

# PEOPLE MAKE MACHINES SMART

**Heidelberger Druckmaschinen AG – FY 22/23 Analyst and Investor conference**

Dr. Ludwin Monz, CEO | Tania von der Goltz, CFO | Frankfurt, June 14, 2023.



# Disclaimer

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## FY 2022/23 at a glance

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Business and financial review

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FY 2022/23 at a glance.

**Guidance achieved despite macroeconomic challenges.**

Net sales	EBITDA in % of Net sales	Adj. EBITDA in % Net sales <sup>1</sup>	Net result
<b>€ 2,434.5m</b> (€ 2,300m) <i>Guidance</i>	<b>8.6 %</b> (> 8%) <i>Guidance</i>	<b>7.2 %</b> n/a <sup>2</sup>	<b>€ 91.2m</b> (> € 33m) <i>Guidance</i>

### // Key developments of the fiscal year 2022/23:



Packaging Solutions had a strong performance with Net sales up +25% y/y benefiting from structural growth in this market.



Russia's war in Ukraine led to high inflationary pressures; HEIDELBERG passed on rising costs to its customers.



Macroeconomic situation characterized by monetary tightening by central banks and the covid situation in China.



FY 2022/23 at a glance

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 **Business and financial review**

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Way forward

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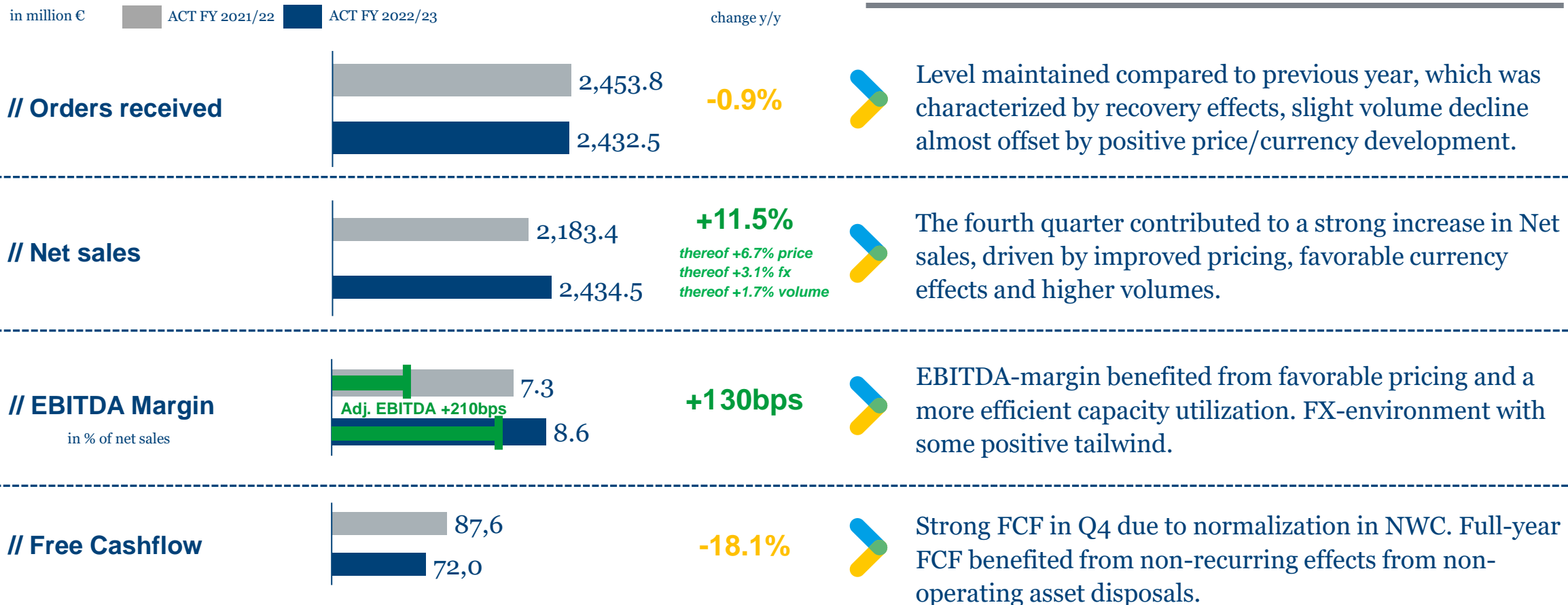
Outlook

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# FY 2022/23 key performance indicators.

## A strong fourth quarter contributed to a solid improvement in operating earnings.

### // Key takeaways:



Segment split.

# Packaging Solutions benefited from long-term fundamental trends.

in million €

ACT FY 2021/22

ACT FY 2022/23

## // Orders received

## // Net sales

## // Key takeaways:

### Packaging Solutions



**Packaging Solutions** benefited from structural growth.

### Print Solutions



**Print Solutions** performed relatively stable in **challenging market environment**.

### Technology Solutions

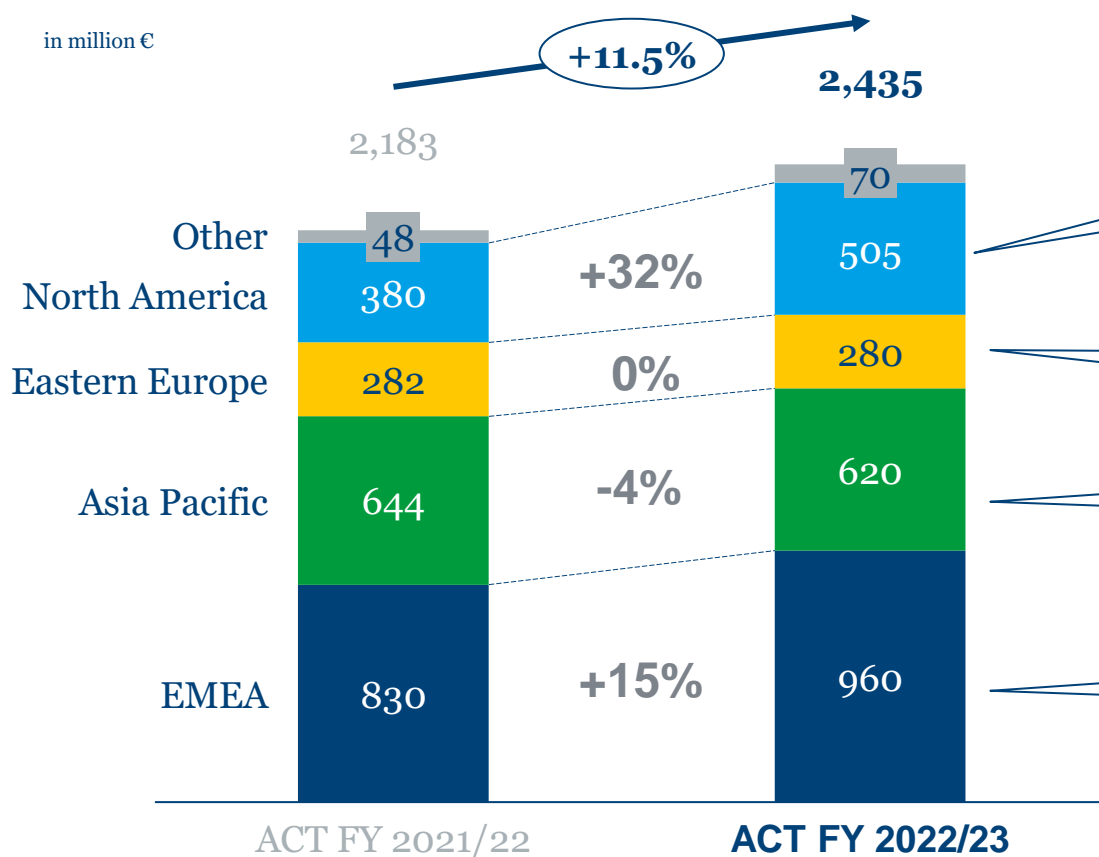


**Technology Solutions** was weaker following expiration of a **subsidy program** in Germany.

Regional split.

**EMEA and North America were the main growth drivers in FY 2022/23.**

// Regional development Net sales:



// Comments on ACT FY 2022/23:

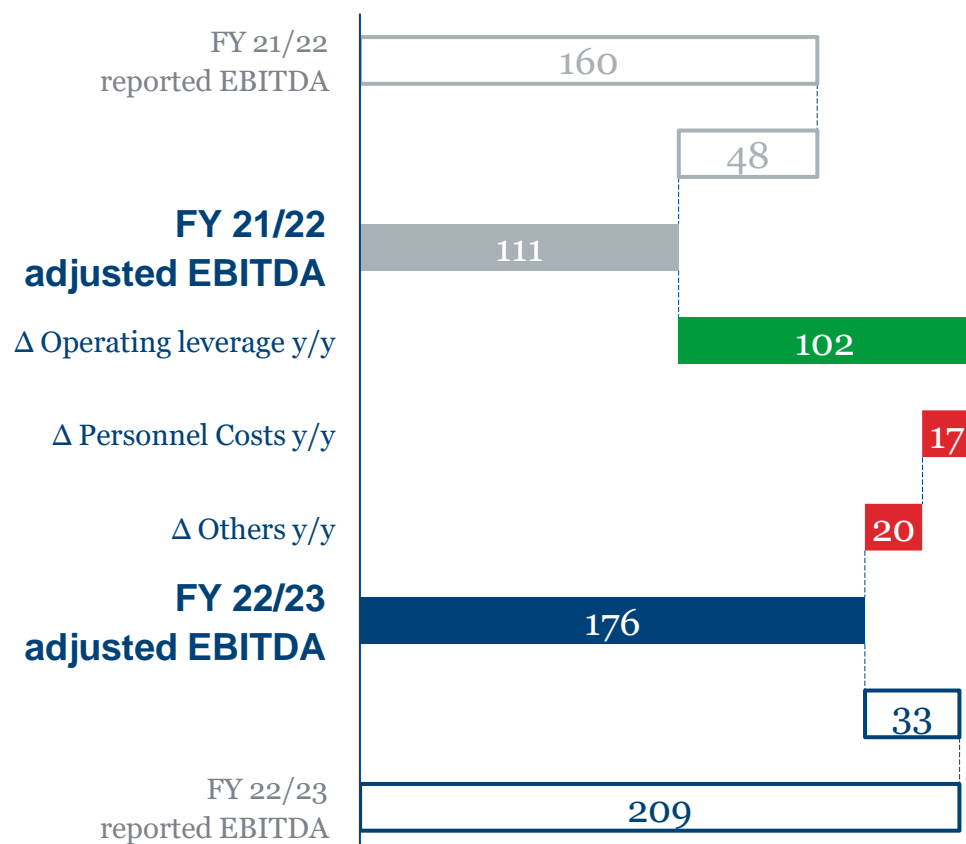
- +32%** **North America** outperforms strong previous year, boosted among other things by attractive exchange rate.
- 0%** **Eastern Europe** impacted by war in Ukraine, discontinuation of Russian business compensated by other markets.
- 4%** **Asia Pacific** with strong **growth in packaging**, weakness in **Chinese** market overshadows positive development (Covid).
- +15%** **EMEA** benefits from **high order backlog** and shows **largest absolute sales increase**.



Reported to adjusted EBITDA.

**FY 2022/23 benefited strongly from operating leverage effect.**

in million €



### // Key takeaways:

- Adjusted for **non-recurring items** FY 21/22 (Disposal of Docufy € 22m; property sale in the UK € 26m)
- +** Sales related increase in Gross margin driven by pricing improvements and volume.
- Personnel costs affected by inflation compensation bonus and foreign exchange effects.
- Other costs linked to increased business activity.
- Added by net effect **non-recurring items** FY 22/23 (Masterwork JV asset contribution € 7m; property sales in Switzerland € 11m & Wiesloch-Walldorf € 15m).

# EBITDA to EBT.

## Financial result structurally improved, interest rate environment with pos. impact.

in million €    ACT FY 2021/22    ACT FY 2022/23

<b>// EBITDA (+)</b>	<b>160.2</b>	<b>209.5</b>
Depreciation & amortization	-79	-79
<b>// EBIT (+)</b>	<b>80.7</b>	<b>130.9</b>
Financial net result (-expense/+ income)	-29.9	-19.2
<b>// EBT (+)</b>	<b>50.8</b>	<b>111.7</b>

### // Breakdown financial result vs previous year:

	<b>Σ -30m€</b>	<b>Σ -19m€</b>
<u>Financing related expenses</u>		
...structurally benefited from their redemption.	-16	-11
		+5
<u>Interest expense on pensions</u>		
...increased depending on higher interest rate environment (to compensate for the decrease in present value of pension provisions).	-13	-16
		-3
<u>Other income/expenses (net result)</u>		
...improved as higher interest rates resulted in a decrease in the present value of long-term provisions.	-1	8
		+10

EBT to Earnings per share.

**Tax result benefited from a release of a tax provision.**

in million €    ACT FY 2021/22    ACT FY 2022/23

<b>// EBT (+)</b>	<b>50.8</b>	<b>111.7</b>
<hr/>		
Tax result (-expense/+ income)	-17.7	-20.5
<b>// Net income (+)</b>	<b>33.1</b>	<b>91.2</b>
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Divided by number of shares	304m	304m
<b>// Earnings per share (in €/share)</b>	<b>0.11</b>	<b>0.30</b>

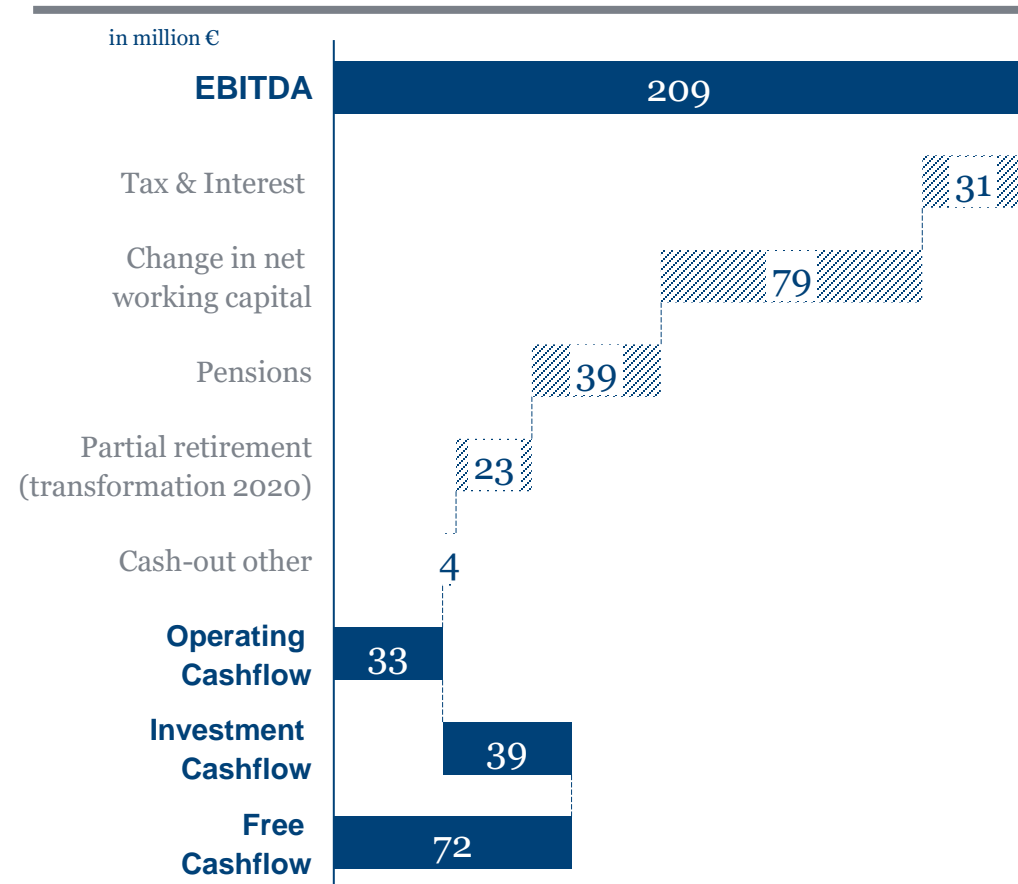
### // Breakdown tax result vs previous year:

	$\Sigma -18\text{m€}$	$\Sigma -20\text{m€}$
<hr/>		
Effective tax expenses on income	-32	-18
...improved y/y due to the release of a tax provision for transfer pricing risks.	+14	
Deferred tax income/expenses	14	-3
...increased y/y, as prior year included an income from the capitalization of a deferred tax asset related to the Amperfied carve-out.	-17	

# Free Cashflow.

## Improvement due to higher profitability, burden from NWC build-up.

### EBITDA to Free Cashflow FY 22/23



### Change y/y

€ +49m

€ +6m

€ -150m

€ -3m

€ +28m

€ +52m

€ -18m

€ +3m

€ -16m

### // Comments on y/y changes:

Higher absolute EBITDA improving operating cashflow.

**FY 22/23:** Net working capital increased by €+79m, mainly due to higher sales volume and higher NWC-ratio due to difficulties in the supply chains.

**FY 21/22:** Net working capital decreased by €-71m, as advance payments increased significantly amid a strong market recovery.

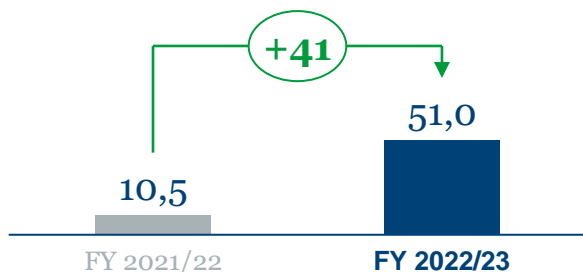
Less adjustments for non-cash items, previous year included more items to be reclassified to investment cashflow.

# Balance Sheet.

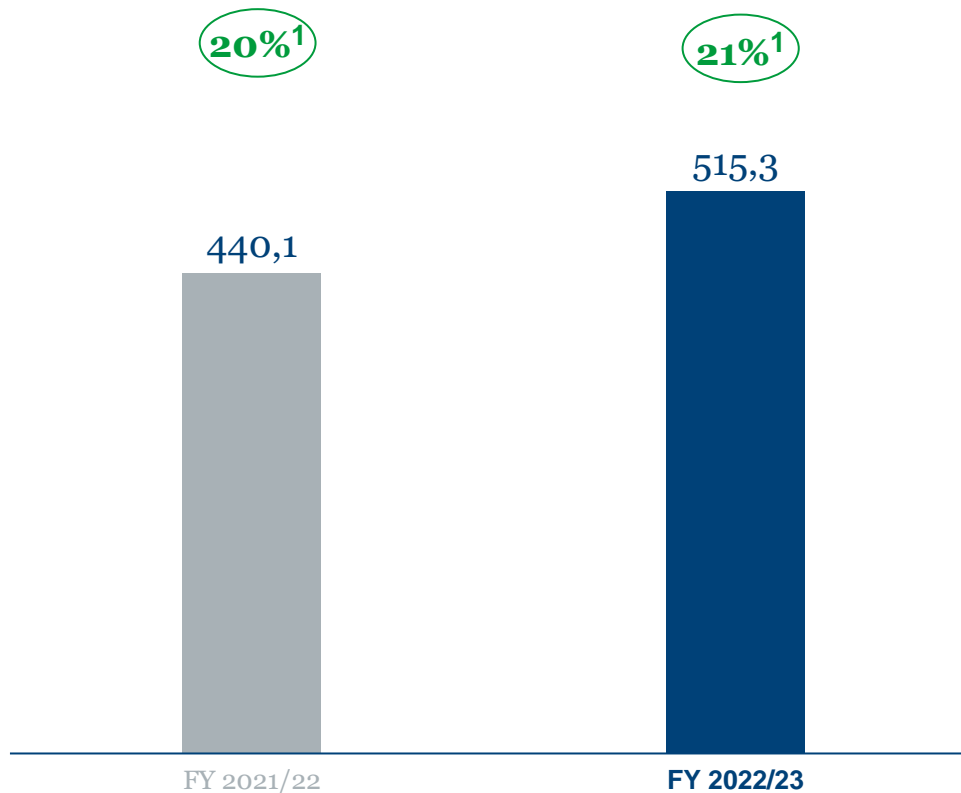
## Equity increased due to normalization of discount rates for pensions.

in million €    ACT FY 2021/22    ACT FY 2022/23

### // Net financial position



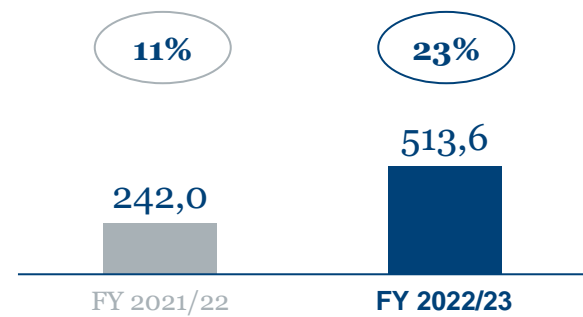
### // Net Working Capital (NWC)



### // Key takeaways:

- **Net financial position** improved due to positive Free Cashflow.
- **Equity** up significantly y/y, benefited from
  - reduction in pension provisions,
  - positive net income and
  - mandatory revaluation of land (IAS 16).
- **NWC** mainly increased due to higher sales volume.

### // Equity and equity ratio





# Key takeaways financial performance.



Notable improvements in the **Packaging Segment**, benefiting from structural growth.

**Solid growth** in both top- and bottom-line - margin pressure has been successfully managed so far.

HEIDELBERG demonstrated **resilience** during challenging times.



FY 2022/23 at a glance

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Business and financial review

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 **Way forward**

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Outlook

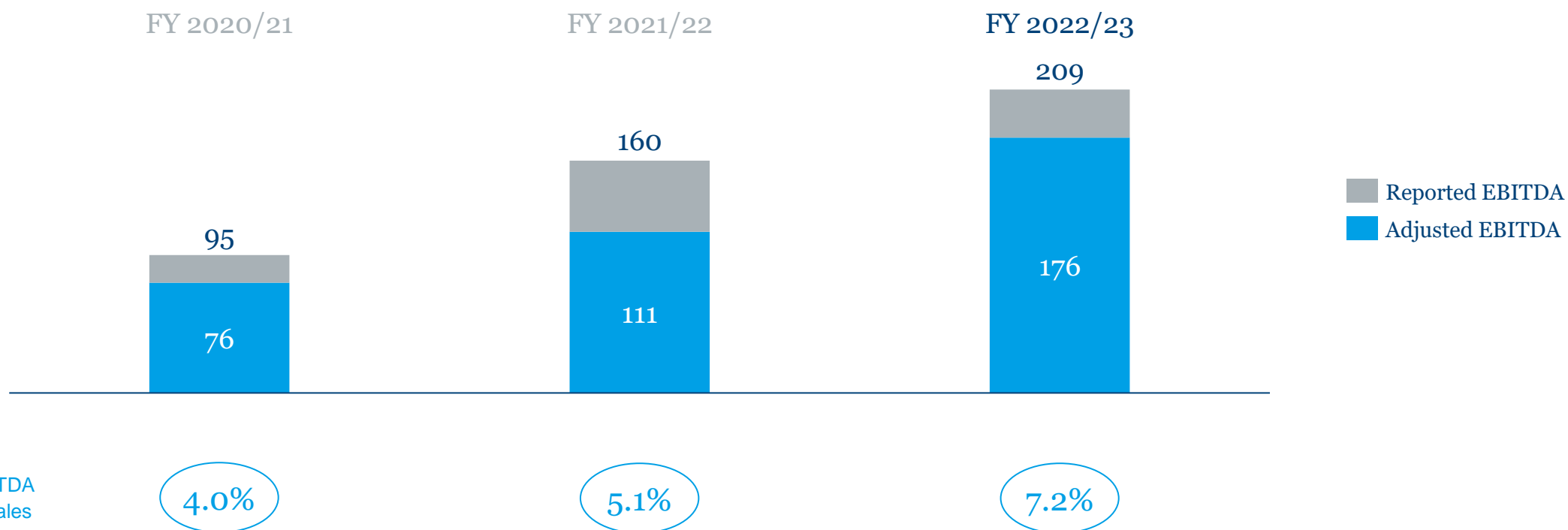
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# Profitability.

## Reported and adjusted EBITDA recovered but remains on a low level.

in million €

// Adjusted EBITDA (excluding non-recurring items) last three years (in m€):



Funding our growth.

## HEIDELBERG launches a comprehensive value creation program.

### Focusing on three main areas

#1

Strengthen profitability and our financial foundation.

#2

Increase cash available to fund further growth initiatives.

#3

Grow share of recurring revenue.



### CFO perspective



Improve group-wide **efficiency** & capture **structural synergies**.



Ensure growth-oriented **capital allocation**.



Recalibrate **revenue streams** towards steadier, consumption-based sources.



**HEIDELBERG** will strengthen its **financial foundation** amidst a challenging environment to fund our further growth.

Dual track.

**We continue to evolve printing business and explore new business areas.**



## Shaping the printing market



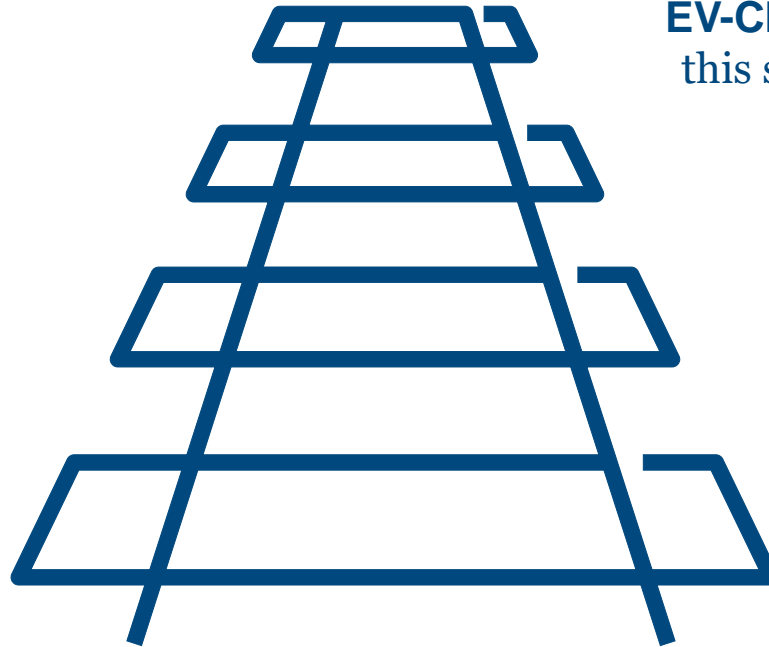
Optimize the entire workflow of the **printing process**, also beyond (sheetfed) printing presses.



Address growing **packaging printing** volume also in **new markets** and go for **digital** in **commercial printing**.



Expand share of **recurring revenues** through lifecycle business.



## Explore new adjacent business areas



**EV-Charging business**, as the first step in this segment, benefitted from **technology synergies to the core business**.



New business fields must:



- Address **megatrends**
- have a critical **market size**
- and **fit HEIDELBERG's capabilities**



With the dual-track strategy and the value creation program, HEIDELBERG is opening up **new perspectives** from a **position of financial strength**.

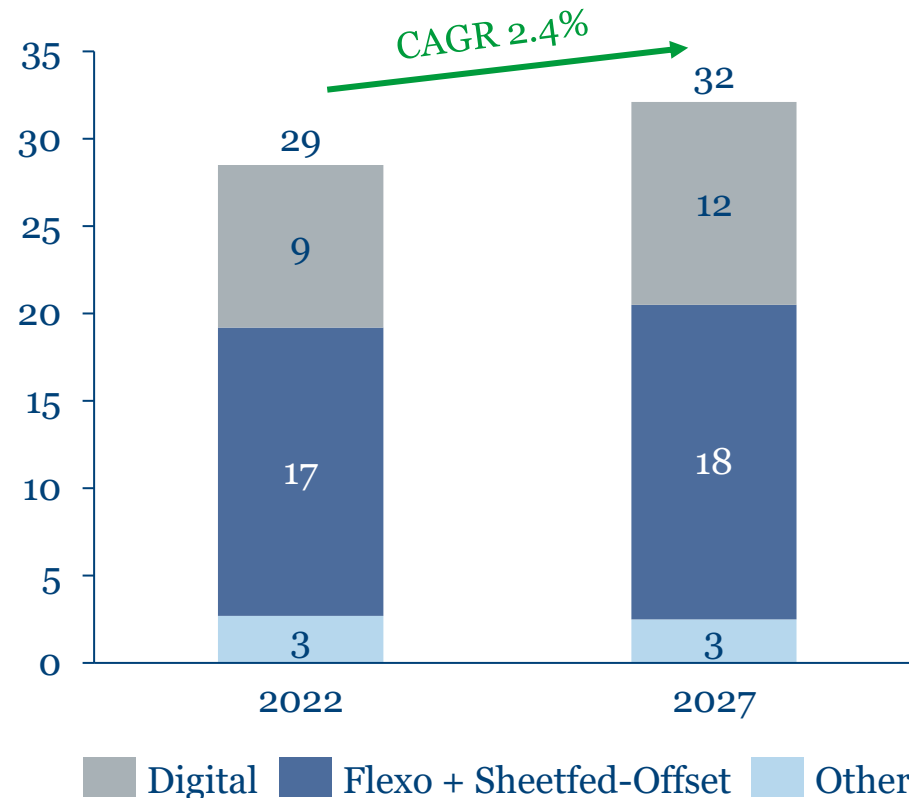


# Packaging printing.

## A growing market with robust and attractive markets.

### Label printing: Global production volume

by technology / in billion €



### Gallus One – HEIDELBERG's first fully digital machine

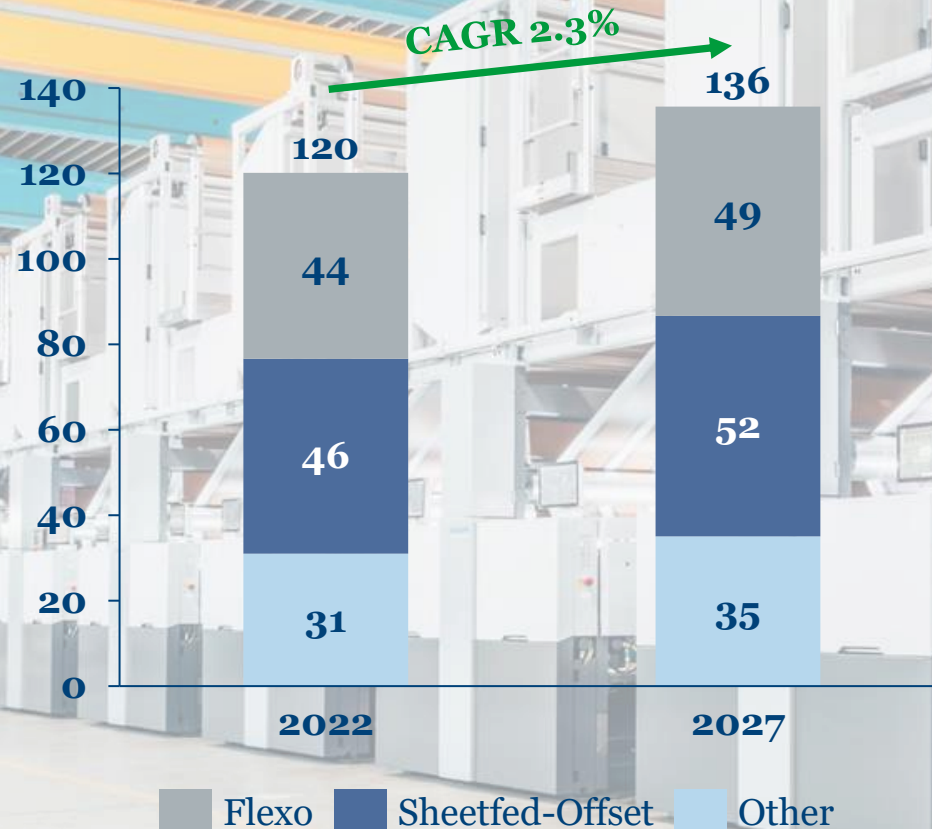
- Significant reduction in costs per printed unit.
- High market entry barriers for new competitors.
- Recurring (captive) revenue from proprietary ink.



# Packaging printing. A growing market with robust and attractive markets.

## Folding carton: Global production volume

by technology / in billion €



## // HEIDELBERG Boardmaster

- Addressing high-volume folding carton production.
- New system, with its unique concept, significantly **increases productivity**.
- End markets (e. g. food or pharma) are growing robustly and steadily, driven by megatrends such as a rising global population.
- Boardmaster serves as an entry point for new markets.



FY 2022/23 at a glance

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Business and financial review

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 **Outlook**

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## Outlook.

**A slowing economy and persistent inflation will put pressure on margins.**

### // FY 2023/24 Chances:

-  Slight recovery in China expected; positive customer response to Print China trade fair.
-  High order backlog expected to support topline development.
-  Ongoing pricing initiatives.

### // FY 2023/24 Risk:

-  Slowing global growth, especially in advanced economies.
-  Geopolitical tensions are marking the uncertainty of future economic performance.
-  Margin pressure due to significant cost increases for personnel and intermediate products.

## Outlook.

**Guidance FY 2023/24 on previous year's level follows corporate earnings trend.**

### Net sales

**~ Previous Year**

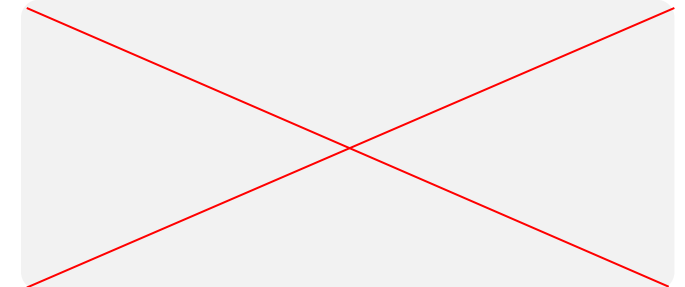
(FY 2022/23: € 2.435m)

### Adj. EBITDA %<sup>1</sup>

**~ Previous Year**

(FY 2022/23: 7.2%)

### Net income



*The KPI has been eliminated; operational development is reflected in the EBITDA. Net result a. taxes is particularly influenced by the non-controllable discount rate for pensions.*

1) Adj. EBITDA in % of Net sales, for adjustments s. appendix



# Key takeaways.



HEIDELBERG expects **stability** in uncertain times, striving to maintain the **previous year's result**.

**Margin pressure** remains high due to significant cost increases.

To sustainably improve our financial foundation and long-term prospects, HEIDELBERG has launched a comprehensive **value creation program**.

Backup

## Quarterly overview.

	Q1 21/22	Q2 21/22	Q3 21/22	Q4 21/22	TOTAL FY 21/22	Q1 22/23	Q2 22/23	Q3 22/23	Q4 22/23	TOTAL FY 22/23
<b>Incoming orders</b>	<b>652.3</b>	<b>592.6</b>	<b>643.3</b>	<b>565.5</b>	<b>2,453.8</b>	<b>607.2</b>	<b>622.2</b>	<b>629.6</b>	<b>573.5</b>	<b>2,432.5</b>
Print Solutions	354.6	333.9	348.2	287.0	1,323.7	347.7	334.4	294.7	278.3	1,255.2
Packaging Solutions	288.4	246.9	281.1	263.2	1,079.5	249.6	281.5	331.4	293.2	1,155.7
Technology Solutions	9.3	11.8	14.0	15.3	50.5	9.9	6.4	3.5	1.9	21.7
<b>Net sales</b>	<b>441.2</b>	<b>542.1</b>	<b>581.7</b>	<b>618.4</b>	<b>2,183.4</b>	<b>530.5</b>	<b>589.5</b>	<b>609.1</b>	<b>705.4</b>	<b>2,434.5</b>
Print Solutions	238.3	309.2	320.6	339.9	1,208.0	273.3	292.5	331.8	356.7	1,254.4
Packaging Solutions	193.6	221.1	247.0	263.2	924.9	247.3	290.6	273.8	346.8	1,158.5
Technology Solutions	9.3	11.8	14.0	15.3	50.5	9.9	6.4	3.5	1.9	21.7
<b>EBITDA</b>	<b>15.2</b>	<b>59.7</b>	<b>56.6</b>	<b>28.6</b>	<b>160.2</b>	<b>35.4</b>	<b>68.1</b>	<b>40.7</b>	<b>65.3</b>	<b>209.5</b>
Print Solutions	7.7	47.5	40.5	15.2	110.8	19.3	33.3	26.4	35.7	114.7
Packaging Solutions	6.2	11.1	14.6	13.8	45.7	17.0	37.8	18.2	38.0	110.9
Technology Solutions	1.3	1.1	1.6	-0.4	3.6	-0.9	-2.9	-3.9	-8.4	-16.2
<b>Adj. EBITDA</b>	<b>14.0</b>	<b>38.1</b>	<b>30.6</b>	<b>28.6</b>	<b>111.4</b>	<b>24.2</b>	<b>68.1</b>	<b>33.5</b>	<b>50.5</b>	<b>176.3</b>
<b>Adj. EBITDA in % of Net sales</b>	<b>3.2%</b>	<b>7.0%</b>	<b>5.3%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>11.6%</b>	<b>5.5%</b>	<b>7.1%</b>	<b>7.2%</b>
Net result after taxes	-14.3	27.0	27.2	-6.8	33.1	4.8	39.1	10.4	36.9	91.2
Leverage*	0.3	-0.0	0.0	-0.1	0.2	0.0	0.1	0.1	-0.2	0.0

## Reported to adjusted EBITDA Fiscal Year 2023

	FY 2021/22 in €m	FY 2022/23 in €m	Change in %
<b>Reported EBITDA</b>	<b>160.2</b>	<b>209.5</b>	<b>31%</b>
Acquisition-related special effects	<b>48.8</b>	<b>26.0</b>	
thereof disposal of <b>Docufy GmbH</b>	21.6		
thereof disposal of a <b>property in Brentford, UK</b>	26.0		
thereof disposal of a <b>property in St. Gallen, UK</b>		11.2	
thereof disposal of <b>land</b> Wiesloch-Walldorf	1.1	14.8	
<b>Other items</b>	<b>-</b>	<b>7.2</b>	
thereof <b>inflation compensation payment</b>			
thereof income from the <b>contribution of assets to the JV with MK</b> ( <i>internally generated intangible assets, previously not recognized in the balance sheet as prohibited</i> )		7.2	
<b>Adjusted EBITDA</b>	<b>111.4</b>	<b>176.3</b>	<b>57%</b>
Adjusted EBITDA in % of revenue	<b>5.1</b>	<b>7.2</b>	<b>+210bps</b>

## Reported to adjusted EBITDA Q4.

	Q4 2021/22 in €m	Q4 2022/23 in €m	Change in %
<b>Reported EBITDA</b>	<b>28.6</b>	<b>65.3</b>	<b>124%</b>
Acquisition-related special effects			
thereof disposal of <b>land</b> Wiesloch-Walldorf		14.9	
Other items			
thereof <b>inflation compensation payment</b>			
thereof income from the <b>contribution of assets to the JV with MK</b> ( <i>internally generated intangible assets, previously not recognized in the balance sheet as prohibited</i> )			
<b>Adjusted EBITDA</b>	<b>28.6</b>	<b>50.4</b>	<b>72%</b>
Adjusted EBITDA in % of revenue	<b>4.6</b>	<b>7.1</b>	<b>+250bps</b>



# P&L

Figures in € millions	ACT FY 2022	ACT FY2023	Change in m€	Q4 2022	Q4 2023	Change in m€
Net sales	2,183.4	2,434.5	251.1	618.4	705.4	87.0
Change in inventories/other own work capitalized	30.5	-34.6	-65.0	-10.3	-77.8	-67.5
<b>Total operating performance</b>	<b>2,232.6</b>	<b>2,435.4</b>	<b>202.7</b>	<b>612.0</b>	<b>640.6</b>	<b>28.6</b>
Other operating income	136.7	99.4	-37.3	39.3	43.4	4.0
Cost of materials	1,044.2	1,112.7	68.6	292.9	294.8	1.9
Personnel Costs	798.5	815.2	16.7	0.2	215.0	214.8
Depreciation and amortization	79.4	78.6	-0.8	21.9	19.6	-2.4
Other operating expenses	366.5	397.3	30.8	101.0	108.8	7.8
<b>Result of operating activities</b>	<b>80.7</b>	<b>130.9</b>	<b>50.1</b>	<b>6.7</b>	<b>45.7</b>	<b>39.0</b>
Financial income	6.0	10.0	4.0	3.0	8.0	5.0
Financial expenses	-36.0	-30.0	6.0	-9.0	-8.0	1.0
<b>Financial result</b>	<b>-29.9</b>	<b>-19.2</b>	<b>10.8</b>	<b>-5.9</b>	<b>1.0</b>	<b>6.8</b>
<b>Net result before taxes</b>	<b>50.8</b>	<b>111.7</b>	<b>60.9</b>	<b>1.0</b>	<b>47.0</b>	<b>46.0</b>
Taxes on income	17.7	20.5	2.8	7.6	9.8	2.2
<b>Net result after taxes</b>	<b>33.1</b>	<b>91.2</b>	<b>58.1</b>	<b>-6.8</b>	<b>36.9</b>	<b>43.7</b>
<b>Basic earnings per share according to IAS 33 (in € per share)</b>	<b>0.11</b>	<b>0.30</b>	<b>0.2</b>	<b>-0.02</b>	<b>0.12</b>	<b>0.1</b>

# Balance Sheet

## Assets

	YTD 12 FY 2023	YTD 12 FY 2022	Change in m€
<b>Non-current assets</b>	<b>1,028.4</b>	<b>959.7</b>	<b>68.7</b>
Intangible assets	210.1	199.1	11.0
Property, plant and equipment	683.1	630.5	52.6
Investment property	8.5	6.9	1.6
Financial assets	15.3	6.5	8.7
Receivables from sales financing	24.2	21.4	2.8
Other receivables and other assets	17.5	19.9	-2.5
Deferred tax assets	69.8	75.2	-5.5
<b>Current assets</b>	<b>1,192.1</b>	<b>1,193.8</b>	<b>-1.7</b>
Inventories	642.5	630.8	11.7
Receivables from sales financing	16.0	21.8	-5.7
Trade accounts receivable	290.4	246.1	44.4
Other receivables and other assets	82.6	132.7	-50.1
Income tax assets	7.3	16.6	-9.3
Cash and cash equivalents	153.2	145.7	7.5
Assets held for sale	-	29.7	-29.7
<b>Total assets (classical balance sheet)</b>	<b>2,220.5</b>	<b>2,183.2</b>	<b>37.4</b>

## Equity and Liabilities

	YTD 12 FY 2023	YTD 12 FY 2022	Change in m€
<b>Equity</b>	<b>513.6</b>	<b>242.0</b>	<b>271.6</b>
Issued capital	779.1	779.1	-
Capital reserves, retained earnings & oth. reserves	-356.7	-570.1	213.5
Net result after taxes	91.2	33.1	58.1
<b>Non-current liabilities</b>	<b>854.6</b>	<b>1,062.6</b>	<b>-207.9</b>
Provisions pensions & similar obligations	682.8	843.3	-160.5
Other provisions	55.5	71.1	-15.6
Financial liabilities	43.9	63.5	-19.6
Contract liabilities	19.5	19.3	0.2
Income tax liabilities	43.8	55.0	-11.1
Other liabilities	8.5	7.9	0.6
Deferred tax liabilities	0.7	2.6	-1.9
<b>Current liabilities</b>	<b>852.3</b>	<b>878.6</b>	<b>-26.4</b>
Other provisions	195.4	198.4	-3.0
Financial liabilities	58.3	71.7	-13.4
Contract liabilities	243.6	264.8	-21.1
Trade payables	225.0	216.5	8.6
Income tax liabilities	18.1	16.9	1.2
Other liabilities	111.8	110.4	1.4
Liabilities - held for sale	-	-	-
<b>Total Equity + Liabilities (classical Balance Sheet)</b>	<b>2,220.5</b>	<b>2,183.2</b>	<b>37.4</b>