

Perspectives



Heidelberger Druckmaschinen AG – Annual press conference

Rainer Hundsdörfer, CEO | Marcus A. Wassenberg, CFO | Wiesloch, June 09, 2021

PERSPECTIVES



1. Current situation | Rainer Hundsdörfer, CEO

2. Financial figures,
stabilization &
outlook | Marcus A. Wassenberg, CFO

3. Strategy,
perspectives &
summary | Rainer Hundsdörfer, CEO



Heidelberg is back.

Clear perspectives for sustainable profitability and structural growth.



Sales slightly **above** expectations,
noticeable **increase in order intake**



Break-even point **lowered** further



EBITDA-margin **better** than forecasted



Positive free cash flow and a continuous
low level of net financial debt



Technology competence drives future **growth**
in core business and new business areas



E-mobility business more than **doubled** -
blueprint for further value levers

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Financial year 20/21 at a glance.

Good starting point created.



Markets pick up again - benefiting from market offensive.

Continuous increase in order intake in key markets since May 2020, sales push and new operating model as success factors.



Transformation program is effective - successfully and sustainably.

Structural costs and operating break-even sustainably reduced, better and more efficiently positioned.

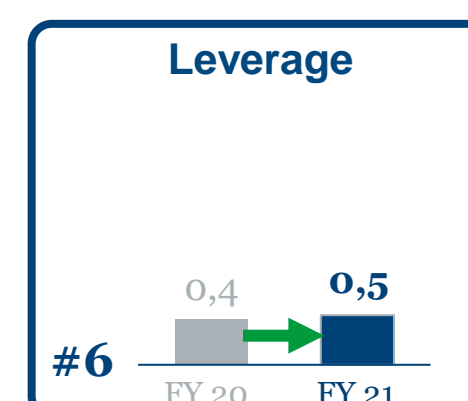
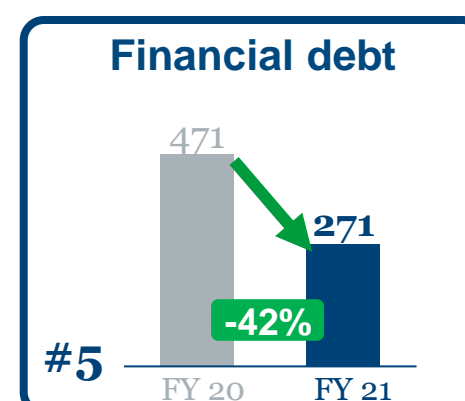
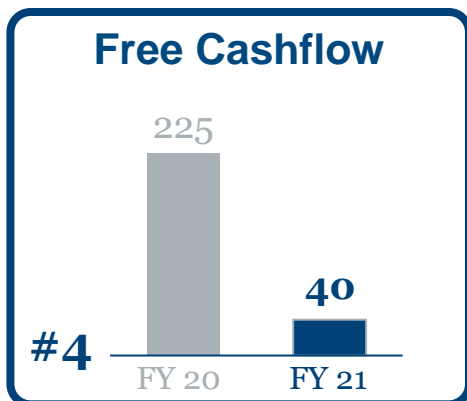
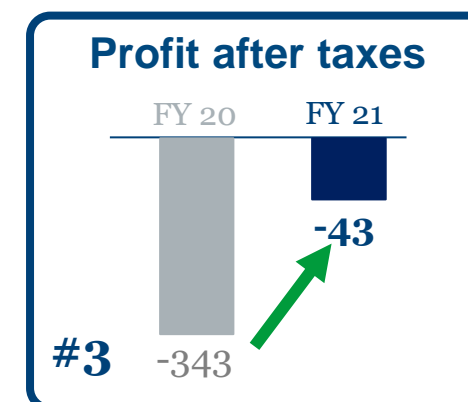
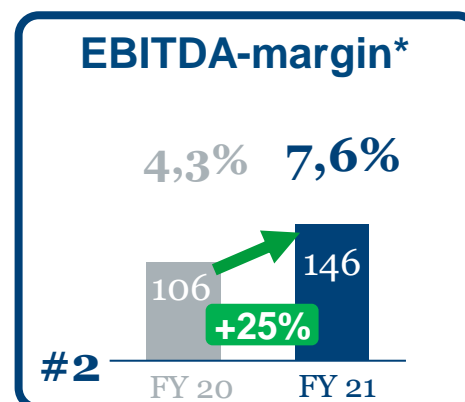
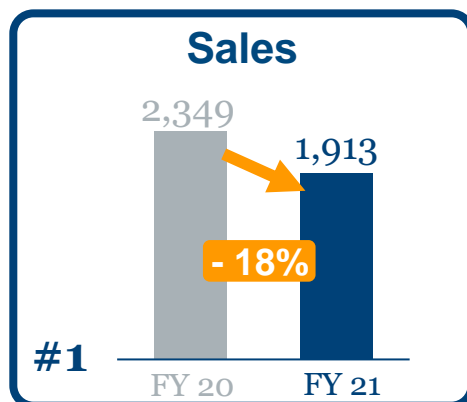


Financially stabilized - headroom expanded.

Net debt maintained at low level, interest payments reduced.

Financial year 20/21.

We delivered: Significant improvement in KPIs despite pandemic.



// The latest results give us confidence in our goals.

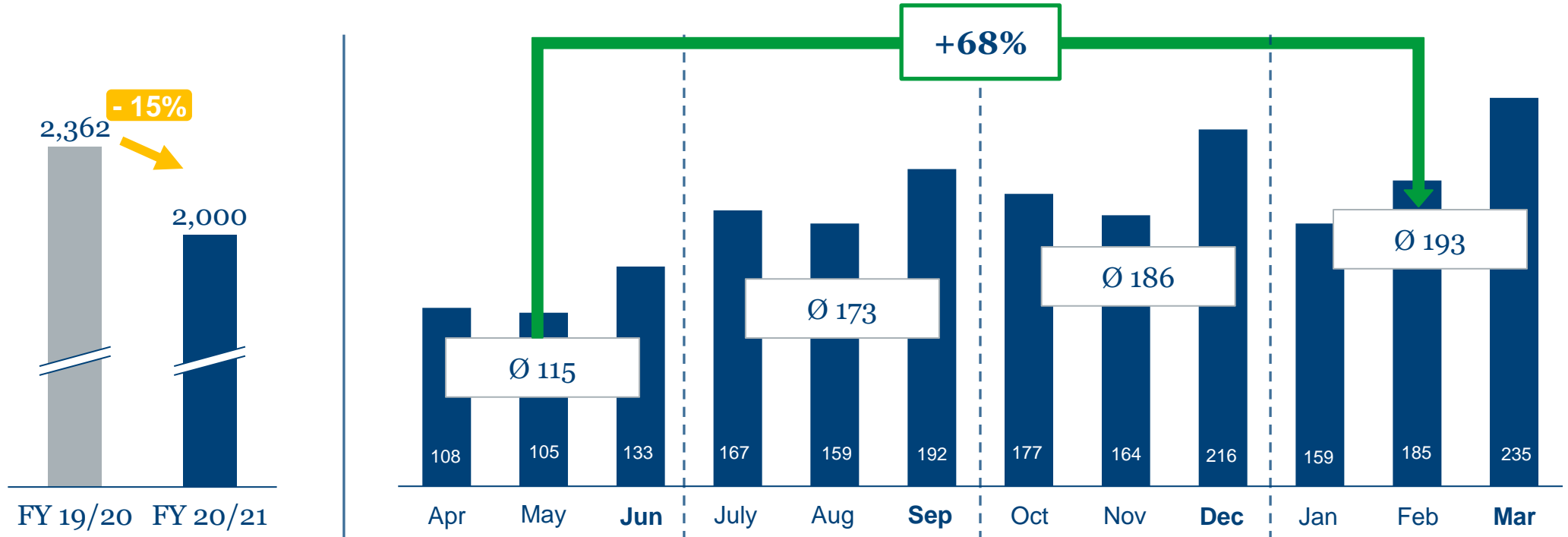




Upward trend gives confidence.

Order intake increases significantly in the course of the year.

// Order intake fiscal year 20/21 by month



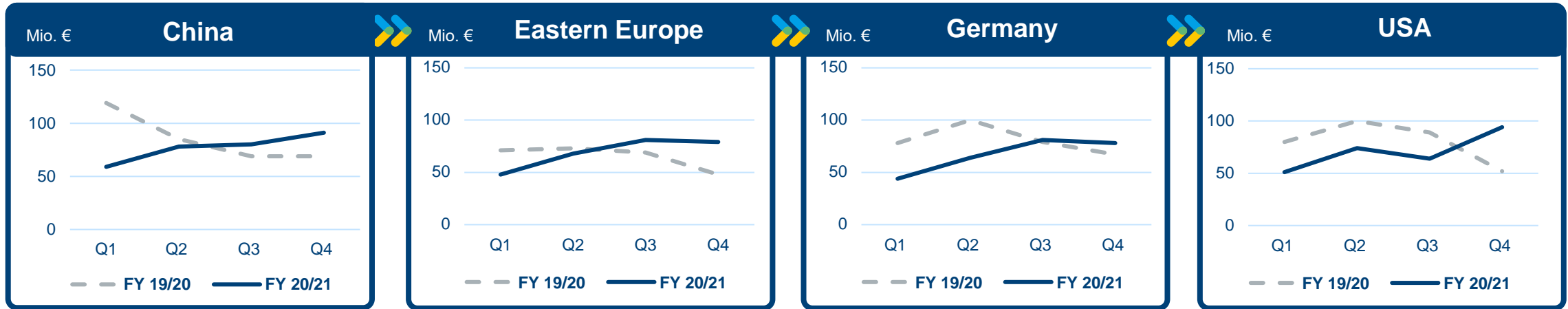
// Tailwind for the current year from rising order intake.





Markets pick up again.

Continuous increase in orders since May'20 in the most important regions.



China, now the largest single market, already showed clear signs of recovery in the course of the second quarter.

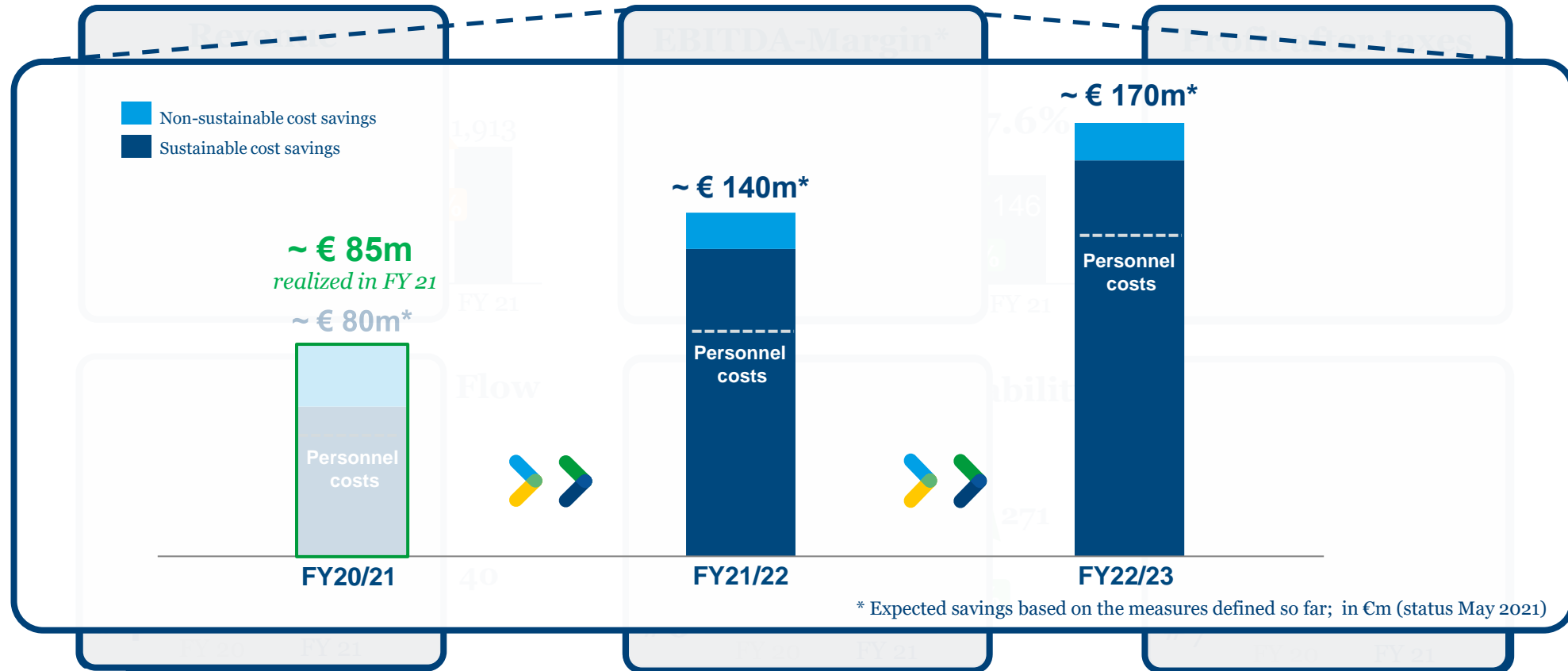
Within the recovery, **Eastern Europe** has already increased order intake compared with the previous year.

The recovery also became noticeable in **Germany** with the third quarter.

Finally, the **USA** saw a significant upward trend in order intake at the end of the fourth quarter.

Transformation is effective - successfully and sustainably.

Lowered structural costs improve profitability.



// Operating break-even point lowered to around €1.9 billion in FY 22/23.



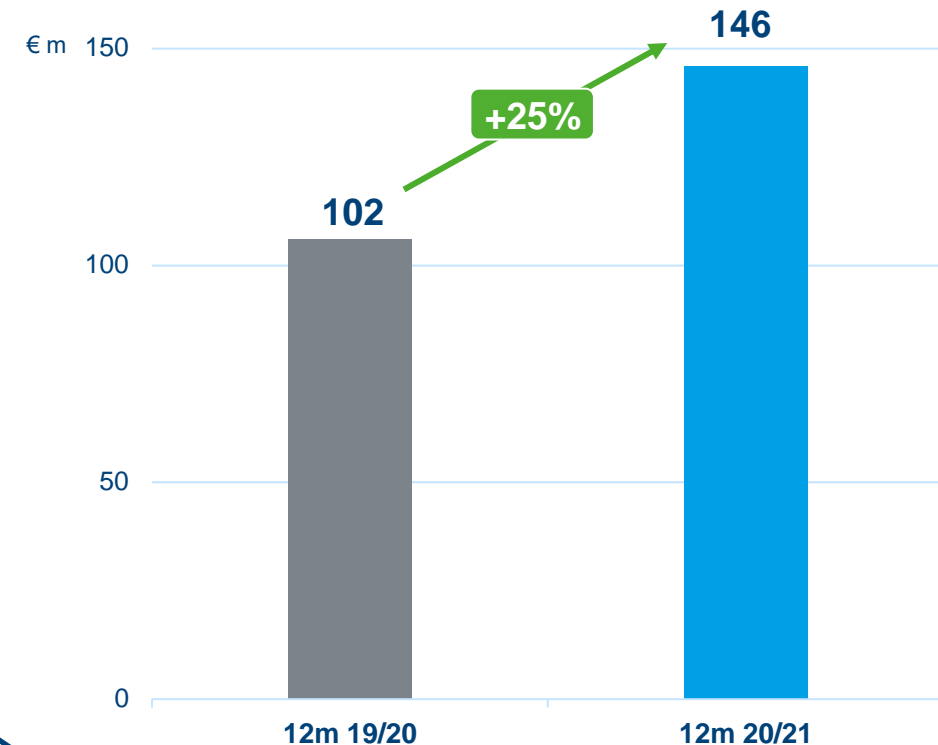
The transformation has an effect.

Significant positive impact on EBITDA in FY 20/21.

// Main factors impacting earnings:

- (-)** Volume and margin (**approx. € 221m**)
- (+)** Savings from Transformation program (**approx. € 85m**)
- (+)** Short-time work & similar int. programs (**approx. € 100m**)
- (+)** Restructuring company pension scheme (**approx. € 73m**)
- (+)** Selling of CERM, BluePrint Products & Hi-Tech Chemicals (**approx. € 19m**; previous year incl. € 25m earnings from Hi-Tech coatings disposal)

// EBITDA excl. restructuring result



Financially stabilized. Debt reduced - financial headroom increased.

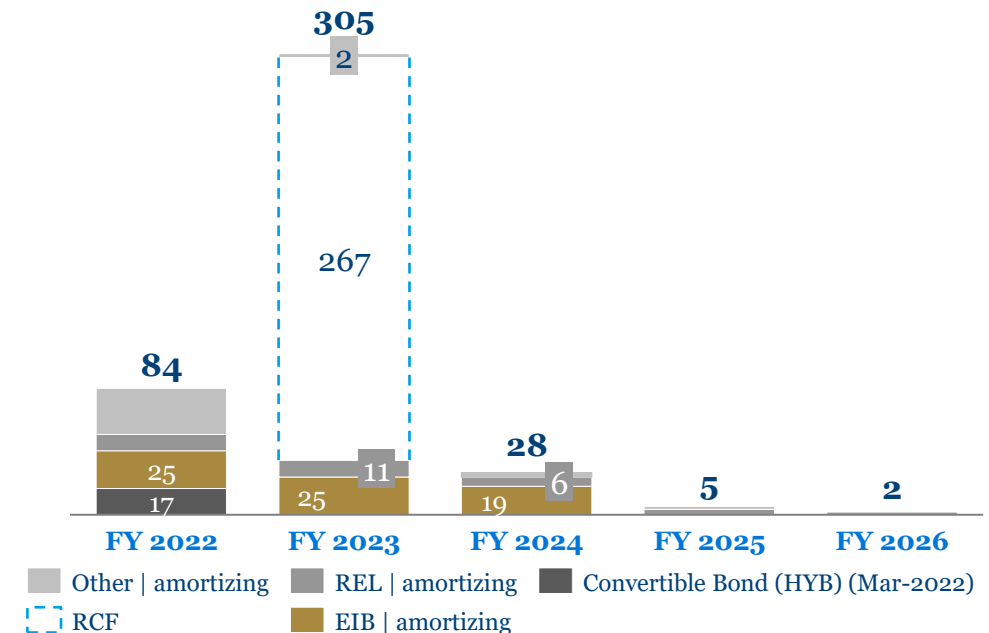


// Main factors:

- **Early repayment of the HYB (€ 150m) concluded** on September 9, 2020. **Interest reduction** by approx. € 12m p.a.
- **No major maturities** in the near future.
- **Availability of the RCF:** more than half as of Mar, 31, 2021.

// Maturity profile as of Mar. 31, 2021

€ m



Balance sheet.

Debt reduced and capital freed up.



> Assets	FY 2020	FY 2021
	31-03-2020	31-03-2021
Figures in mEUR		
Fixed assets	953	902
Current assets	1.532	1.150
thereof inventories	660	542
thereof trade receivables	299	246
thereof receivables from customer financing	43	44
thereof cash and cash equivalents	428	204
Deferred tax assets, prepaid expenses, other	118	117
thereof deferred tax assets	69	61
thereof income tax liabilities	16	15
Total assets	2.603	2.169

> Equity and liabilities	FY 2020	FY 2021
	31-03-2020	31-03-2021
Figures in mEUR		
Equity	202	109
Provisions	1.338	1.253
thereof provisions for pensions	986	946
Other liabilities	995	743
thereof financial liabilities	471	271
thereof contractual liabilities	173	202
thereof trade payables	212	146
thereof other payables	134	119
Income tax liabilities	67	64
Total equity and liabilities	2.603	2.169
Equity ratio	8%	5%
Net debt	43	67

- (1) **Inventories** decreased by around €115 million year-on-year due to the lower sales level and successful net working capital management.
- (2) **Equity** is burdened by the net loss and the reduction in the discount rate for pensions provisions (from 1.8 percent as of March 31, 2020 to 1.4 percent as of March 31, 2021).
- (3) The reorganization of the company pension scheme in Germany leads to a decrease in **pension provisions** despite lower actuarial interest rate.
- (4) **Financial liabilities** were significantly reduced compared with the previous year mainly due to the repayment of HYB in September.

Global economy on the road to recovery. Machinery and plant engineering picks up speed again.

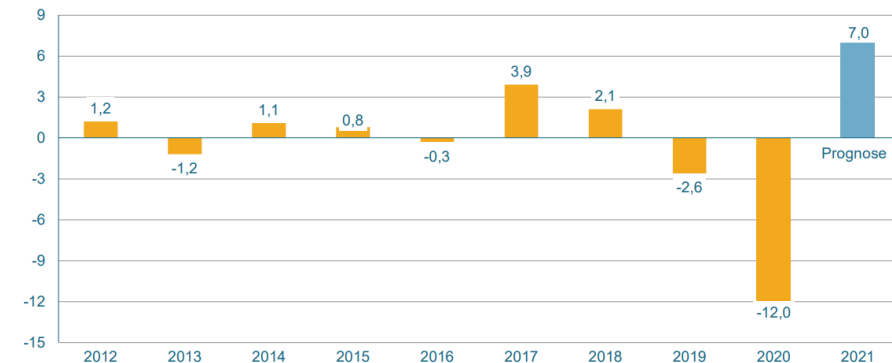
The prospects for further growth in China and Asian countries as well as the USA are good.

- Order intake is clearly on course for growth.
- The chances of production growing from the second quarter of 2021 on a year-on-year basis are also good.
- VDMA raises previous forecast by 3 percentage points and expects real production growth of 7 percent in 2021.
- Machinery and plant engineering secures supply even in the pandemic.

Entwicklung der deutschen Maschinenproduktion



Reale Veränderung gegenüber dem Vorjahr in Prozent



Quelle: Statistisches Bundesamt, VDMA

Outlook.

With a tailwind into the new financial year 21/22.



Sales > 2 bn €



Positive trend in order intake promises significant increase in sales.



Focus on **strategic initiatives** gives Heidelberg a strong position in the recovering market environment.



EBITDA-margin **6-7%**

! No further separation of restructuring result !



Rising earnings quality due to compensation for significant extraordinary income from the previous year (restructuring company pension scheme, lower utilization of short-time working, etc.).



Income from **asset management** still expected on the basis of ongoing projects.



Transformation program leads to further **savings in structural costs**.






Slight after-tax profit expected in current year.



Pushing structural growth.

New segmentation shows potentials and successes per segment.

Customer Segment	Print Solutions	Packaging Solutions	Technology Solutions
Customer Category	<div>Commercial</div> <div>Digital</div> <div>Industrial</div> <div>Print Other</div>	<div>Folding Carton</div> <div>Label</div> <div>Packaging Other</div>	<div>E-Mobility</div> <div>Zaikio</div> <div>Printed Electronics</div> <div>Technology Other</div>
Our targets	 Leveraging market recovery and market leadership for sustainable profitability .	 Growth driven by increasing environmental awareness, e-commerce and new solutions.	 Bundling and developing new growing business areas with existing expertise .
Our ambition	<div><div>~ 55%</div><div>Sales FY 21</div><div>~ 4%</div><div>CAGR¹</div><div>~ 5%</div><div>EBITDA-Margin FY21</div><div>>8%</div><div>EBITDA-Margin¹</div></div>	<div><div>~ 45%</div><div>Sales FY 21</div><div>~ 8%</div><div>CAGR¹</div><div>~ 6%</div><div>EBITDA-Margin FY21</div><div>>10%</div><div>EBITDA-Margin¹</div></div>	<div><div>Increasing market capitalization.</div><div>Further potential already under investigation.</div></div>

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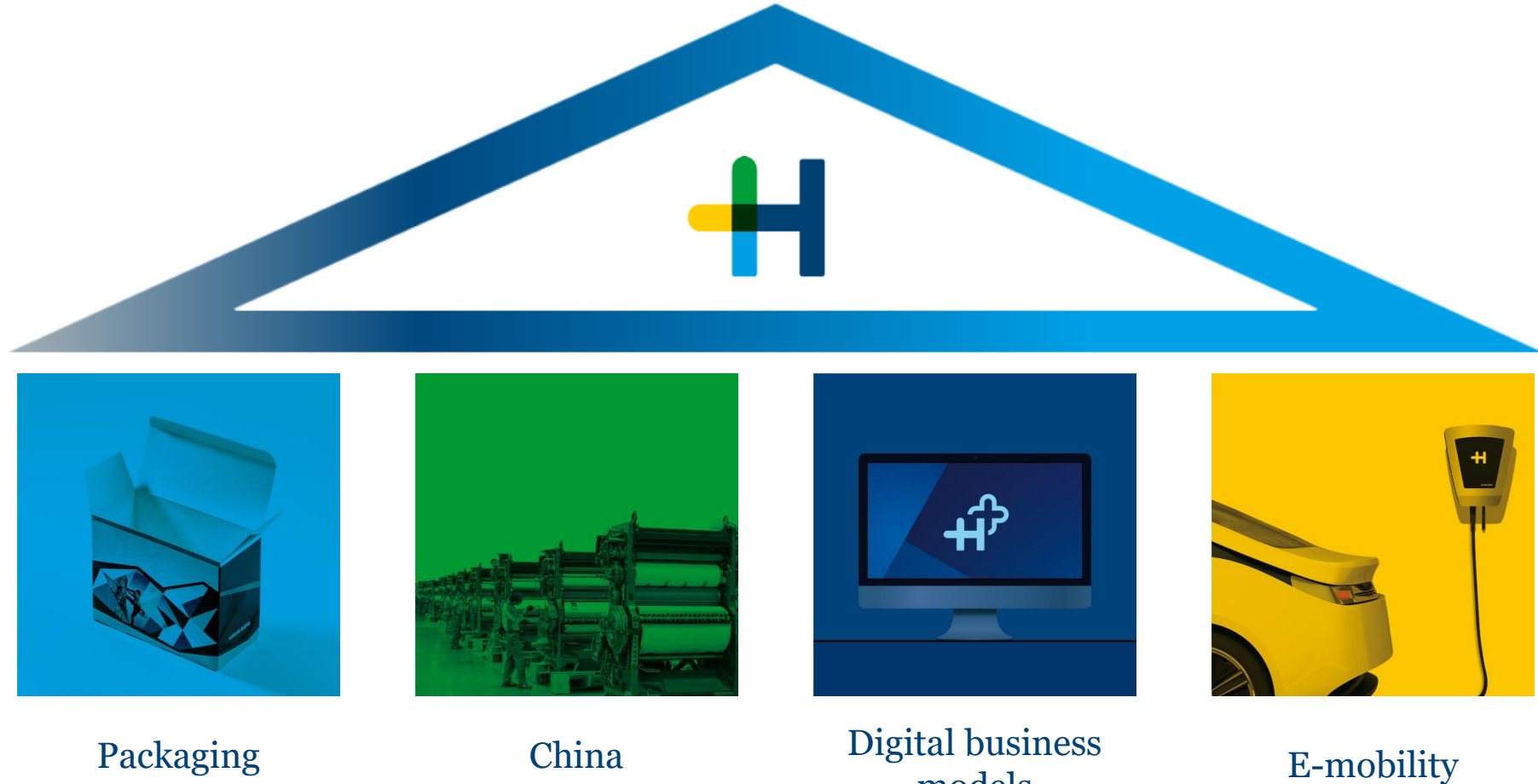
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Strategy.

Leverage leading positions - focus on revenue and growth drivers.



Packaging.

Grow faster than the market.



Global No. 1 in packaging printing

47% market share among
sheetfed offset presses for
folding carton and label
production

- **Around 50% of our sheetfed offset business** is packaging presses
- Heidelberg is the **only supplier** on the market that **covers the entire value chain**
- The market for folding cartons is growing by about **2% per year**



Agenda for growth

- **End-to-end automation** from reel to finished package
- Expand **data-driven services**
- **Tailored portfolio** specifically for growing Asian market



Sales increase from ~860 million euros to over 1 billion euros

China.

Score with investments and innovations in the No. 1 growth region.



No. 1 in China

50% market share in the important 70x100 sheetfed offset format

- **Own high-performance production** in Shanghai
- **Largest single market** in FY2020/21 with around 15% share of sales
- **Export of around 20%** of machines produced in Shanghai



Agenda for growth

- **Expand site** in terms of personnel and portfolio
- **Increase localization** to >85%, including through partnerships
- Increase **lifecycle business** through digital services



Sales increase from ~300 million euros to over 360 million euros by 2026


Digital business models.

Cloud and data-based software and solutions in focus.



26% of lifecycle sales

Heidelberg already achieves with contract business

- **Around 50% of Prinect sales** are recurring sales
- **Database** of 25,000 connected SW modules and 13,000 machines
-  as a central customer platform
- **Zaikio** as an industry-wide collaboration platform



Agenda for growth

- Consistently expand **usage-based contract models**
- Switch **Prinect offering** to cloud-based contract models
- Expand **Zaikio** to include additional applications
- Further develop **Chinese market** with specific SaaS offerings



Revenue increase in contract models from ~200 million euros to over 450 million euros by 2026

E-mobility.

Successful as a leading provider in the charging infrastructure market.



E-mobility sales more than doubled

Over 20 million euros in sales due to high demand for charging solutions, Wallbox sales quadrupled

- **~20% market share** for private charging systems in Germany
- **Wallbox Home Eco** winner in ADAC test and ÖATMC in Austria
- **Doubling of production** capacity implemented in early 2021



Agenda for growth

- **Carve out** of the business into HEI Charge GmbH
- **Production capacity** to double again by end of FY 21/22
- **Portfolio expansion** with smart and integrated solutions
- **Expand sales presence** throughout Europe
- **Seek strategic partnerships** in the field of charging systems



Annual sales growth in the mid double-digit percentage range

Blueprint for structural growth in new markets

Perspectives.

Creating value for customers, shareholders and employees.

HDM achieves **financial turnaround** and is already realizing significant earnings improvements as a basis for further growth.

HDM is becoming more profitable and is further reducing **break-even** - we are **more resilient** and are **benefiting from recovering markets**.

Consistent alignment with **sustainability or ESG** (environmental, social, governance) **criteria**.

HDM will **grow profitably in its core markets**, particularly in the **packaging segment**, in **China** and with **digital business models**.

HDM will participate in the growing **e-mobility** market and expand into **new growth areas** outside its core business.

Technology excellence as a driver for growth in automation and the platform economy.



Financial calendar 2021/2022.

FINANCIAL CALENDAR 2021/2022	
JUNE 9, 2021	Press Conference, Annual Analysts' and Investors' Conference
JULY 23, 2021	Annual General Meeting
AUGUST 4, 2021	Publication of First Quarter Figures 2021/2022
NOVEMBER 10, 2021	Publication of Half-Year Figures 2021/2022
FEBRUARY 9, 2022	Publication of Third Quarter Figures 2021/2022
JUNE 9, 2022	Press Conference, Annual Analysts' and Investors' Conference
JULY 21, 2022	Annual General Meeting



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