



Pressing ahead with transformation

Heidelberger Druckmaschinen AG

Rainer Hundsdörfer, CEO | Robin Karpp, Head of IR | January, 2020





1. Current trading & Outlook



2. Strategy

Looking ahead.

Economic risks and challenging market environment.

- Ongoing **declining trend in Germany and parts of Europe** due to the economic slowdown and Brexit. Therefore German government, IMF and VDMA **significantly lowered their forecasts for 2019 for Germany and Europe** and also **highlighted major risks for 2020**.
- **Order intake in Germany declines by more than 20 percent in 9m/ FY2020**





Current trading.

9m figures still show stable volume – profitability under pressure.

- Order intake and sales after 9m at prior-year level
- Ongoing difficult market environment impacts profitability in Q3 and full year 2019/20
- Operating result slightly improved in Q3 due to one-off income (€ 25m)
- Negative impact from lower volume, pressure on margins in the trading business with consumables and regional shifts with a less favorable product mix
- Revenue and operating earnings forecast for the full year 2019/20 adjusted due to increasingly difficult conditions

	9m FY 18/19	1 st time IFRS 16* 9m FY 19/20	ΔpY
Order intake	1,912	1,900	-12
Sales	1,693	1,690	-3
EBITDA excl. restructuring result	101	117	+16
EBIT excl. restructuring result	49	46	-3
Restructuring result	-9	-8	
Financial result	-39	-33	+6
Net result before taxes	1	5	+4
Net result after taxes	-2	-10	-8
Free cash flow	-120	-73	+47

*The previous year's figures were not adjusted.

Outlook Financial Year 19/20 adjusted.

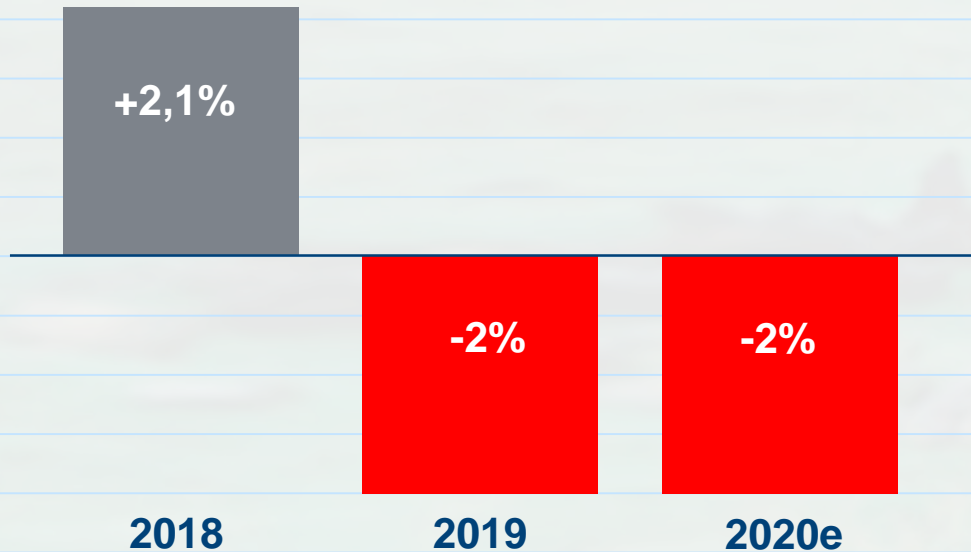


- **Full-year sales slightly below the previous year's level (2,490 Mrd. EUR) expected**
- **EBITDA-Margin** w/o restructuring result between **5.5 – 6 % of sales** (prior: between 6.5 – 7 %)
- **Slightly negative Net result (prior: Balanced Net result)**

Long-term challenging market environment.

VDMA confirms forecast for 2020: production decline of 2% expected.

Change in machinery production
in % against py





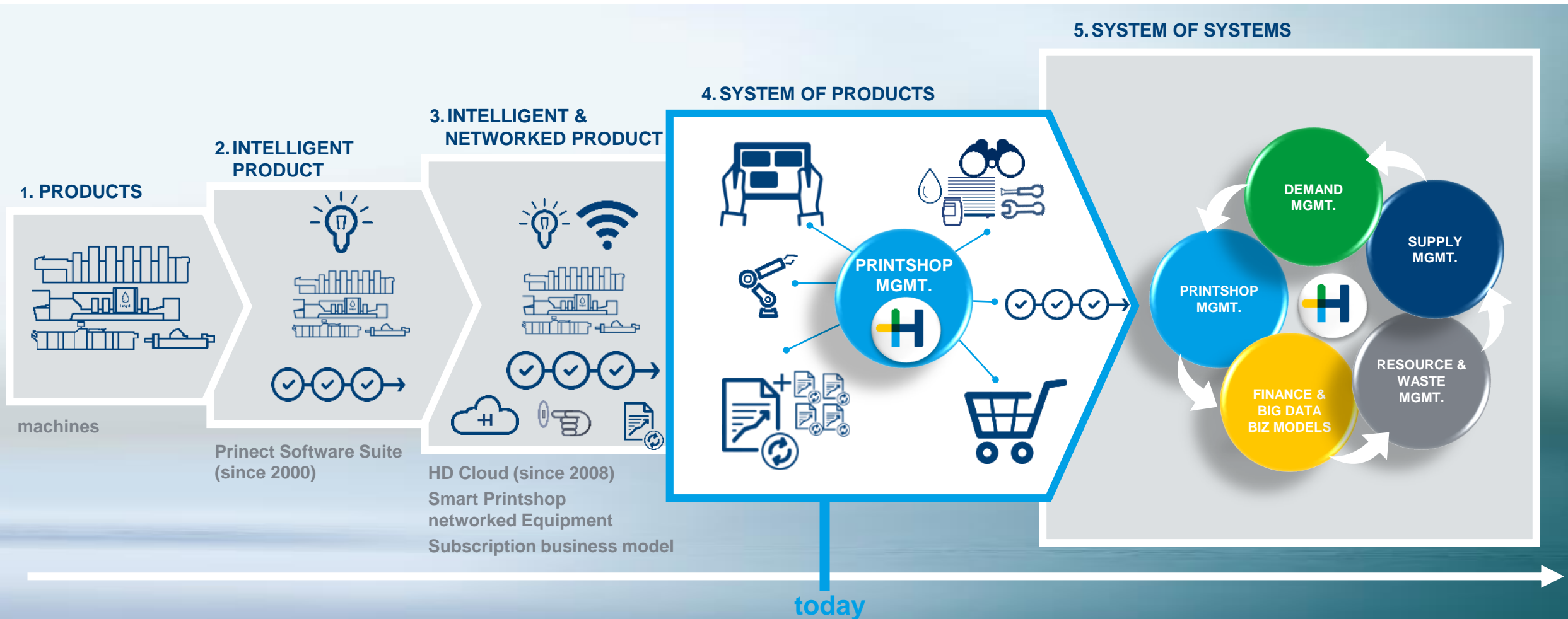
1. Current trading & Outlook



2. Strategy

Digital eco system.






Digital market place for services around the printing industry.



The subscription model means stability.

Significant expansion of recurring revenues.

- > 10 % of the order backlog are already subscription contracts
- In the medium term, ~1/3 of the group turnover and ~2/3 of the lifecycle business turnover should be sustainably generated through contract business
- Higher average profitability expected in the subscription business than in the transactional business

	Free Subscription	Software Subscription	Service contracts	Lifecycle contracts	complete Subscription
Heidelberg ID 	✓	✓	✓	✓	✓
Software 		✓	✓	✓	✓
Service 			✓	✓	✓
Consumables 				<div>✓</div> <div>Pay per piece</div>	<div>✓</div> <div>Pay per outcome</div>
Equipment 					<div>✓</div> <div>Customer doesn't own equipment</div>
					<div>✓</div> <div>Customer owns equipment</div>



Subscription model successfully launched on the market. Heidelberg customers realize significant productivity increases.

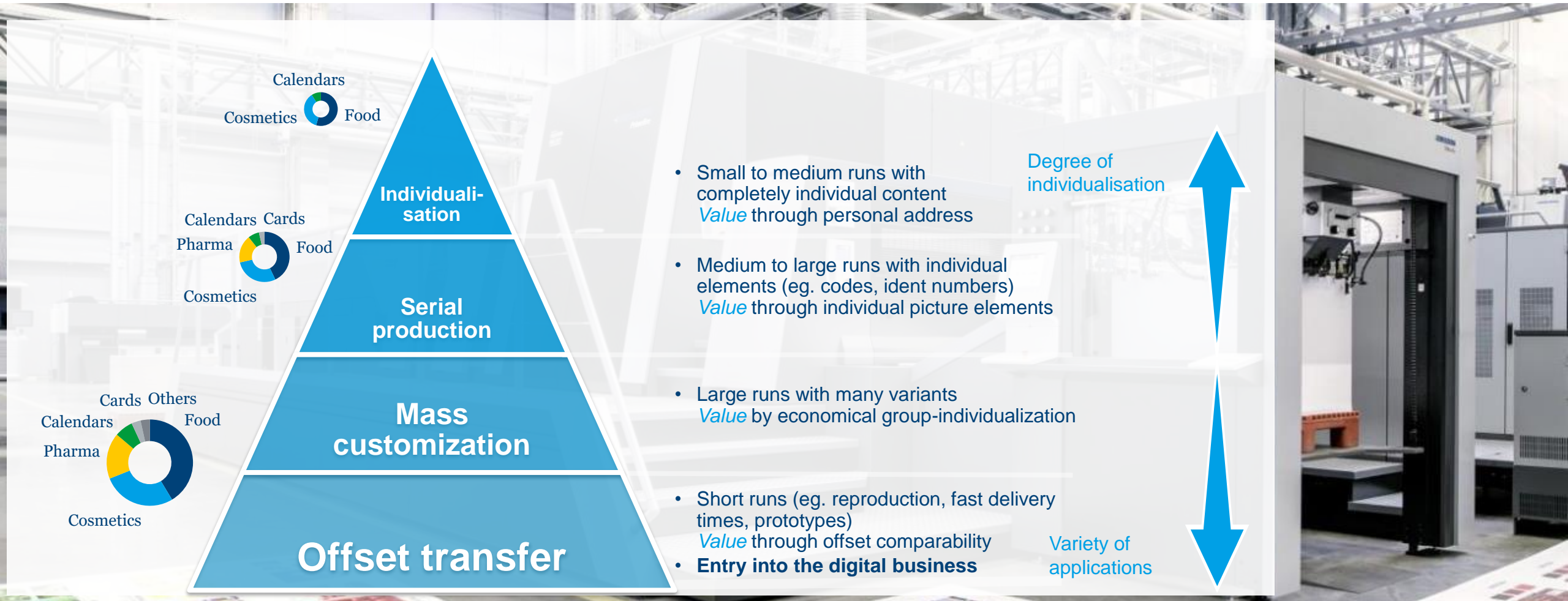
Customer example on the Speedmaster XL106-6+P+L

With subscription model	
Machine set-up time	-48%
Print speed	+5%
Scrap/spoilage	-32%
Productivity	+31%

Actually printed sheets:	2,102,034	➡	+ 435,367
Contractual target:	1,666,667	➡	~ +26%



The market for small and individual runs is growing. Industrial digital presses are the technological future.



To transform the company means to focus.

Sustainable and substantial improvement of profitability.

As announced, Heidelberg is in an advanced stage of developing a comprehensive package of measures to improve profitability over the long term, due to the massive changes taking place throughout the industry.

- Streamline product portfolio
- Sell non-core businesses
- Implement more efficient organizational structures and processes
- Optimize production footprint
- Sustainable reduction of cost base



The aim is to focus on customer-centric solutions and to continue to drive forward the digital transformation.



Thank you for your attention!



Backup





IFRS 16.

Significant effects of the first time application for Heidelberg.

What is IFRS 16?

- On-balance accounting for all lease contracts with the lessee

Significant effects of the application for Heidelberg from FY 19/20 onwards

- Balance sheet extension due to additional lease assets and lease liabilities
- Increase in EBITDA excluding restructuring result (around € 15 m)/EBIT excluding restructuring result (around € 2 m), while the interest/financial result (around € 2 m) is burdened simultaneously
- Net result before taxes essentially unchanged
- Improvement in free cash flow (around € 15 m) due to the recognition of repayments as a cash outflow from financing activities

Current trading. Q3 figures.



	Q3 FY 18/19	1 st time IFRS 16* Q3 FY 19/20	ΔpY
Order intake	606	636	+30
Sales	579	567	-12
EBITDA excl. restructuring result	39	47	+8
EBIT excl. restructuring result	21	24	+3
Restructuring result	-3	-3	
Financial result	-11	-10	+1
Net result before taxes	7	11	+4
Net result after taxes	4	7	+3
Free cash flow	-33	+26	+59

*The previous year's figures were not adjusted.



Financial calendar 2019/2020.

February 11, 2020	➔	Publication of Third Quarter Figures 2019/ 2020
June 9, 2020	➔	Press Conference, Annual Analysts' and Investors' Conference
July 23, 2020	➔	Annual General Meeting

Subject to change

Disclaimer



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