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## Heidelberg increases sales in first half year by just under 5 percent, profits below expectations / Cost-cutting program launched successfully

Heidelberg, Germany (ots) -

Following a good first quarter (April 1 to June 30) for fiscal 2001/02 (sales up 8 percent and operating result up just under 22 percent), the events in the USA had a clear impact on Heidelberger Druckmaschinen AG's (Heidelberg) second quarter results. Sales by the Heidelberg Group were Euro 2.3 billion in the first half year (April 1 - September 30, 2001), around 5 percent up on the same period last year (just under Euro 2.2 billion). The operating result fell during the period by Euro 43 million to Euro 110 million. The profit after tax was Euro 62 million, down Euro 20 million on the first half of the previous fiscal year.

"Sales in September in particular were poor, being around Euro 100 million below expectations", stated Bernhard Schreier, Heidelberg's CEO. Web Systems sales were especially weak, being 29 percent down on last year's figures. The Heidelberg Group received orders during the first half year of Euro 2.54 billion (17.4 percent below the figure recorded in drupa year 2000). Incoming orders were up around 25 percent, however, compared to pre-drupa year 1999/2000 (around Euro 2 billion).

As at September 30, 2001, the Heidelberg Group employed around 26,000 staff worldwide.

### Developments in the divisions

Sales for the half year in the Sheetfed Division climbed more than 16 percent to Euro 1.57 billion (previous year: Euro 1.35 billion). The operating result was Euro 263 million (previous year: Euro 212 million) and thereby exceeded last year's figure by a satisfying 24 percent.

The Finishing Division recorded sales of Euro 176 million (previous year: Euro 173 million). The profit of Euro 7 million (previous year: Euro 11 million) just failed to match the high level achieved for the 2000/01 half year.

Sales and operating results for the Digital and Web Systems Divisions fell below last year's levels. Sales for the Web Systems Division were Euro 218 million, down from Euro 307 million the previous year. The operating loss grew to around Euro 91 million (previous year: loss of Euro 24 million).

The Digital Division recorded sales of Euro 333 million (previous year: Euro 364 million). The operating loss was Euro 69 million (previous year: loss of Euro 46 million). The sales launch of the NexPress digital color press in September went particularly well. "With over 80 machines already sold, we will easily exceed our target of 100 systems for the year as a whole", stated Bernhard Schreier. This boded well, he explained, for the company's future development.

### Progress in the regions quite positive

A comparison of the regions shows just how severely the current situation is being impacted by the economic developments in the USA. Sales in all regions showed positive development, with the exception of the NAFTA region, where they fell by Euro 137 million or 18.9 percent over the previous year. Sales in the Asia/Pacific Region, Eastern Europe and Latin America, however, recorded double digit growth rates. The important Central Europe region grew by just under

9 percent.

#### Cost-cutting program introduced

"We are looking to a comprehensive cost-cutting program to drive the company towards growth and safeguard our earnings potential", stated Dr. Herbert Meyer, CFO at Heidelberg. To ensure Heidelberg achieves its target of Euro 100 million savings in the current fiscal year, fixed-term employment contracts will not be extended, no new employees will be appointed, overtime will be cut back, and lasting reductions will be made in administrative costs.

#### Prospects for fiscal 2001/2002

In its sales and results forecasts for the year as a whole, the company had previously assumed that the economic recovery in the USA would begin in the second half of the current fiscal year.

Developments now suggest there will be a further economic downturn in the USA with consequences for business in Europe and Asia. "Despite the cost-cutting measures that have been introduced, we now believe that last year's results can no longer be matched if customers become increasingly uneasy about making investments", explained Dr. Herbert Meyer. He nevertheless anticipated that sales for the second half of fiscal 2001/02 would be just above the figure for the first half.

"The profit after taxes for the fiscal year as a whole will lie between Euro 200 and 220 million (Euro 283 million in 2000/01)."

HEIDELBERG- Group	Sept. 30, 2001 EUR m.	Sept. 30, 2000 EUR m.	Change in %
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Net sales	2.300	2.195	+4,8
Digital	333	364	-8,5
Sheetfed	1.573	1.351	+16,4
Web Systems	218	307	-29,0
Finishing	176	173	+1,7
Incoming orders	2.539	3.073	-17,4
Digital	374	409	-8,6
Sheetfed	1.600	2.024	-20,9
Web Systems	382	426	-10,3
Finishing	183	214	-14,5
Order backlog	1.847	2.263	-18,4
Digital	152	149	+2,0
Sheetfed	1.167	1.653	-29,4
Web Systems	437	356	+22,8
Finishing	91	105	-13,3
Operating profit	110	153	-28,1
Digital	-69	-46	-50,0
Sheetfed	263	212	+24,1
Web Systems	-91	-24	-279,2
Finishing	7	11	-36,4
Net profit	62	82	-24,4
Return on sales in %	2,7	3,7	

#### Sales by

regions	Sept. 30, 2001	Sept. 30, 2000	Change	Share
		01/02		

	EUR m.	EUR m.	in %	in %
Central Europe	869	800	+8,6	37,8
Eastern Europe	132	118	+11,9	5,7
NAFTA	586	723	-18,9	25,5
Central+South America	90	60	+50,0	3,9
Asia/Pacific	559	432	+29,4	24,3
Middle East/ Africa	64	62	+3,2	2,8
Group	2.300	2.195	+4,8	100,0

Important note:

This press release contains statements about the future that are based on assumptions and estimates made by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Even if the management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. These factors can include changes to the overall economic climate, changes to exchange rates and interest rates and changes in the graphic arts industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee that future developments and the results actually achieved in the future will agree with the assumptions and estimates set out in this press release and assumes no liability for such.

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