

12.11.2014 – 07:08 Uhr

Heidelberg systematically gears portfolio toward profitability and growth - clearly positive EBITDA for first half of financial year 2014/2015

Heidelberg (ots) -

- Restructuring of Group continued for sustained profitable growth:
 - Postpress business realigned
 - Leaner, more flexible production structures in sheetfed offset equipment sector
 - Targeted takeovers to invest in growth areas of consumables and digital
- Half-year EBITDA, including income from Gallus transaction, climbs to EUR 53 million - decline in sales in line with expectations
- Outlook: Restructuring of portfolio emphasizes target EBITDA margin of at least 8 percent in financial year 2015/2016

As announced at the Annual Press Conference in June, Heidelberger Druckmaschinen AG (Heidelberg) is systematically gearing its portfolio toward profitability and growth. The company has completed the realignment of its postpress business as planned and on schedule. At the end of October, Heidelberg signed a cooperation agreement with Masterwork Machinery Co., Ltd in China covering postpress packaging equipment. Under this agreement, the Chinese company Masterwork will develop and manufacture future products and solutions for this market segment; marketing and service outside China and Japan will remain in the hands of Heidelberg. The two companies have also agreed to consider joint production of components in China. Negotiations with employee representatives regarding a reduction in the workforce at the Ludwigsburg site have been completed and agreement has been reached on the closure of the Leipzig site. The aim is to place postpress on a profitable footing by focusing on competitive products and to improve the result by approximately EUR 30 million from the next financial year onward by adapting the business model.

Leaner, more flexible structures in sheetfed offset equipment sector

In new sheetfed offset machinery business, profitability is to be increased in the near future and this area is to be adapted to the fluctuations in demand that are typical for the market by increasing flexibility. To this end, product modularization and standardization will be advanced further in order to achieve economies of scale despite the reduced production volume. As part of these measures, the break-even point for operating profit in this area is to be lowered further by the end of the year by adjusting personnel capacity.

Acquisitions in growth areas of consumables and digital

As previously announced, expansion in the profitable and less cyclical consumables business area is another key strategic goal for Heidelberg. The takeover of Belgian consumables supplier BluePrint Products NV marks an initial step in this direction and provides Heidelberg with vital know-how in the development and manufacture of printing chemicals. BluePrint offers a comprehensive range of dampening solutions and washing agents for presses and has a highly innovative approach to environmentally friendly products. Heidelberg has been working with this company for some time and will be incorporating BluePrint's entire product portfolio into its global sales network.

"Following the strategic focus on returning to profitability in the previous financial year, this year will see Heidelberg taking key steps to enhance its portfolio. This will involve further expanding growth areas to enhance the company's profitability and secure it long term," said Heidelberg CEO Gerold Linzbach. "The goal of our active portfolio management is for our service- and consumables- based business, which benefits from high margins and is less cyclical, to account for a share of Group sales of more than 50 percent.

The company is also systematically channeling its energies into the external growth of its promising digital business, with the complete takeover of software manufacturer Neo7even in October and the launch of new digital printing systems with cooperation partners Fujifilm and Ricoh during the same period. The target is to generate annual sales of over EUR 200 million in the digital sector in the medium term.

Well on track after first half-year of 2014/2015 with EBITDA increased to EUR 53 million

The half-yearly figures for financial year 2014/2015 (April 1 to September 30, 2014) reflect the success of the initiatives to boost efficiency on a lasting basis but are also influenced by the measures to restructure the portfolio and the associated non-recurring effects.

At EUR 996 million (HY1-2013/2014: EUR 1,097 million), Group sales after six months were in line with expectations in all regions except Asia. The company saw a particular decline in new machine sales in China.

As a result of the measures initiated to improve margins and profitability, the company was nevertheless able to increase both EBITDA and EBIT, each excluding special items, in the reporting period year-on-year. In addition to this, the complete takeover of Gallus in Switzerland resulted in one-time income of EUR 18 million. Overall, the half-year EBITDA excluding special items climbed from EUR 31 million to EUR 53 million. EBIT excluding special items for portfolio measures improved from EUR -7 million to EUR 19 million. Special items amounting to EUR -18 million (previous year: EUR -1 million) essentially comprise non-recurring expenditure for restructuring the Ludwigsburg site and closing the Leipzig site, and proceeds from the sale to Müller Martini. The half-year financial result was EUR -33 million (previous year EUR -28 million). Accordingly, income before taxes improved from EUR -36 million to EUR -32 million and the net result after taxes from EUR -47 million to EUR -42 million.

"Portfolio management is influencing the profitability of this financial year, with both positive and significantly negative non-recurring effects, but the ultimate improvement will be a lasting one," said Heidelberg CFO Dirk Kaliebe.

Despite the payments for the Focus efficiency program (EUR 20 million), the clearly positive free cash flow in the second quarter (EUR 36 million) improved the half-yearly figure to EUR -30 million (HY1-2013/2014: EUR 28 million). At EUR 272 million, the net financial debt remains at a low level (end of financial year 2013/2014: EUR 238 million). Together with the improvements at operating level, this enabled the leverage to be maintained at the target level of 2. The equity ratio was 13.3 percent (end of financial year 2013/2014: 16.0 percent).

"The company's low level of debt lays the foundation for continued restructuring of the Group," stated Kaliebe.

As at September 30, 2014, the Heidelberg Group had a global workforce of 12,393 plus 550 trainees (previous year: 13,001 plus 615 trainees).

Outlook: Restructuring of portfolio emphasizes target EBITDA margin of at least 8 percent in financial year 2015/2016

Continued implementation of the portfolio optimization measures initiated is the key factor determining the development of sales and earnings for financial year 2014/2015 as a whole. The reorganization of postpress is expected to lead to lower sales in this area in the short term until implementation is complete. Additionally, we will continue to actively reduce low-margin business. Based on this situation, including the economic slowdown in China, overall sales in financial year 2014/2015 are likely to be down around 5 percent year-on-year.

The portfolio optimization measures initiated will have both a boosting and a dampening impact on earnings during the current financial year. Overall, the measures should further improve the company's operating profitability and help Heidelberg get closer still to its target of an operating margin of at least 8 percent in terms of EBITDA.

Adjusted for these non-recurring effects for portfolio optimizations and cost-cutting measures, the company's continued aim is to achieve an increase in after-tax earnings.

For additional details about the company and image material, please visit the Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

The report on the first half-year of financial year 2014/2015 can be accessed at www.heidelberg.com.

Next reporting date: The figures for the third quarter of financial year 2014/2015 are due to be published on February 4, 2015.

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 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 press release.

Pressekontakt:

Heidelberger Druckmaschinen AG

Corporate Public Relations
Thomas Fichtl
Phone: +49 (0)6221 92-5900
Fax: +49 (0)6221 92-5088
E-mail: thomas.fichtl@heidelberg.com

Investor Relations
Robin Karpp
Phone: +49 (0)6221- 92 6020
Fax: +49 (0)6221- 92 5189
E-mail: robin.karpp@heidelberg.com

Original content of: Heidelberger Druckmaschinen AG, transmitted by news aktuell
Diese Meldung kann unter <https://www.presseportal.de/en/pm/6678/2878270> abgerufen werden.