

TECHNOLOGIES FOR TOMORROW

Heidelberger Druckmaschinen AG – Third quarter results FY 2022/2023

Dr. Ludwin Monz, CEO | Tania von der Goltz, CFO | Wiesloch, February 8, 2023.



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9m FY 22/23 at a glance

Financial performance

Highlights

Outlook

9m FY 2022/23 key statements.

HEIDELBERG with strong performance, on track to achieve all full-year targets.



HEIDELBERG with **ongoing strong order intake** and **significant adj. EBITDA increase** after nine months 2022/2023.



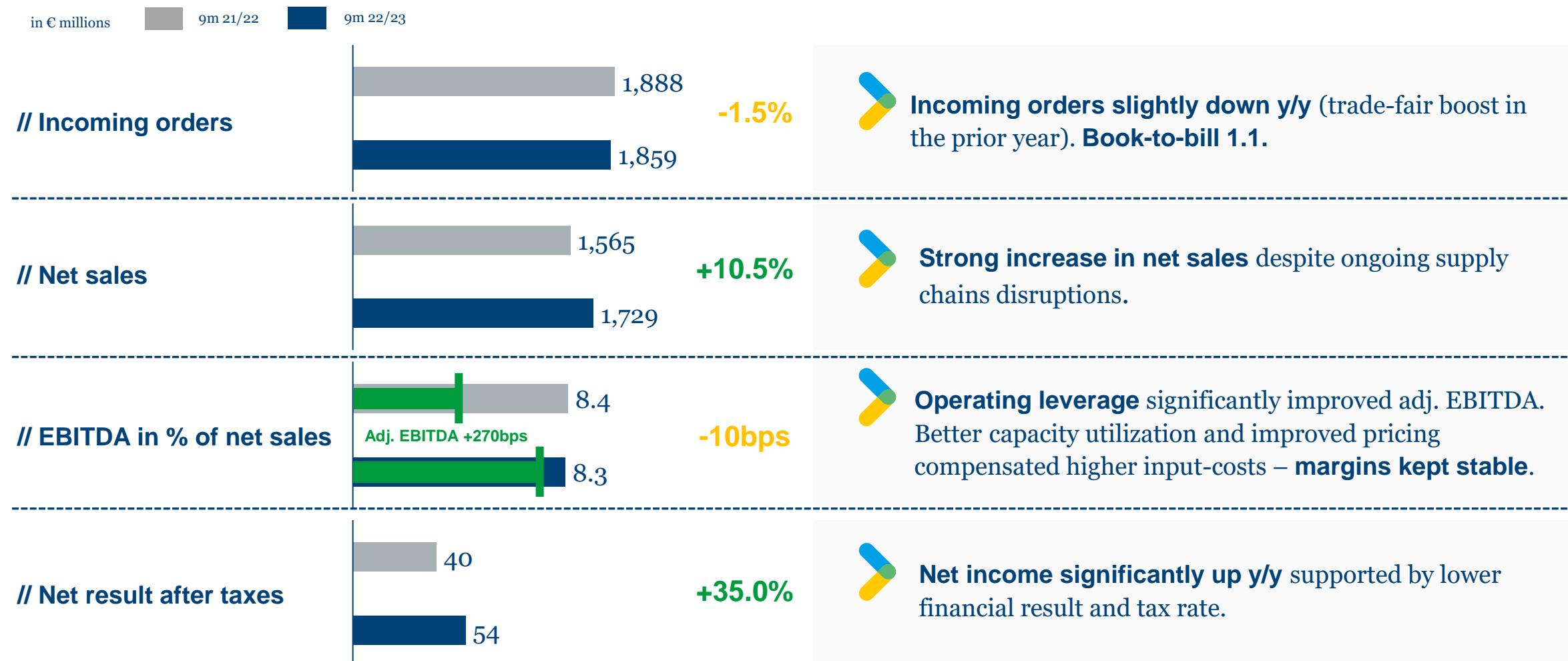
Supply chain situation still challenging. Therefore, additional build-up of net working capital to secure production.



Guidance reconfirmed: **On track to achieve full-year targets.**

9m FY 2022/23 highlights.

Significant improvement in adj. EBITDA margin.





9m FY 22/23 at a glance

 **Financial performance**

Highlights

Outlook

New HEIDELBERG Chief Financial Officer. **Tania von der Goltz** appointed as of January 01, 2023.



// Personal profile:

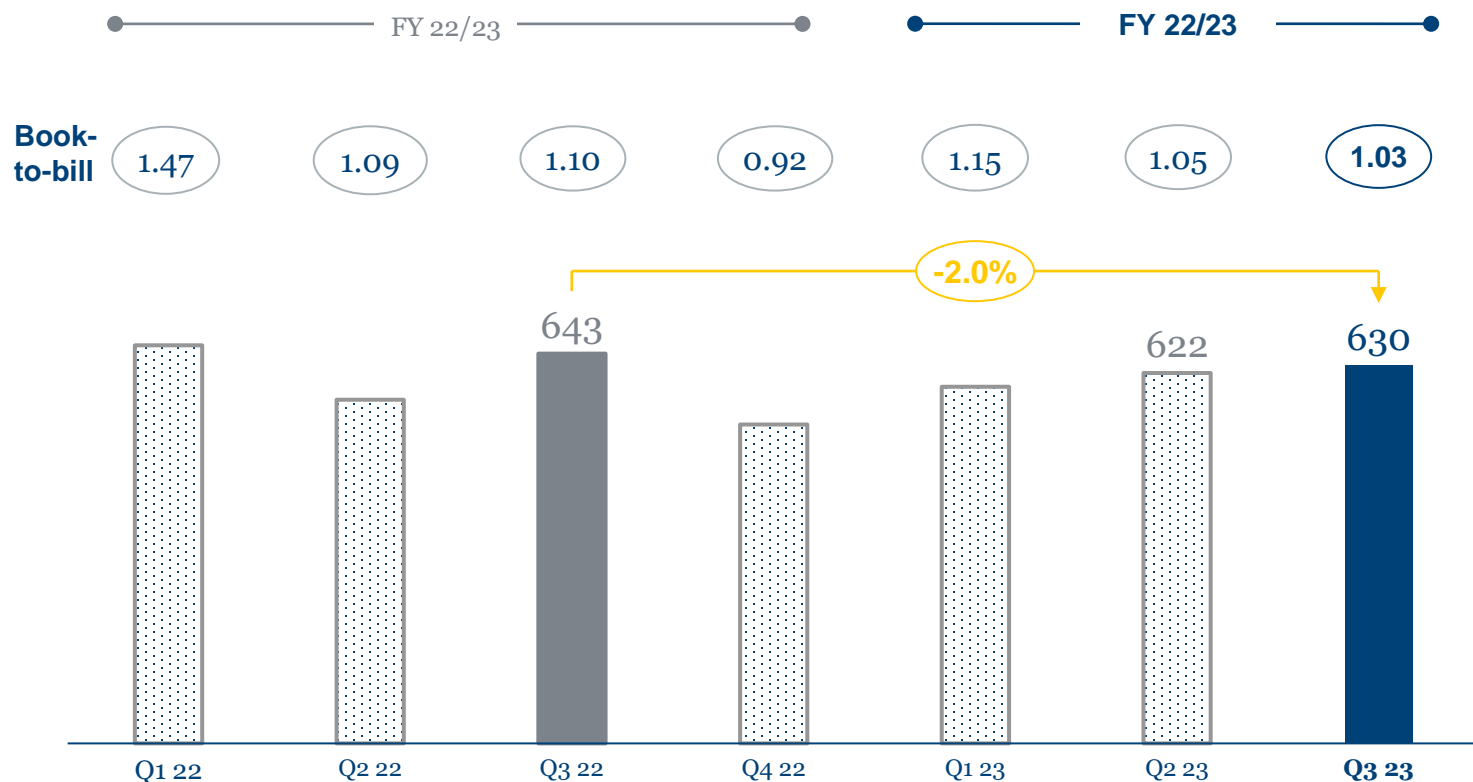
- Most recent responsibility: Head of global financial strategy at **Fresenius Medical Care** (DAX)
- Deputy Chairwoman, Supervisory Board of **Carl Zeiss Meditec** (MDAX)
- Business degree from the Goethe-University Frankfurt/M

Current trading.

Incoming orders remained on a very healthy level.

in € millions

// Quarterly incoming orders



// Comments on Q3 23:

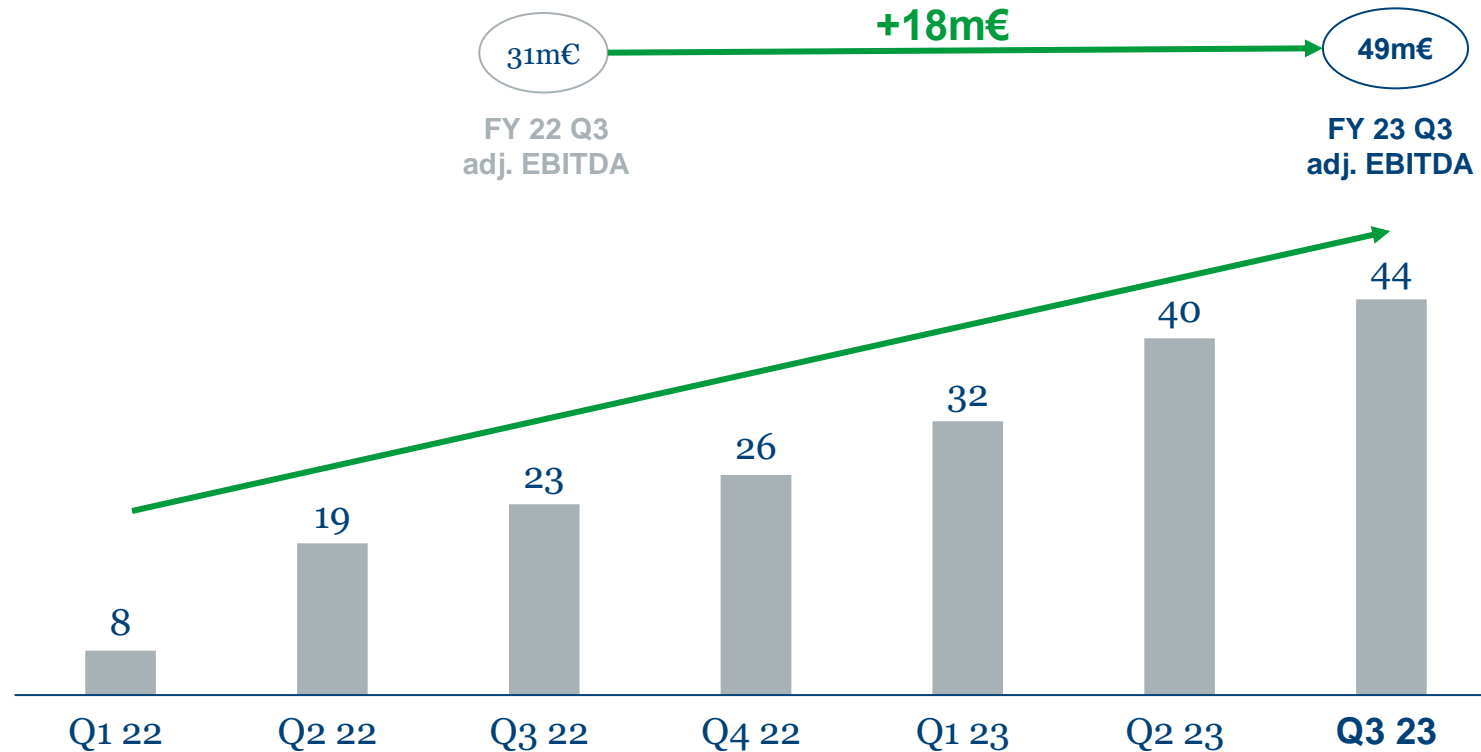
- **Demand** remained **solid** and on a **healthy level**.
- **Incoming orders** slightly down y/y (fx-adj.: -4%), but up sequentially.
- Underlying supported by **pricing**, **volume** y/y slightly lower.
- **Order backlog** of €995m, giving some comfort for FY 23/24.
- **Book-to-bill** at 1.03.

HEIDELBERG EBITDA development.

Operating leverage with a reduced cost basis improves adjusted EBITDA.

in € millions

// Adjusted EBITDA performance: Last 4Q average



// Comments:

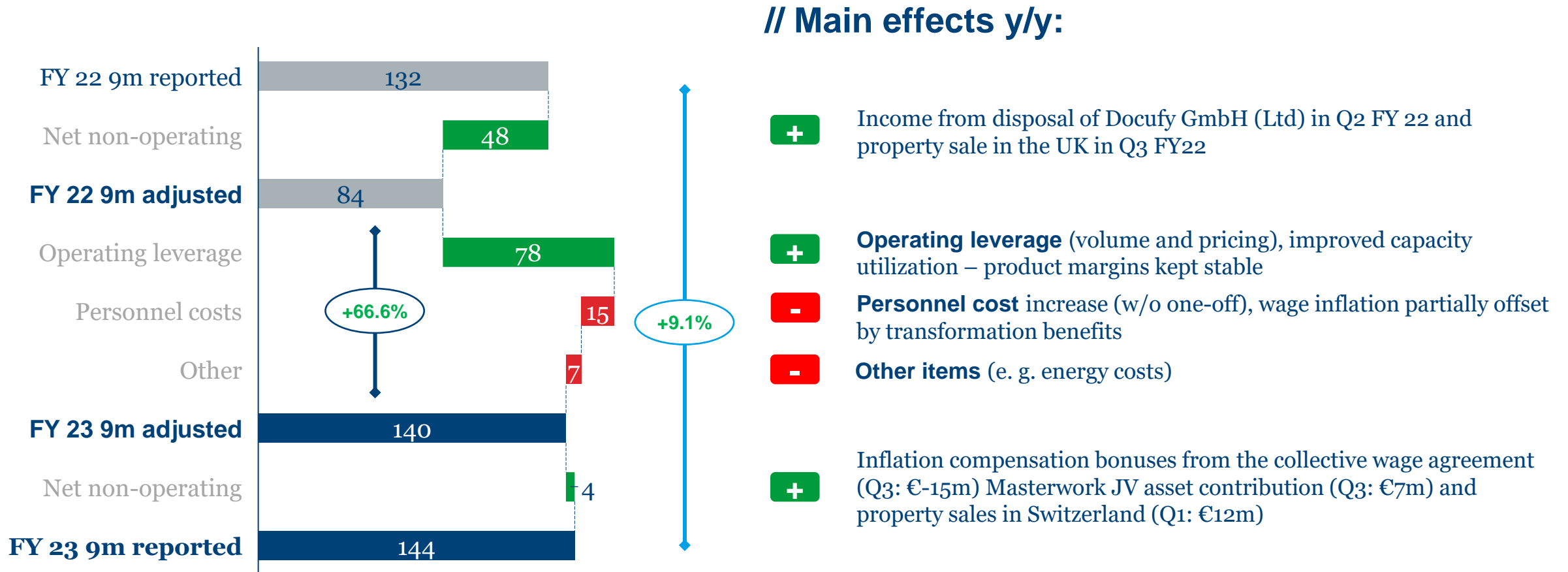
- **Net sales grew resiliently** – despite supply chain disruptions.
- **EBITDA adj. for one-offs¹** is growing robustly.
- Improvement is a function of **operating leverage**.
- **Break-Even** point lowered (leverage on a lower cost basis).

¹ Clean EBITDA-performance in backup

9m earnings bridge.

Strong improvement in adj. EBITDA after nine months.

in € millions

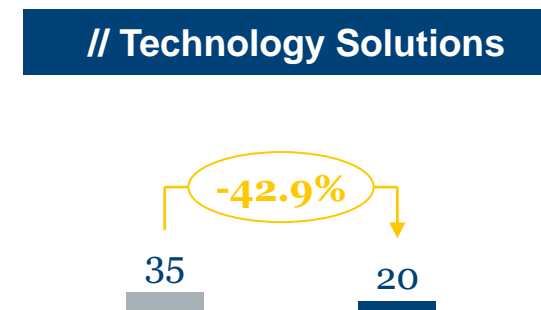
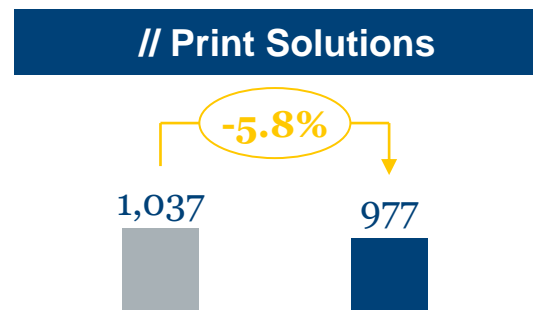
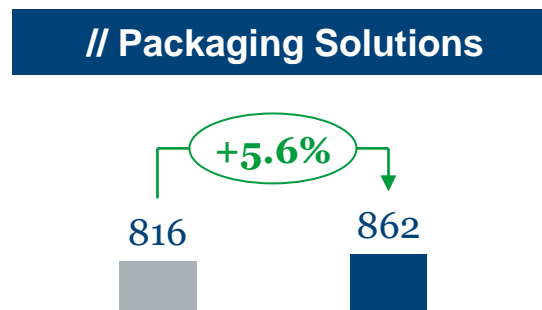


Segments.

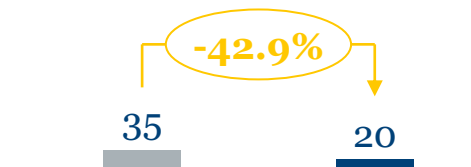
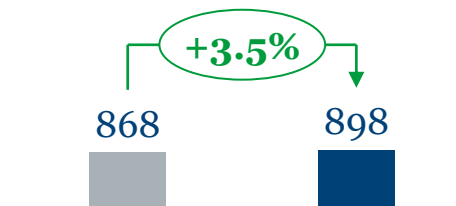
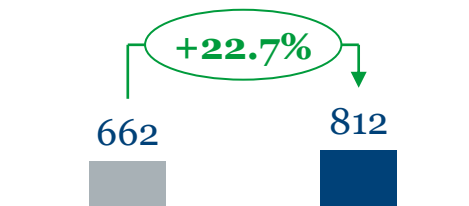
Packaging solutions development very robust, despite economic backdrop.

in € millions

Incoming orders



Net sales



EBITDA¹



Comments

Strong momentum in equipment-deals, regionally in Europe & North America

Solid development after strong previous year (Covid-19 catch-up)

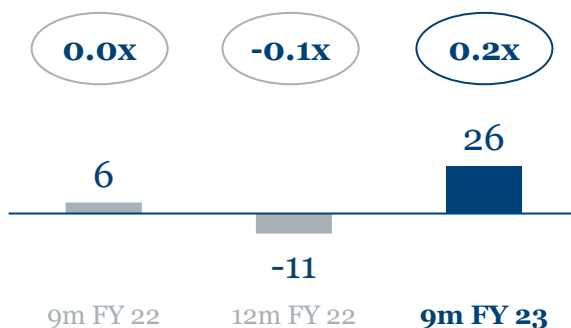
Previous year boosted by **subsidy program** (expired) for wallboxes.

Balance Sheet.

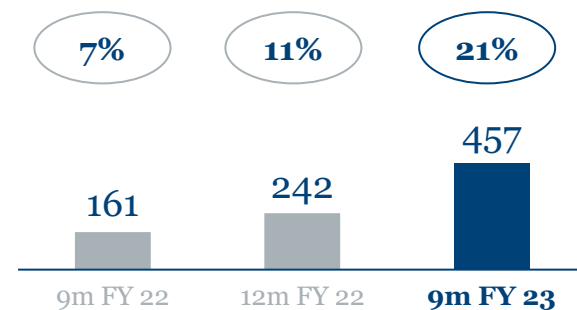
Equity ratio significantly up, further increase in NWC.

in €millions

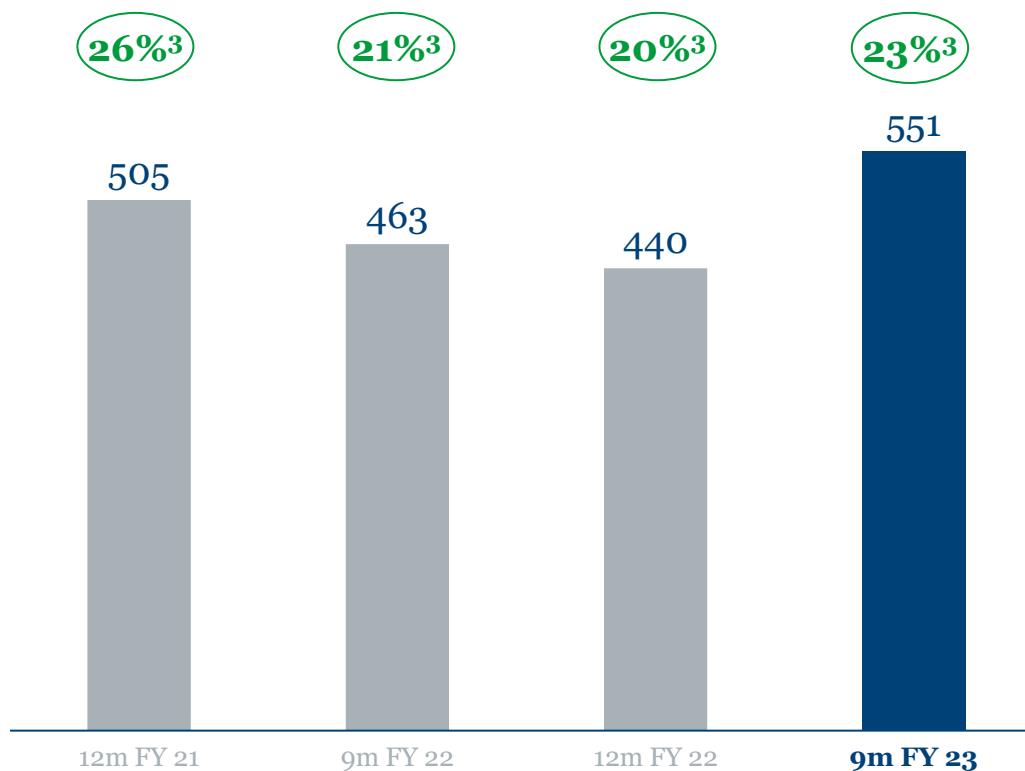
// Net debt¹⁾ and leverage²⁾



// Equity and equity ratio



// Net Working Capital



// Comments :



Leverage slightly up due to negative free cash flow.



Equity up significantly due to raising discount rates causing declining pension obligations & positive net income.



NWC increased due to sales growth and supply chain disruptions.

1) Net total of financial liabilities and cash and cash equivalents and current securities 2) Net debt in relation to 12M EBITDA 3) In % of sales of the last 12 months

Cash Flow.

FCF negative due to higher NWC-need.

in €millions

	9m FY 21/22	9m FY 22/23
Net income	40	54
Operating changes	-61	-11
Operating Cashflow w/o NWC	-21	43
Period changes in NWC (+decrease/-increase)	44	-115
Operating Cashflow	23	-72
Investment Cashflow	46	55
Free Cashflow	69	-16

// Comments:

● Operating changes

- y/y lower, last year included non-operating effects of 48m€ to be reclassified to invest cashflow.
- includes -18m€ posterior payouts for transformation program.

● Production related increase in NWC during the year.

● Operating cashflow turned negative due to increased NWC needs.

● Higher proceeds from divestments.¹



9m FY 22/23 at a glance

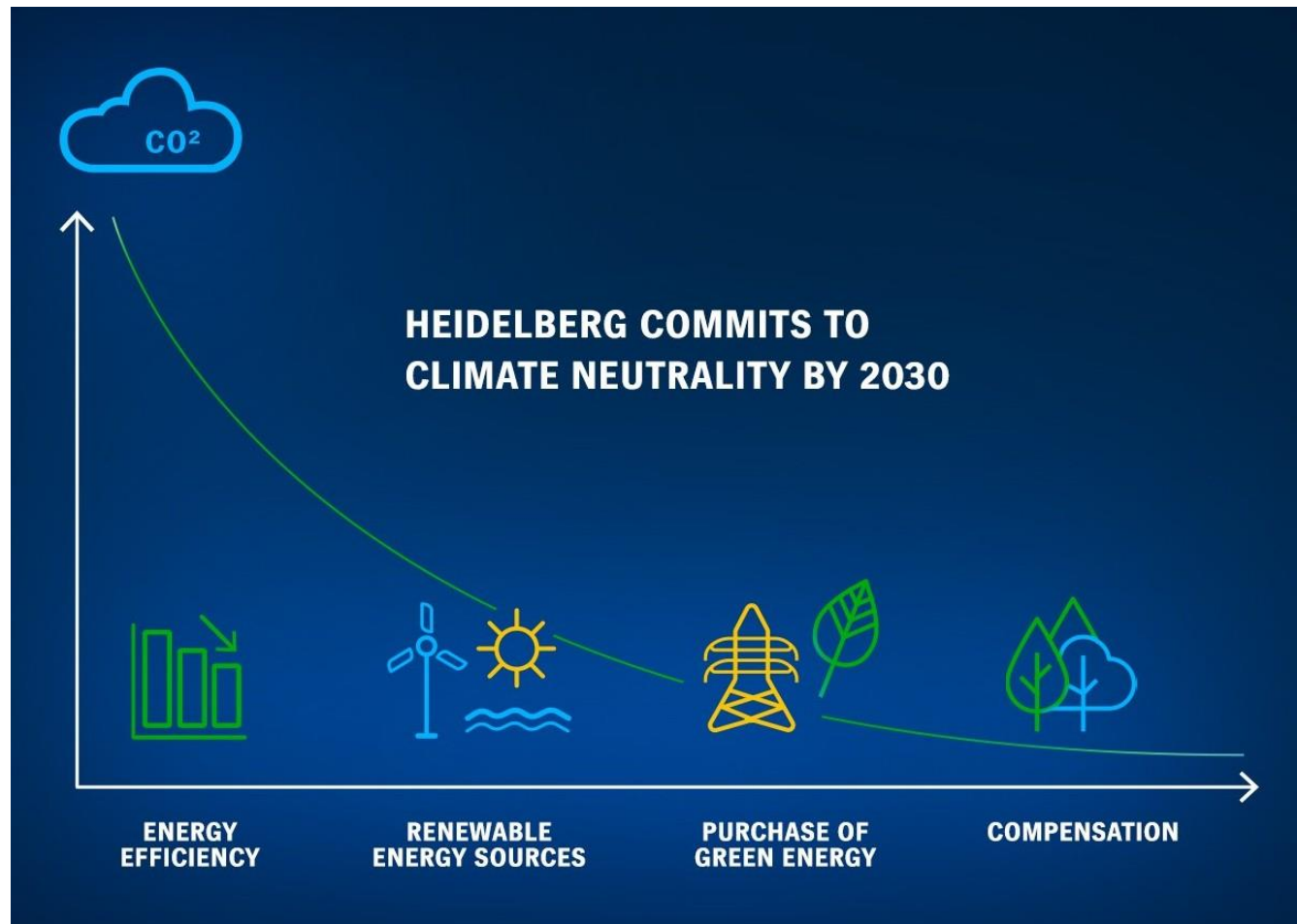
Financial performance

 **Highlights**

Outlook

Our commitment to a more sustainable future.

HEIDELBERG to become climate neutral by 2030 (scope 1 & 2).



Our road map

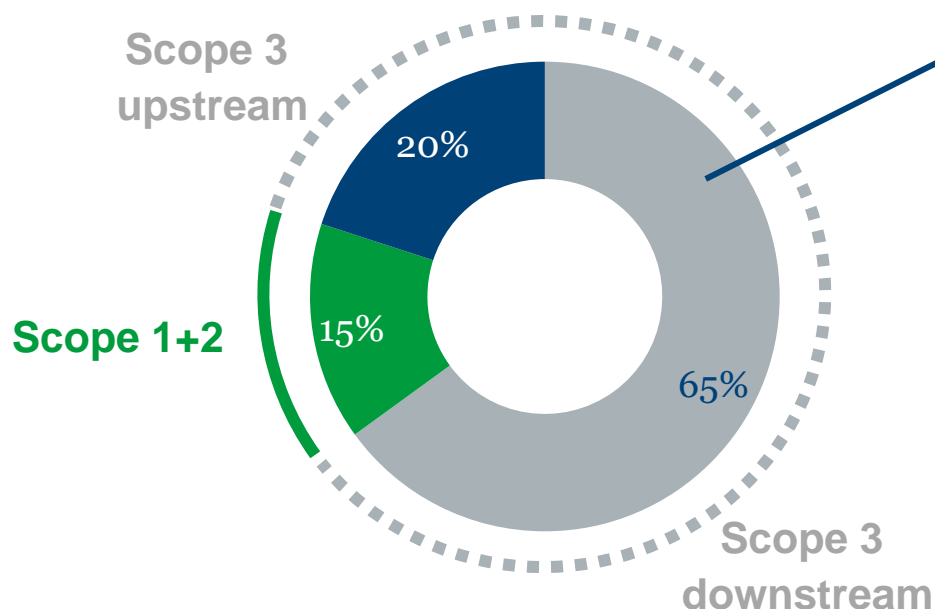
- Increase **energy efficiency** at all production and sales sites,
- **renewable energies** from our own plants,
- purchase of **certified green energy**,
- **compensation** of unavoidable emissions by **emission certificates**.

Our commitment to a more sustainable future.

Our products enhance customers shrinking their ecological footprint.

Carbon footprint of a printing machine:
production and first year of use.

// Tackling Scope 3 emissions



- Production at customer site
- Production process HDD
- Raw materials / Intermediates



HEIDELBERG provides comprehensive **advice** to its customers for **energy-efficient production**.

-40%

Energy consumption of the latest Speedmaster XL reduced by **40 percent** compared with 1990.



Less energy per sheet printed: New Speedmaster XL 106 21k offers 18% higher printing speed.¹



9m FY 22/23 at a glance

Financial performance

Highlights

 **Outlook**

Outlook.

On track to achieve all full-year targets despite economic uncertainties.

9m FY 22/23

FY 22/23

Priorities for Q4 22/23:

Net Sales

€ ~1.7bn

(9m 21/22: € ~1.6bn)

€ ~2.3bn

(FY 21/22: € 2.18bn)

EBITDA (in %)

8.3%

(9m 21/22: 8.4%)

>8.0%

(FY 21/22: 7.3%)

Net income

€ 54m

(9m 21/22: € 40m)

>FY22

(FY 21/22: € 33m)



Secure parts supply



Support gross margins by pricing



Focus on NWC management

Key takeaways.



Incoming orders resilient despite economic uncertainties.

HEIDELBERG continues **steady y/y** improvement of **adj. EBITDA** in Q3 22/23.

Continuous effort to **secure profitability** through pricing.

Backup

Quarterly overview.

	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Average of the last 4 quarters
Incoming orders	652	593	643	566	607	622	630	606
Print Solutions	355	334	348	287	348	334	295	316
Packaging Solutions	288	247	281	263	250	281	331	281
Technology Solutions	9	12	14	15	10	6	3	9
Net sales	441	542	582	618	530	590	609	587
Print Solutions	238	309	321	340	273	293	332	309
Packaging Solutions	194	221	247	263	247	291	274	269
Technology Solutions	9	12	14	15	10	6	3	9
EBITDA	15	60	57	29	35	68	41	43
Print Solutions	8	48	40	15	19	33	26	24
Packaging Solutions	6	11	15	14	17	38	18	22
Technology Solutions	1	1	2	0	-1	-3	-4	-2
Adj. EBITDA	0	38	31	35	23	68	49	44
Adj. EBITDA in % of net sales	0.0	7.0	5.3	5.7	4.3	11.6	8.0	7.4
Net profit after taxes	-14	27	27	-7	5	39	10	12
Leverage*	1.7	<0	0.0	-0.1	0.0	0.1	0.2	-

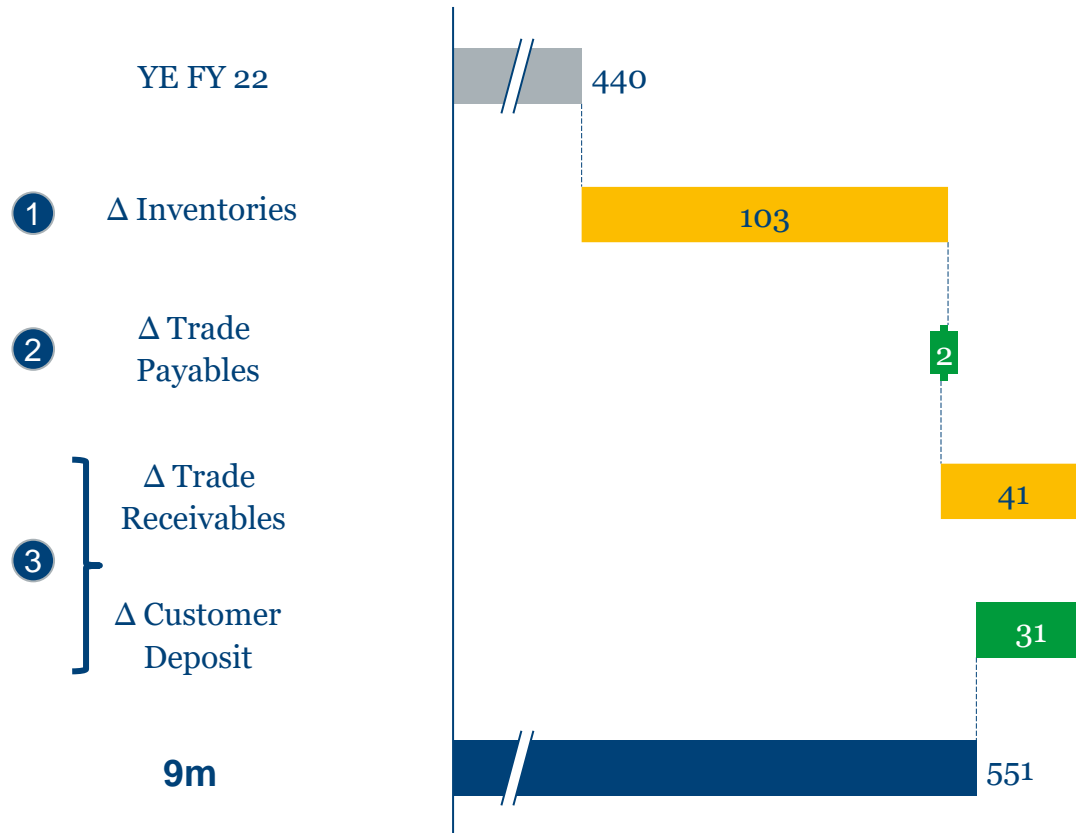
*Net debt in relation to 12M EBITDA

NWC.

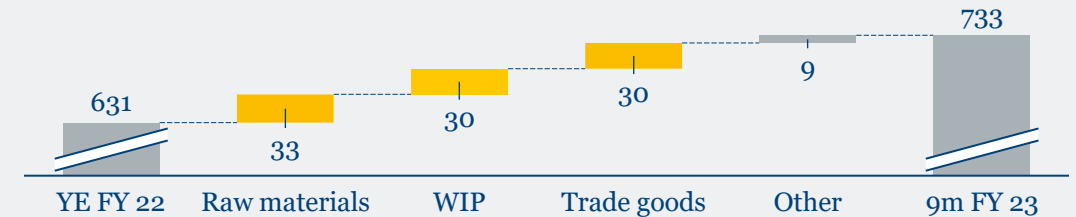
Ongoing increase in NWC to secure production

in €millions

// 9m FY 22/23: €115m NWC increase*

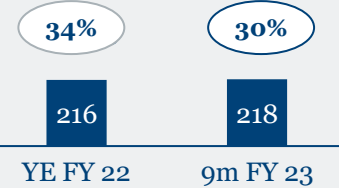


1 **Inventories** increased production-related at half-year-mark (as compared to previous year).



2 **Trade payables** in relation to inventories down to 30%.

in % of inventories

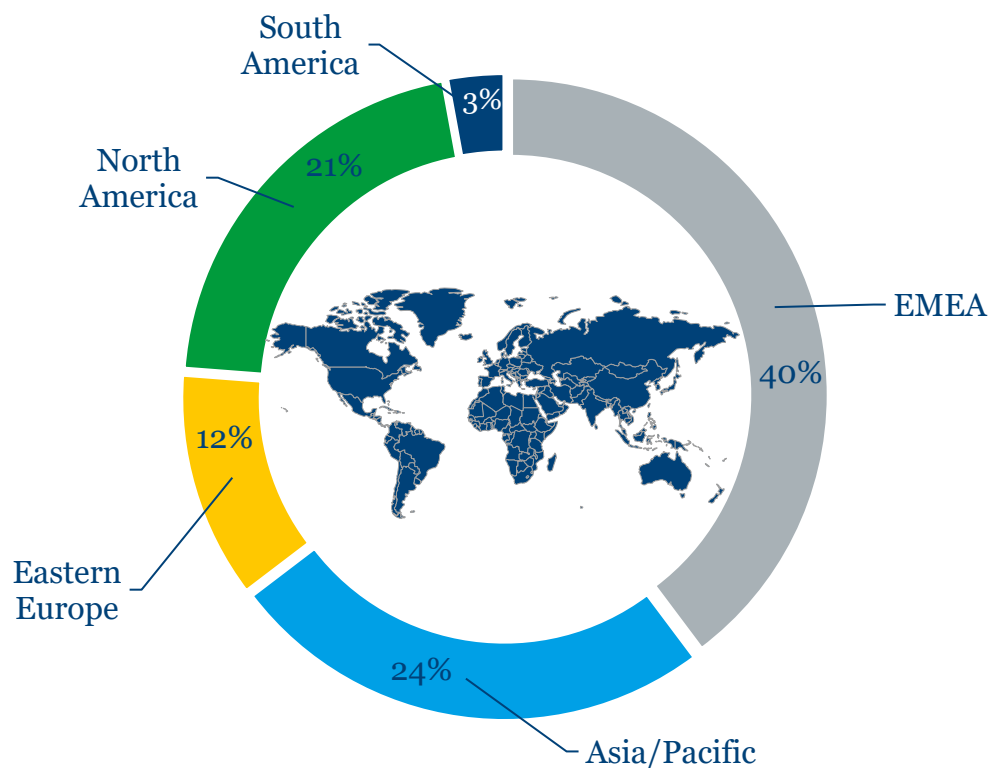


3 Increase in **Trade receivables** and **Customer deposit** balancing each other out.

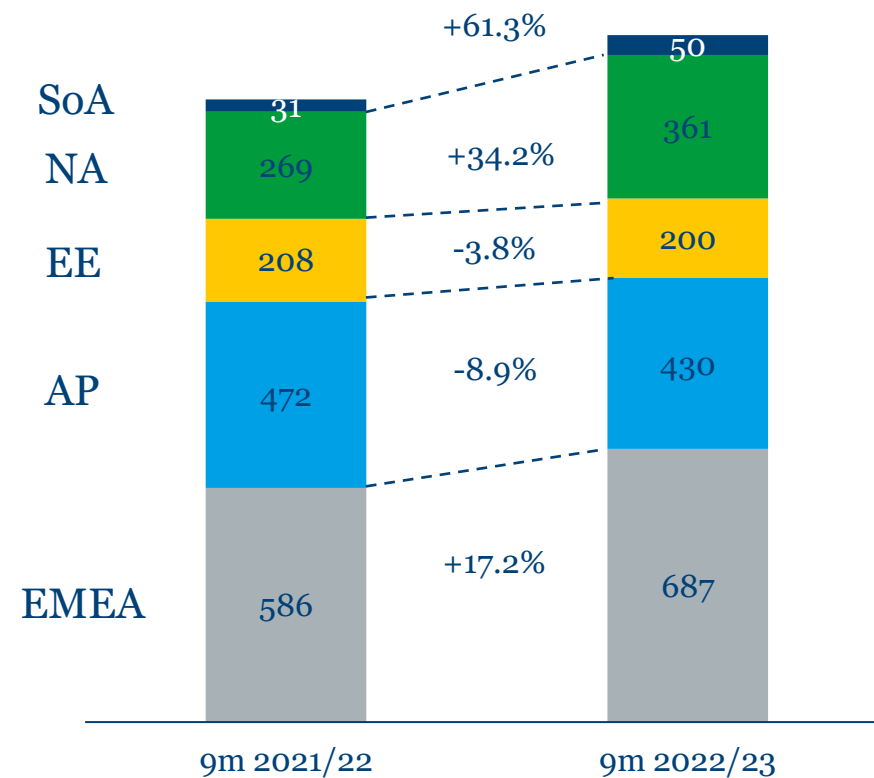
Regions.

Significant growth in South and North America as well as EMEA.

9m Sales 2022/2023 by region in %



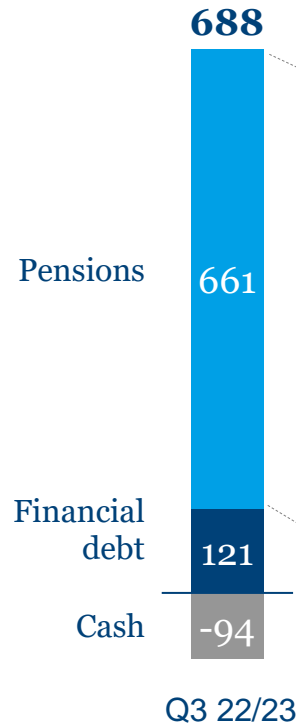
Regional development of sales in Mio €



Transformation program.

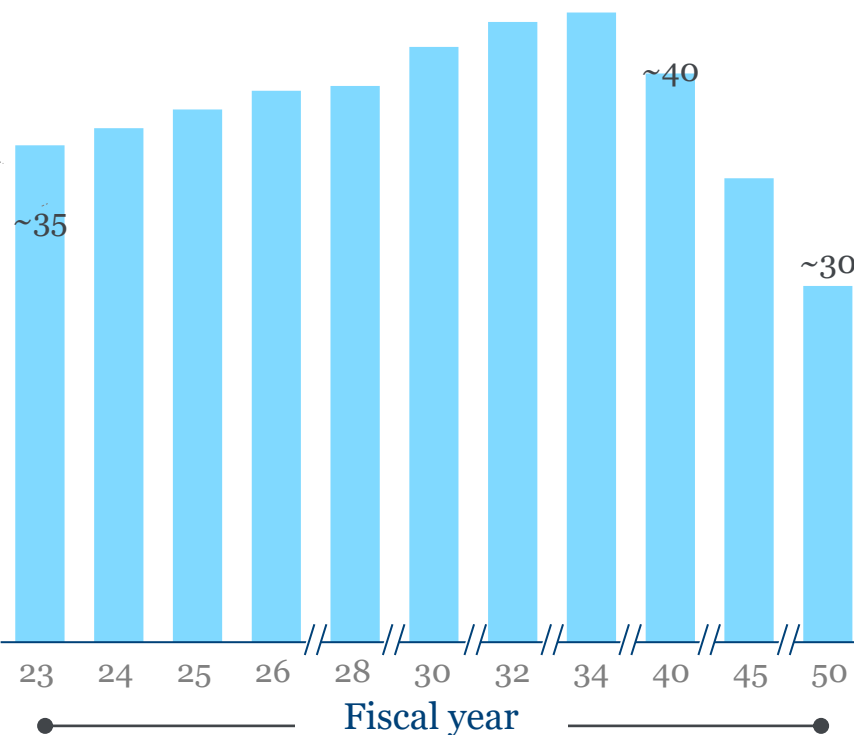
Pension obligations with low financing costs compared to ordinary debt.

// Net debt (€M)



// Repayment profile

(annual pension payments HDM Germany €M)*



- **~99% 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

Reported to adjusted EBITDA YTD 9M

	9m 2021/22 in €m	9m 2022/23 in €m	Change in %
Reported EBITDA	132	144	9
Acquisition-related special effects	48	12	-75
thereof disposal of Docufy GmbH	22		
thereof disposal of a property in Brentford, UK	26		
thereof disposal of a property in St. Gallen, UK		12	
Other items	-	-8	-
thereof inflation compensation payment		-15	
thereof income from the contribution of assets to the JV with MK (<i>internally generated intangible assets, previously not recognized in the balance sheet as prohibited</i>)		7	
Adjusted EBITDA	84	140	67
Adjusted EBITDA in % of revenue	5.4	8.1	+270bps

Reported to adjusted EBITDA Q3.

	Q2 2021/22 in €m	Q3 2022/23 in €m	Change in %
Reported EBITDA	57	41	-28
Acquisition-related special effects	26	0	n/a
thereof disposal of a property in Brentford, UK	26		
Other items	-	-8	n/a
thereof inflation compensation payment		-15	
thereof income from the contribution of assets to the JV with MK (<i>internally generated intangible assets, previously not recognized in the balance sheet as prohibited</i>)		7	
Adjusted EBITDA	31	48	54
Adjusted EBITDA in % of revenue	5.3	7.9	+260bps

P&L

Figures in € millions	9m 2022	9m 2023	Change in %	Q3 2022	Q3 2023	Change in %
Net sales	1,565	1,729	10.5	582	609	4.6
Change in inventories/other own work capitalized	56	66	17.9	-8	-8	0.0
Total operating performance	1,621	1,795	10.7	574	601	4.7
Other operating income	97	56	-42.3	37	14	-62.2
Cost of materials	751	818	8.9	265	271	2.3
Staff costs	570	600	5.3	190	209	10.0
Depreciation and amortization	57	59	3.5	19	20	5.3
Other	362	344	-5.0	136	108	-20.6
Result of operating activities	74	85	14.9	37	21	-43.2
Financial income	3	2	-33.3	1	0	-100.0
Financial expenses	27	22	-18.5	8	7	-12.5
Financial result	-24	-20	-16.7	-7	-6	-14.3
Net result before taxes	50	65	30.0	30	14	-53.3
Taxes on income	10	11	10.0	3	4	33.3
Net result after taxes	40	54	35.0	27	10	-63.0
Basic earnings per share according to IAS 33 (in € per share)	0.13	0.18	38.5	0.09	0.04	-55.6

Balance Sheet

Assets

Figures in € millions	31-Mar-2022	31-Dec-2022	Change in %
Non-current assets	960	961	
Intangible assets	199	206	3,5
Property, plant, and equipment	630	614	-2,5
Investment property	7	5	-28,6
Financial assets	7	15	114,3
Receivables from sales financing	21	25	19,0
Other receivables and other assets	20	18	-10,0
Deferred tax assets	75	77	2,7
			0,1
Current assets	1,194	1,217	
Inventories	631	734	16,3
Receivables from sales financing	22	17	-22,7
Trade receivables	246	287	16,7
Other receivables and other assets	133	77	-42,1
Income tax assets	17	8	-52,9
Cash and cash equivalents	146	94	-35,6
			1,9
Assets held for sale	30	18	-40,0
Total assets	2,183	2,196	0,6

Equity and Liabilities

Figures in € millions	31-Mar-2022	31-Dec-2022	Change in %
Equity	242	457	
Issued capital	779	779	0,0
Capital reserves, retained earnings and other reserves	-570	-376	-34,0
Net result after taxes	33	54	63,6
			88,8
Non-current liabilities	1,063	866	
Provisions for pensions and similar obligations ¹⁾	843	661	-21,6
Other provisions	71	63	-11,3
Financial liabilities	64	52	-18,8
Contract liabilities	19	25	31,6
Income tax liabilities	55	55	0,0
Other liabilities	8	8	0,0
Deferred tax liabilities	3	2	-33,3
			-18,5
Current liabilities	878	872	
Other provisions	198	184	-7,1
Financial liabilities	72	69	-4,2
Contract liabilities	265	292	10,2
Trade payables	216	218	0,9
Income tax liabilities	17	14	-17,6
Other liabilities	110	95	-13,6
			-0,7
Liabilities held for sale	0	0	
Total equity and liabilities	2,183	2,196	0,6