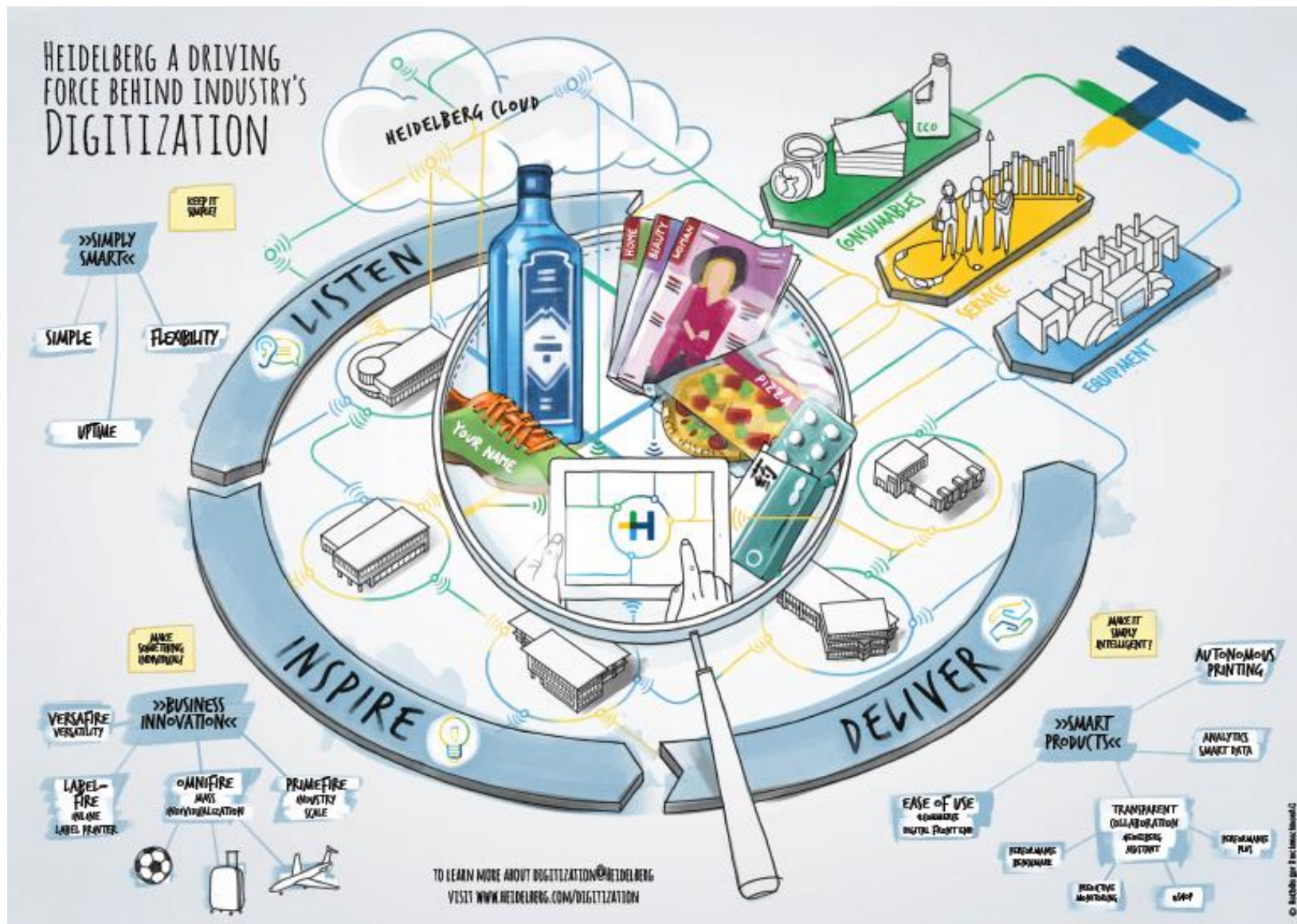
Target is **to free the user's mind from standard operation of his equipment.**



Our cars are also getting smarter.
Target: autonomous driving.



drupa 2016: New Heidelberg. Ready for a digitized world.



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Successful strategic reorientation. Targets met.



Sales

Guidance FY 15/16

- Growth 2 -4%

Result FY 15/16

- + 7.6%
- FX adj. +4%



Improvement of profi- tability

- EBITDA-Margin > 8%
- Net profit

- EBITDA-Margin ~ 8%
- Net profit € 28m



Improvement of financing structure

- Leverage <2
- Reduction of interest costs

- Leverage at 1.5
- Solid financing structure with rolling maturities until CY 2023
- Financial result improved from -96m € to -65m €



FY 2015/2016: Key Figures.

Back to profitability.

	in € million	FY 2015	FY 2016	Δ pY
Order intake		2,434	2,492	+2.4%
Sales		2,334	2,512	+7.6%
EBITDA		138 (188)	189	1
EBIT before Special items		69 (119)	116	-3
Special items		-99	-21	78
Financial result		-96	-65	31
Net result before taxes		-76	31	107
Net result after taxes		-72	28	100
Free cash flow		-16	-32	-16
Net debt		256	281	25
Leverage		1.4	1.5	

- **Sales** up around 8% on previous year; around 4% after adjusting for exchange rate effects
- **EBITDA** was on par yoy, incl. PSG badwill (€ 19m); previous year's figure included net special effects of around € +50m
FX adj. **EBITDA margin** at 7.8%
- Turnaround: **Net result** improved considerably by €100m to €28m
- **Free Cashflow** included payments for portfolio optimization ~€ 41m, early redemption premium for HYB 2011 ~€ 11m, PSG acquisition ~€ 8m and the proceeds from the sale of the former headquarters
- **Leverage** of 1.5 below target level of <2x

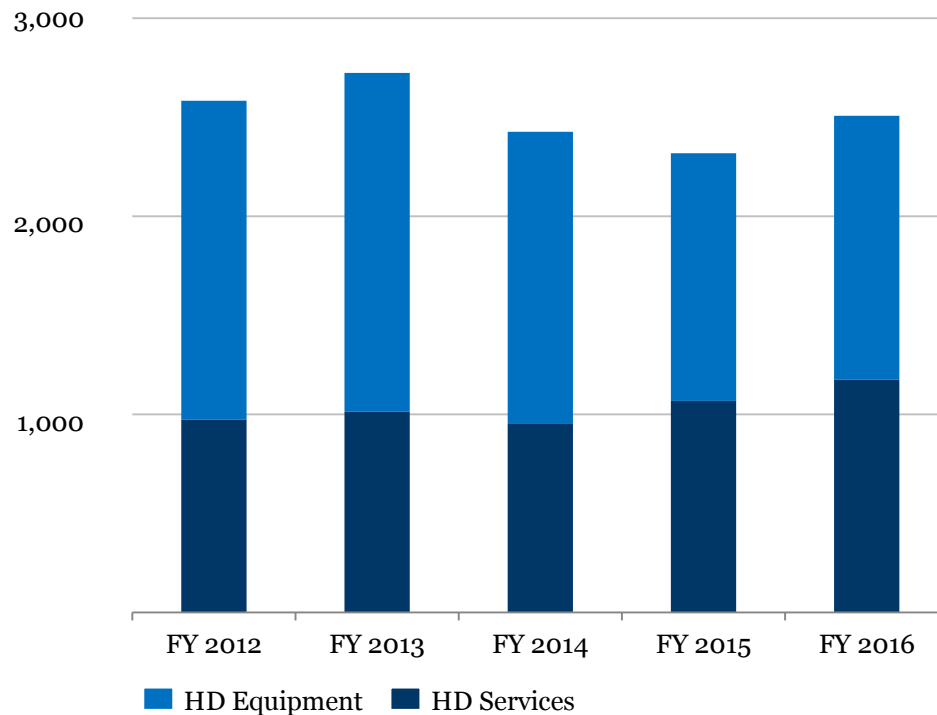


FY 2015/2016: Market stabilization.

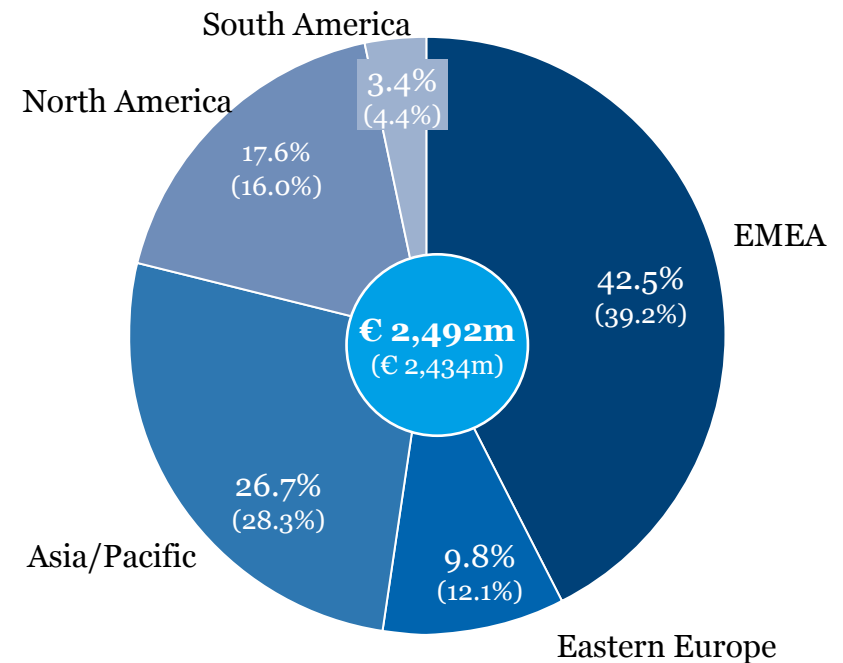
Strong EMEA and North America compensate weaknesses in China and Brazil.

Sales

in € million



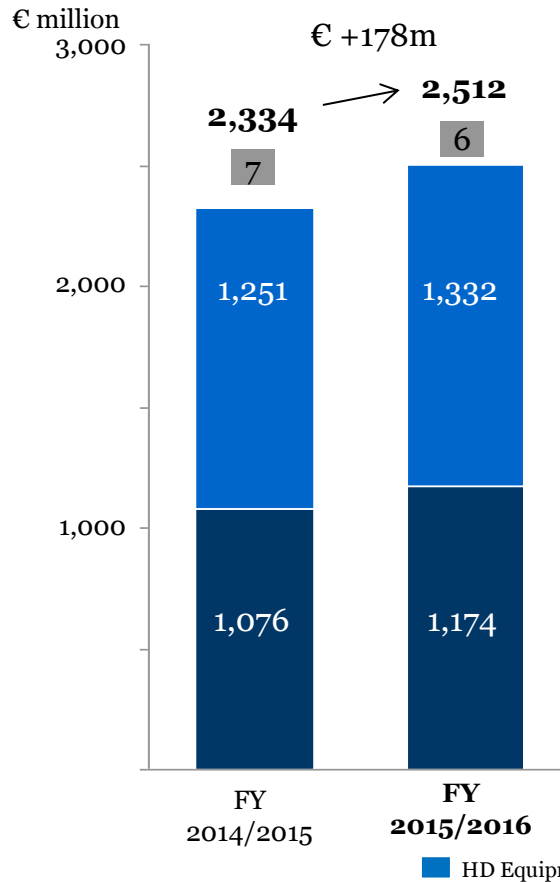
Order intake FY 2016 (FY 2015)



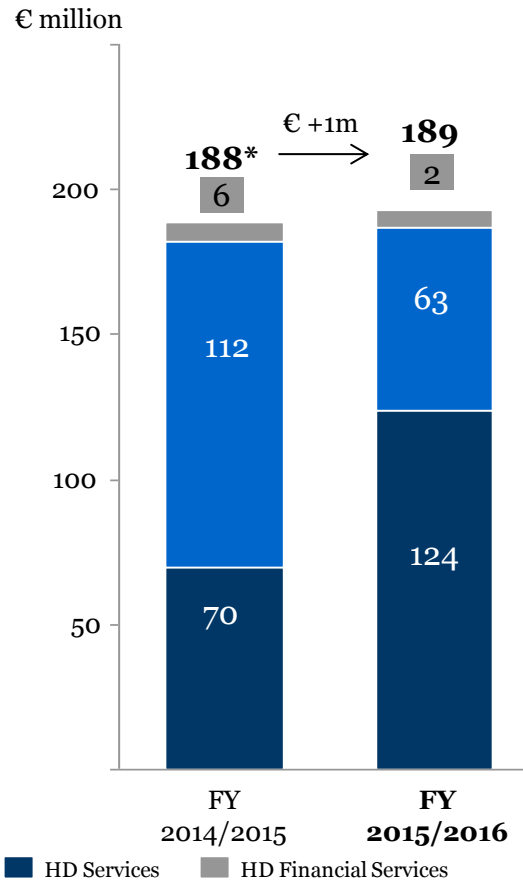
Segments:

Target profitability in HDS and HDE achieved.

Sales by segment



EBITDA by segment



comment

- Higher sales volume in both segments; Especially North America and Asia with higher sales contribution
- **HD Equipment** suffers from weak market performance in China and Brazil but achieved EBITDA margin of 5% (target: 4-6%)
- **HD Services** benefits from the implemented portfolio measures, margin improvements and the PSG acquisition and achieved a EBITDA margin of 11% (target: 9-11%)

* Previous year's figure included net special effects of around € +50m

FY 2015/2016: Balance sheet.

NWC further reduced – equity ratio 13% – net debt on low level.

> Assets	FY 2015	FY 2016	> Equity and liabilities	FY 2015	FY 2016
Figures in mEUR	31-03-2015	31-03-2016	Figures in mEUR	31-03-2015	31-03-2016
Fixed assets	735	724	Equity	183	287
Current assets	1.465	1.371	Provisions	1.055	930
thereof inventories	637	607	thereof provisions for pensions	605	534
thereof trade receivables	335	361	Other Liabilities	975	916
thereof receivables from customer financing	82	65	thereof trade payables	171	179
thereof liquid assets (incl. marketable sec. afs)	286	215	thereof financial liabilities	542	496
Def tax assets, prepaid expenses, other	93	107	Def. tax liabilities, deferred income	79	69
thereof deferred tax assets	62	85	thereof deferred tax liabilities	10	3
thereof deferred income	18	16	thereof deferred income	69	66
Total assets	2.293	2.202	Total equity and liabilities	2.293	2.202
			Equity ratio	8%	13%
			Net debt	256	281

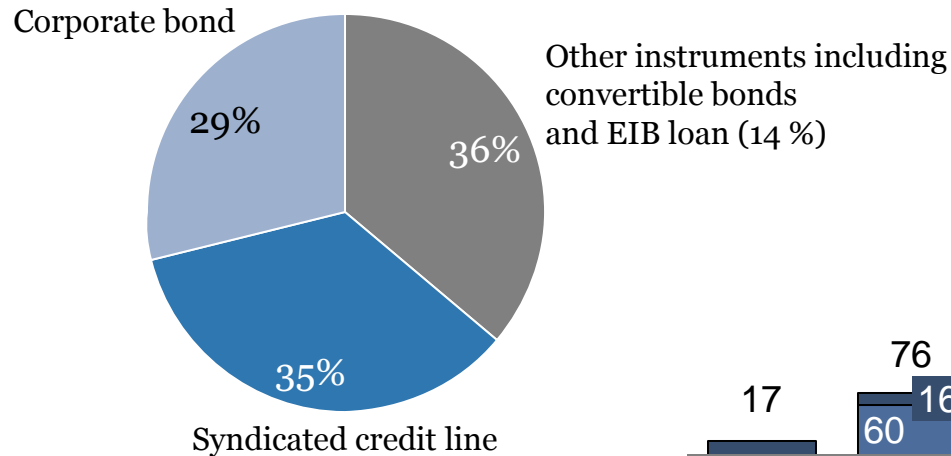
* As of March 31, 2016 a discount rate of 2.4 percent (Mar 31, 2015: 1.7 percent) was used to determine actuarial gains and losses for domestic entities

FY 2015/2016: Financial framework further optimized.

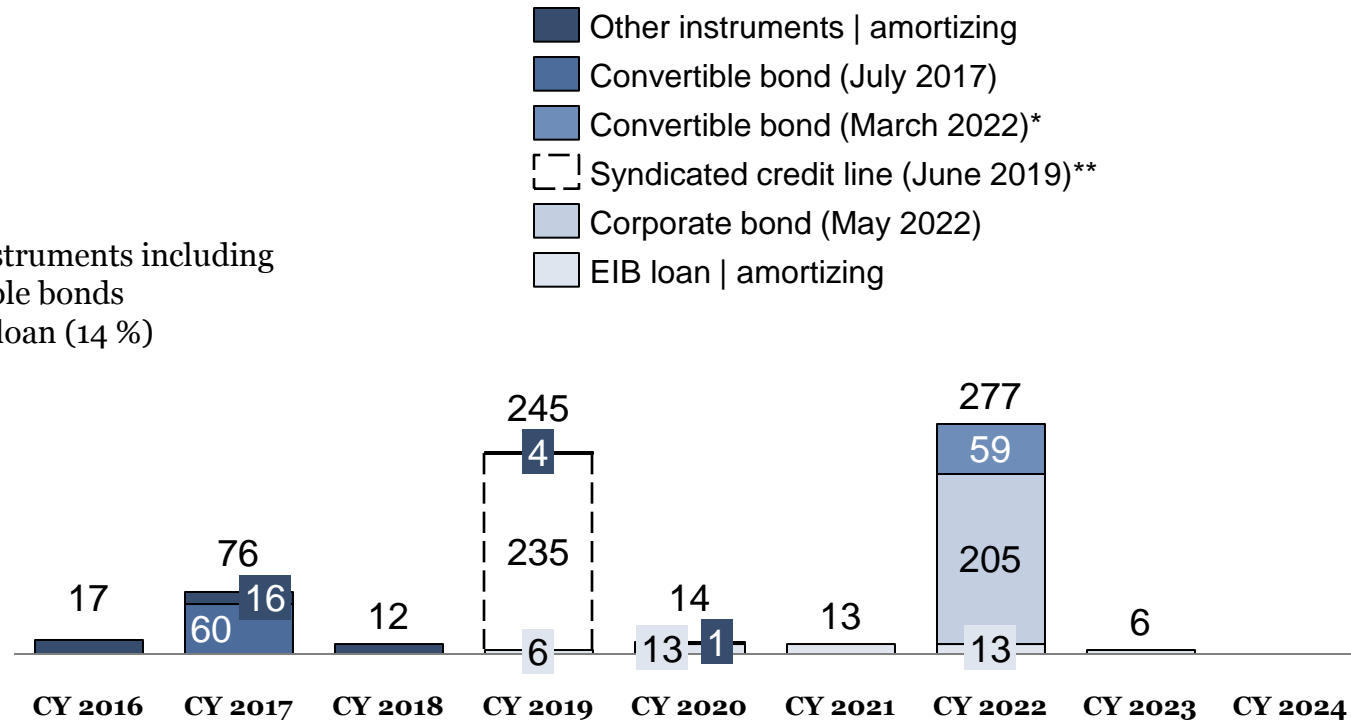
Interest costs lowered.

Financial framework

Total framework
of around € 700m



Maturity profile



* CB Put Option in 2020

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

Note: As of June 2016. Presentation after complete repayment of 2011 corporate bond; excluding other financial liabilities and finance leases

M&A-financing.

Excellently positioned for the planned growth.

*PSG-
Group*

- Integration of **PSG-Group** successfully completed
 - Growth area service and consumables
 - Attractive purchase price
 - Sales contribution approx. € 125m

*Blue
Print*

- **BluePrint Products** expands consumables portfolio

Gallus

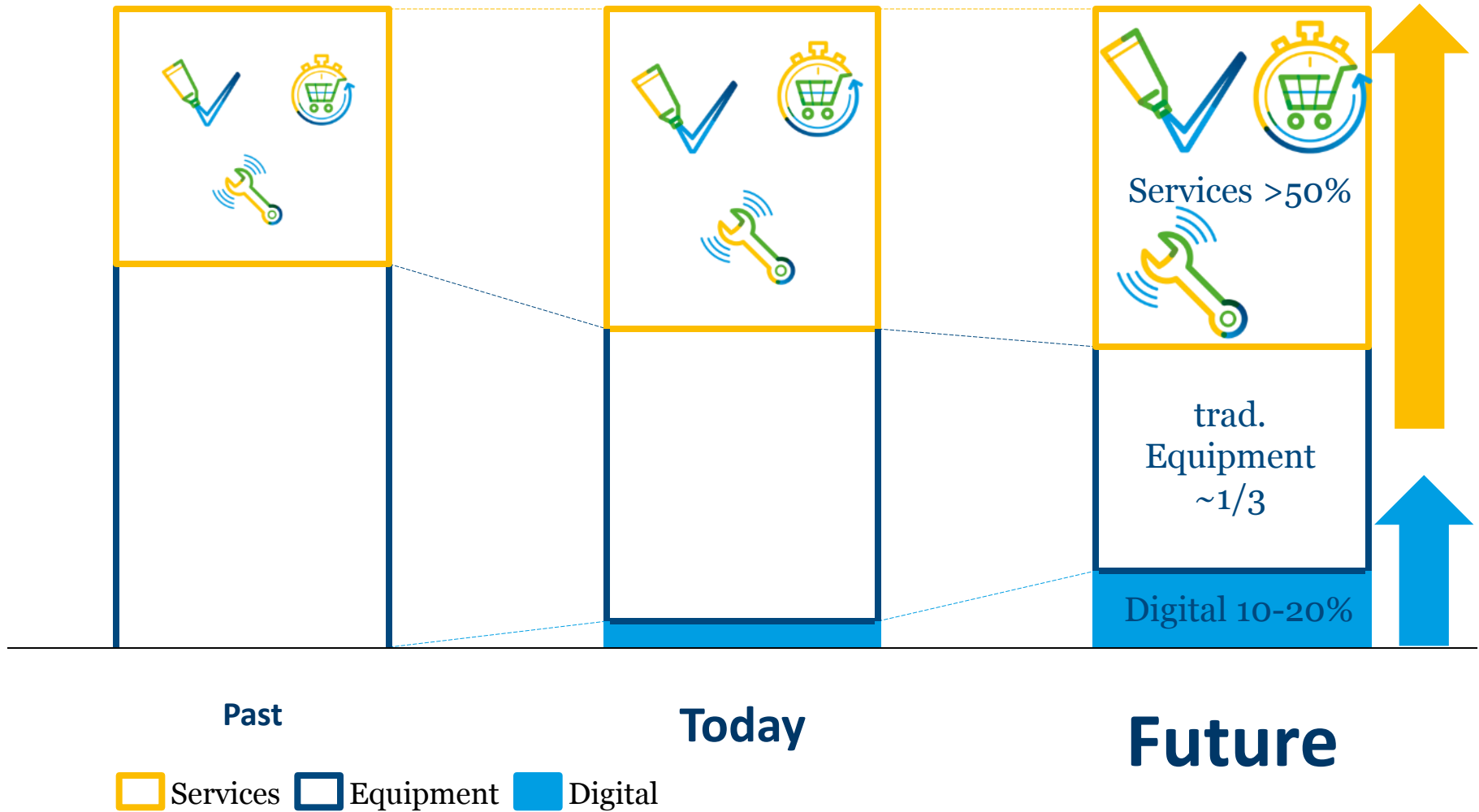
- Complete takeover of **Gallus** Holding AG strengthens position in digital label printing



€ 700m financing framework and liquidity headroom allow major investments in digitization, service and consumables business in the upcoming years

Outlook.

Strengthening of the business model.



„New Heidelberg“.

Foundation laid for sustainable profitability.



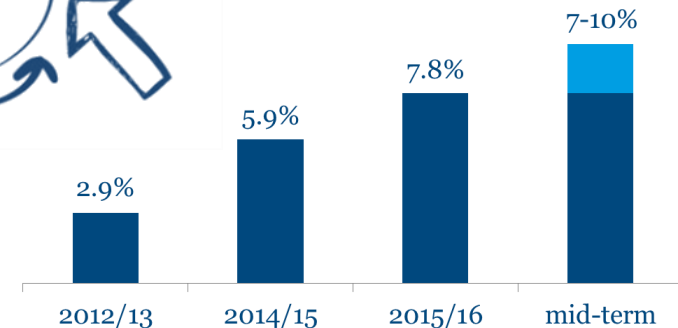
- Solid **sales** growth to mid-term ~ € 3bn

- Increasing net **profitability** / earnings per share

- Stable **financial framework** and healthy **leverage** level



- Sustainably high profitability: **EBITDA-margin 7-10%**



Outlook.
Targets set.



FY 2015/16

**Outlook
FY 2016/17**

Mid-term target

*Sales
(fx-
adjusted)*

€ 2,512m
(€ 2,426m)

up to 4%

up to 4 % p.a./
target ~ € 3bn

*EBITDA-
Margin
(fx-adjusted
sales)*

7.8 %

on previous year's level

Bandwidth
7% - 10%

*HDE ~ 5%
HDS ~11%*

*HDE 4-6%
HDS 9-11%*

*Net
result*

€ 28m

moderate increase

further increase

Leverage

1,5

below 2

below 2

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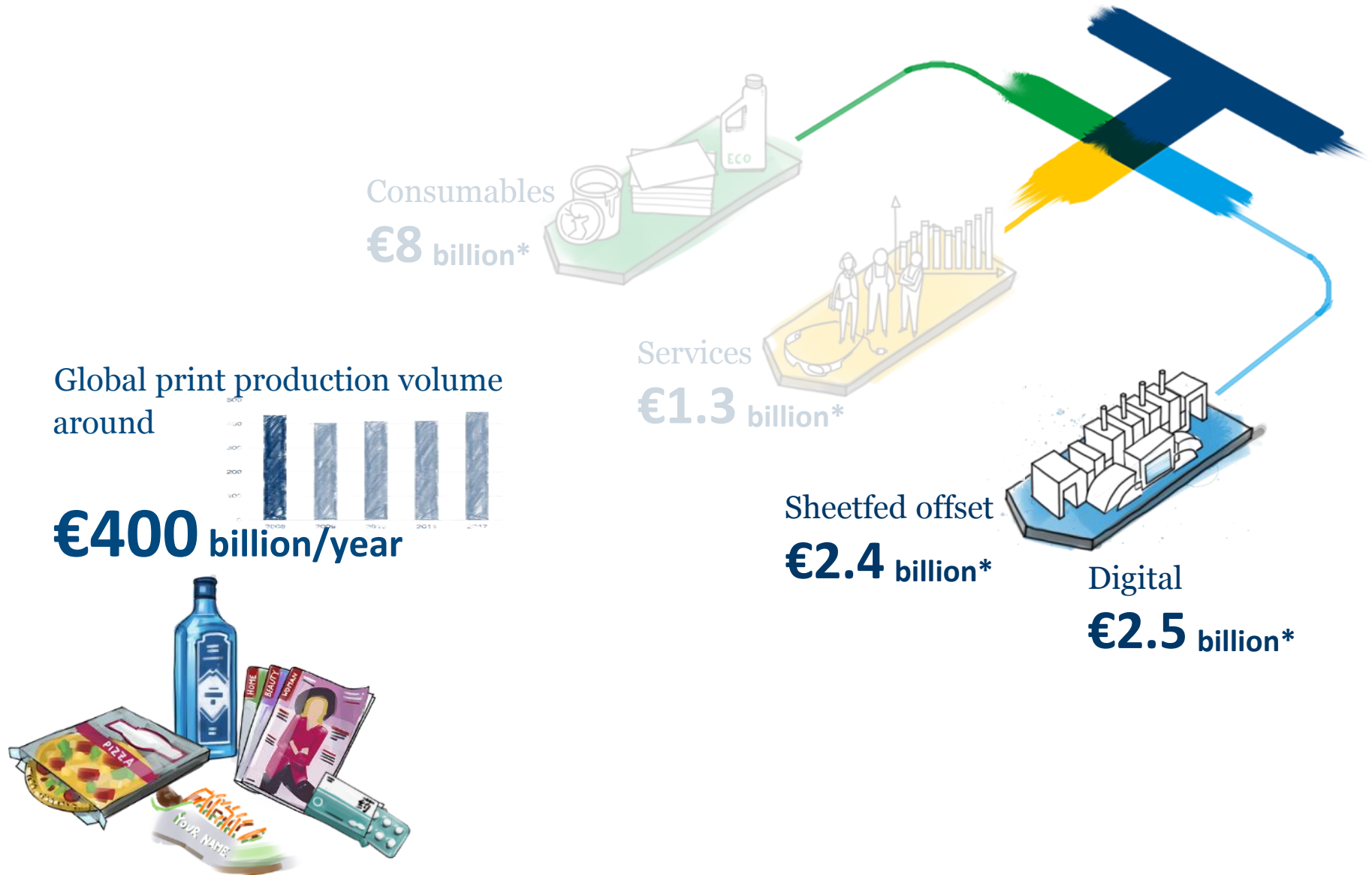
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Stephan Plenz

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Harald Weimer

Stable market worth billions with attractive growth areas

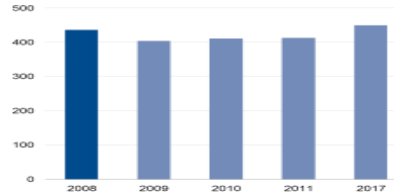


* Accessible market for Heidelberg Druckmaschinen, excluding postpress

Stable market worth billions with attractive growth areas



Global print
production volume



Around
€400 billion/year

FOCUSED ON THE RIGHT CUSTOMERS

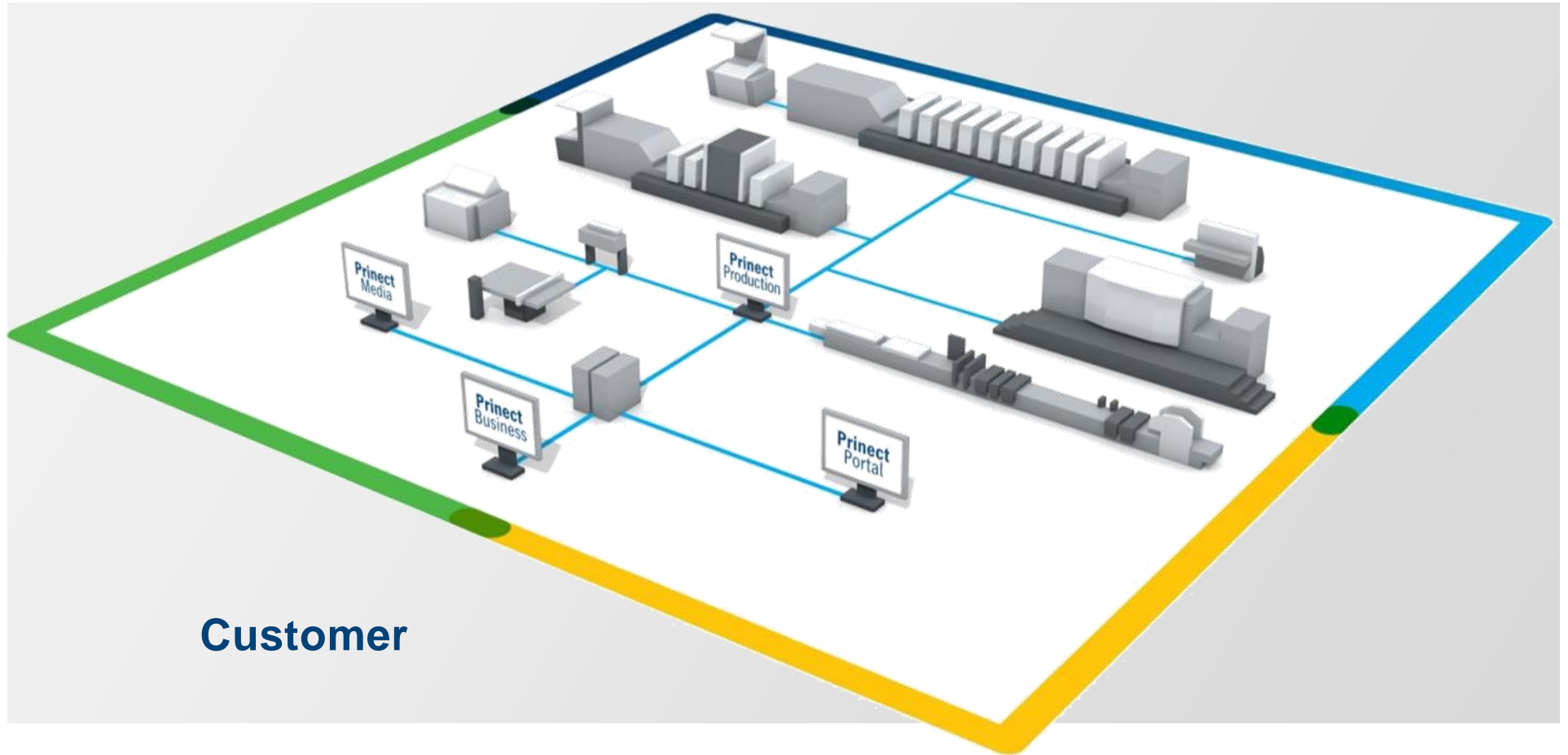
... daß es T-Offset gibt. Sie ist die Basis für den Erfolg mit Klein-drucksachen.

Mit der Vielseitigkeit von Heidelberg T-Offset machen kleine und große Betriebe die Angebote an ihre Kunden attraktiver.

From 200,000 small handcrafters...



Smart Print Shop. Integration is key.



Customer

Daily challenges of our customers.

Business innovation and operational excellence.



Business Innovation

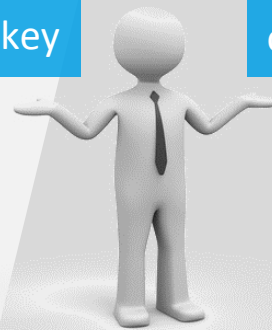
- New business models
- New applications
- New customers
- New products
- New services

“New” is not enough,
economics by industrialized digital printing is key

Operational Excellence

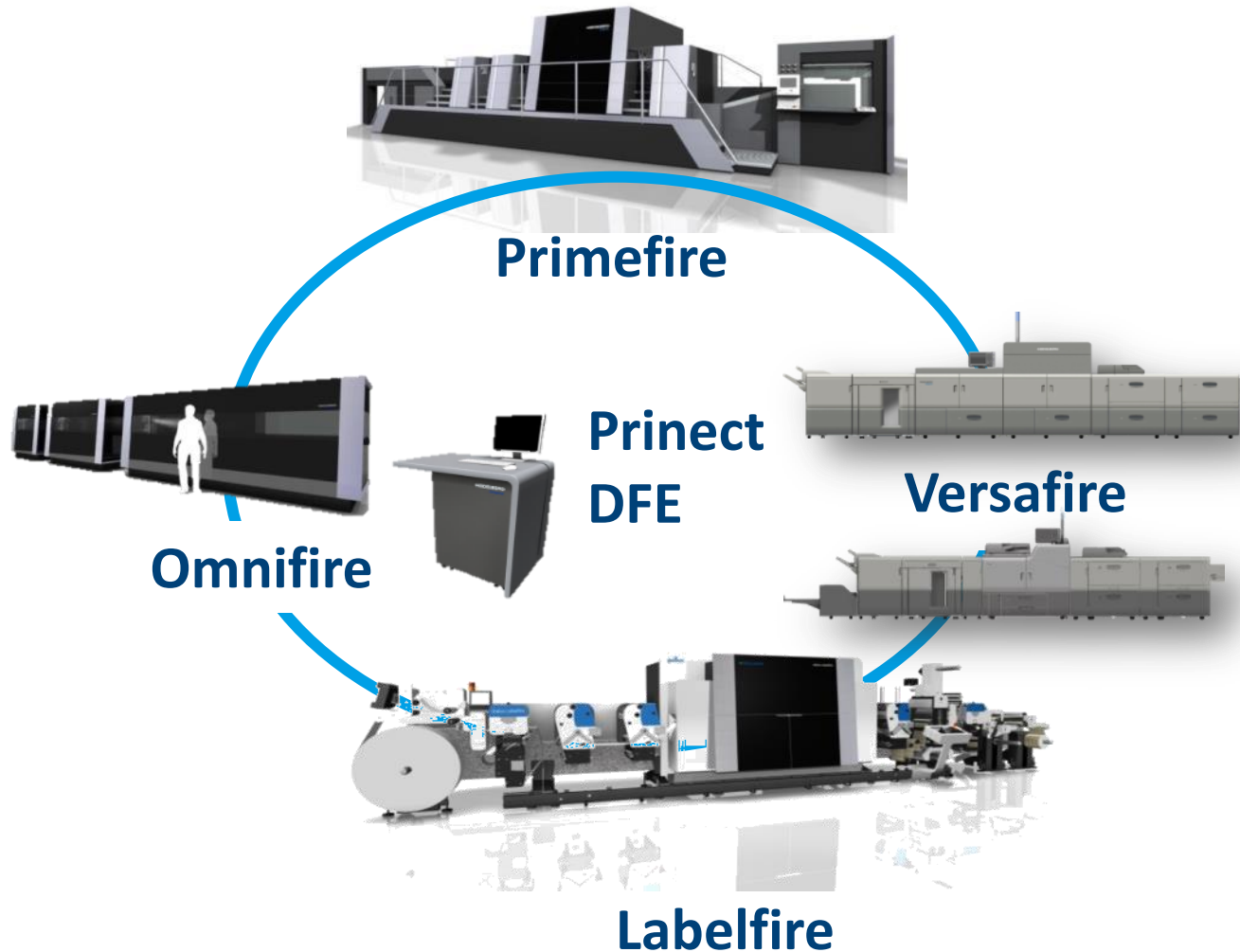
- Existing services
- High automation and net output
- Integration and process automation

“Feature – Function – Benefit” is not enough,
overall equipment effectiveness (OEE) is key

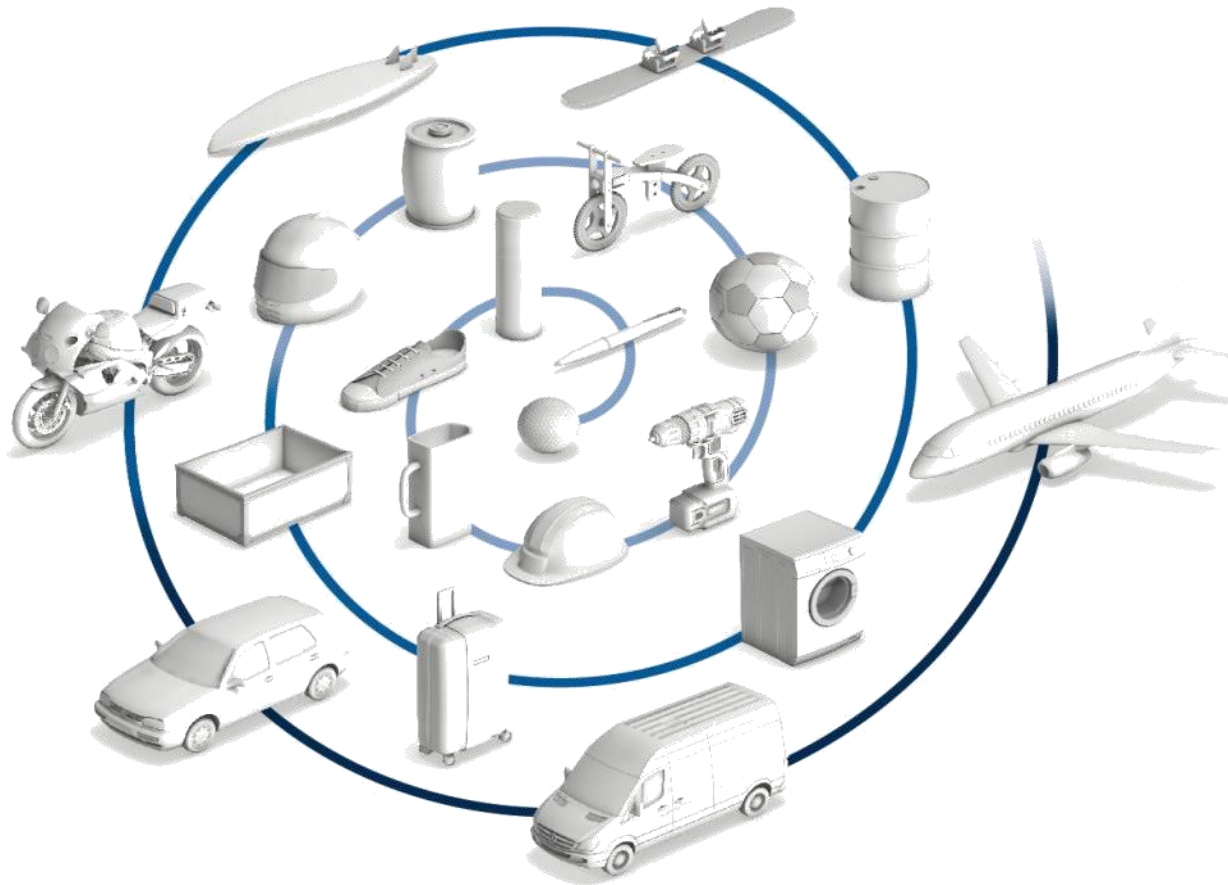


Print Shop Manager

Business innovation: The new Heidelberg digital portfolio. The “fire” products.



4D printing – the new dimension in print. Heidelberg Omnifire.



— Omnifire 250

— Omnifire 1000

— Omnifire XL

Customer demand for variable digital printing. Heidelberg Versafire.



High versatility and high performance

- Integration into production workflow
- Easy user interface
- Low click price



Customer demand for short-run label printing. **Gallus Labelfire 340.**



**The new benchmark in digital converting –
highest quality in a single pass**

- Individual designs
- Marketing campaigns
- Regionalization
- Personalization



Heidelberg world premiere. Launch of Primefire 106.



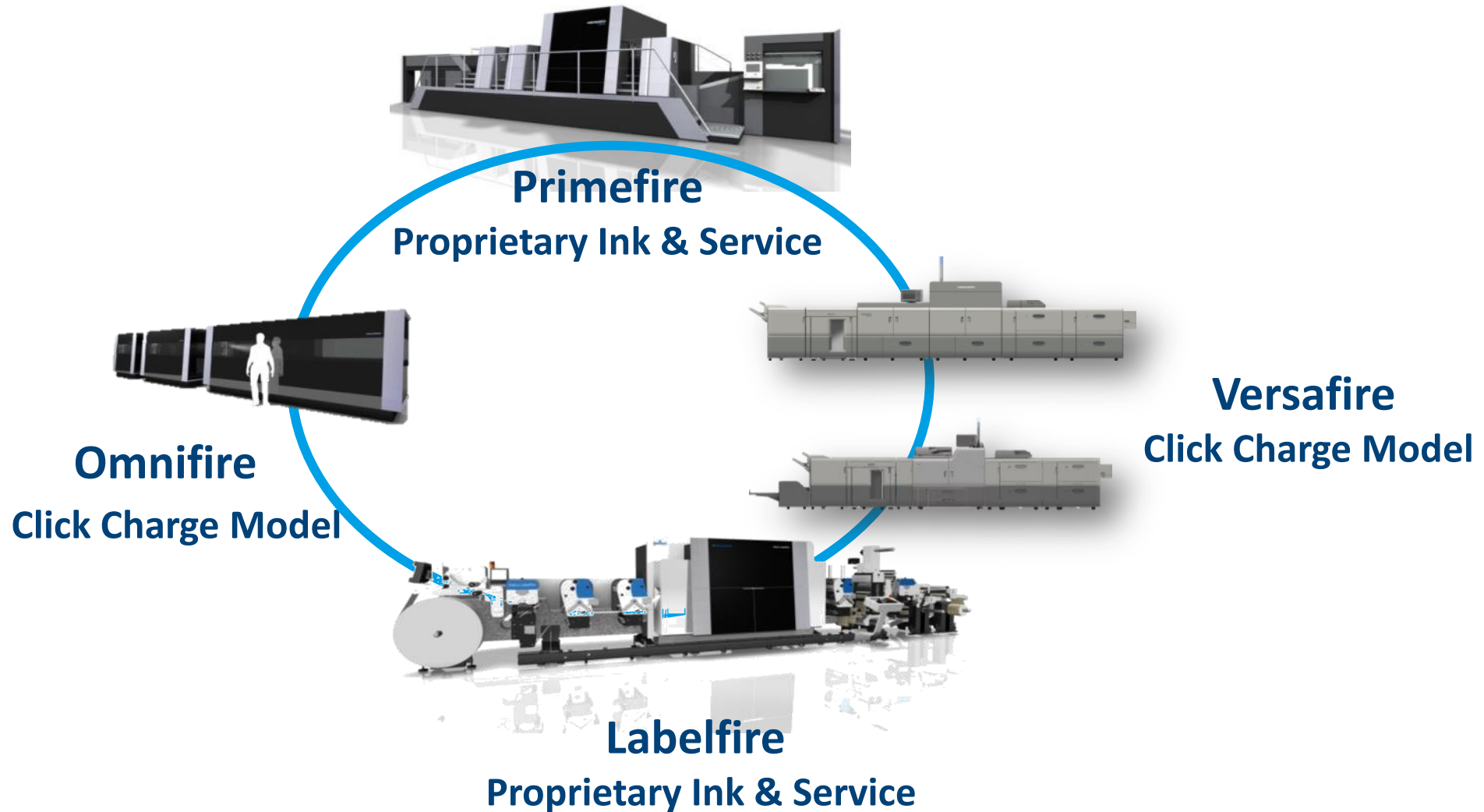
The new Heidelberg Primefire 106 powered by Fujifilm inkjet technology offers

- Reliable industrial digital production in B1 size
- High flexibility for packaging and commercial printing to meet the needs of today's brands
- Individualized and personalized printing



Digital Business Model.

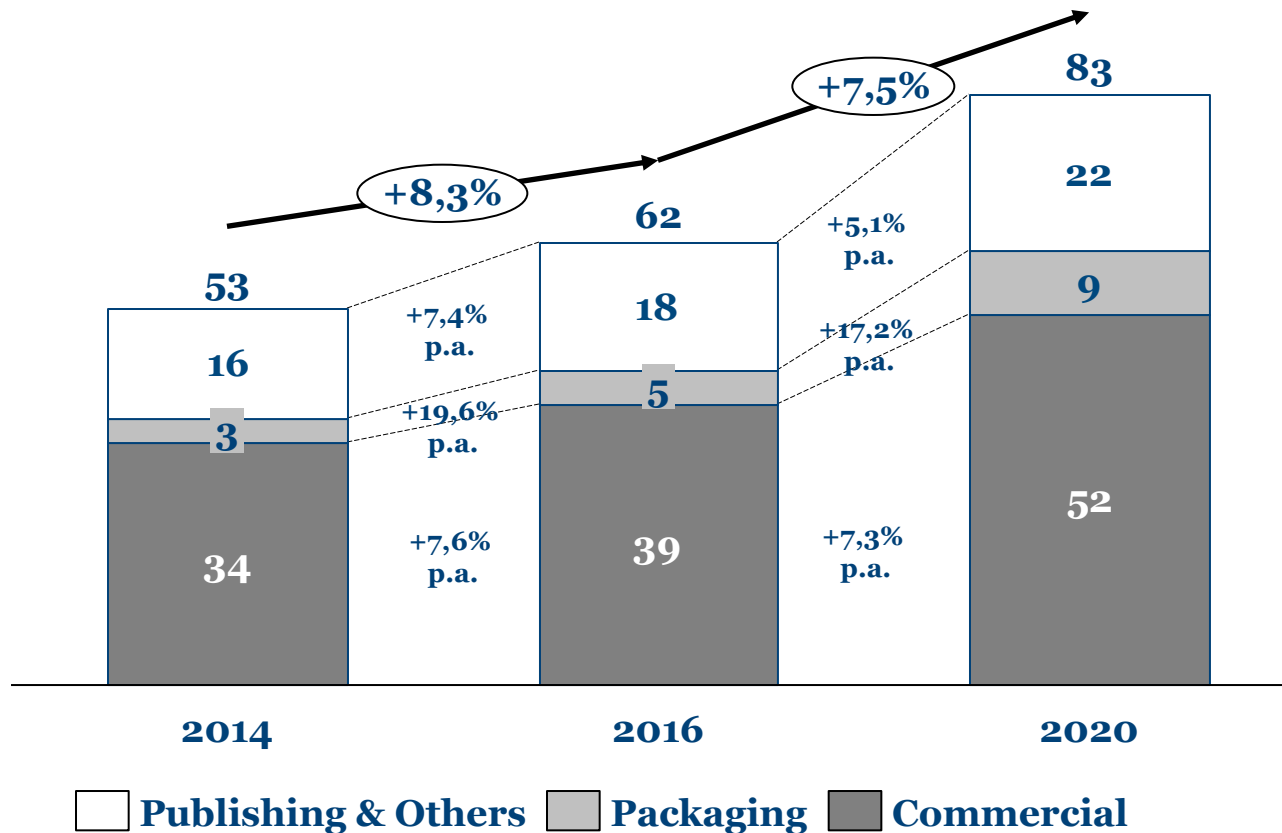
Main profit contribution results from recurring revenue (Inks and Services).



Digital print is growing. Highest growth in Digital Packaging.



Development of the global Digital Print Production Volume by segments (PPV in bn. €)



Packaging

- Folding Carton
- Labels
- Flexibles

Commercial

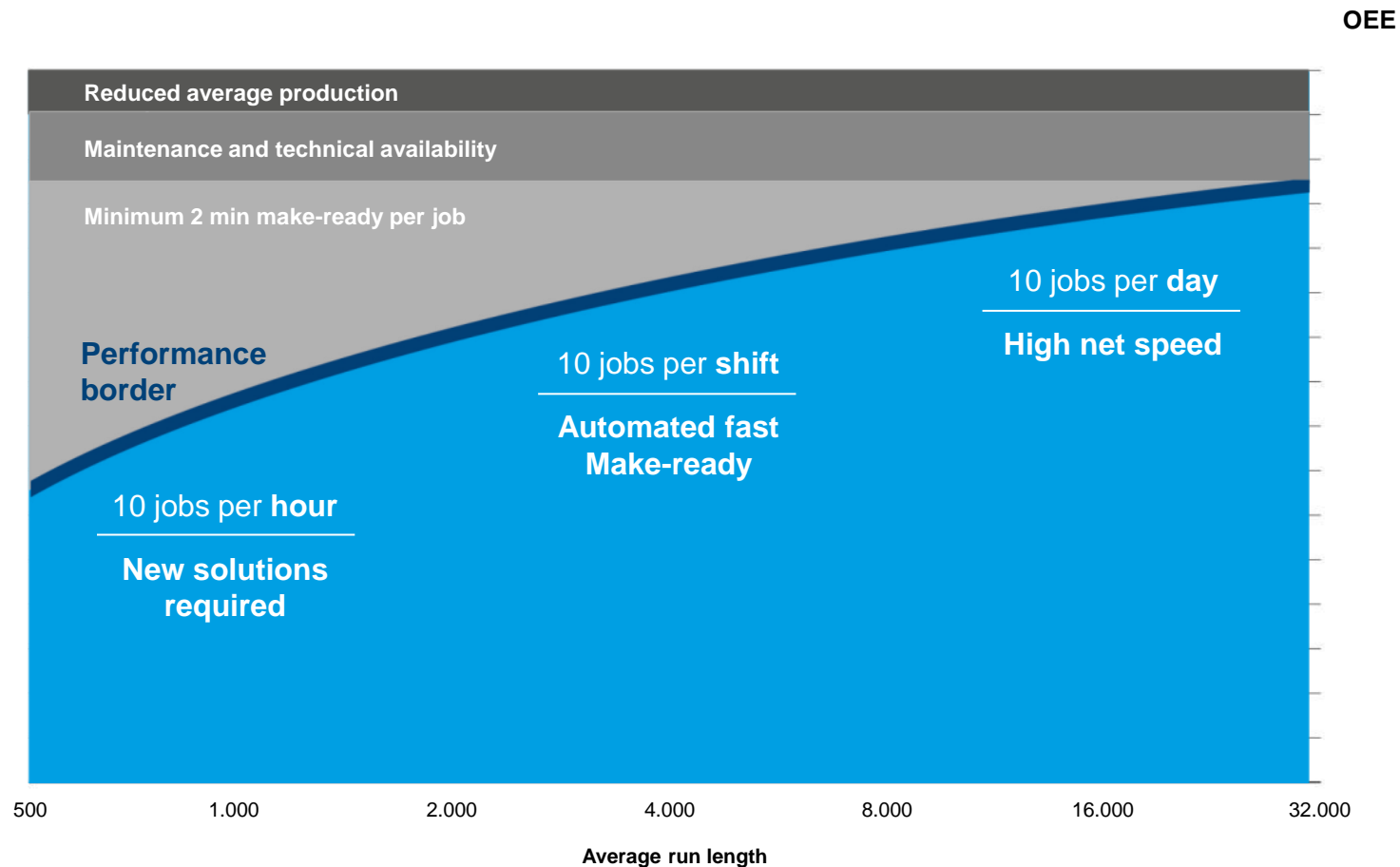
- Catalogs
- Advertising
- Financial / Legal
- Directories

Source: Heidelberg estimate – June 2015, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight
Digital: Only Digital Production Devices are taken into consideration ----- *Base Year 2009

Operational excellence. The requirements have changed.



New way of thinking required.



Operational excellence.
We have to change our mindset.



Paradigm change:

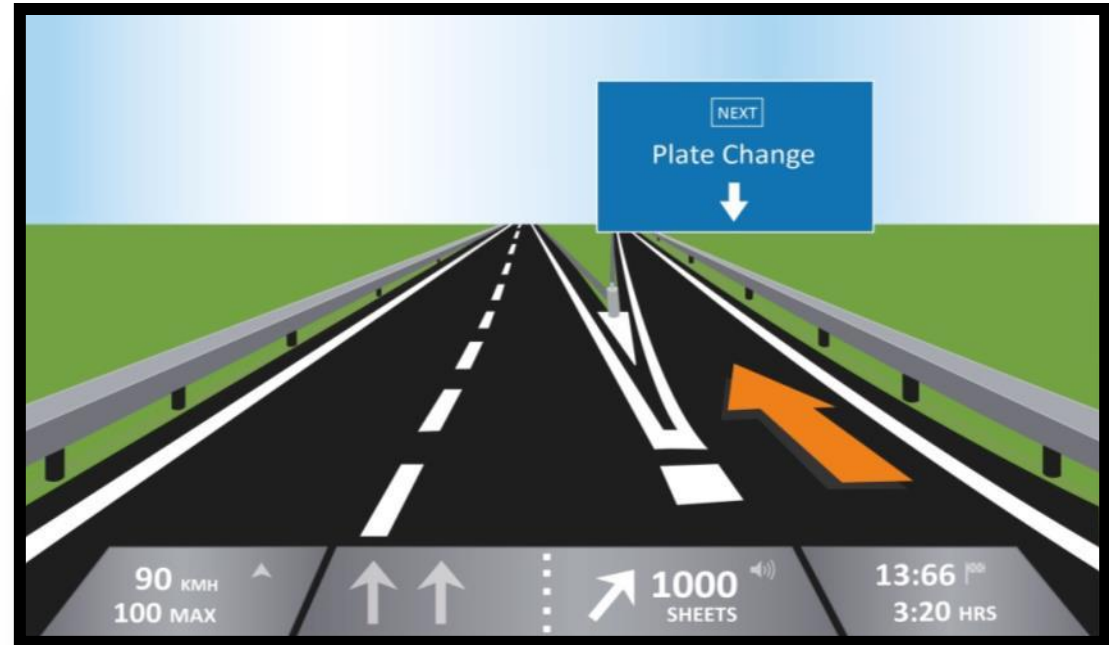
Process runs autonomously.
We only interrupt if necessary.

Push to Stop



Operational excellence – for packaging printers.

Unique navigation functionality.



New Intellistart 2 with Intelliguide

- Calculates the fastest makeready strategy
- Guides the operator through the individual steps on the press

Operational excellence – for commercial printers.

Unique autonomous printing functionality.



New Intellistart 2 with Quality Assist

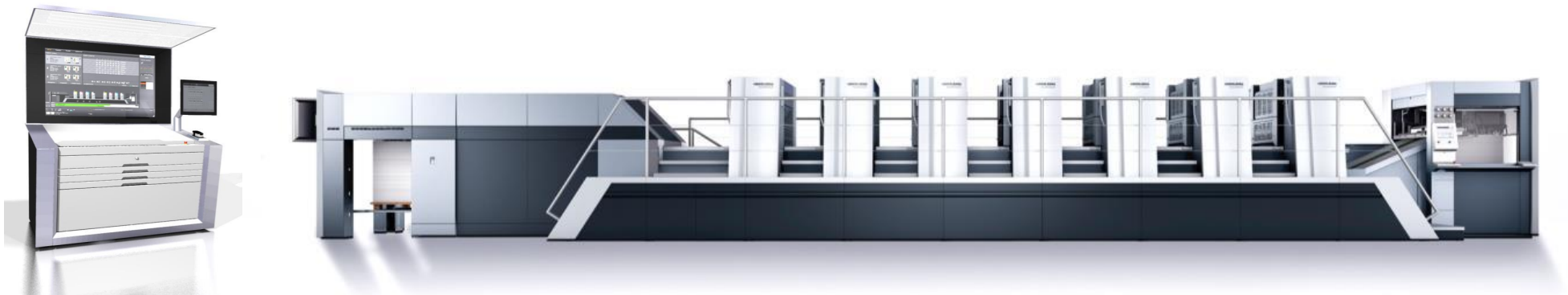
- Executes autonomously the fastest makeready strategy
- Operator-independent and predictable

Operational excellence.

New Speedmaster XL 106 – peak performance redefined.

Industrial print production at revolutionary performance level

- Cyber-physical system fully integrated into digital workflow
- Outstanding automation with new simultaneous makeready functions
- Unique Intellistart 2 enables navigated and even autonomous print production



Smart Print Shop.

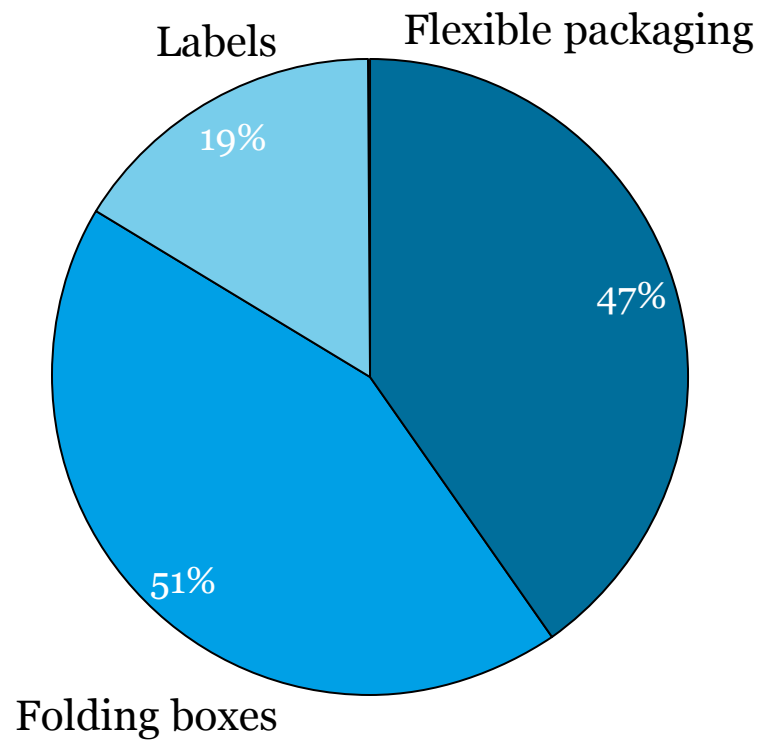
Heidelberg integrates Digital and Offset.



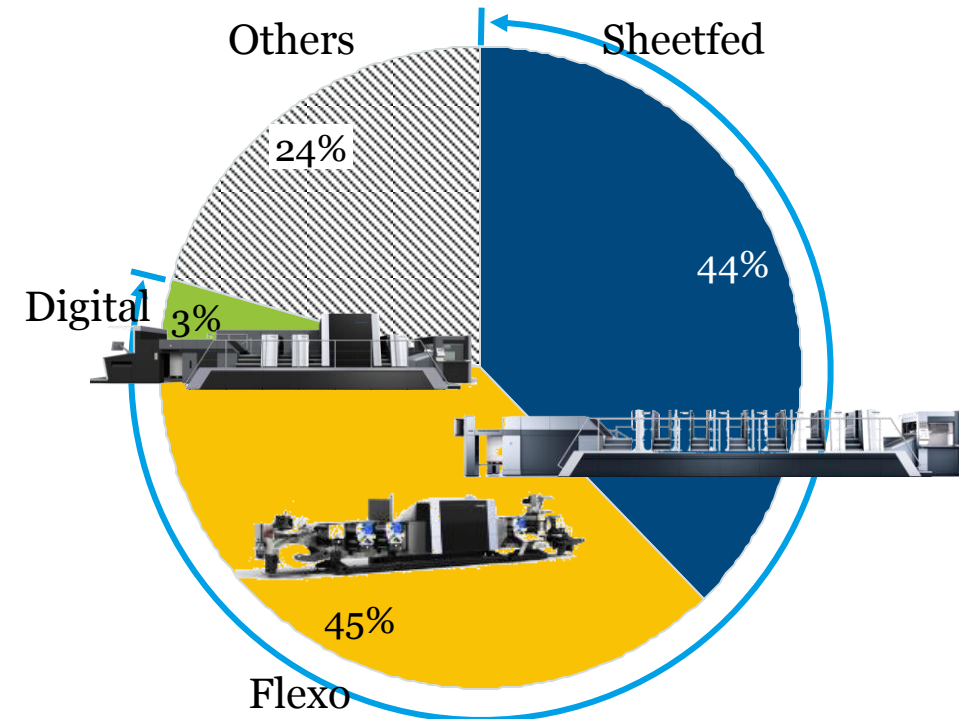
Technology leader in growing packaging market.



Packaging volume 2014: € 116 bn



Print technology



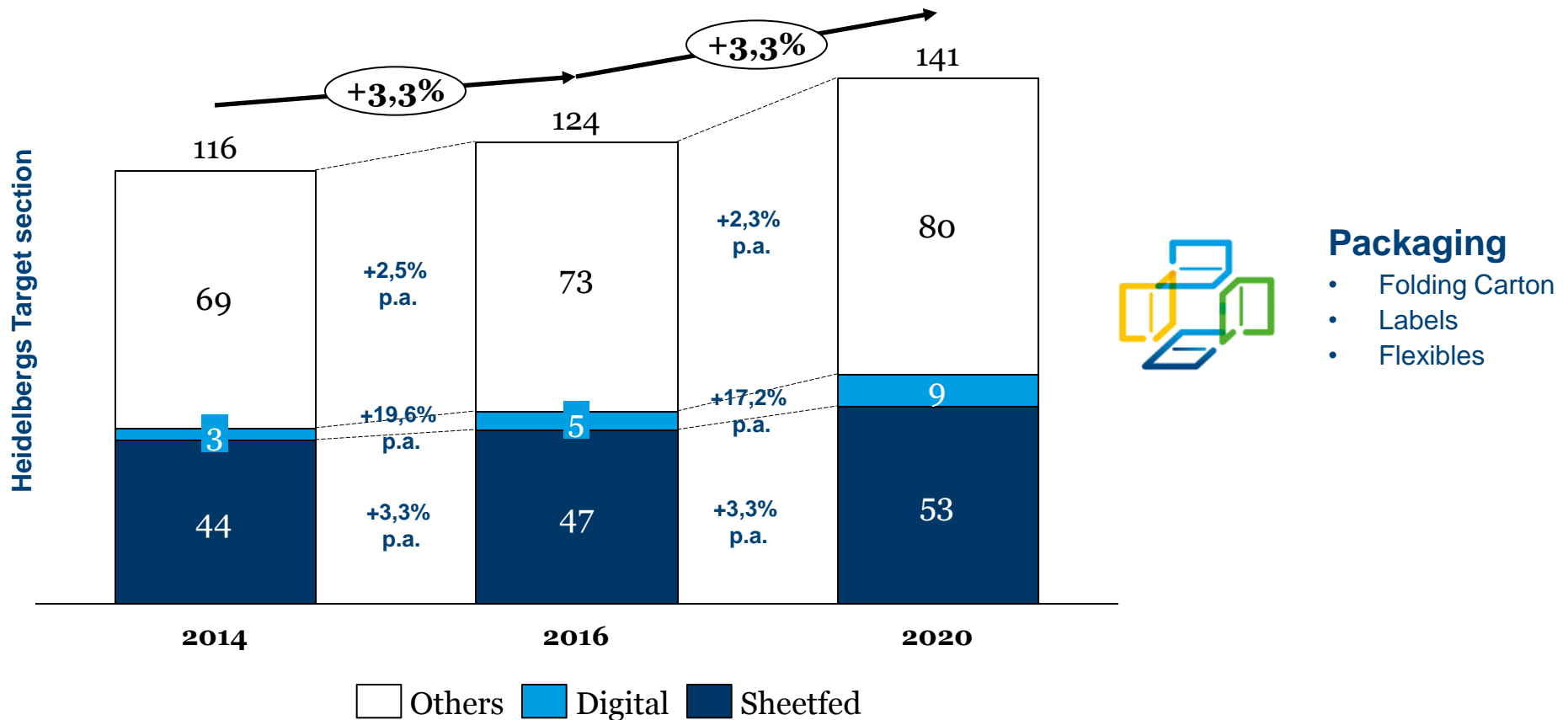
Source: Heidelberg Estimates– July 2015, Industry statistics, PIRA, RISI, PRIMIR, Global Insight
Base Year 2009

Packaging is growing.

Highest growth in Digital Packaging.



Development of the global Print Production Volume by segments (PPV in bn. €)



Source: Heidelberg estimate – June 2015, industry statistics, PIRA, Jakkoo Pöyry, Primir (GAMIS), Global Insight
 Digital: Only Digital Production Devices are taken into consideration ----- *Base Year 2009

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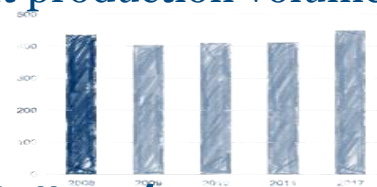
Stable market worth billions with attractive growth areas



Consumables
€8 billion*



Global print production volume
around



€400 billion/year



Services
€1.3 billion*



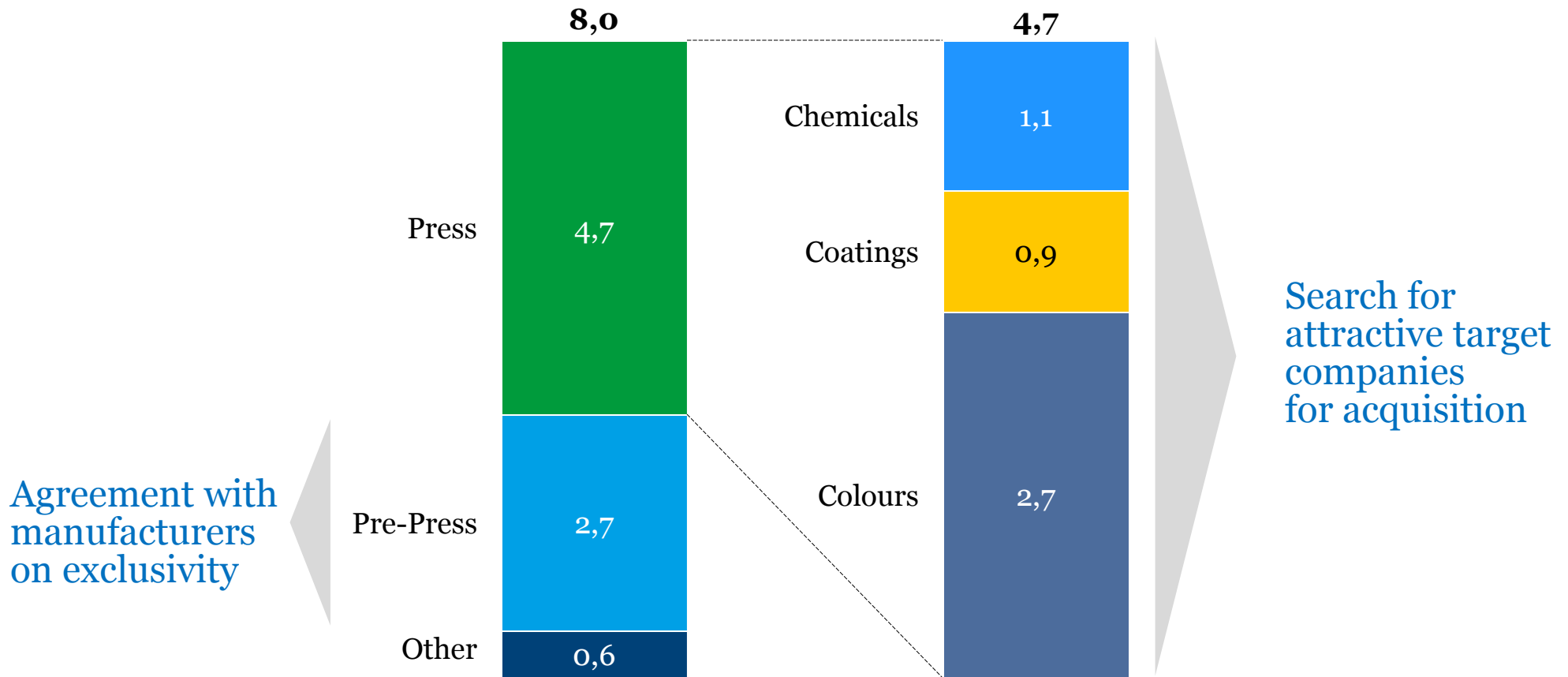
Sheetfed offset
€2.4 billion*



Digital
€2.5 billion*

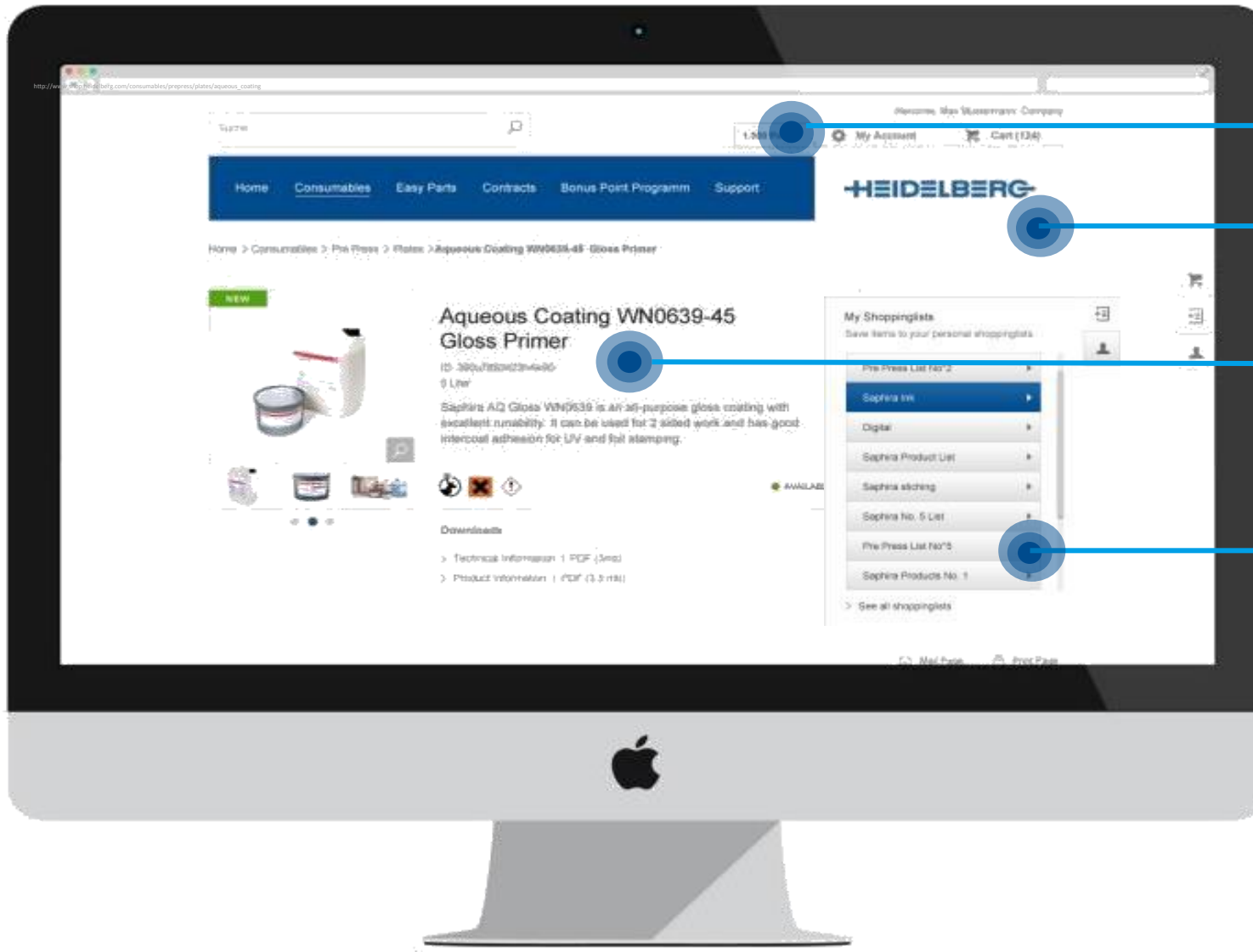
* Accessible market for Heidelberg Druckmaschinen, excluding postpress

Growth potential Consumables: Market Size and Segments



New Heidelberg eShop.

24/7 supply for your print shop with modern user interface.



Personalized access for
registered customers

Exclusive prices
Quantity Discounts
Free delivery

In-depth product
information
Safety sheets and application
know-how on your fingertip

Shopping lists
One click to order

Heidelberg eShop.

Leverage today's strong position to redefine eCommerce for the PMI supply.



Today: 24x7 access for registered customers to broad consumables portfolio including Heidelberg Saphira brand to...

80,000 orders per year
in **27** countries

Next steps:

- Open shop without registration incl. credit card payment for instant shopping
- Continuous extension of product portfolio
- More countries: Heidelberg eShop in China - August 2016

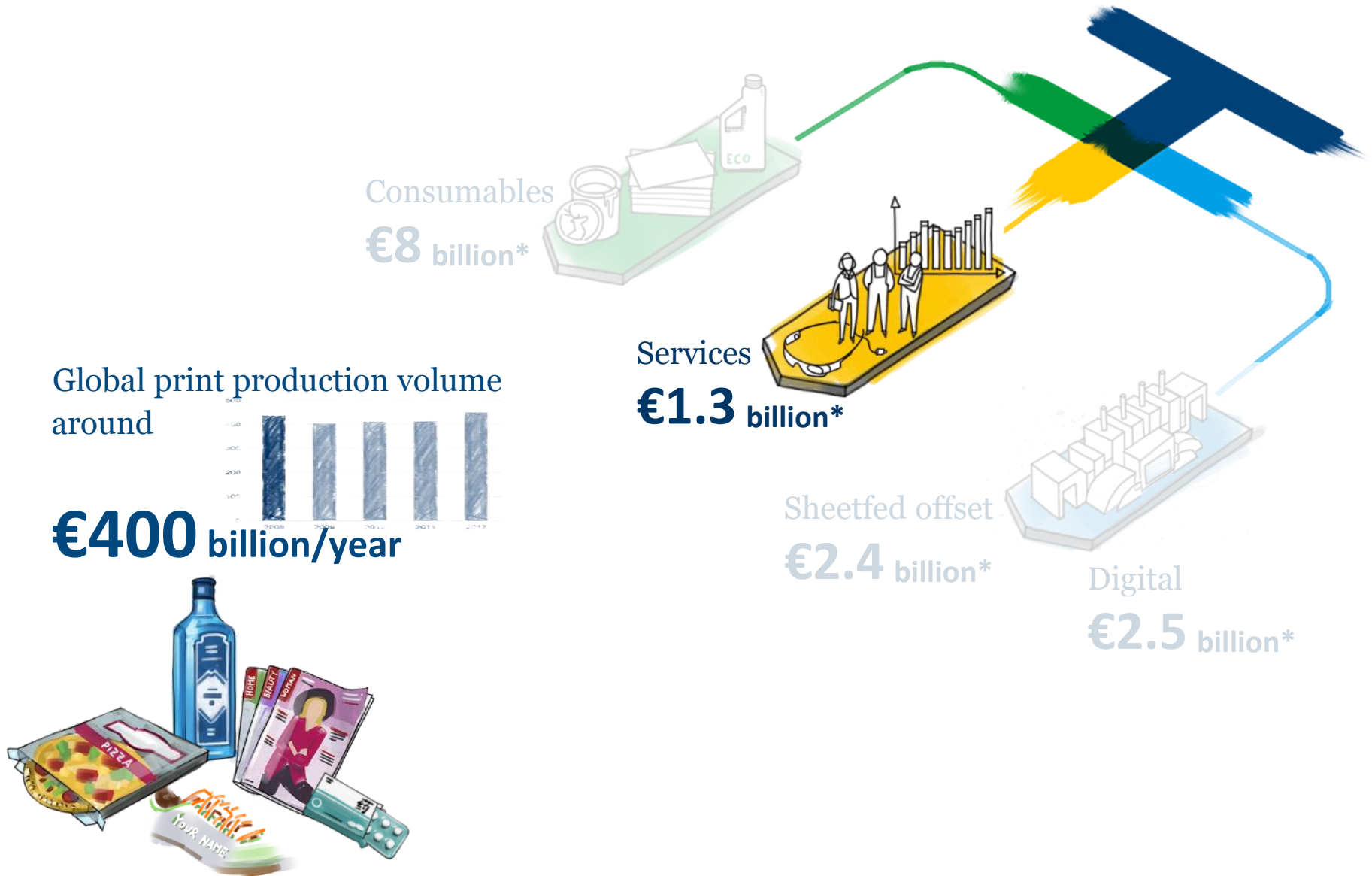
Autonomous printing. Fully automated plate production.



Industrial scale production:

- Seamless integration in Prinect
- No operator needed
- Remote Service connection, lower service-cost

Stable market worth billions with attractive growth areas



* Accessible market for Heidelberg Druckmaschinen, excluding postpress

Heidelberg SystemService.

The answer to customers' service needs.

Our customers want ...

- Maximum availability and productivity
- Minimized and known service costs
- Optimum quality
- High resale value



Our assets are ...

- Largest service network in the print media industry:
 - 3,000 Systemservice experts worldwide
 - Worldwide logistics network with 4 hubs in Germany, the USA and Asia
- Most sophisticated Remote Services capabilities with more than 25,000 devices and Prinect modules connected delivering online Big Data for predictive analysis
- Comprehensive product portfolio



Heidelberg SystemService.

A comprehensive portfolio for greater performance.



Technical Services



Installation



Relocation



Maintenance



Cleaning



Remote Support



Repair



Original Parts



Overhauling

Performance Services



Evaluation



Color Management



Training



Upgrades



Remote Monitoring



Performance Plus

Service Agreements

On-Demand
One-Time Service

Point-of-Sales Agreements
For new equipment

Heidelberg Partner Program
For installed equipment

Performance Agreements
For increased productivity

Predictive Monitoring. Unique in the printing industry.

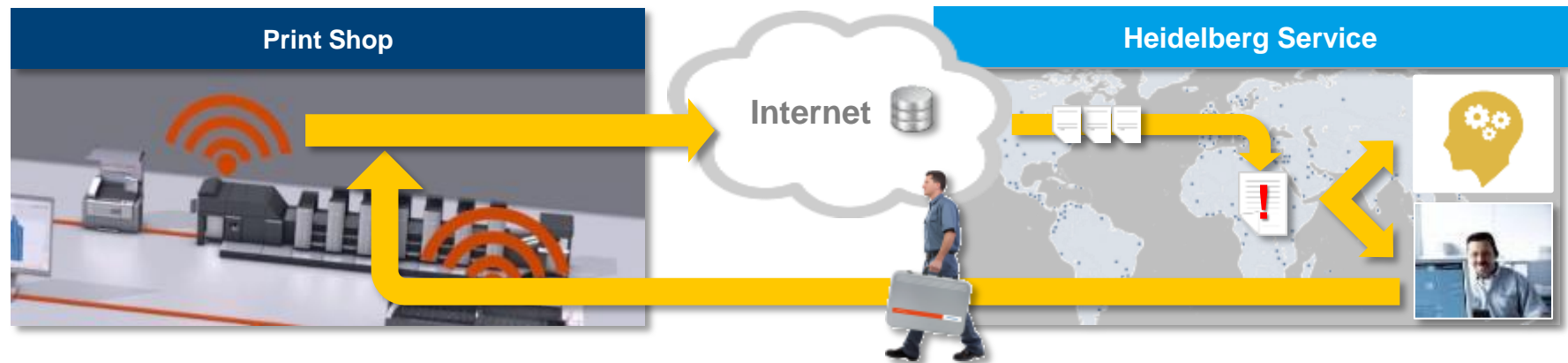


With the most advanced built-in Remote Service technology and the state-of-the-art Big Data analytics platform we are able to offer with Remote Monitoring a predictive service to provide highest machine uptime:

- Predictable production schedule thanks to early detection of failure indicators
- Reduced downtime thanks to intelligent combination of tasks in one service call
- Fast and precise failure analysis
- Regular conference calls to monitor machine status

Predictive Monitoring.

Higher uptime thanks to predictive service.



Capture

Continuous data collection
(~ 500 million data records per machine per year)

Analyze

System algorithms detect irregularities and propose aggregated tasks for predicted failures

Fulfill

Expert creates intelligent task list and plans execution:

- Remotely
- Next planned visit
- Immediate on-site call (exception)

Report

Transparency:

- monthly data review
- service report
- regular conference calls

Performance Plus.

A new approach to boost customers' performance.

Heidelberg has developed a unique service to **unleash customers' full potential.**

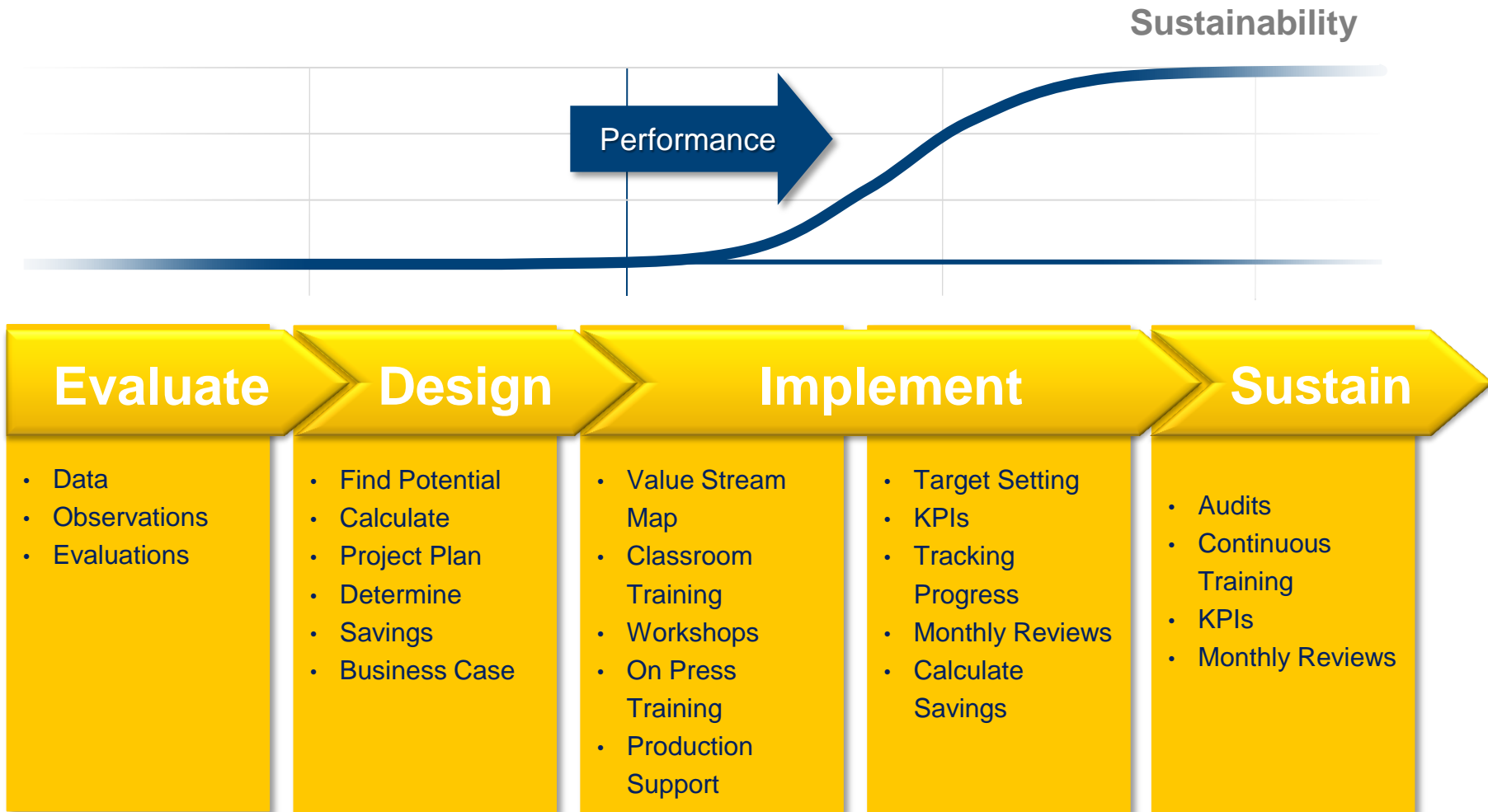
Performance Plus is not just for one machine or system but

for the entire print shop – a new, integrated approach

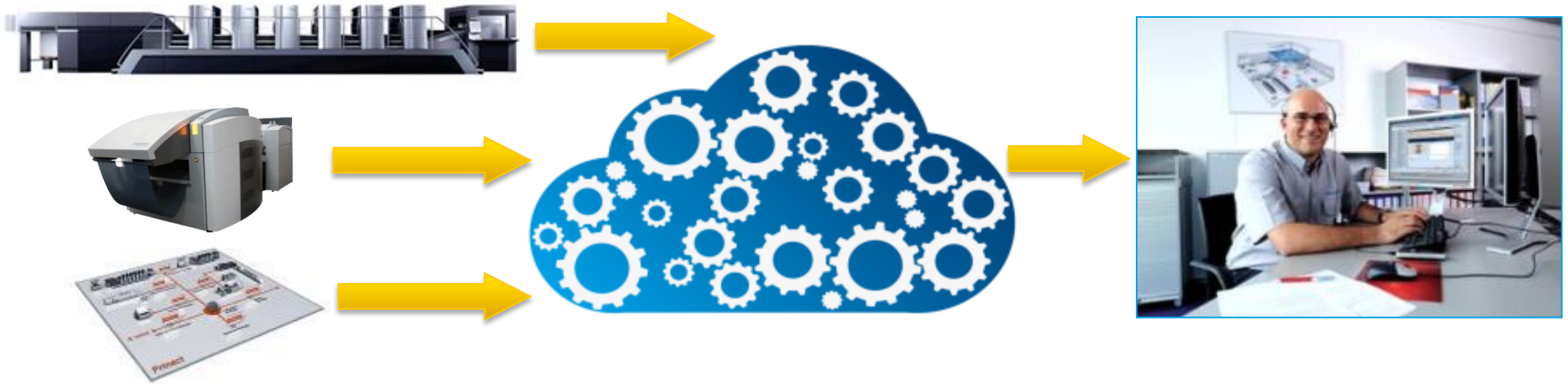
where we don't just advise customers but also guide and support them during

implementation, from the minute an order is received through to billing.

Performance Plus. Implementation & structure.



There is one more thing.



There are...
more than 10.000 machines and
15.000 Prinect modules connected

There is...
Big Data combined with central
analytical and predictive logic to
provide the base for Heidelberg's

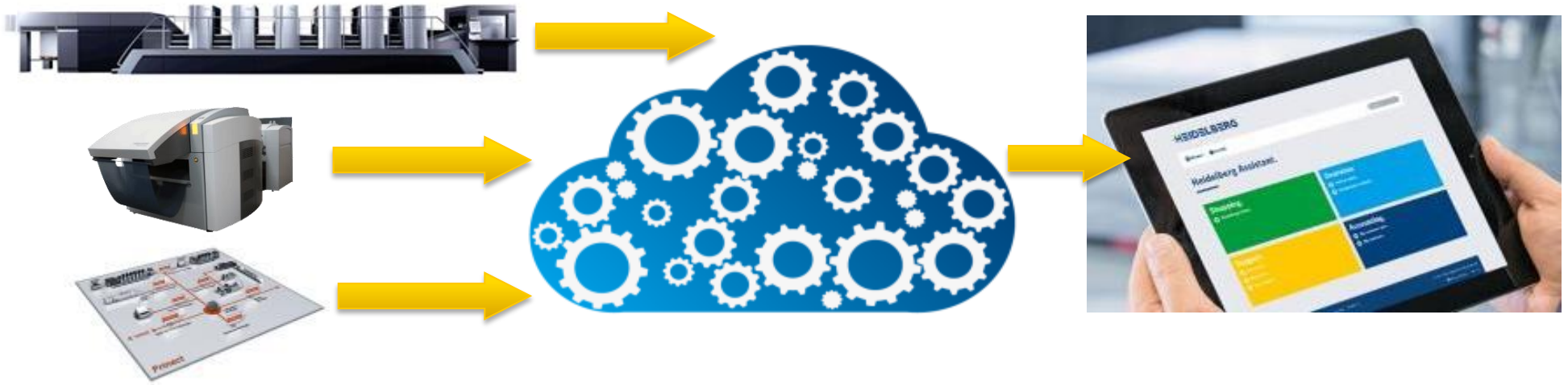
- Performance Benchmarking
- Remote Monitoring
- Performance Plus

There are...
more than 3.000 technicians
providing these services today

It is one of the biggest knowledge sources of the Print Media Industry

The Heidelberg Cloud

And now we open it for our customers.



Heidelberg Assistant

**Personal access for
Heidelberg customers**

- Expert know-how on your fingertip
- Transparency about availability and performance of your print shop

The Heidelberg Assistant.



Heidelberg Assistant will enhance the eShop with further functionalities



Shopping
=
eShop

Smart shopping powered by Heidelberg Cloud:

- Offer only fitting products for printer as search results
- Predict optimal order size based on consumption of machines
- Notify customer, if reorder is due considering consumption and delivery time
- Orders generated by machines as semi/full-automated process
- Recommend wear and tear parts according operation time of machines

Heidelberg Assistant. Service and support at your fingertip.



Overview

Service and Support powered by Heidelberg Cloud:

- Access to expert know-how
- Create and track service requests online
- Notification about maintenance dates
- Suggestions for predictive maintenance actions
- Recommendations for performance improvements and visualization of performance trends

To summarize...



New Heidelberg.

Successful strategic reorientation.



Market leader

- Strong brand
- Broadest installed base worldwide
- Successful turnaround

Sales growth

- 50% of sales from services reduce earnings volatility
- Mid-term topline growth from € 2.5bn to € 3bn
- Growth with Digital, Service and Packaging

Earnings growth

- EBITDA-margin 7 - 10 %
- Growing profit after taxes
- Continuous EPS increase

Stable financing

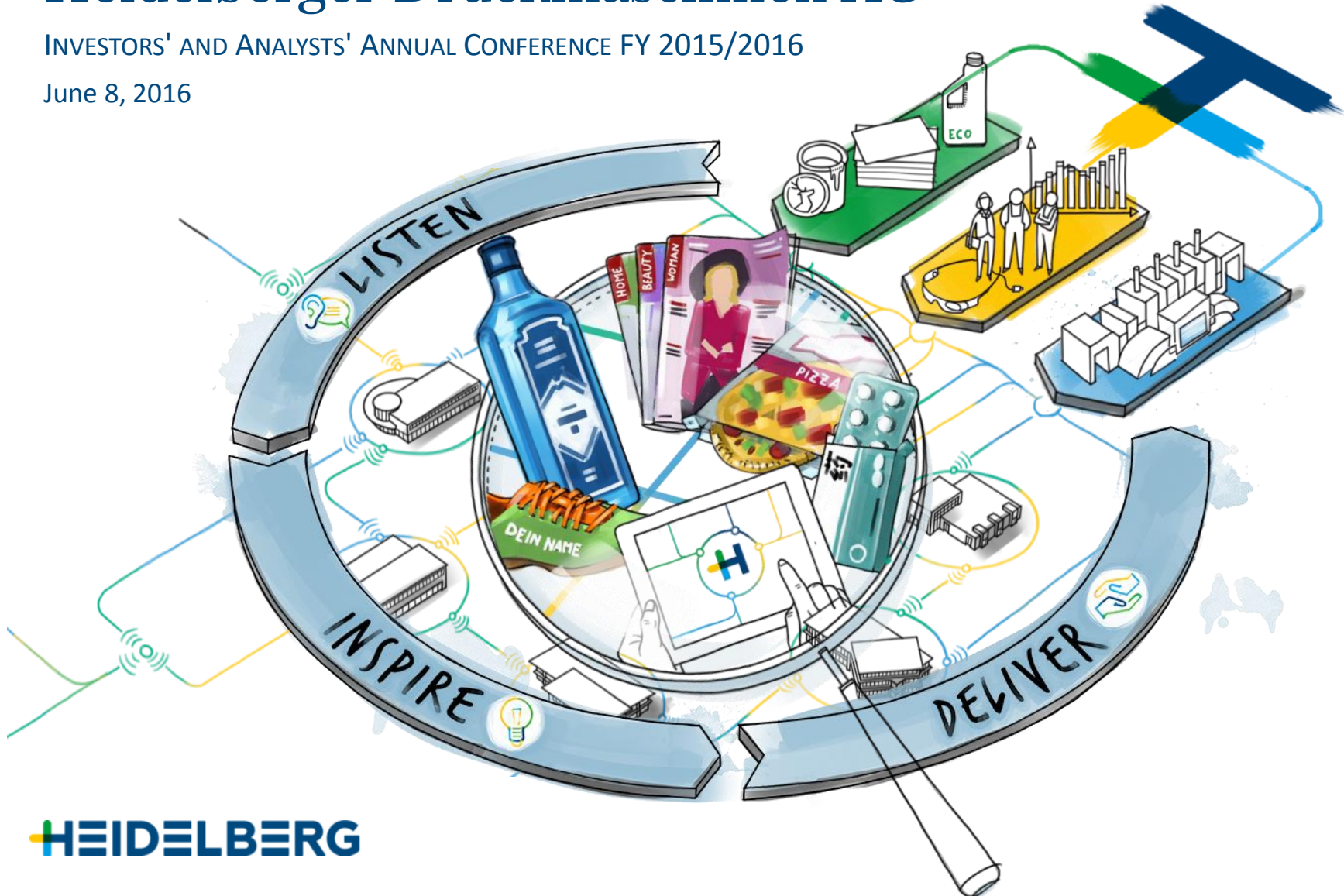
- Low Leverage <2
- Long-term financing framework until 2024
- Financing of growth secured



Heidelberger Druckmaschinen AG

INVESTORS' AND ANALYSTS' ANNUAL CONFERENCE FY 2015/2016

June 8, 2016



Important note

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