Results Q1-2017/2018

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Heidelberg goes digital.

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Growth strategy “Heidelberg goes digital”

- Technology leadership (Innovation)
- Operational excellence
- Digital Transformation (digital business models)
Update Technology leadership (innovation)

Growth opportunities: approx. € 200 million sales potential in 5 years

- **Market for digital packaging** is growing by approx. 20% p.a.

- Company Faller reserves one of the first Primefire 106 for its **digital pharmaceutical packaging production**

- **Gallus Labelfire** – customers benefit from production cost savings of approx. ¼ against alternative digital printing systems
Update Digital transformation

**Growth opportunities:** sales potential in 5 years
- Digital business model (€ +250m)
- Digital platforms (€ +50m)

- With the **acquisition** of the **software provider DOCUFY**, HDD strengthens the digital platforms business area and expands its range of **Industry 4.0 products**

- HDD strengthens its **coatings and pressroom chemicals business in the EMEA region** with the **acquisition** of this area of from **Fujifilm**

- **From eShopping to eCommerce:** eCommerce platform should become most important sales channel in the lifecycle of our machines
Update Operational excellence

Reduction of process-related and structural costs by approx. € 50 million in 5 years

- On track to define and implement efficiency measures to reach € 50m cost savings
- Higher logistics efficiency thanks to optimization of tariff model and purchase of logistics center (4-5m€ p.a.)
- Infrastructure project Research & Development Center will save 4-6m€ p.a.
- Complexity reduction: we will reduce the number of Gallus machine platforms from 4 to 1
- More efficient use of our worldwide production network
Key figures 3m 2017/18

- **Order intake** down yoy due to drupa base effect in 2016
- **Sales** slightly up – in line with the forecast; mainly China, WE
- **EBITDA** excl. restructuring result considerably improved by €13m; **EBITDA margin** at 2.8%

- Financial result benefits from reduced financing costs
- **Net result** before and **after taxes** significantly improved
- As a result of acquisitions and property purchases, **Free Cashflow** was negative

- **Equity** increased due to conversion of bonds and slight rise of domestic pension discount rate to 2.5%
- **Net debt** reduced to €234m
- **Leverage** with 1.2 still below target level of <2x

<table>
<thead>
<tr>
<th></th>
<th>Q1 16/17</th>
<th>Q1 17/18</th>
<th>Δ pY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>804</td>
<td>629</td>
<td>-22%</td>
</tr>
<tr>
<td>Sales</td>
<td>486</td>
<td>495</td>
<td>+2%</td>
</tr>
<tr>
<td>EBITDA excl. restr. result</td>
<td>1</td>
<td>14</td>
<td>+13</td>
</tr>
<tr>
<td>EBIT excl. restr. result</td>
<td>-16</td>
<td>-3</td>
<td>+13</td>
</tr>
<tr>
<td>Financial result</td>
<td>-16</td>
<td>-13</td>
<td>+3</td>
</tr>
<tr>
<td>Net result before taxes</td>
<td>-35</td>
<td>-15</td>
<td>+20</td>
</tr>
<tr>
<td>Net result after taxes</td>
<td>-37</td>
<td>-16</td>
<td>+21</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>6</td>
<td>-13</td>
<td>-19</td>
</tr>
<tr>
<td></td>
<td>06/30/16</td>
<td>06/30/17</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>167</td>
<td>382</td>
<td></td>
</tr>
<tr>
<td>Net debt</td>
<td>263</td>
<td>234</td>
<td></td>
</tr>
<tr>
<td>Leverage</td>
<td>1.8</td>
<td>1.2</td>
<td></td>
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</tbody>
</table>
Sales and EBITDA by segment in Q1 FY2017/18

- **Heidelberg Digital Technology**: higher sales volume and efficiency measures contributed to improved margins and thus to an improved result.
- **Heidelberg Digital Business & Services** was negatively impacted by weaker consumables sales and higher development expenses in the digital area.

As part of the adjustment of the corporate strategy segments were reorganized as of April 1, 2017 (prior year accordingly).

*EBITDA excl. restr. result

- Heidelberg Digital Technology
- Heidelberg Digital Business & Services
- HD Financial Services
Sustainable and profitable growth

Sales
Additional sales volume of approx. € 500 million in 5 years

Profitability
EBITDA improvement of approx. € 100 million in 5 years

• Digital print portfolio (€ +200 million)
• Digital business model (equipment – consumables – service: € +250 million)
• Digital platforms (€ +50 million)
• Digital business model / Volume growth (€ +50 million)
• Cost efficiency (operational excellence: € +50 million)

Group targets by 2022:
• Sales volume of up to € 3 billion
• EBITDA between € 250 and 300 million
• Net profit > € 100 million
## Targets set. Outlook.

<table>
<thead>
<tr>
<th>FY 2016/17</th>
<th>FY 2017/18</th>
<th>5-years target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ 2,524m</td>
<td>on previous year's level</td>
<td>up to € 3 billion</td>
</tr>
<tr>
<td>7.1%</td>
<td>7 - 7.5%</td>
<td>Up to 10%</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDT ~ 5%</td>
<td>HDT 5-7%</td>
<td>HDT 6-9%</td>
</tr>
<tr>
<td>HDB ~9%</td>
<td>HDB 8-10%</td>
<td>HDB 8-11%</td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>€ 36m</td>
<td>moderate increase</td>
<td>below 2</td>
</tr>
<tr>
<td>1.4</td>
<td>below 2</td>
<td>below 2</td>
</tr>
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Financial framework

**Maturity profile**

- **Other instruments**
- **RCFA (Jun-2019)**
- **REL | amortizing**
- **EIB | amortizing**
- **BondHYB (Mai-2022)**
- **Convertible Bond (Jul-2017)**
- **Convertible Bond (Mrz-2022)**

### Other instruments & promotional loans
- 23%

### Capital markets instruments
- 44%
- 33%

### Syndicated credit line
- 23%

### Maturity profile details

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CJ 2017</td>
<td>12</td>
</tr>
<tr>
<td>CJ 2018</td>
<td>16</td>
</tr>
<tr>
<td>CJ 2019</td>
<td>256</td>
</tr>
<tr>
<td>CJ 2020</td>
<td>235</td>
</tr>
<tr>
<td>CJ 2021</td>
<td>298</td>
</tr>
<tr>
<td>CJ 2022</td>
<td>205</td>
</tr>
<tr>
<td>CJ 2023</td>
<td>19</td>
</tr>
<tr>
<td>CJ 2024</td>
<td>6</td>
</tr>
</tbody>
</table>
Order intake – regional split

Order intake Q1 2017/18 (Q1 2016/17)

- EMEA: 44.2% (49.1%)
- Asia/Pacific: 25.4% (21.7%)
- South America: 18.6% (16.3%)
- Eastern Europe: 9.2% (10.4%)
- North America: 2.5% (2.5%)

€ 629m (€ 804m)
Financial Calendar

- Release of the figures for the second quarter 2017/2018: November 9, 2017
- Release of the figures for the third quarter 2017/2018: February 8, 2018
- Figures FY2017/2018: June 12, 2018
- AGM FY 2017/2018: July 25, 2018

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