

Press Information

www.heidelberg.com

Heidelberger Druckmaschinen AG

Postfach 10 29 40
69019 Heidelberg
Germany

Kurfürsten-Anlage 52–60
69115 Heidelberg

Florian Pitzinger

Phone +49 6222 82 2553

Florian.Pitzinger@heidelberg.com
www.heidelberg.com

June 14, 2023

HEIDELBERG sets a new course following a successful financial year

- **Targets met in a difficult economic environment in financial year 2022/2023 – free cash flow benefits from non-recurring effects**
- **New strategy offers prospects for the future – expanding scope of printing and unlocking new markets**
- **Growth through own internal efforts – HEIDELBERG initiates value creation program to strengthen financial power**
- **Outlook for FY 2023/2024 – shaped by uncertainties in economic policy**

Heidelberger Druckmaschinen AG (HEIDELBERG) exceeded its targets in the challenging financial year 2022/2023. The technology company generated sales of €2.435 billion compared with €2.183 billion in the previous year, which represents an increase of around 12 percent. The adjusted operating result rose from 5.1 percent to 7.2 percent. The free cash flow was positive at €72 million, but this figure benefited from non-recurring effects. “We achieved a good outcome in a challenging environment in the financial year just closed,” says HEIDELBERG CEO Dr. Ludwin Monz. “Faced with further cost increases and a level of profitability that remains low, HEIDELBERG is initiating a value creation program,” he adds. The aim is to further boost the company’s financial strength and step-up investments in growth areas.

The new business strategy will lay the foundation for future investments. With its dual-track strategy, HEIDELBERG is pursuing two key strategic approaches.

Press Information

Firstly, the company is looking to make an impression on the printing market beyond its business with sheetfed offset presses, especially in the packaging market and digital printing. And, secondly, as it has already done with its wallbox business, HEIDELBERG will be unlocking new markets alongside its core business.

Scope for growth – targeting a higher free cash flow

To deliver innovation and, in particular, the associated growth, HEIDELBERG requires the necessary resources – whether to further strengthen its product portfolio in the growing packaging sector or to fund a development budget for the successful expansion of digital printing. With this in mind, the company is looking to significantly increase its free cash flow in the medium term. “We will provide and redistribute the resources for growth through our own internal efforts so as to successfully implement our growth strategy,” explains HEIDELBERG CFO Tania von der Goltz. That particularly applies to the market environment, which remains challenging and shapes the outlook for 2024.

Successful financial year 2022/2023 in a difficult economic environment

Thanks to a strong final quarter, **sales** in financial year 2022/2023 were slightly higher than the forecast level of €2.3 billion, amounting to around €2.435 billion (previous year: €2.183 billion). Strong growth in the Packaging Solutions segment made a particular contribution to the result. The **order backlog** on March 31, 2023, remained high at around €848 million (previous year €901 million).

Price adjustments and positive sales developments had a particular impact on **EBITDA**. At 8.6 percent, the **EBITDA margin** exceeded the target of at least 8 percent. Adjusted for earnings from the sale of fixed assets, the EBITDA margin was 7.2 percent (previous year: 5.1 percent). Due to the higher absolute EBITDA level and financial and tax results that benefited from non-recurring relief, the **net result after taxes** amounted to €91 million. This result was thus much better than the predicted slight improvement on the previous year’s figure (€33 million). It also exceeded market expectations, which had already moved beyond the original forecast in the course of the financial year.

Press Information

Free cash flow buoyed by non-recurring effects

At €72 million, the **free cash flow** was lower than in the previous year (€88 million). As in earlier years, the cash flow benefited from non-recurring effects such as land sales. The operating cash flow was boosted by the improved results situation but negatively affected by the volume-related increase in inventories. The **net financial position** (cash minus financial liabilities) improved to €51 million at the end of the reporting period (previous year: €11 million). HEIDELBERG is also making progress with its **equity ratio**, which increased to around 23 percent (previous year: 11 percent) at the end of the financial year. Alongside the higher actuarial interest rate for pensions in Germany and the planned revaluation of land, this is above all due to the positive net result after taxes.

Increased investments in growth markets of packaging and digital printing – international expansion of business with charging solutions

As the global demand for packaged goods continues to increase, **packaging and label printing** is enjoying particular growth, making it an important core segment for HEIDELBERG. The Packaging Solutions segment already accounts for around half of the company's sales. This proportion has gradually increased in recent years, a development to which innovations have also contributed. The new generation of Speedmaster XL 106 sheetfed offset presses enables folding carton manufacturers, in particular, to increase their net output by up to 10 percent. The Boardmaster flexographic web printing system, a completely new development, doubles the productivity of price-sensitive folding carton printing compared to the predecessor model. HEIDELBERG intends to use this technology to support its strategy and growth. In line with its dual-track strategy, it is also focusing on growth in **digital printing** – a segment that is enjoying the strongest growth in the label market, with a rate of around 6 percent. The company is looking to build on its position in this market with Gallus One, the first fully digital and highly automated label printing system.

Thanks to its **charging solutions** for electric cars, HEIDELBERG has successfully positioned itself in the growth market of domestic electric mobility in Germany through its subsidiary Amperfied GmbH. To reach a larger customer base in the future, the company is further driving its expansion into other European countries. A wallbox with a solar function is also being added to the product portfolio to benefit from the growing number of domestic photovoltaic installations.

Press Information

Outlook for FY 2023/2024 – shaped by uncertainties in global economic policy

Financial year 2023/2024 will continue to be affected by exceptionally challenging conditions, such as increasing material, energy, and personnel costs. HEIDELBERG is intending to carry on compensating for this by increasing its sales prices.

Weighing up the opportunities and risks – and assuming the global economy does not see weaker growth than is forecast by the relevant institutes, or even go into recession – HEIDELBERG expects **sales for financial year 2023/2024** in line with the previous year's figure (previous year: €2.435 billion). A further supposition in this context is that there will be no substantial changes in key exchange rates for the company's business activities.

Rising production costs are likely to have a particularly negative impact on results. Energy costs are also expected to be higher than in the previous year, which benefited from favorable hedging transactions. To compensate for these effects, HEIDELBERG is intending to continue increasing the prices of its products. The **adjusted EBITDA margin** is therefore expected to remain at the previous year's figure (previous year: 7.2 percent). Results in the Print Solutions and Packaging Solutions segments are likely to develop in line with the respective market trend, while the Technology Solutions segment's profit contribution is expected to be slightly better than in the previous year.

Figure 1: HEIDELBERG CEO Dr. Ludwin Monz and CFO Tania von der Goltz present the company's balance sheet and strategy.

Figure 2: The dual-track strategy of HEIDELBERG – making an impression on the printing market beyond its business with sheetfed offset presses and unlocking new markets.

Figure 3: With a machine availability of up to 90 percent, the new high-tech Boardmaster web printing system from HEIDELBERG doubles productivity in industrial packaging production.

Figure 4: With its Gallus One fully digital label press, HEIDELBERG intends to build on its position in the growing label market.

Press Information

Figure 5: HEIDELBERG is setting a new course following a successful financial year.

The complete **Annual Report for 2022/2023**, image material, and further information about the company are available in the [Investor Relations](#) portal and [Press Lounge](#) of Heidelberger Druckmaschinen AG at www.heidelberg.com.

Heidelberg IR also on Twitter:

Link to the IR Twitter channel: https://twitter.com/Heidelberg_IR

On Twitter under the name: @Heidelberg_IR

Further information:

Corporate Communications

Florian Pitzinger

Phone: +49 151 67968774

E-mail: Florian.Pitzinger@heidelberg.com

Thomas Fichtl

Phone: +49 6222 82-67123

E-mail: Thomas.Fichtl@heidelberg.com

Investor Relations

Maximilian Beyer

Phone: +49 6222 82-67120

E-mail: Maximilian.Beyer@heidelberg.com

Important note:

This press release contains forward-looking statements based on assumptions and estimations by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the Management Board is of the opinion that those assumptions and estimations are realistic, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the macroeconomic situation, in the exchange rates, in the interest rates, and in the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft gives no warranty and does not assume liability for any damages in case the future development and the projected results do not correspond with the forward-looking statements contained in this press release.

Press Information

Overview of key figures for FY 2022/23

Two-year overview – HEIDELBERG Group

Figures in € millions	2021/2022	2022/2023	Change in %
Incoming orders	2,454	2,433	-1
Order backlog	901	848	-6
Net sales	2,183	2,435	+12
EBITDA ¹⁾	160	209	+31
in percent of sales	7.3	8.6	+18
Result of operating activities	81	131	+62
Net result after taxes	33	91	+176
in percent of sales	1.5	3.7	+147
Research and development costs	98	96	-2
Investments	71	101	+42
Equity	242	514	+112
Net financial position ²⁾	11	51	+364
Free cash flow	88	72	-18
Earnings per share in €	0.11	0.30	+173
Number of employees at financial year-end ³⁾	9,811	9,554	-3

1) Result of operating activities before interest and taxes and before depreciation and amortization

2) Net total of cash and cash equivalents and current securities and financial liabilities

3) Number of employees excluding trainees