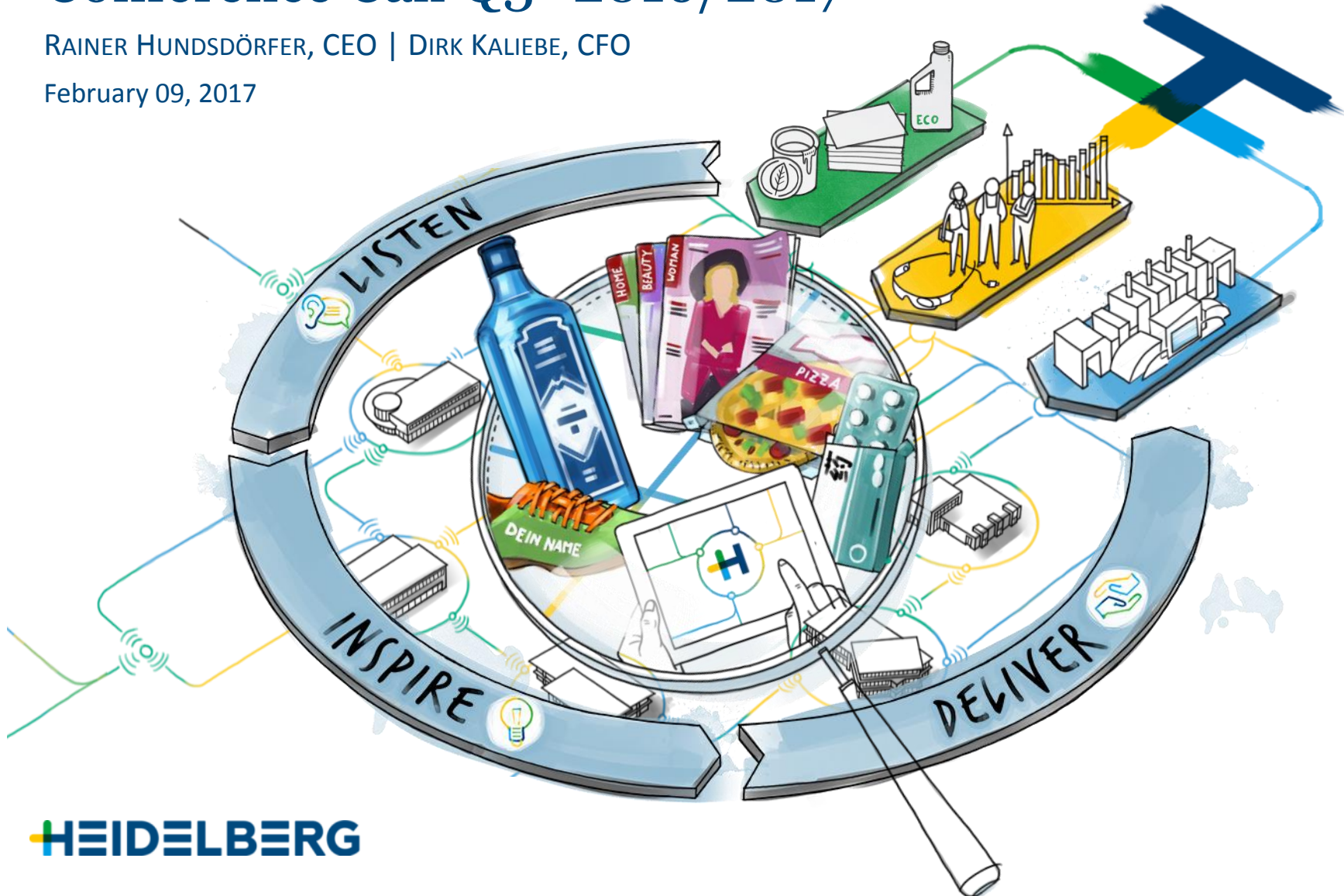




# Conference Call Q3–2016/2017

RAINER HUNSDÖRFER, CEO | DIRK KALIEBE, CFO

February 09, 2017



# Highlights Q3–2016/2017

First **summary** after “100 days” in charge:

- Heidelberg is **on track** to increase its **profitability**:
  - **Solid order trend** after 9m; orders up 4.5% yoy; order backlog +61% vs. FYE
    - **Sales and profit increase** from Q2 to Q3 in line with expectations
    - **Net profit** increased in Q3
    - **Targets confirmed, based on strong YE-finish**
- Heidelberg is **on track** to become a **digital company**:
  - **Digital portfolio** well received
  - **Digitization**: investments in digitization projects, i.e. IT infrastructure, Big data analysis, machine-cloud
    - **Next Step: speeding-up the digital transformation to continuously drive up profitability**



## ▪ **New group structure for the digital future**

- We will **realign our organization** to accelerate the company's digital transformation and thus ensure that the correct business models are in place for the high-growth customer segments in the years ahead.
- There will be a **division** that will develop, manufacture, and supply the ideal digital technologies and products for new business models.
  - Continuous increase in efficiency and margins
- Another **division** will develop and market new business models.
  - Extension of value added including through targeted acquisitions
  - Demand of Heidelberg know-how beyond PMI
- Adjustment of the **global sales and service network** to suit the digital challenges that customers face.

## ▪ **Target of Heidelberg: To become faster, more flexible and more productive for a digital future**

# Key figures 9m 2016/17



in € million	9m 15/16	9m 16/17	Δ pY
Order intake	1,904	1,990	+4.5%
<b>Sales</b>	1,802	<b>1,680</b>	-6.8%
<b>EBITDA before special items</b>	119	<b>94</b>	-25
<b>EBIT before special items</b>	65	<b>43</b>	-22
Special items	-24	-8	
Financial result	-42	-42	
Net result before taxes	0	-7	-7
<b>Net result after taxes</b>	-7	<b>-10</b>	-3
<b>Free cash flow</b>	-37	<b>-10</b>	+27
	03/31/16	12/31/16	
<b>Equity</b>	287	246	
<b>Net debt</b>	281	282	
<b>Leverage</b>	1.5	1.7	

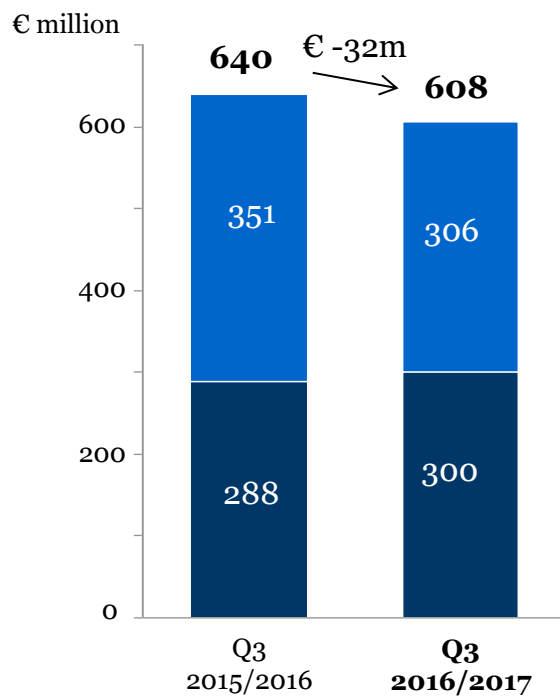
## Comments

- **9m Order intake** outperforms last years figure (incl. China trade show) **due to strong drupa**; solid **order backlog** of € 739m (+61% vs FYE)
- **Sales volume** after 9 months still below prior year; substantial sales increase in Q4 expected
- Lower sales and drupa costs (approx. € 10m) esp. in Q1 burden **EBITDA** (PY includes € 19m positive one-time effect from PSG acquisition); Q3 EBITDA margin 8%.
- **Financial result** will benefit this year from early redemption of HYB 2011
- Strong increase in **net result** from € 7m to € 18m in Q3, after nine months slightly below prior year
- **Free cash flow** despite payments for portfolio optimization of € 18m only slightly negative; strong improvement against prior year
- Rise in discount rate against Sep 30, 2016 to 2.2% to value pension obligations increases **equity ratio** to 11.4%
- **Net debt** stable on low level;  
**Leverage** below target level of <2x

# Segments: Profitability improves in all segments in Q3

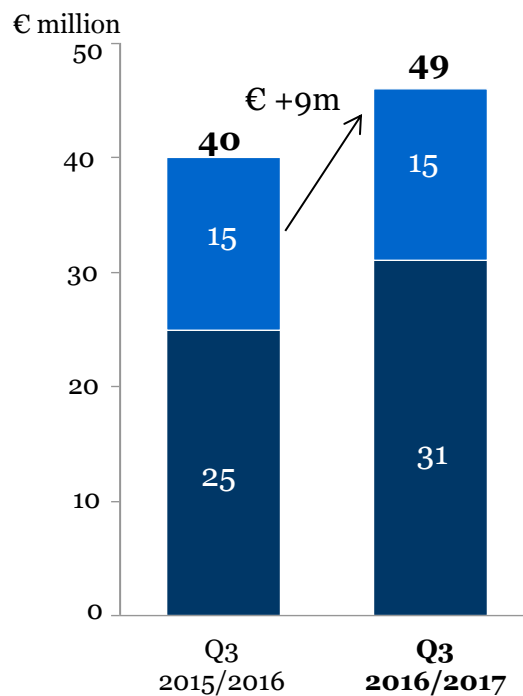


## Sales\* by segment



HD Equipment HD Services

## EBITDA\*\* by segment



## Comments

- Q3 segment results within EBITDA margin target: HDE 4-6%, HDS 9-11%
- HD Equipment with improved operating profitability
- HD Services increases volume and profit

\* Third segment Heidelberg Financial Services not displayed: €1m net sales (previous year €1m) and €2m EBITDA (previous year €0m)

\*\* Before special items



## Summary: Financial Highlights Q3–2016/2017

- Incoming orders after nine months around 4.5 percent above previous year just under € 2 billion, order intake in Q3 of € 582m on previous years' level
- Order backlog on high level of € 739 million as of December 31, 2016
- Sales continue to rise over the course of the financial year with peak in Q4; still down against prior year at € 1,680 million after three quarters, substantial sales increase in Q4 expected
- Positive net result after taxes of € 18 million (Q3 2015/2016: € 7m)
- Free cash flow slightly negative at € –10 million (Q3 2015/2016: € –7m); Free cash flow improves to € –10 million after nine months (PY: € –37 million)
- Net debt still at low level of € 282 million; leverage below target of 2x
- Remaining on course for annual targets



# BACKUP

# Key figures Q3–2016/17



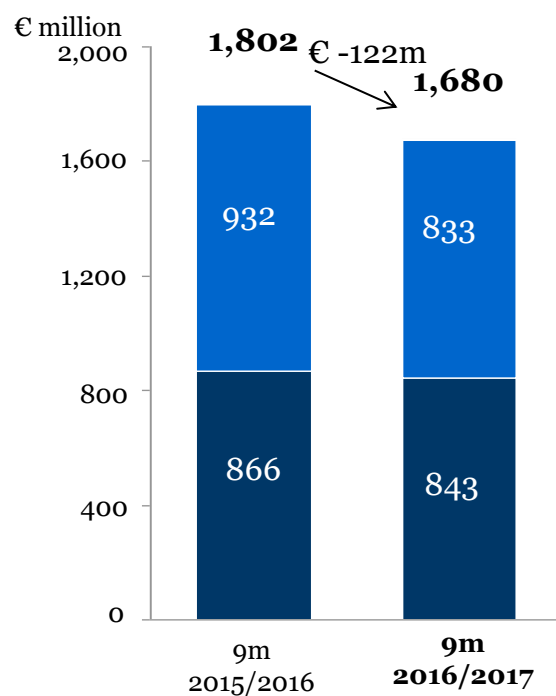
in € million	Q3 15/16	Q3 16/17	$\Delta$ pY
Order intake	581	582	0%
<b>Sales</b>	<b>640</b>	<b>608</b>	-5%
<b>EBITDA before special items</b>	<b>40</b>	<b>49</b>	+9
<b>EBIT before special items</b>	<b>22</b>	<b>32</b>	+10
Special items	-2	-2	
Financial result	-12	-13	-1
Net result before taxes	8	17	+9
<b>Net result after taxes</b>	<b>7</b>	<b>18</b>	+11
<b>Free cash flow</b>	<b>-7</b>	<b>-10</b>	-3
	<b>03/31/16</b>	<b>12/31/16</b>	
<b>Equity</b>	<b>287</b>	<b>246</b>	
<b>Net debt</b>	<b>281</b>	<b>282</b>	
<b>Leverage</b>	<b>1.5</b>	<b>1.7</b>	



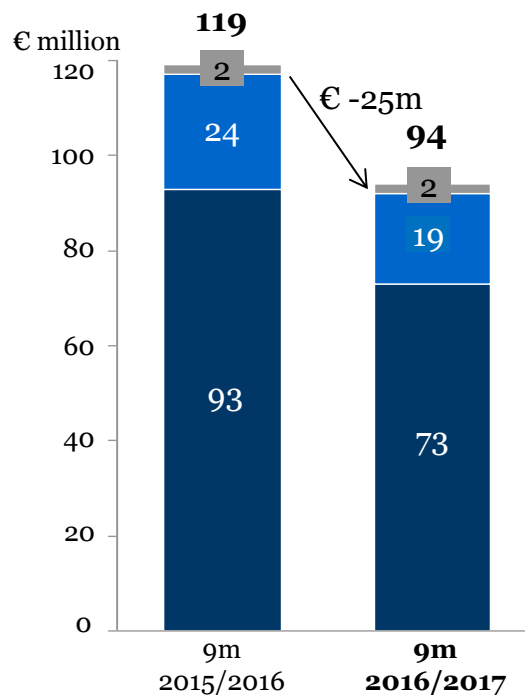
# Segments after 9m in FY2016/17



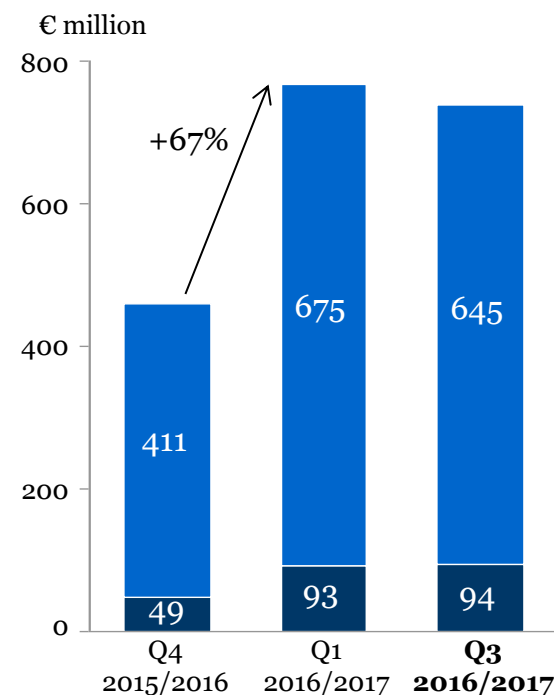
## Sales\* by segment



## EBITDA\*\* by segment



## Order backlog



■ HD Equipment ■ HD Services ■ HD Financial Services

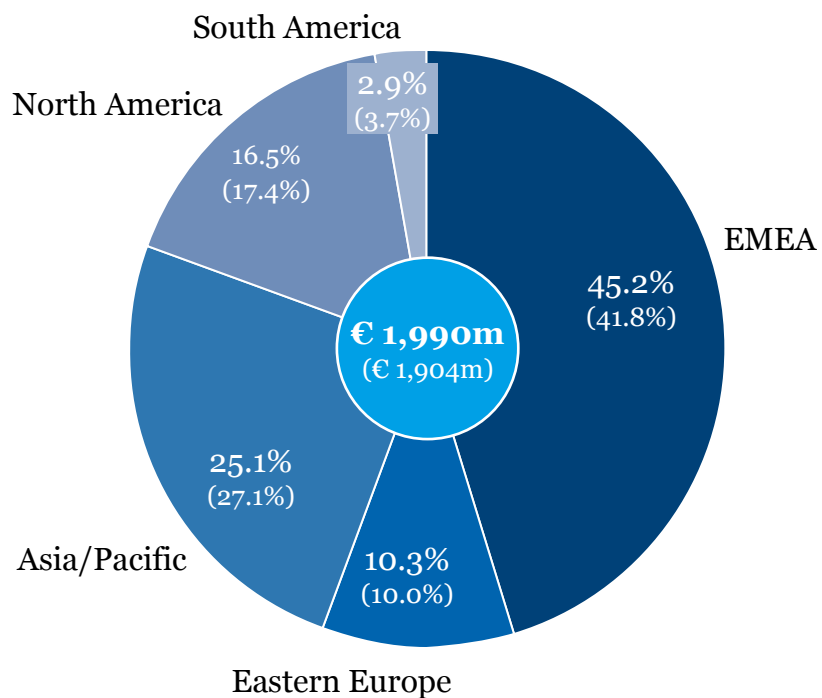
\* Third segment Heidelberg Financial Services not displayed: €3m net sales (previous year €4m) and €2m EBITDA (previous year €2m)

\*\* Before special items

# Order intake – regional split



Order intake 9m 2016/17 (9m 2015/16)



# Balance sheet



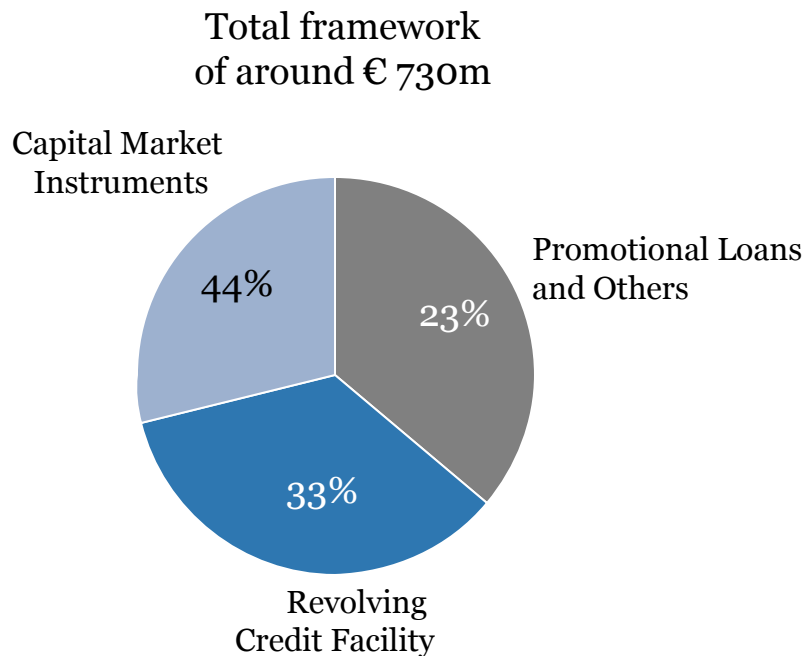
> Assets				> Equity and liabilities			
	FY 2016	FY 2016	FY 2017		FY 2016	FY 2016	FY 2017
Figures in mEUR	31-12-2015	31-03-2016	31-12-2016	Figures in mEUR	31-12-2015	31-03-2016	31-12-2016
<b>Fixed assets</b>	<b>730</b>	<b>724</b>	<b>727</b>	<b>Equity</b>	<b>338</b>	<b>287</b>	<b>246</b>
<b>Current assets</b>	<b>1,367</b>	<b>1,372</b>	<b>1,321</b>	<b>Provisions</b>	<b>843</b>	<b>930</b>	<b>924</b>
thereof inventories	674	607	727	thereof provisions for pensions *	452	534	538
thereof trade receivables	308	361	299	<b>Other Liabilities</b>	<b>939</b>	<b>916</b>	<b>919</b>
thereof receivables from customer financing	66	65	56	thereof trade payables	194	179	212
thereof liquid assets (incl. marketable sec. afs)	205	215	131	thereof financial liabilities	487	496	412
<b>Def tax assets, prepaid expenses, other</b>	<b>99</b>	<b>107</b>	<b>107</b>	<b>Def. tax liabilities, deferred income</b>	<b>76</b>	<b>69</b>	<b>66</b>
thereof deferred tax assets	62	85	91	thereof deferred tax liabilities	10	3	2
thereof deferred income	15	16	15	thereof deferred income	66	66	64
<b>Total assets</b>	<b>2,195</b>	<b>2,202</b>	<b>2,155</b>	<b>Total equity and liabilities</b>	<b>2,195</b>	<b>2,202</b>	<b>2,155</b>
				Equity ratio	15%	13%	11%
				Net debt	282	281	282

\* As of Dec 31, 2016 a discount rate of 2.2 percent (Mar 31, 2016: 2.4 percent) was used to determine actuarial gains and losses for domestic entities

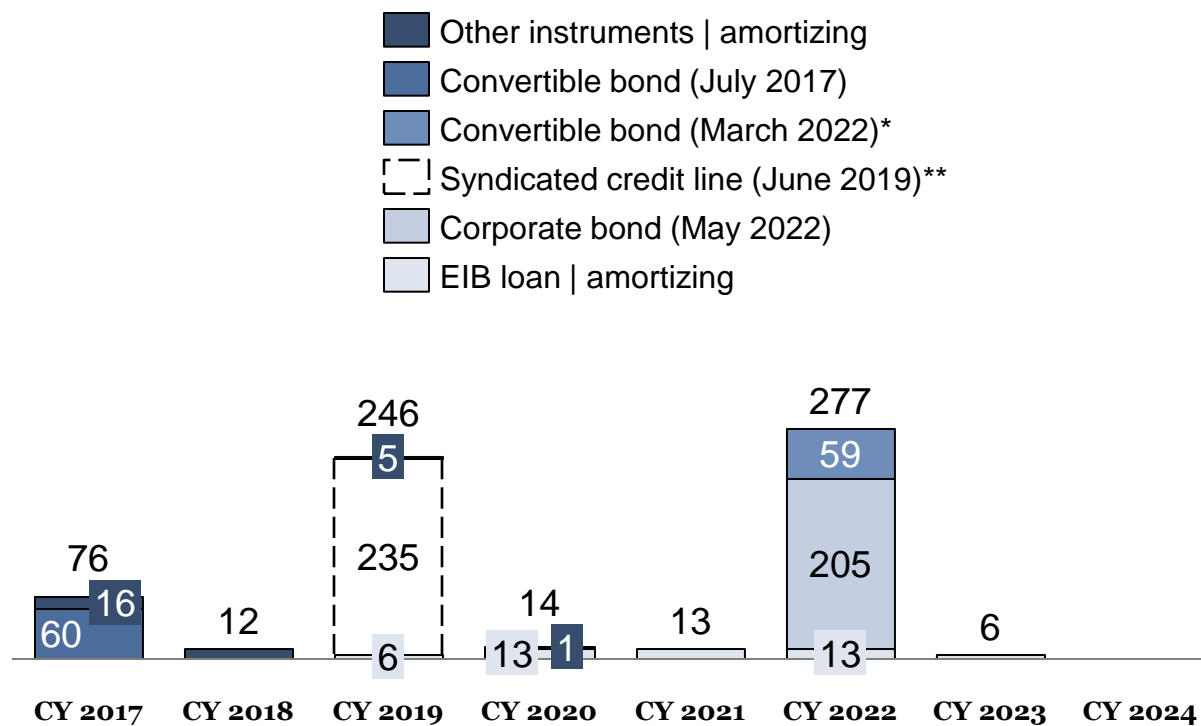
# Financial framework



## Financial framework



## Maturity profile



\* CB Put Option in 2020

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

Note: As of Dec 2016. Excluding other financial liabilities and finance leases

# Financial Calendar



	Date
Final Figures FY2016/2017	June 8, 2017
AGM FY 2016/2017	July 27, 2017
Release of the figures for the first quarter 2017/2018	August 10, 2017

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