



# Heidelberger Druckmaschinen AG

## Results 9m FY2018/2019

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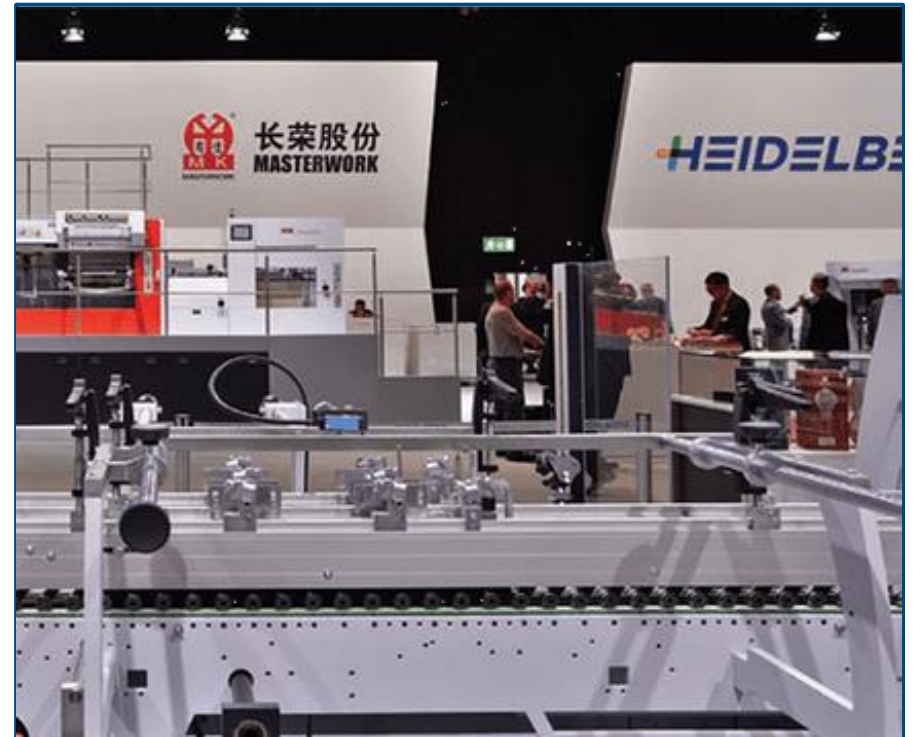
February 7, 2019



**HEIDELBERG**

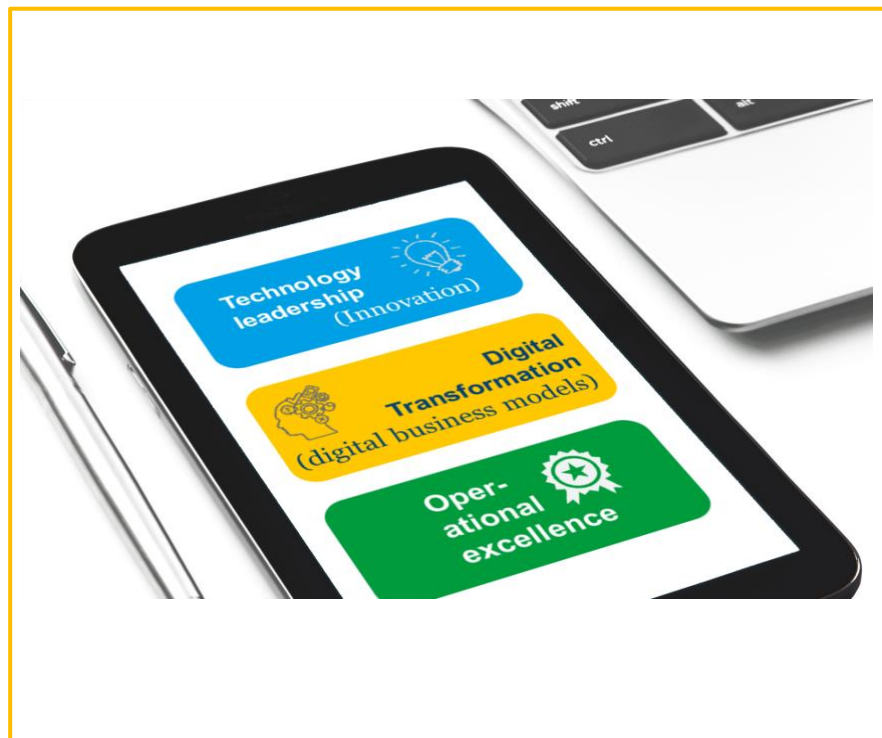
## Strengthening of existing partnership

- ✓ Improve **access to packaging customers** with a complete solution offering
- ✓ Strengthening Heidelberg's position in the **growth market of China**
- ✓ **Improve competitive position** of Shanghai production site through increased local sourcing and quality assurance
- ✓ Masterwork Group from China aiming to subscribe **capital increase** to obtain a stake of ~8.5% (after capital increase)
- ✓ Improve Heidelberg **balance sheet** (equity up by approx. 69m€)
- ✓ Funds are to be used to **accelerate digital agenda** and for general business financing



## Digital transformation progresses

- ✓ **26 subscription contracts signed\***, first subscription machines have **started operation**
- ✓ Yearly agreed printing volume **> 1 billion impressions p.a.**
- ✓ Serial production of **Digital printing** machine Primefire has started; first machines have started operation in Germany, Switzerland, USA and in China
- ✓ **Innovation Center** opened up in December
- ✓ **E-mobility**: successful launch of Wallbox



\*thereof 22 booked by end of Dec 2018

### Stable market development & unchanged outlook

- ✓ **Market situation:** Stable market development overall, especially in core markets Germany, China and USA. Generally good project situation but customers seem to become more cautious regarding economic outlook
- ✓ **Noticeable shortages in the supply chain** lead to shift of machine deliveries into Q4. Still confident to catch up until year-end.
- ✓ **Outlook unchanged:** Moderate sales growth, EBITDA-margin expected at lower end of projected bandwidth of 7 – 7.5%, moderate increase in net profit after taxes



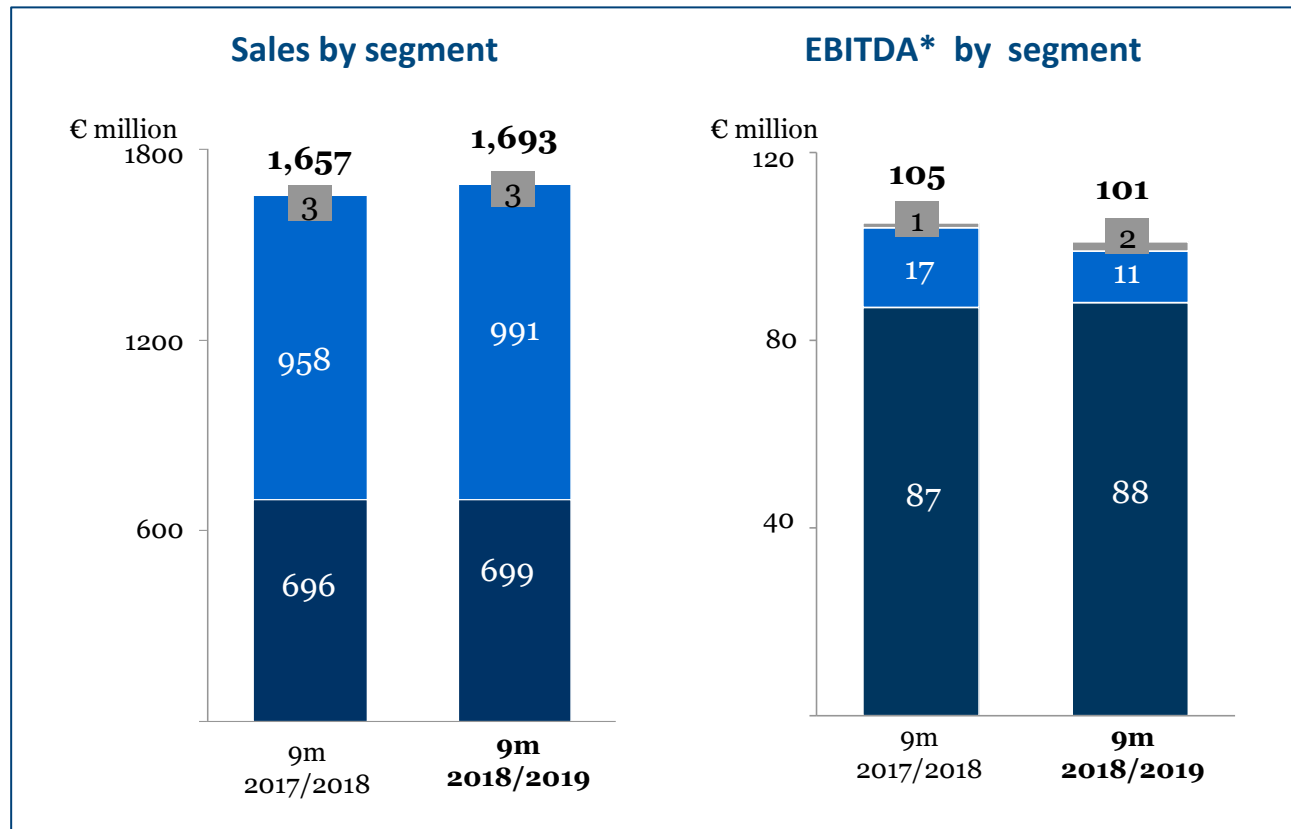
## Key figures 9m 2018/19

- **Order intake** after 9m in line with previous year, Q3 with € 606m down yoy (PY € 678m) mainly due to postponement of contracts into Q4, Brexit and outphasing of a funding program in Italy; order backlog (€ 804) increased by 16% yoy especially due to service and subscription contracts
- **Sales** after 9m improved by 2%; Q3 yoy decline due to supply chain bottlenecks by end of 2018
- Lower sales in Q3, increased personnel costs as a result of the collective bargaining agreement as well as lower capitalized R&D costs had negative impact on **EBITDA**;  
**9m EBITDA margin** 6% (PY 6.3%)
- Financial result incl. € 4m one-time costs for partial early redemption of HYB
- **Net result after taxes** improved yoy despite higher restructuring result due to one-time tax burden in the previous year
- Negative **Free Cashflow** includes rise in Net Working Capital due to ramp up digital and subscription, supply chain bottlenecks, investments in new Innovation Center and one-time higher lease payments for buildings.
- **Equity** rose yoy; equity ratio at 16%
- **Net debt and Leverage** increased due to negative FCF

	9m 17/18	9m 18/19	Δ pY
Order intake	1,912	1,912	
<b>Sales</b>	<b>1,657</b>	<b>1,693</b>	+2%
<b>EBITDA</b> excl. restr. result	<b>105</b>	<b>101</b>	-4
<b>EBIT</b> excl. restr. result	<b>54</b>	<b>49</b>	-5
Restructuring result	-1	-9	-8
Financial result	-36	-39	-3
Net result before taxes	17	1	-16
<b>Net result after taxes</b>	<b>-10</b>	<b>-2</b>	+8
<b>Free cash flow</b>	<b>-20</b>	<b>-120</b>	-100
	12/31/18	12/31/19	
<b>Equity</b>	345	361	
<b>Net debt</b>	244	350	
<b>Leverage</b>	1.3	2.1	

## Sales and EBITDA by segment in 9m FY2018/19

- **Heidelberg Digital Technology:** Benefits from higher sales of Sheetfed, Label and Digital print. High investments in Digital portfolio and unfavorable sales mix burden operating result.
- **Heidelberg Lifecycle Solutions:** Sales and operating result stable on previous year's level.



As part of the adjustment of the corporate strategy segments were reorganized as of April 1, 2018 (prior year accordingly)

\*EBITDA excl. restr. result



Heidelberg Digital Technology



Heidelberg Lifecycle Solutions



HD Financial Services

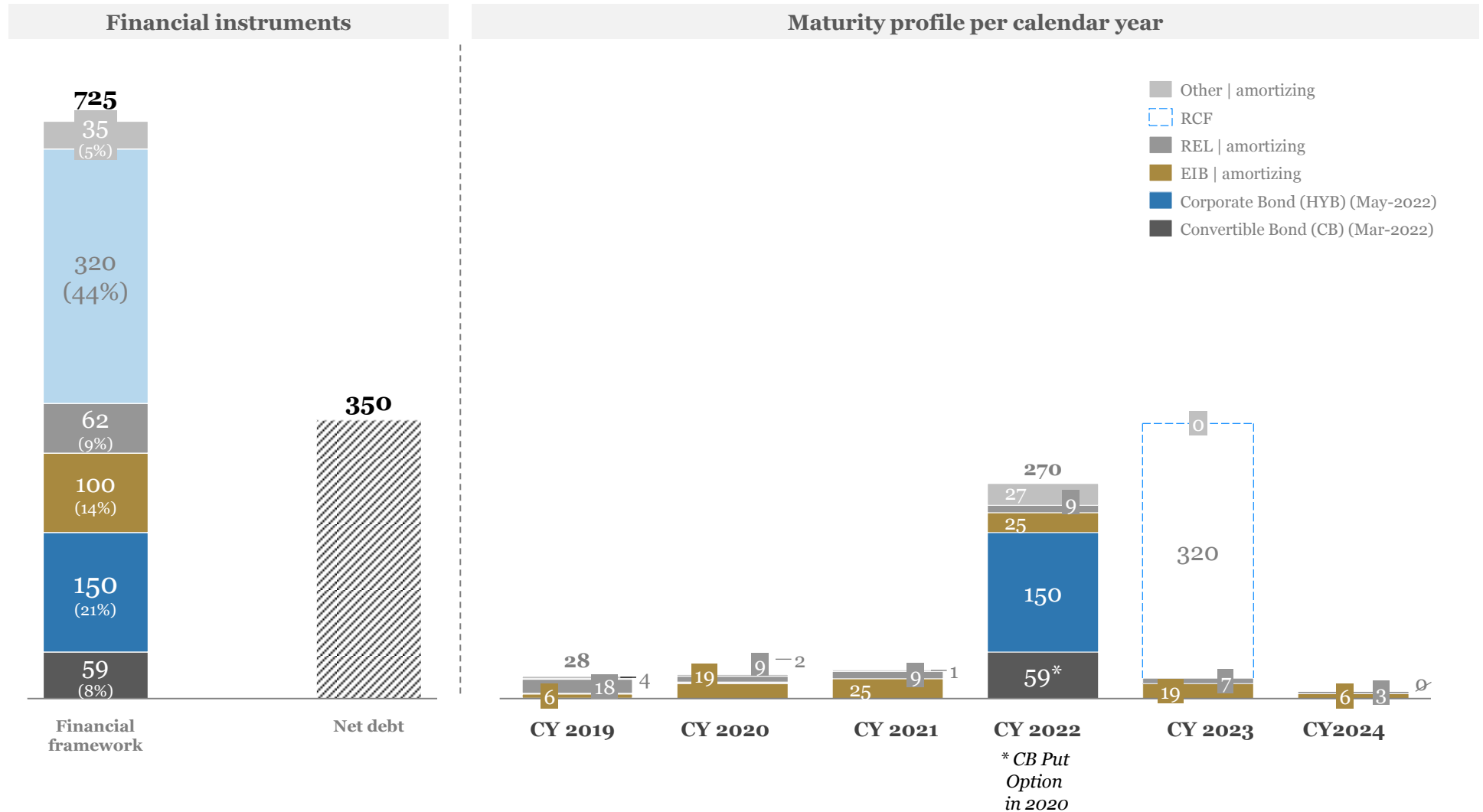
# Balance sheet



> Assets	FY 2018	FY 2018	FY 2019	> Equity and liabilities	FY 2018	FY 2018	FY 2019
Figures in mEUR	31-12-2017	31-03-2018	31-12-2018	Figures in mEUR	31-12-2017	31-03-2018	31-12-2018
<b>Fixed assets</b>	<b>793</b>	<b>810</b>	<b>840</b>	<b>Equity</b>	<b>345</b>	<b>341</b>	<b>361</b>
<b>Current assets</b>	<b>1.318</b>	<b>1.367</b>	<b>1.337</b>	<b>Provisions</b>	<b>851</b>	<b>878</b>	<b>832</b>
thereof inventories	689	622	774	thereof provisions for pensions	500	523	514
thereof trade receivables	293	370	288	<b>Other Liabilities</b>	<b>925</b>	<b>968</b>	<b>1.002</b>
thereof receivables from customer financing	55	66	55	thereof trade payables	226	237	254
thereof liquid assets	180	202	120	thereof financial liabilities	423	438	470
<b>Def tax assets, prepaid expenses, other</b>	<b>77</b>	<b>78</b>	<b>84</b>	<b>Def. tax liabilities, deferred income</b>	<b>67</b>	<b>69</b>	<b>67</b>
thereof deferred tax assets	64	66	71	thereof deferred tax liabilities	4	6	5
thereof deferred income	14	12	13	thereof deferred income	62	63	62
<b>Total assets</b>	<b>2.188</b>	<b>2.256</b>	<b>2.262</b>	<b>Total equity and liabilities</b>	<b>2.188</b>	<b>2.256</b>	<b>2.262</b>
				Equity ratio	16%	15%	16%
				Net debt	244	236	350

- Net working capital (**NWC**) at € 656m (FYE 18: € 610m) increased due to ramp up digital and supply chain issues
- Comfortable **cash position**. Partial redemption of HYB in July 2018 (55m€) financed from cash; Sufficient liquidity for planned MBO takeover
- **Loss carryforwards** for which no deferred tax assets have been recognized of approx. € 1.3 bn (FYE 18)
- **Domestic pension discount rate** 31.12.2018: 2.3% (31.03.2018: 2.1%; 31.12.2017: 2.2% )

# Financial framework



Remark: Other financial liabilities and Finance Leases are not included. The position „REL“ includes financing for infrastructure projects.

# Outlook

	FY 2017/18	FY 2018/19	Mid-term-target
<b>Sales</b>	€ 2.420m	moderate growth	up to € 3 bn
<b>EBITDA* -Margin</b>	7.1 % HDT ~ 6% HDB ~8.5%	7 – 7.5% HDT 2-3% HDLS 12-13%	up to 10% <b>EBITDA* 250 – 300m</b>
<b>Net result</b>	€ 14m	moderate increase (incl. one-time tax effect 17 /18)	<b>&gt; € 100m</b>
<b>Leverage</b>	1,4	<2	<2

*Sales*

€ 2.420m

moderate growth

up to € 3 bn

**+€ 500m**

*EBITDA\*  
-Margin*

7.1 %

7 – 7.5%

up to 10%

HDT ~ 6%  
HDB ~8.5%

HDT 2-3%  
HDLS 12-13%

**EBITDA\* 250 – 300m**

*Net result*

€ 14m

moderate increase  
(incl. one-time  
tax effect 17 /18)

**> € 100m**

*Leverage*

1,4

<2

<2

\*Result of operating activities excluding restructuring result (previously: special items)

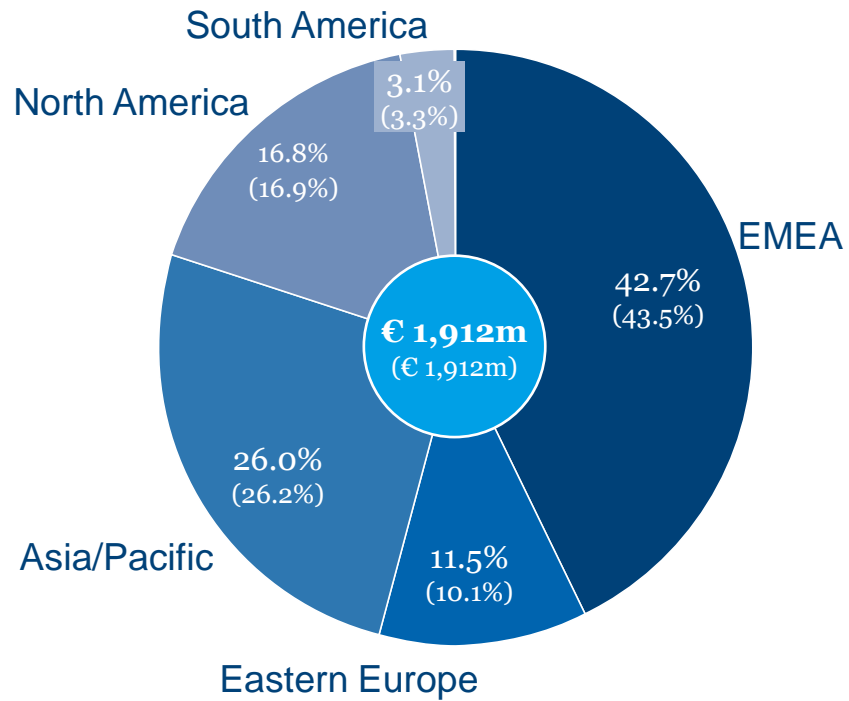


# BACKUP

# Order intake – regional split



Order intake 9m 2018/19 (9m 2017/18)



## Key figures Q3 single

	3m 17/18	3m 18/19	Δ pY
Order intake	678	606	-11%
<b>Sales</b>	<b>603</b>	<b>579</b>	<b>-4%</b>
<b>EBITDA</b> excl. restr. result	<b>45</b>	<b>39</b>	<b>-6</b>
<b>EBIT</b> excl. restr. result	<b>27</b>	<b>21</b>	<b>-6</b>
Restructuring result	-1	-3	-2
Financial result	-11	-11	
Net result before taxes	15	7	-8
<b>Net result after taxes</b>	<b>-10</b>	<b>4</b>	<b>+14</b>
<b>Free cash flow</b>	<b>12</b>	<b>-33</b>	<b>-45</b>
	12/31/18	12/31/19	
<b>Equity</b>	345	361	
<b>Net debt</b>	244	350	
<b>Leverage</b>	1.3	2.1	

# Financial Calendar



Figures FY 2018/2019

June 06, 2019



AGM FY 2018/2019

July 25, 2019

# simply smart



# Important notice

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.