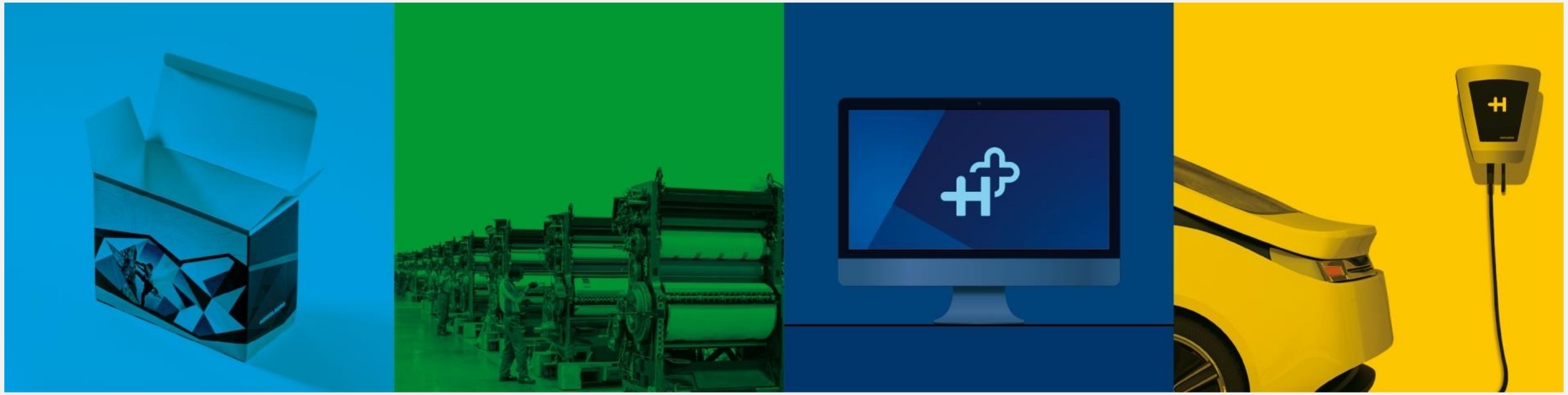
Perspectives

Heidelberger Druckmaschinen AG - Third Quarter Results FY 2021/2022

Rainer Hundsdörfer, CEO | Marcus A. Wassenberg, CFO | Wiesloch, February 9th, 2022

PERSPECTIVES



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Highlights Q3

FY 2021/22

Operations resilient

Earnings quality improved yet again. Orders up by 15 %, order backlog now over pre-pandemic level.

Core business strategy: Subscription partnership

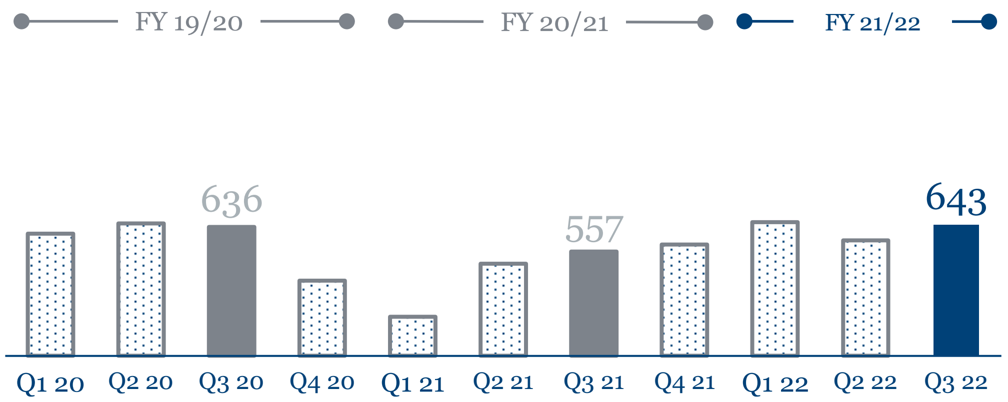
Comprehensive offering of machine, service/consulting and consumables to enable maximum machine efficiency in highly flexible pay-per-use models as USP.

E-mobility strategy – Product offering enhanced

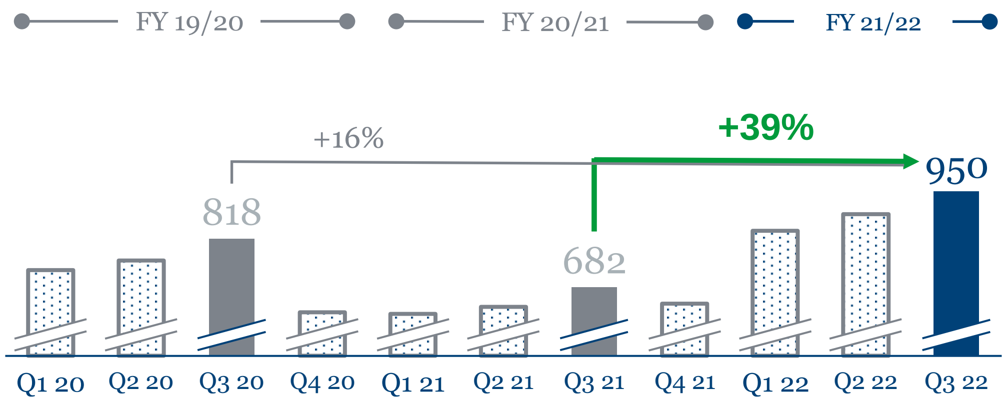
Acquisition of technology for (semi-)public charging station and software-offering by SAP for smart charging applications are latest milestones in the strategic development.

Order development.
Strong order backlog giving comfort for next FY.

// Order intake: strongest December since 2018

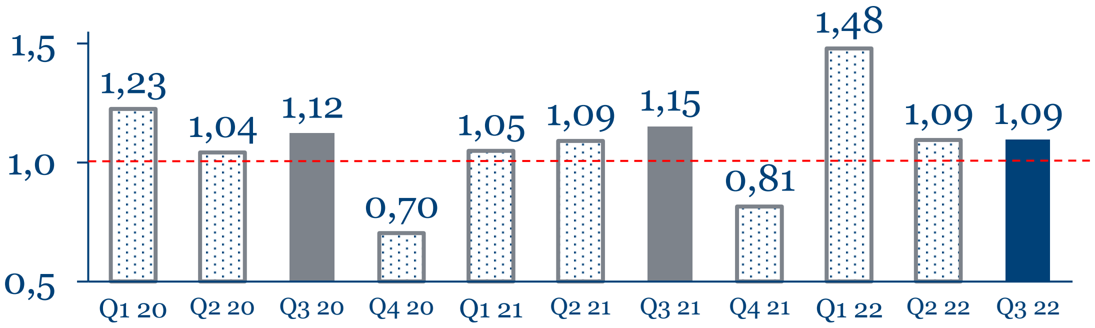


// Order backlog exceeding pre-pandemic level



- **Record order backlog** after 9 months.
- Reach of the backlog until next FY giving **comfort for our ambitions.**
- Particularly strong development **in Europe.**

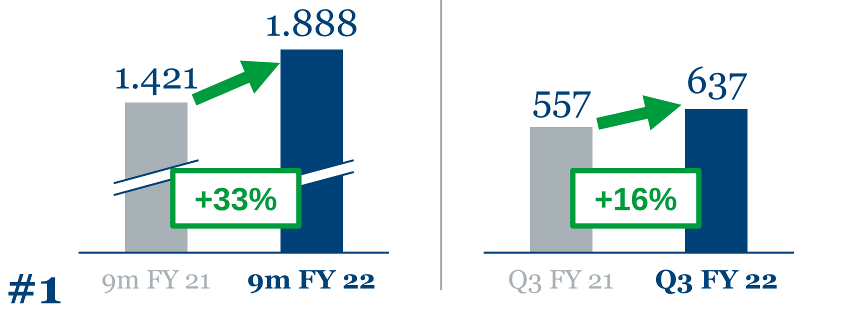
// Book-to-bill: revenues with time-shift



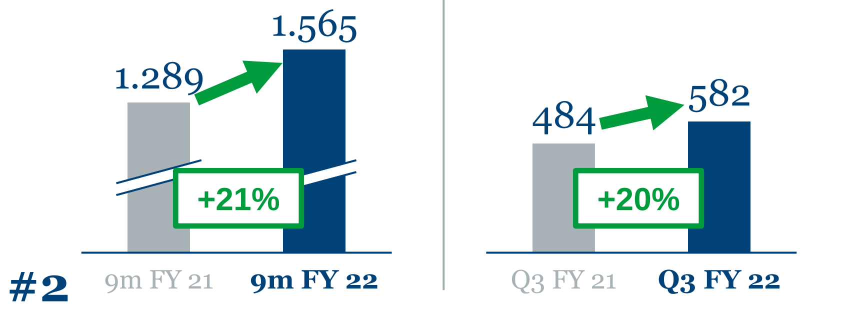
Q3 FY 21/22.

Improved earnings quality supported by higher sales volume.

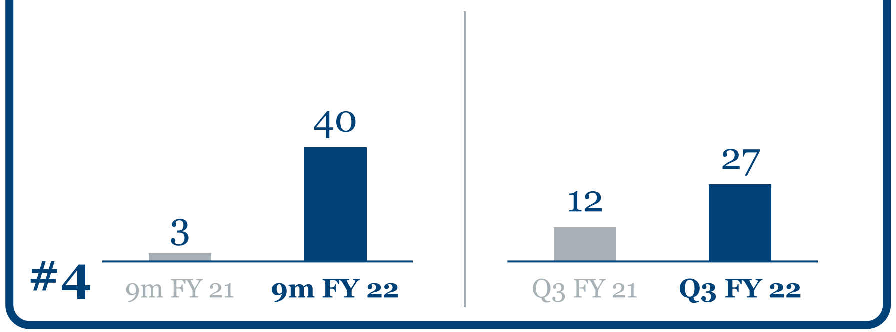
Net Orders



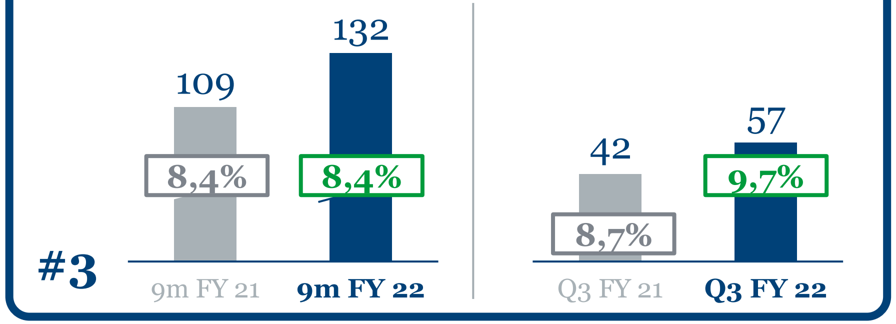
Net Sales



Result after taxes*



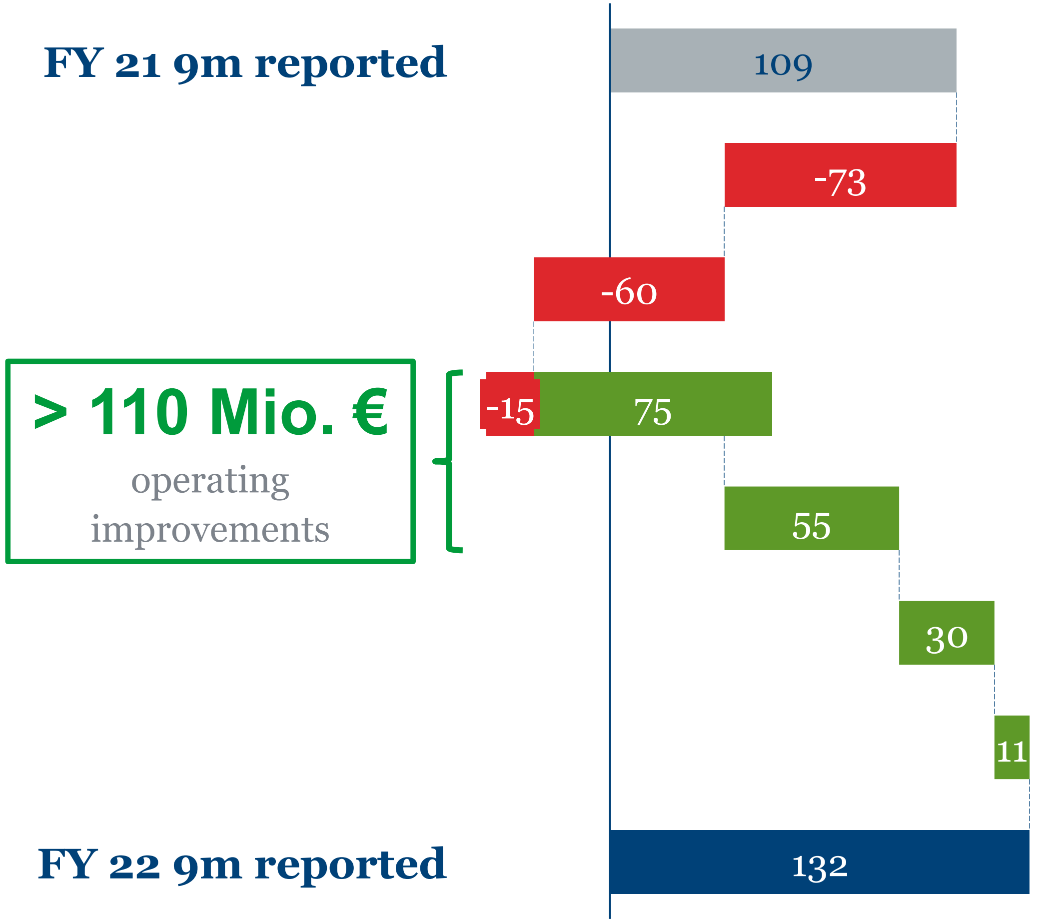
EBITDA* [in % of Net Sales]



// Transformation delivers on promised improvements.

*FY 21 incl. income of € 73m from the reorganization of the company pension scheme in the first quarter.

Earnings bridge.
Significant increase in quality of earnings.



// Main changes y/y:

- \- Reorganization of the **pension scheme**
- \- Lower compensation from **short-time work**
- \+ **Volume & margin** improvements - **material price** inflation
- \+ Improvements in **structural costs basis**
- \+ Net income **from disinvestments**
- \+ **Other & temporary effects,** e. g. provision for employees' holidays

Segments.

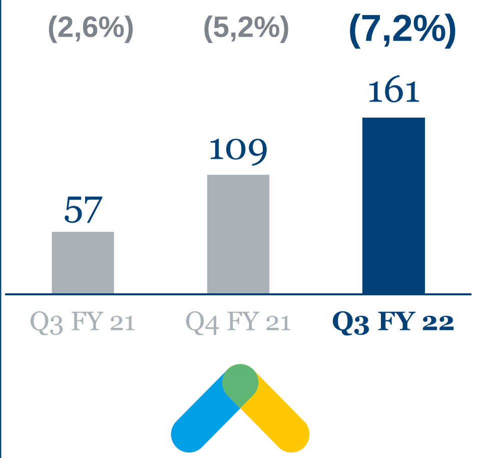
Strong recovery in core business - new business areas growing.

Customer Segment	Print Solutions		Packaging Solutions		Technology Solutions	
Customer Category	Commercial, Digital, Industrial, Print Other		Folding Carton, Label, Packaging Other		E-mobility, Zaikio, Printed Electronics, Technology Other	
	9m FY 21	9m FY 22	9m FY 21	9m FY 22	9m FY 21	9m FY 22
Net Orders	761	+36% 1.037	646	+26% 816	13	+169% 35
Net Sales	697	+25% 868	578	+15% 662	13	+169% 35
EBITDA in % (w/o non-recurring)	8,3% (1,0%)	11,1% (6,9%)	8,8% (1,8%)	4,8% (3,3%)	0% (0%)	11,4% (11,4%)

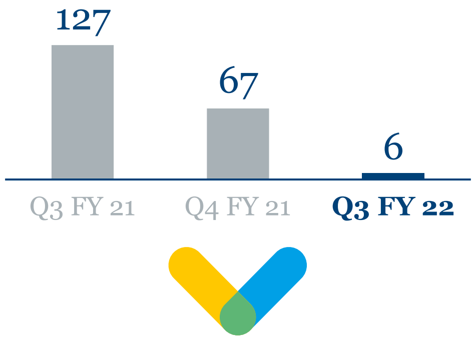
Financing framework.

Risk reduction: equity increased; net debt kept on balanced level.

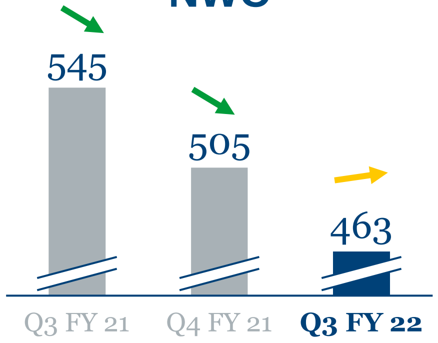
Equity (ratio)



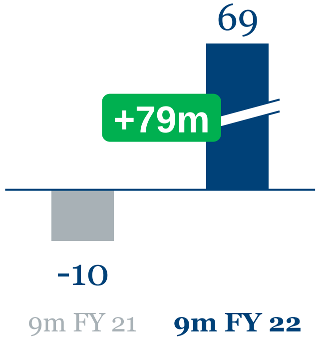
Net debt



NWC



Free Cashflow



// Essential factors:

- **Net financial position reduced** and kept on a low level after 9m.
- Better financing framework also leads to **reduced interest payments.**
- Availability of the RCF **~75% of 250m.**
- **Owner's equity raised** to € 161m (at Mar 21: € 109m), due to net profit.

High confidence in meeting targets.
Sales forecast specified to > € 2.1 bn.

Sales > **€ 2.1 billion**
(previously: > € 2.0 bn)

EBITDA margin **7-7.5%**
(confirmed)

- Concretization due to **increased visibility.**
- **Strong order backlog** founds solid basis.

- **Anticipating continuing supply chain** issues in Q4.
- **No extraordinary income** in Q4 anticipated.

// Slight after-tax profit expected for the current year.

Value creation.

Focus on strategic initiatives.

Value levers

1 Operating profitability

- Streamline organization
- Optimize financ-ing structure
- Strong cash generation

2 Strengthen core business

- Raise share of wallet in packaging
- Focus on digital business models
- Grow in China

3 Capture value in new ventures

- Further expand e-mobility
- Zaikio & printed electronics

4 Grow in further adjacent business

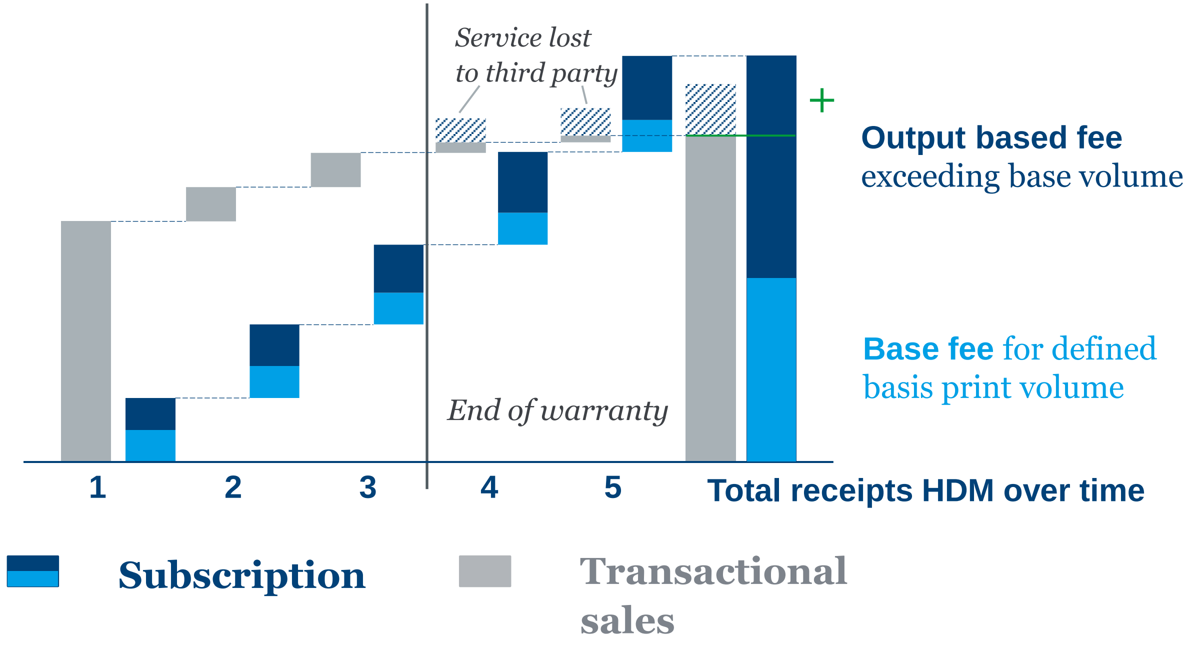
- Based on existing competences

Today: ~ 800m€

Equity Value

Strengthen core – strategic partnership with Munich Re.
Evolve our core business strategy with Subscription.

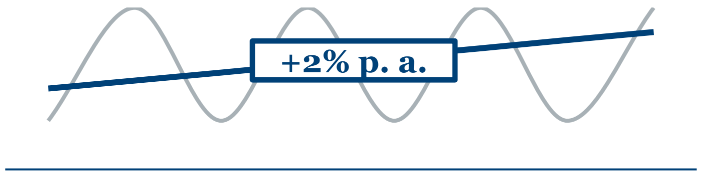
Payment streams (customer view)



Low OEE in the customer base gives **significant potential to grow with customers.**

Subscription contracts **secure access to lifecycle sales over the whole contract time.**

Asset lean for HDM, thanks to general financing partner.

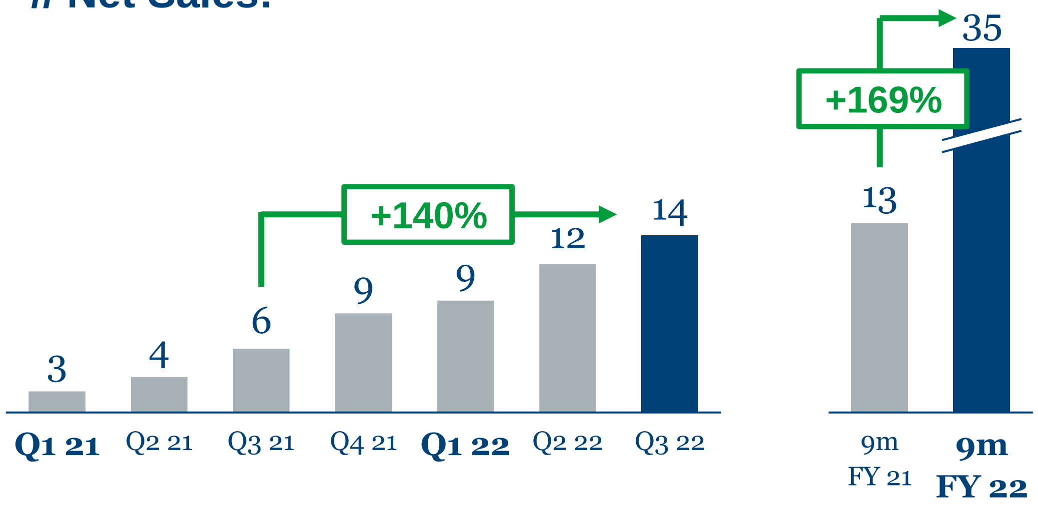


Cyclical transactional sales transformed into a **business model linked to the stable print production output.**

E-mobility.
Strong organic growth and new prospects.

Organic growth

// Net Sales:



- Sales CAGR is still **outperforming the market.**
- **Supply chain shortages** remain limiting factor of growth.

M&A activities / partnerships

Acquisition EnBW technology

- **Accelerated market entry** into (semi)public charging and fleet management.
- Charging station **basis for exploring new business models.**

SAP E-mobility solution

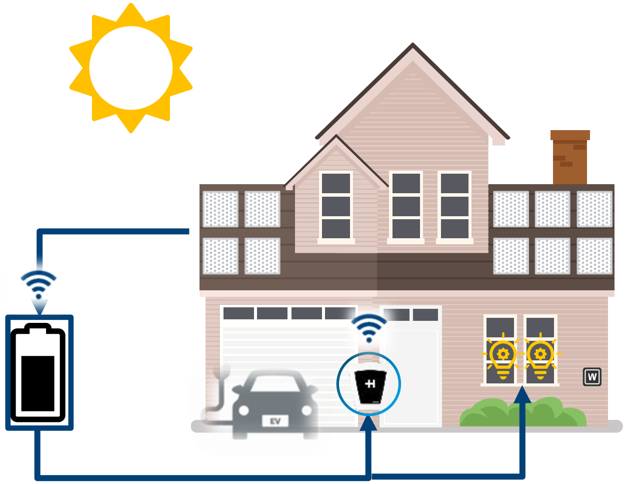
- **Easily scalable IT-backend solution**, e. g. for billing services for company fleet cars.
- Strategic advantage in **integration with company ERPs.**

E-mobility.

Building a scalable ecosystem of smart charging solutions.

Smart energy management

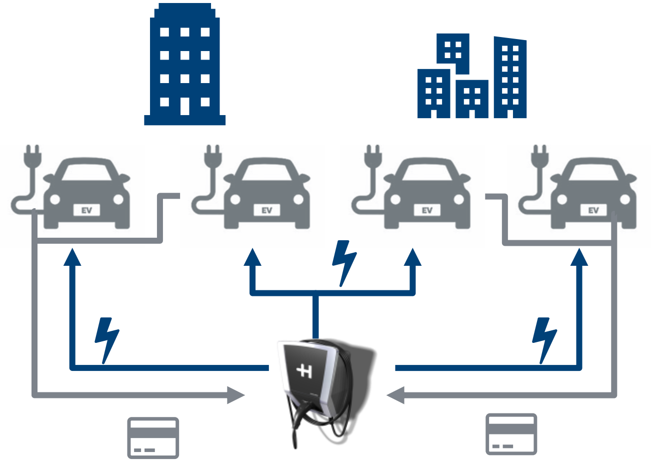
For a reliable and sustainable energy supply.



#1

Fleet management

Software based billing solutions, calibrated wallboxes.



#2

Public projects

Calibrated charging stations, also DC.

#3

Public projects

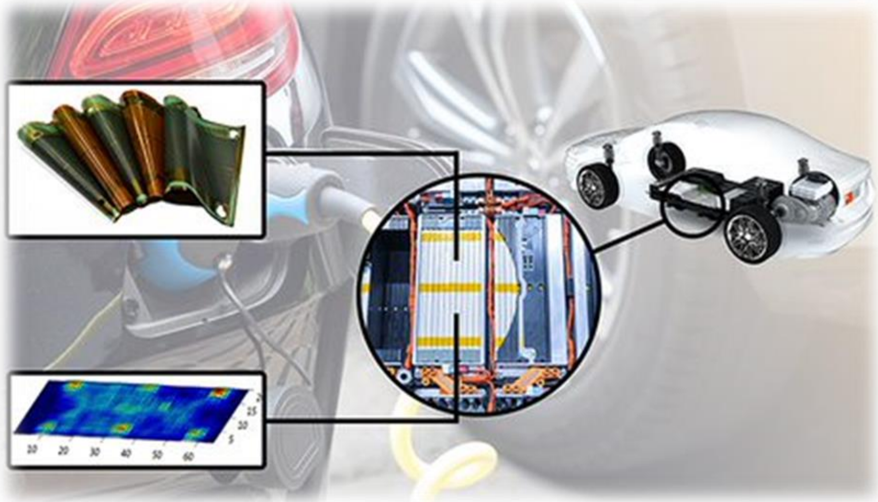
Fleet management solutions

Smart energy management

Printed Electronics
Launching new fields of applications in the automotive area.

Smart seats:

Battery monitoring:



// New revenue potentials explored.

Key takeaways.

Financial stability achieved – operating profitability further improving.

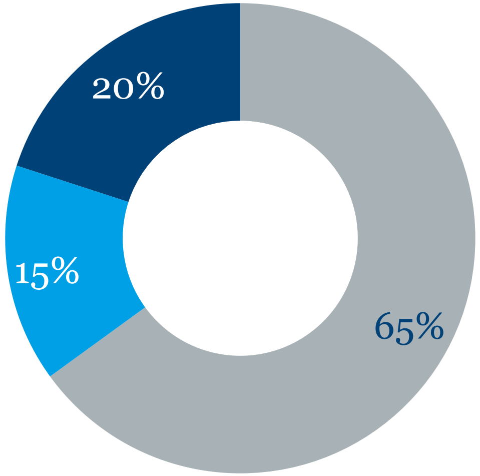
Evolve core business – digital business models to help customers become more efficient.

Pioneering new growth areas – based on existing capabilities.

Sustainability.

Highest efficiency potential in customer’s processes.

Carbon footprint of a printing machine over its lifecycle.



Production at customer site
Production process HDD
Raw materials / Intermediates

Examples for Heidelberg´s contribution

Climate neutrality

- Heidelberg commits to becoming climate neutral by 2030.

Zero pollution

- Selective procurement of and resale of consumables according to ecological criteria.

Circular economy

- Machines fitted for use of recyclable paper, to enable circular economy in printing industry.

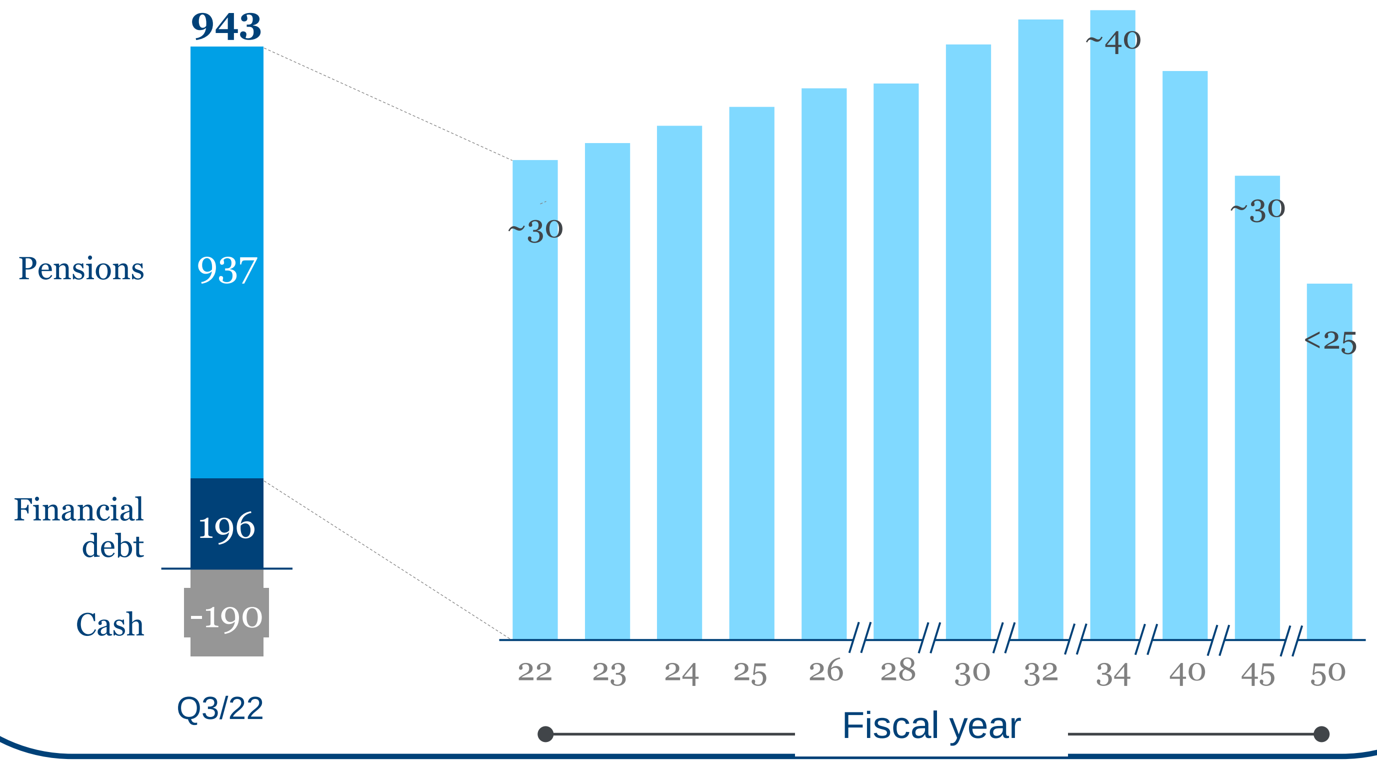
Transformation program.

Pension obligations with low financing costs compared to ordinary debt.

// Net debt (€M)

// Repayment profile

(annual pension payments HDM Germany €M)*



- **~90% of HDM's net debt** is due to on-balance sheet **pension obligations**
- Based on HDM's demographics, **pension payments will gradually increase by €10M** to ~€40M p.a. in FY32-35 and decrease thereafter
- **Thus, annual cash-out** for pensions (incl. interest and repayment component) ranges around **3-4% p.a.** relative to total obligations
- Hence, **financing costs are comparably low**

* Estimated pension payments of German entities