Press Information
www.heidelberg.com

Heidelberger Druckmaschinen AG

Postfach 10 29 40
69019 Heidelberg
Germany

Kurfürsten-Anlage 52–60
69115 Heidelberg

Thomas Fichtl

Phone +49 6222 82-67123
Fax +49 6222 82-67129

Thomas.Fichtl@heidelberg.com
www.heidelberg.com

February 9, 2017

Heidelberg significantly increases net result after taxes in third quarter

- **Operating result (EBITDA) improves to €49 million**
- **Net result after taxes increases from €7 million to €18 million**
- **Sales of €608 million are higher than in Q2 but under last year's figures due to series production ramp-ups**
- **High order backlog of €739 million provides basis for strong final quarter**
- **Outlook: Sights still set on the targets for the year**
- **"Heidelberg goes digital"**

After the third quarter of the 2016/2017 financial year, Heidelberger Druckmaschinen AG (Heidelberg) is still on course to increase its annual profit as planned. For example, during the third quarter (October 1 to December 31, 2016), the operating result (EBITDA) and the net result after taxes improved further compared to the same quarter of the previous year. After nine months, sales were still below the previous year's levels, as expected. A large number of orders placed at drupa for innovative presses with longer delivery times that were presented at and ordered during the trade show will be supplied on schedule in the fourth quarter. The series launch of these products at the end of the financial year will also generate higher sales and a better result than in the previous year.

"The improvements in results in the third quarter show that Heidelberg is on the right course to achieve sustainable profitability," said Rainer Hundsdörfer, CEO of Heidelberger Druckmaschinen AG. "We anticipate we will further increase our annual profit with a strong final quarter."

New organization oriented towards digital transformation
Heidelberg is realigning its organization to accelerate the company's digital transformation and thus ensure the correct business models are in place for the high-growth customer segments in the years ahead. In future, there will be a division that will develop, manufacture, and supply appropriate digital technologies and products for new business models. Another division will devise and market these models. Furthermore, the global sales and service network will be more strongly focused on the digital challenges that customers face.

"Heidelberg goes digital. We are getting the company fit for the digital future," added Hundsdörfer. "To do that, we will develop and roll out our own innovative business ideas. However, we will also be strengthening our position in this area through acquisitions."

Net result after taxes increases from €7 million to €18 million in Q3
Compared to the previous quarter of the current financial year, sales and the result showed further improvement in the third quarter. For example, **sales** rose from €586 million in the second quarter to €608 million (same quarter of previous year: €640 million). After nine months, the total sales of €1.680 billion were still below the previous year's level (€ 1.802 billion) due to the launch of series production for the drupa innovations at the end of the financial year. Over the same period, **incoming orders** at €1.990 billion were approximately 4.5 percent higher than the previous year's value (€1.904 billion) and demonstrate the keen interest customers are showing in the digitization solutions from Heidelberg. At €739 million, the **order backlog** was around 26 percent up on the previous year's figure (€586 million). As a result, Heidelberg has a good platform for achieving the significant sales growth planned in the fourth quarter.

Profitability, as expressed in **EBITDA** and **EBIT**, increased in the quarter under review compared to the previous year's values. After nine months, these key indicators were still down on the previous year's figures due to sales and a positive non-recurring effect of €19 million from the initial consolidation of PSG in the previous year and trade show costs of approximately €10 million. **EBITDA excluding special items** improved to €49 million in the third quarter (previous year: €40 million). The total figure after nine months was €94 million (previous year: €119 million). At €-2 million, special items in the quarter under review equaled the figure for the same quarter of the previous year (€-2 million). The total figure after nine months was €-8 million (previous year: €-24 million). The **financial**

result for the period under review matched the previous year's level at €-42 million. Consequently, the **net result after taxes** in the quarter under review increased substantially to €18 million (previous year: €7 million). At €-10 million for the nine-month period, it was on a par with the corresponding period of the previous year (€-7 million).

Free cash flow in the third quarter was slightly negative at €-10 million, and overall, after nine months, it was also at €-10 million. Compared to the financial year-end on March 31, 2016, the **equity** of the Heidelberg Group dropped to €246 million as at December 31, 2016. This was due primarily to changes in the actuarial interest rates for pensions. Consequently, the equity ratio on the balance sheet date was around 11.4 percent (previous quarter: 6 percent). The **net financial debt** at €282 million remained stable (June 30, 2016: €276 million), and the leverage continued to be below the target value of 2 at 1.7.

“We have the financial strength to actively shape our route into the digital world,” said Dirk Kaliebe, CFO. “The balanced financing framework also gives us the freedom to drive forward new business models through targeted acquisitions.”

Outlook: Sights still set on the targets for the year
Thanks to the solid incoming orders and the rise in the order backlog, Heidelberg remains focused on its targets for 2016/2017. Although planned acquisitions have not been implemented yet, the company is still striving for marginal sales growth in light of a strong final quarter of the year. Despite the inputs for the accelerated expansion of the digital and the service business, it also expects to achieve an EBITDA margin before special items on par with the previous year's level in the 2016/2017 financial year. At the same time, the financial result will improve further on account of declining interest expenses. Thus, Heidelberg is still aiming for a moderate year-on-year increase in its net result after taxes for the year as a whole.

The interim report for the third quarter of financial year 2016/2017, image material, and additional information about the company are available in the Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

Next date on company calendar:
The **Press Conference** for the 2016/2017 financial year is scheduled for June 8, 2017.

Press Information

Contact for further details:
Heidelberger Druckmaschinen AG

Corporate Public Relations
Thomas Fichtl
Phone: +49 6222 82-67123
Fax: +49 6222 82-67129
E-mail: thomas.fichtl@heidelberg.com

Investor Relations
Robin Karpp
Phone: +49 (0)6222 82-67120
Fax: +49 (0)6222 82-99 67120
E-mail: robin.karpp@heidelberg.com

Important note:
This press 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 press release.

Press Information

Heidelberg Group – in figures*

in € millions	9m 16/17 (4/1/16–12/31/16)	9m 15/16 (4/1/15–12/31/15)	Q3 16/17 (10/1/16–12/31/16)	Q3 15/16 (10/1/15–12/31/15)
Sales	**1,680**	**1,802**	**608**	**640**
Heidelberg Equipment	833	932	306	351
Heidelberg Services	843	866	300	288
Heidelberg Financial Services	3	4	1	1
Incoming orders	**1,990**	**1,904**	**582**	**581**
Order backlog	**739**	**586**	**739**	**586**
EBITDA (excl. special items)	**94****	**119****	**49**	**40**
Heidelberg Equipment	19	24	15	15
Heidelberg Services	73	93	31	25
Heidelberg Financial Services	2	2	2	0
EBIT (excl. special items)	**43****	**65****	**32**	**22**
Special items	**−8**	**−24**	**−2**	**−2**
EBIT(excl. special items)	**35**	**41**	**30**	**20**
Financial result	**−42**	**−42**	**−13**	**−12**
Net result before taxes	**−7**	**0**	**17**	**8**
Net result after taxes	**−10**	**−7**	**18**	**7**
Free cash flow	**−10**	**−37**	**−10**	**−7**
Net debt***	**282**	**282**	**282**	**282**

	12/31/2016	3/31/2016
Balance-sheet total	**2,155**	**2,202**
Equity	***246***	***287***
Equity ratio	**11.4 %**	**13.0 %**
Leverage****	**1.7**	**1.5**
Headcount	**11,480**	**11,565**

* In individual cases, rounding could result in discrepancies concerning the totals and percentages contained in this press release.

** Q1-2016/2017: including negative effect of € 10 million for drupa costs and Q1-2015/2016: including a positive one-time effect of € 19 million from the first-time consolidation of the acquired Printing Systems Group (PSG)

*** Net total of financial liabilities and cash and cash equivalents and marketable securities

**** Net debt in relation to EBITDA excl. special items for the last four quarters