

# PEOPLE MAKE MACHINES SMART

**Heidelberger Druckmaschinen AG – Q3 Results FY 2023/24**

Dr. Ludwin Monz, CEO | Tania von der Goltz, CFO | February 07, 2024.





## Disclaimer

This 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 macro-economic 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 presentation.



A blue and yellow arrow icon pointing to the right.

## 9m FY 2023/24 at a glance

---

Business and financial review

---

---

Value Creation Program

---

---

Outlook

---






Guidance confirmed.

**Net sales stable, adj. EBITDA-margin stronger – orders trending weaker.**

| Orders received   | Net sales   | Adj. EBITDA in % Net sales <sup>1</sup> |
|---|---|---|
| <b>€ 1,692m</b><br><i>Fx-adj. € 1,739m</i><br>(PY 9m: € 1,859m) | <b>€ 1,686m</b><br><i>Fx-adj. € 1,732m</i><br>(PY 9m: € 1,729m) | <b>8.0 %</b><br>(PY 9m: 7.2%)           |

#### // Key developments after 9 months of FY 2023/24:

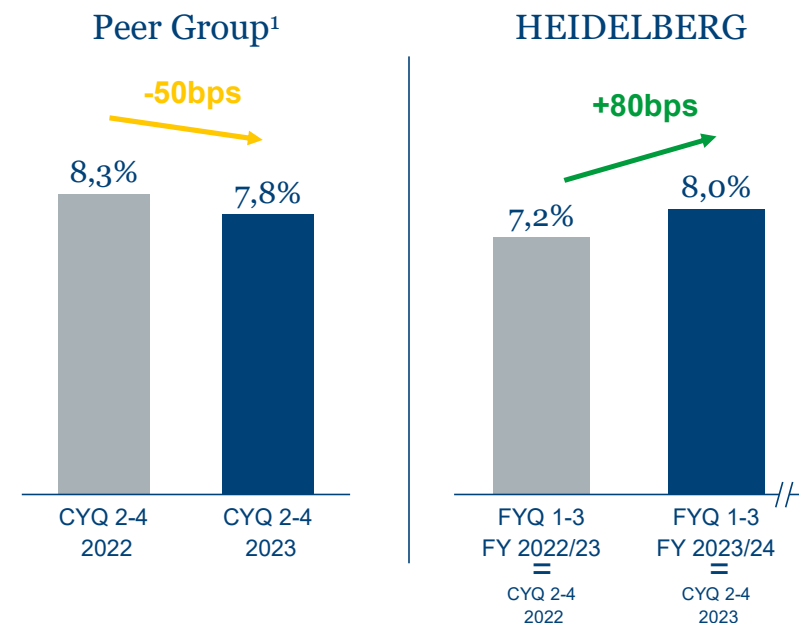
-  Weakening order trend due to macroeconomic conditions with high interest rates – restraint due to upcoming trade fair.
-  Value creation program mitigates inflation headwinds and negative effects from lower volumes – pricing and efficiency measures are safeguarding profitability.
-  Guidance confirmed: Solid 9m-performance and value creation program giving confidence for achieving our targets.



# Guidance confirmed. HEIDELBERG is weathering a sluggish economic development.

HEIDELBERG's nine months adj. EBITDA-margin shows a sound performance compared to the broader market.

- **HEIDELBERG has responded early** to changing macro-economic conditions and other headwinds.
- Value creation program **secured an effective implementation of improvement measures.**
- Initiatives had a **positive impact of ~38m€** to the adj. EBITDA **after nine months.**







9m FY 2023/24 at a glance

---

 **Business and financial review**

---

Value Creation Program

---

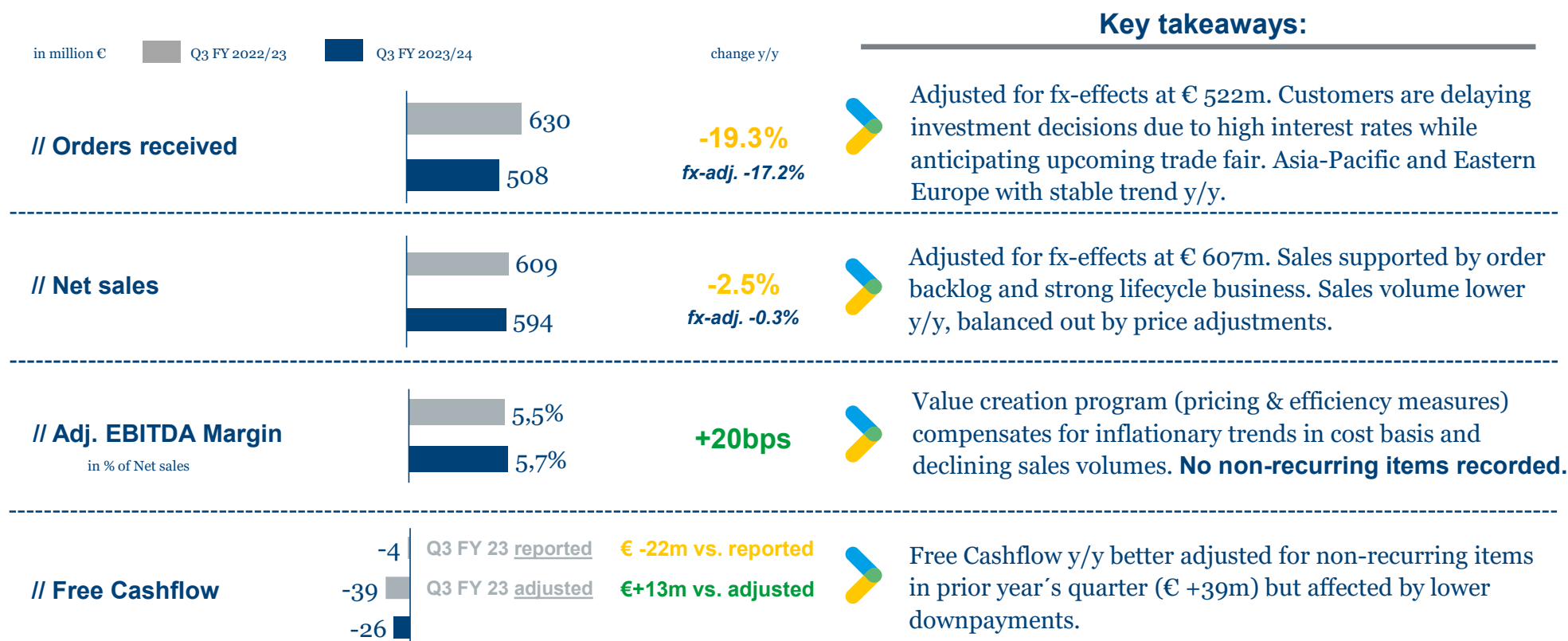
Outlook

---



# Key performance indicators (Q3 FY 2023/24).

## Softening demand after strong H1 and ahead of trade fair.





Segment split (9m FY2023/24).

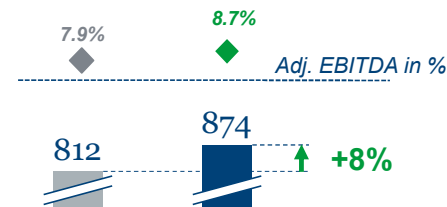
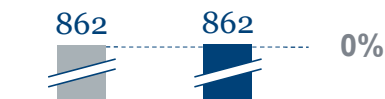
**Packaging trending somewhat weaker after strong investment behavior in H1.**

in million €    9m FY 2022/23    9m FY 2023/24

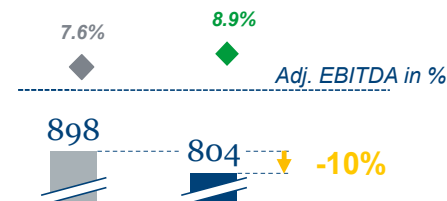
### Orders received

### Net sales / adj. EBITDA in %

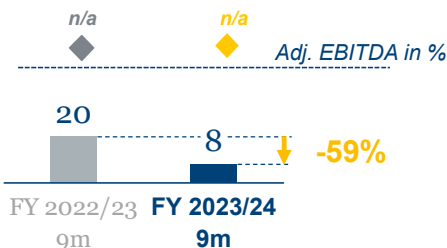
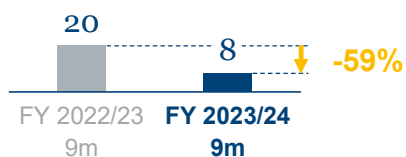
#### Packaging Solutions



#### Print Solutions



#### Technology Solutions



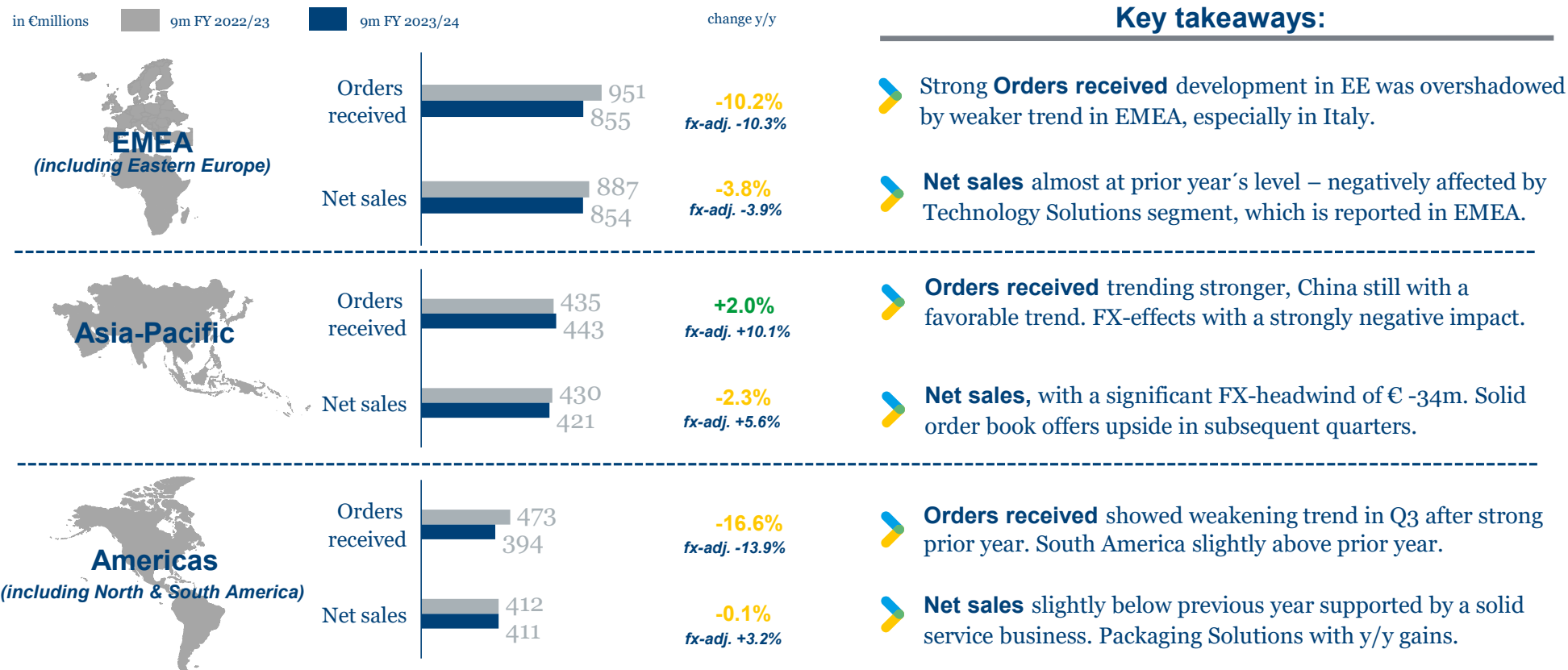
### Key takeaways:

- Orders received on prior year's level, but Q3 with weakening trend after strong H1, which outperformed the market.
- Adj. EBITDA higher y/y, mainly due to higher Net sales.
- Orders received stable q/q, but below solid prior year.
- Adjusted EBITDA slightly improved, also due to strong Lifecycle business.
- Market development still restrained, first signs of slight improvement.
- Negative EBITDA driven by R&D & sales activities.



## Regions (9m FY2023/24).

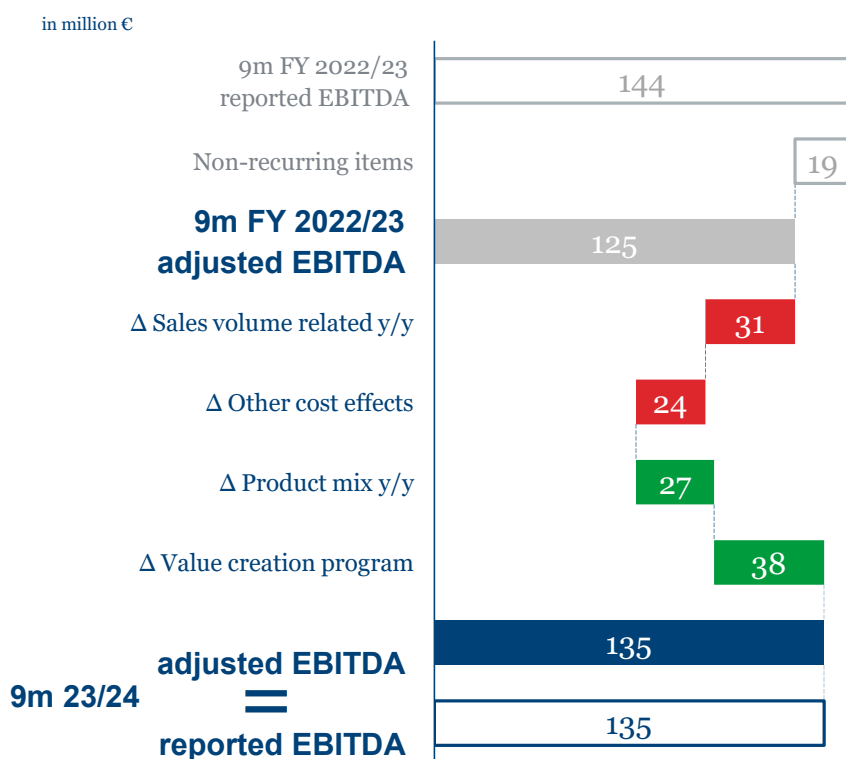
### Solid growth in Asia-Pacific, EMEA & North America trending weaker.





## EBITDA-bridge (9m FY2023/24).

### Value Creation Program safeguarded a sound Y/Y EBITDA development.



#### Key takeaways:

Adjusted for non-recurring item in Q1 FY 2022/23 (Disposal of property in St. Gallen of € 11.8m) and Q3 FY 2022/23 ( MK JV contribution of € 7m).

- Decrease in **sales volume** after nine months, weaker capacity utilization.
- General inflation, tariff increase and trade fair costs.<sup>1</sup>
- + Stronger business in **Asia-Pacific** region.
- + **Value creation program:** Production efficiency, pricing and other short-term measures.

No non-recurring items recorded in FY 2023/24.

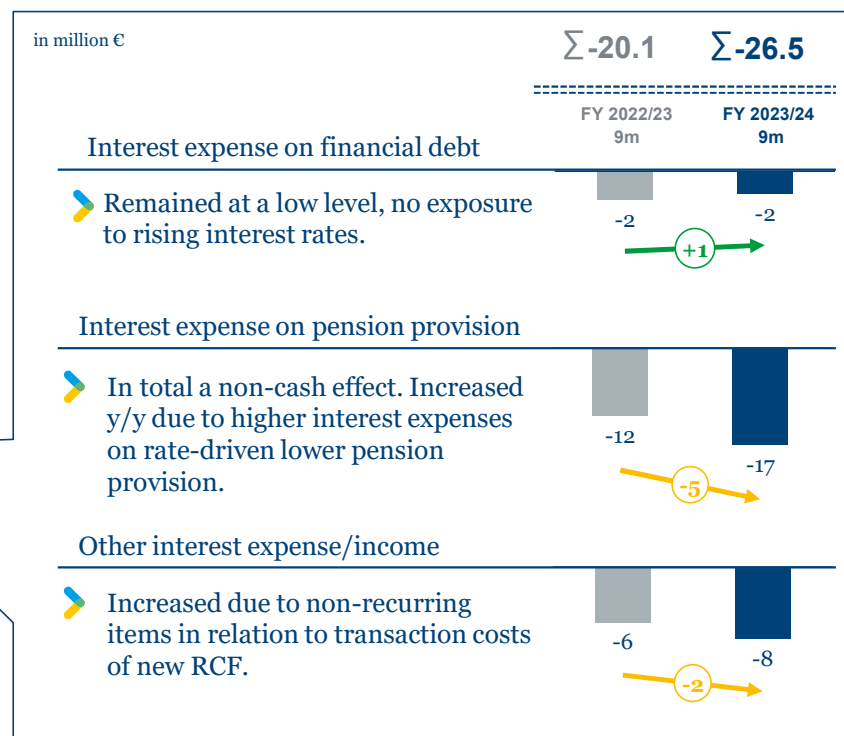


EBITDA to EBT (9m FY2023/24).

**Higher interest on pension provision caused slight increase in financial expenses.**

| in million €                                | FY 2022/23<br>9m | FY 2023/24<br>9m |
|---|------------------|------------------|
| <b>// Reported EBITDA</b>                   | <b>144.2</b>     | <b>134.9</b>     |
| Depreciation & amortization                 | -59.0            | -56.5            |
| <b>// EBIT</b>                              | <b>85.2</b>      | <b>78.4</b>      |
| Net financial result<br>(-expense/+ income) | -20.1            | -26.5            |
| <b>// EBT (+)</b>                           | <b>65.0</b>      | <b>51.9</b>      |

### // Breakdown net financial result:



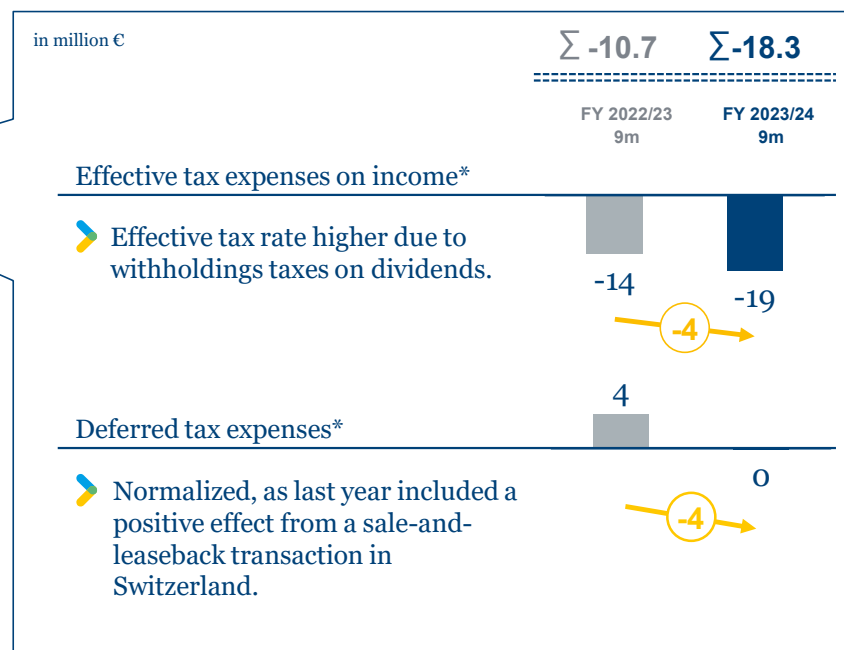


EBT to Earnings per share (9m FY2023/24).

**Effective taxes increased due to withholding taxes on dividend payments.**

| in million €                                  | FY 2022/23<br>9m | FY 2023/24<br>9m |
|---|------------------|------------------|
| <b>// EBT</b>                                 | <b>65.0</b>      | <b>51.9</b>      |
| <hr/>   |                  |                  |
| Tax result*<br>(-expense/+ income)            | -10.7            | -18.3            |
| <b>// Net income</b>                          | <b>54.3</b>      | <b>33.6</b>      |
| <hr/>   |                  |                  |
| Divided by number<br>of shares                | 304.5m           | 304.5m           |
| <b>// Earnings per share</b><br>(in €/ share) | <b>0.18</b>      | <b>0.11</b>      |

### Breakdown tax result:





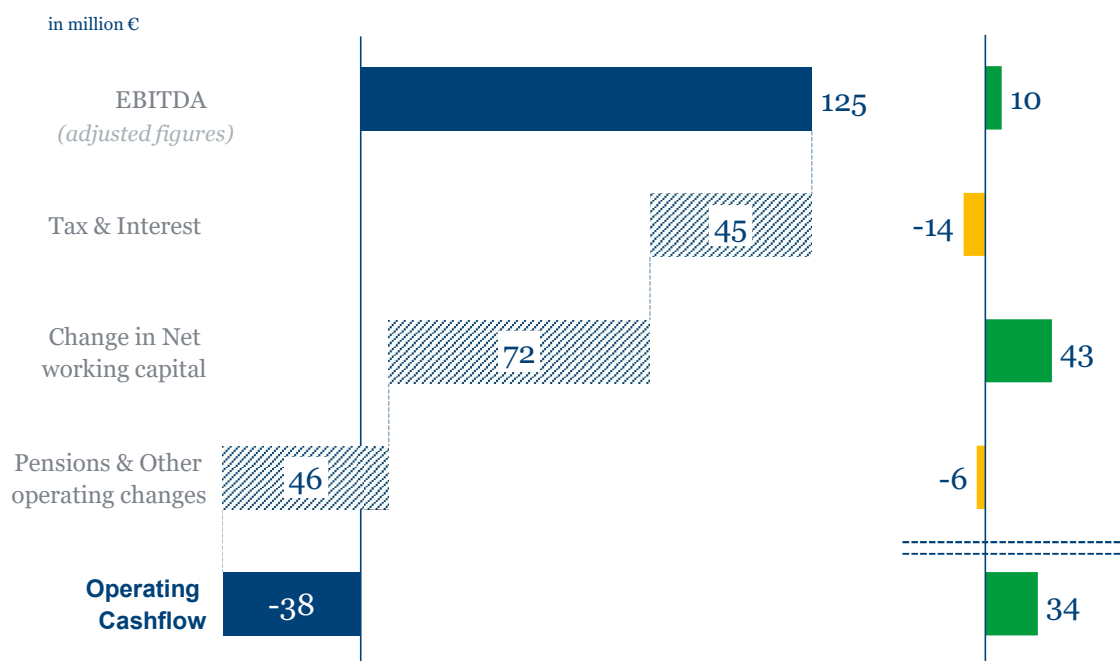
# Operating Cashflow (9m FY2023/24).

**Strong improvement due to higher profitability and better NWC management.**

## Adj. EBITDA to Operating Cashflow 9m FY 2023/24

## Change y/y

## Comments on y/y changes:



➤ **Improvement in operational profitability** (adjusted EBITDA) after nine months **strengthens Operating Cashflow.**

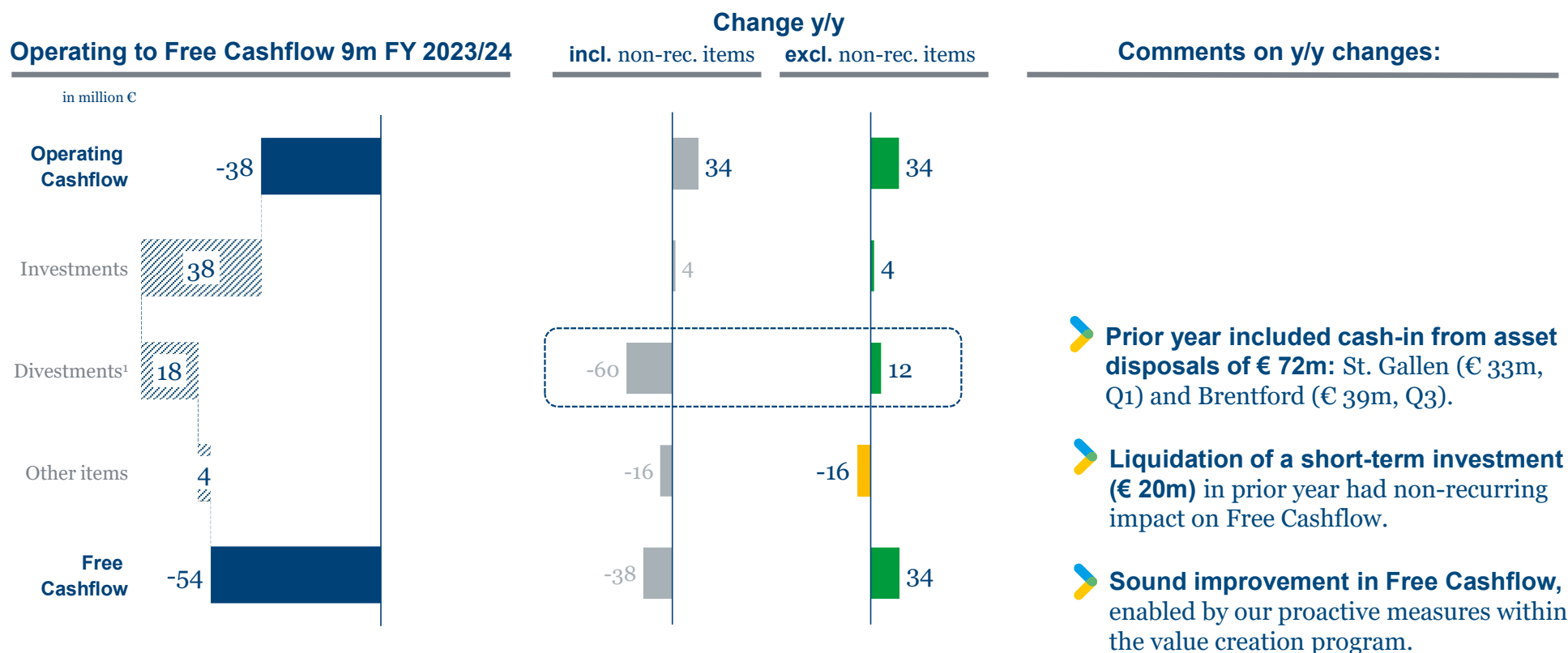
➤ **Y/Y more efficient management of NWC position**, despite down payments trending lower in line with orders received.

➤ **Operating Cashflow** strongly improved despite significant headwinds. NWC expected to reduce until year **turning Cashflow into positive at year-end.**



# Free Cashflow (9m FY2023/24).

**Strong improvement after 9m on an adjusted basis – positive FCF expected.**



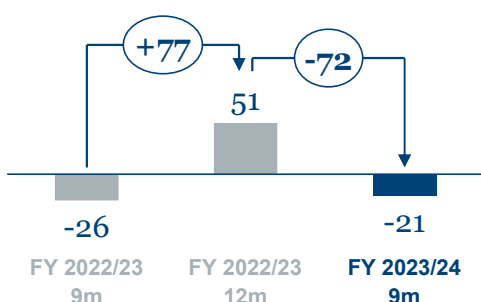


# Balance Sheet (9m FY2023/24).

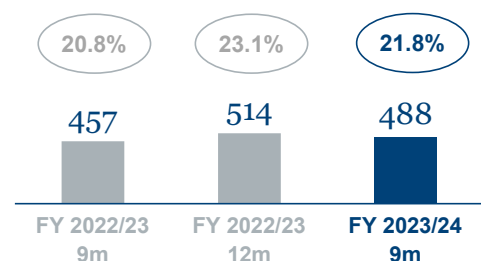
**Slight decrease in equity due to sequentially higher pension provision.**

in million €    9m FY 2022/23    9m FY 2023/24

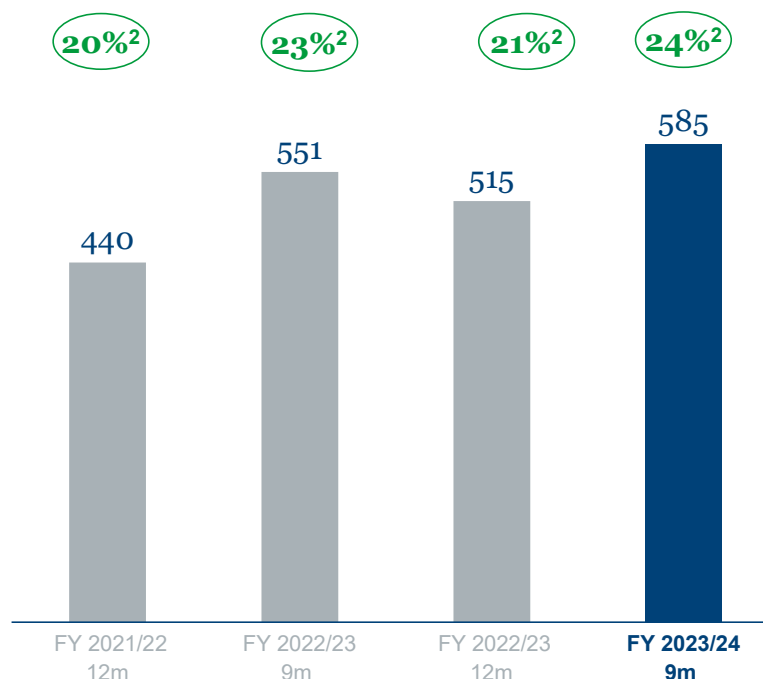
## Net financial position<sup>1</sup>



## Equity and equity ratio



## Net Working Capital



## Key takeaways:

- Net financial position** decreased due to negative FCF (€ -54m) and a non-cash increase in lease liabilities (€ -16m).
- Slight **Equity** reduction acc. decrease in pension discount rate in Germany from 3.7% (YE FY 22/23) to 3.1% (Q3 FY 23/24) and the associated increase in pension provisions (€-52m).
- NWC** build up due to higher advances. Inventories and receivables improved y/y.



## Key takeaways financial performance.



Successful implementation of **price adjustments** is countering inflation effects.

Value creation program is already stabilizing and improving **Profitability and Free Cashflow generation** this fiscal year.

**Short- and long-term** measures will safeguard HEIDELBERG's financial performance.



The logo consists of a stylized 'H' made of three horizontal bars in blue, green, and yellow, followed by the word 'HEIDELBERG' in a bold, blue, sans-serif font.

9m FY 2023/24 at a glance

---

Business and financial review

---

 **Value Creation Program**

---

Outlook

---



## Value Creation Program.

**Our commitment to improve HEIDELBERG's performance & competitiveness.**

-  **Early response** to market headwinds and **freeing up resources** for dual track strategy
-  Short-term **stabilization**, medium-term **optimization**, long-term **sustainability**
-  **Holistic program** covering topline, all cost categories, structures and geographies
-  Program established as **high-performance implementation and execution engine**, aggregating and accelerating all **improvement initiatives across HEIDELBERG**
-  Significant **EBIT and Free Cashflow** improvement

**WHY**

**HOW**

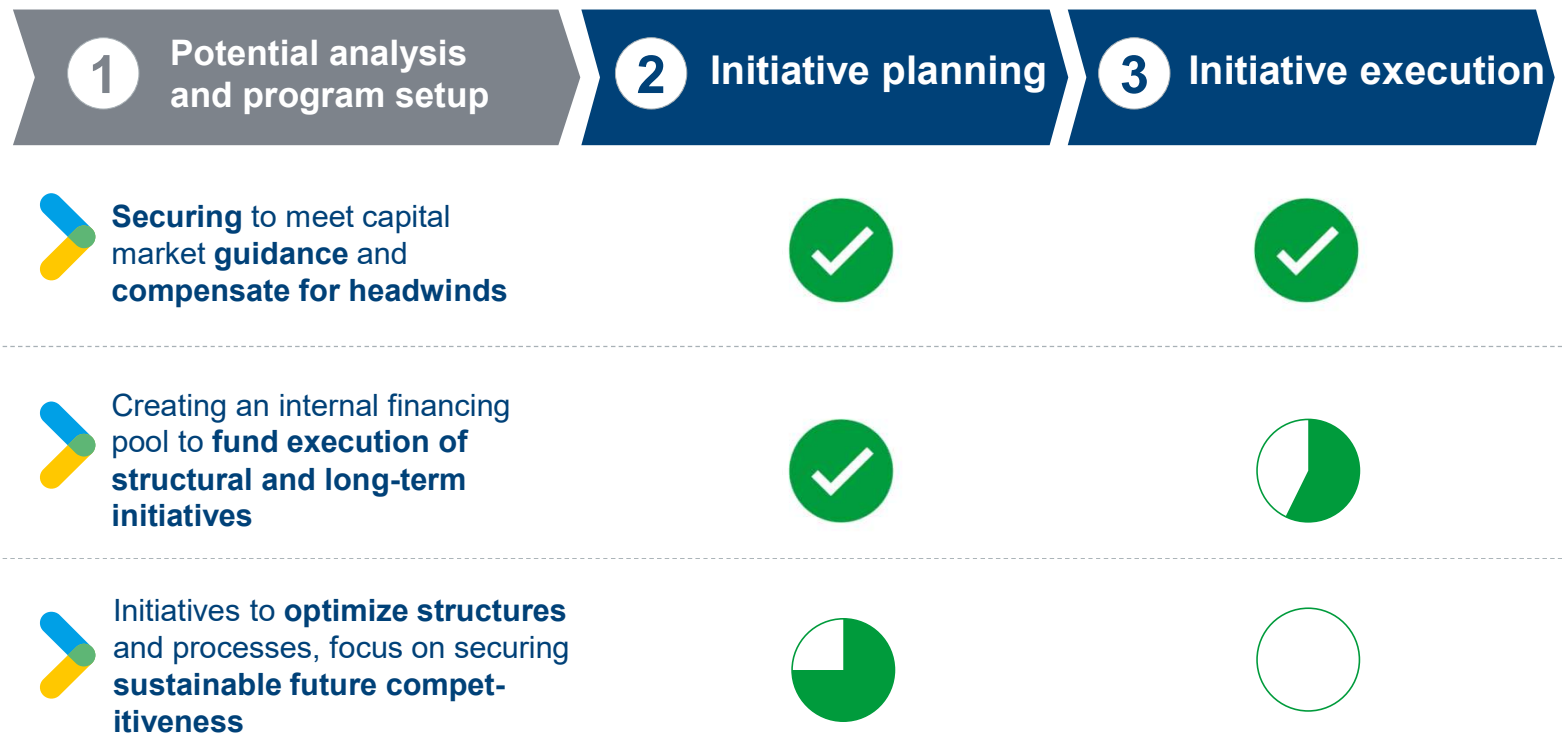
**WHAT**

**// The Value Creation Program strategically positions HEIDELBERG to navigate short-term challenges and strengthen long-term profitability.**



# Value Creation Program.

## Delivering significant impact in this FY and beyond.



// Short- and medium terms measures will stabilize profitability and finance structural adjustments in the long-term.



## Value Creation Program.

**Holistic approach to stabilize and improve HEIDELBERG's profitability.**

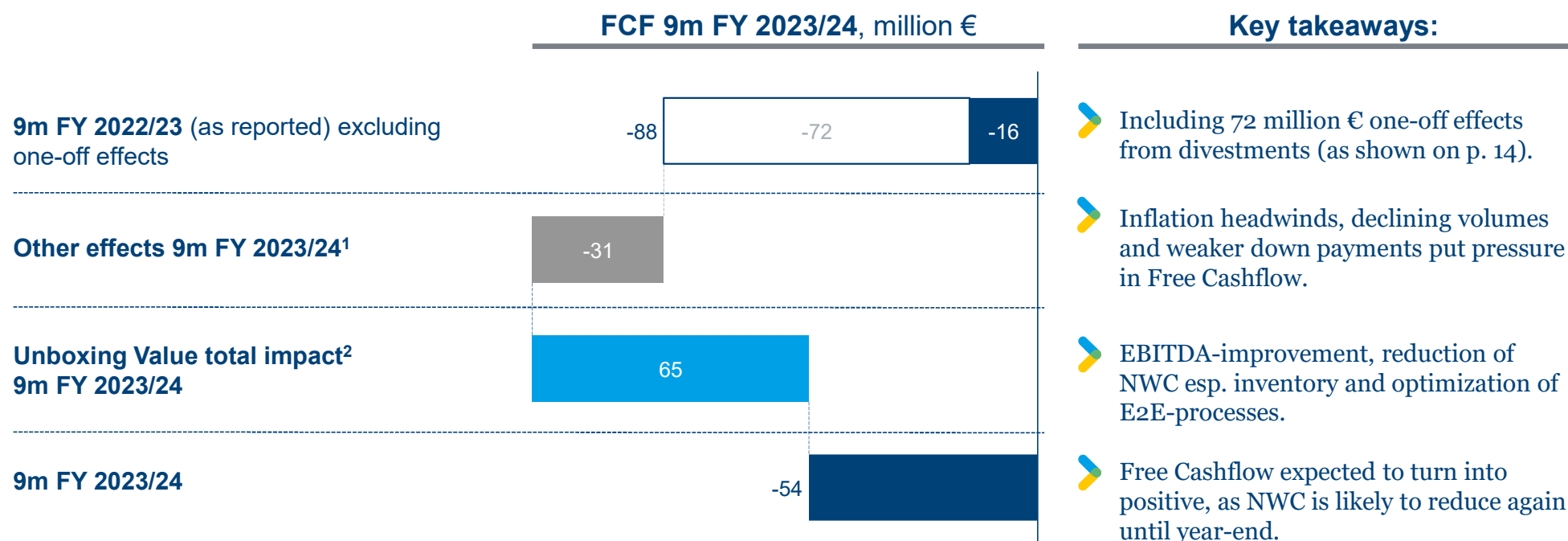
| Topline   | Operations   | Cross-divisional execution   |
|---|--|--|
| <ul style="list-style-type: none"> <li>More <b>comprehensive service offering</b> and increased <b>service coverage</b></li> <li><b>Product offering</b> tailored to <b>emerging markets</b></li> <li><b>Optimized pricing</b> for existing product portfolio, to counteract inflation</li> </ul> | <ul style="list-style-type: none"> <li><b>Design-to-value</b> for core products and components</li> <li>Production <b>network optimization</b></li> <li>Optimization of <b>General &amp; Administrative</b> cost base</li> </ul> | <ul style="list-style-type: none"> <li><b>Steering, tracking, safeguarding</b> of impact by Value Delivery Office</li> <li><b>End-to-end optimization</b> of net working capital (Cash and Financing optimization)</li> <li><b>Performance steering by consolidated margin</b> (P&amp;L responsibility)</li> </ul> |

**// The program's holistic approach and its emphasis on stringent implementation form the strategic foundations for sustainable success.**



## Value Creation Program.

### Solid contribution to Free Cashflow improvement year-over-year.



**// Initiatives will make a significant contribution to achieving a positive Free Cashflow without one-time effects in the full year.**



## Key takeaways Value Creation program.



Value creation program does already strongly **support the financial performance within this fiscal year.**

The program **aggregates and accelerates improvement initiatives** across HEIDELBERG.

Initiatives will **deliver a positive contribution to EBITDA-margin and Free Cashflow** next fiscal year, mitigating expected headwinds.





9m FY 2023/24 at a glance

---

Business and financial review

---

Value Creation Program

---

 **Outlook**

---



On track to achieve full-year targets.

**Guidance confirmed – targets safeguarded by value creation program.**

|  | FY 2022/23<br>9m | FY 2023/24<br>9m | $\Delta$ y/y | FY 2023/24<br>guidance               |
|--|------------------|------------------|--------------|--------------------------------------|
| <b>Net Sales</b>                                 | € 1,729m         | € 1.686m         | -2.5%        | ~ € 2,435m<br><i>(Previous year)</i> |
| <b>Adj. EBITDA</b><br><i>(in % of Net sales)</i> | 7.2%             | 8.0%             | +80bps       | ~ 7.2%<br><i>(Previous year)</i>     |

### Key takeaways for 9m FY 2023/24:



Confidence for full year targets, strong fourth quarter expected.



Inflation headwinds and weaker capacity utilization, but value creation program will continue to support margins.



# Key takeaways.

HEIDELBERG is setting the **course for the future.**



The Value Creation Program paves the way for future improvements and **does already support our short-term performance.**

**Guidance confirmed**, despite a weakening macro-economic environment.



Backup



# P&L

| Figures in € millions  | 9m<br>FY 2023/24 | 9m<br>FY 2022/23 | Change<br>in m€ | Q3<br>FY 2023/24 | Q3<br>FY 2022/23 | Change<br>in m€ |
|--|------------------|------------------|-----------------|------------------|------------------|-----------------|
| Net sales  | 1,685.6          | 1,729.1          | -43.5           | 593.7            | 609.1            | -15.4           |
| Change in inventories/other own work                                 | 84.1             | 65.7             | 18.4            | -2.7             | -7.7             | 5.0             |
| <b>Total operating performance</b>                                   | <b>1,769.7</b>   | <b>1,794.8</b>   | <b>-25.1</b>    | <b>591.0</b>     | <b>601.3</b>     | <b>-10.4</b>    |
| Other operating income   | 37.6             | 56.0             | -18.4           | 15.82            | 14.3             | 1.5             |
| Cost of materials  | 787.7            | 817.9            | -30.2           | 268.2            | 271.1            | -2.9            |
| Personnel Costs  | 585.8            | 600.2            | -14.4           | 195.4            | 208.9            | -13.5           |
| Depreciation and amortization  | 56.5             | 59.0             | -2.5            | 18.8             | 19.8             | -1.0            |
| Other operating expenses   | 298.8            | 288.5            | 10.4            | 109.2            | 95.0             | 14.3            |
| <b>Result of operating activities</b>                                | <b>78.4</b>      | <b>85.2</b>      | <b>-6.8</b>     | <b>15.2</b>      | <b>20.9</b>      | <b>-5.7</b>     |
| Financial income   | 4.8              | 2.1              | 2.7             | 1.8              | 1.0              | 0.8             |
| Financial expenses   | 31.3             | 22.3             | 9.0             | 9.9              | 7.4              | 2.5             |
| <b>Financial result</b>  | <b>-26.5</b>     | <b>-20.1</b>     | <b>-6.4</b>     | <b>-8.1</b>      | <b>-6.4</b>      | <b>-1.7</b>     |
| <b>Net result before taxes</b>                                       | <b>51.9</b>      | <b>65.0</b>      | <b>-13.1</b>    | <b>7.1</b>       | <b>14.5</b>      | <b>-7.4</b>     |
| Taxes on income  | 18.3             | 10.7             | 7.6             | 6.5              | 4.0              | 2.5             |
| <b>Net result after taxes</b>  | <b>33.5</b>      | <b>54.3</b>      | <b>-20.8</b>    | <b>0.6</b>       | <b>10.4</b>      | <b>-9.9</b>     |
| <b>Basic earnings per share according to IAS 33 (in € per share)</b> | <b>0.11</b>      | <b>0.18</b>      | <b>-0.07</b>    | <b>0.00</b>      | <b>0.04</b>      | <b>-0.04</b>    |



## Reported to adjusted EBITDA.

| Figures in € millions  | 9m<br>FY 2023/24 | 9m<br>FY 2022/23 | Change<br>in % | Q3<br>FY 2023/24 | Q3<br>FY 2022/23 | Change<br>in % |
|--|------------------|------------------|----------------|------------------|------------------|----------------|
| Reported EBITDA  | 134,9            | 144,2            | -6,4           | 34,0             | 40,7             | -16,4          |
| <b>Reported EBITDA in % of Net sales</b>                                     | <b>8,0</b>       | <b>8,3</b>       | <b>-30bps</b>  | <b>5,7</b>       | <b>6,7</b>       | <b>-100bps</b> |
| Acquisition-related special effects  |                  |                  |                |                  |                  |                |
| thereof disposal of a property in St. Gallen, CH<br>excl. transactions costs | 0,0              | 11,8             | -              | 0,0              | 0,0              | -              |
| JV MK  | 0,0              | 7,3              |                | 0,0              | 7,3              |                |
| Adjusted EBITDA  | 134,9            | 125,1            | 7,8            | 34,0             | 33,4             | 1,7            |
| <b>Adjusted EBITDA in % Net sales</b>  | <b>8,0</b>       | <b>7,2</b>       | <b>80bps</b>   | <b>5,7</b>       | <b>5,5</b>       | <b>20bps</b>   |



## Segments: Quarterly overview.

|                                      | Q1<br>FY 2023/24 | Q2<br>FY 2023/24 | Q3<br>FY 2023/24 | TOTAL<br>FY<br>2023/24 | Q1<br>FY 2022/23 | Q2<br>FY 2022/23 | Q3<br>FY 2022/23 | TOTAL<br>FY<br>2022/23 | y/y<br>Change in<br>m€ |
|--------------------------------------|------------------|------------------|------------------|------------------------|------------------|------------------|------------------|------------------------|------------------------|
| <b>Orders received</b>               | 590.9            | 593.5            | 507.7            | 1,692.2                | 607.2            | 622.2            | 629.6            | 1,859.1                | -166.9                 |
| Print Solutions                      | 277.2            | 286.1            | 258.7            | 822.1                  | 347.7            | 334.4            | 294.7            | 976.8                  | -154.8                 |
| Packaging Solutions                  | 311.4            | 304.1            | 246.6            | 862.1                  | 249.6            | 281.5            | 331.4            | 862.5                  | -0.4                   |
| Technology Solutions                 | 2.3              | 3.3              | 2.4              | 8.0                    | 9.9              | 6.4              | 3.5              | 19.7                   | -11.7                  |
| <b>Net sales</b>                     | 544.3            | 547.6            | 593.7            | 1,685.6                | 530.5            | 589.5            | 609.1            | 1,729.1                | -43.5                  |
| Print Solutions                      | 274.7            | 258.2            | 270.8            | 803.7                  | 273.3            | 292.5            | 331.8            | 897.7                  | -94.0                  |
| Packaging Solutions                  | 267.3            | 286.1            | 320.5            | 873.9                  | 247.3            | 290.6            | 273.8            | 811.7                  | 62.2                   |
| Technology Solutions                 | 2.3              | 3.3              | 2.4              | 8.0                    | 9.9              | 6.4              | 3.5              | 19.7                   | -11.7                  |
| <b>EBITDA</b>                        | 42.1             | 58.8             | 34.0             | 134.9                  | 35.4             | 68.1             | 40.7             | 144.2                  | -9.3                   |
| Print Solutions                      | 31.0             | 29.4             | 11.3             | 71.7                   | 19.3             | 33.3             | 26.4             | 79.0                   | -7.4                   |
| Packaging Solutions                  | 16.3             | 33.8             | 26.0             | 76.1                   | 17.0             | 37.8             | 18.2             | 72.9                   | 3.2                    |
| Technology Solutions                 | -5.1             | -4.4             | -3.3             | -12.9                  | -0.9             | -2.9             | -3.9             | -7.8                   | -5.1                   |
| <b>Adj. EBITDA</b>                   | 42.1             | 58.8             | 34.0             | 134.9                  | 23.6             | 68.1             | 33.4             | 125.1                  | 9.8                    |
| <b>Adj. EBITDA in % of Net sales</b> | 7.7%             | 10.7%            | 5.7%             | 8.0%                   | 4.4%             | 11.6%            | 5.5%             | 7.2%                   | 80bps                  |
| <b>Net result after taxes</b>        | 9.8              | 23.2             | 0.6              | 33.5                   | 4.8              | 39.1             | 10.4             | 54.3                   | -20.8                  |



## Balance Sheet.

### Assets

|   | 31.12.2023     | 31.03.2023     | Change in m€ |
|---|----------------|----------------|--------------|
| <b>Non-current assets</b>                     | <b>1,003.6</b> | <b>1,028.4</b> | <b>-24.8</b> |
| Intangible assets                             | 215.5          | 210.1          | 5.3          |
| Property, plant and equipment                 | 656.7          | 683.1          | -26.4        |
| Investment property                           | 9.7            | 8.5            | 1.2          |
| Financial assets                              | 11.3           | 15.3           | -4.0         |
| Receivables from sales financing              | 21.6           | 24.2           | -2.6         |
| Other receivables and other assets            | 19.4           | 17.5           | 1.9          |
| Deferred tax assets                           | 69.4           | 69.8           | -0.4         |
| <b>Current assets</b>                         | <b>1,238.0</b> | <b>1,192.1</b> | <b>45.9</b>  |
| Inventories                                   | 732.8          | 642.5          | 90.3         |
| Receivables from sales financing              | 15.9           | 16.0           | -0.2         |
| Trade accounts receivable                     | 266.9          | 290.4          | -23.5        |
| Other receivables and other assets            | 86.6           | 82.6           | 4.0          |
| Income tax assets                             | 9.0            | 7.3            | 1.7          |
| Cash and cash equivalents                     | 126.8          | 153.2          | -26.5        |
| Assets held for sale                          | -              | -              | -            |
| <b>Total assets (classical balance sheet)</b> | <b>2,241.6</b> | <b>2,220.5</b> | <b>21.1</b>  |

### Equity and Liabilities

|   | 31.12.2023     | 31.03.2023     | Change in m€ |
|---|----------------|----------------|--------------|
| <b>Equity</b>   | <b>488.2</b>   | <b>513.6</b>   | <b>-25.4</b> |
| Issued capital  | 779.1          | 779.1          | -            |
| Capital reserves, retained earnings & oth. reserves         | -324.5         | -356.7         | 32.2         |
| Net result after taxes                                      | 33.6           | 91.2           | -57.6        |
| <b>Non-current liabilities</b>                              | <b>871.6</b>   | <b>854.6</b>   | <b>17.0</b>  |
| Provisions, pensions & similar obligations                  | 730.4          | 682.8          | 47.6         |
| Other provisions  | 37.4           | 55.5           | -18.1        |
| Financial liabilities                                       | 24.1           | 43.9           | -19.7        |
| Contract liabilities  | 24.4           | 19.5           | 4.9          |
| Income tax liabilities                                      | 43.8           | 43.8           | -0.0         |
| Other liabilities   | 10.7           | 8.5            | 2.2          |
| Deferred tax liabilities                                    | 0.8            | 0.7            | 0.1          |
| <b>Current liabilities</b>                                  | <b>881.8</b>   | <b>852.3</b>   | <b>29.5</b>  |
| Other provisions  | 192.5          | 195.4          | -2.8         |
| Financial liabilities                                       | 124.0          | 58.3           | 65.7         |
| Contract liabilities  | 234.9          | 243.6          | -8.8         |
| Trade payables  | 220.4          | 225.0          | -4.7         |
| Income tax liabilities                                      | 14.5           | 18.1           | -3.6         |
| Other liabilities   | 95.6           | 111.8          | -16.2        |
| <b>Total Equity + Liabilities (classical Balance Sheet)</b> | <b>2,241.6</b> | <b>2,220.5</b> | <b>21.1</b>  |