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Successful start to financial year 2015/2016 for Heidelberg - strategic reorientation is taking effect

Heidelberg (ots) -

- Improved order situation and exchange rate movements affect sales and incoming orders in first quarter
- EBITDA increases to EUR 46 million, including non-recurring effect from PSG takeover
- EBIT improves to EUR 13 million; income from PSG takeover compensates for special items
- Equity ratio climbs to around 15 percent
- Syndicated credit line extended early to mid-2019
- Outlook: Well on way to achieving targets for year

Heidelberger Druckmaschinen AG (Heidelberg) has made a successful start to the new financial year 2015/2016. The figures for the first quarter (April 1 to June 30, 2015) show that the company's strategic reorientation is having an impact, with improvements in both sales and the result. The acquisition of the European Printing Systems Group (PSG), a successful trade show in China, and positive exchange rate movements have had a particularly positive effect. As a result, Heidelberg saw a further increase in its order backlog at the end of the first quarter.

"As it starts the new financial year, Heidelberg is well on the way to achieving its targets for the year," said CFO and Deputy CEO Dirk Kaliebe. "The restructuring period is over and in the future we'll be re-focusing our attention on managing our growth," he added.

Thanks to a healthy order backlog, higher service-related sales, and exchange rate effects (around EUR 40 million), sales in the quarter under review increased to EUR 563 million (previous year: EUR 435 million). All regions achieved higher sales. As a result of the successful trade show in China, additional service-related business due to the PSG takeover, and exchange rate effects (roughly EUR 55 million), incoming orders climbed to EUR 703 million (previous year: EUR 588 million).

The operating result was far better than in the previous year, with EBITDA of EUR 46 million (previous year: EUR 6 million) and EBIT of EUR 28 million (previous year: EUR -11 million). Income from the takeover of PSG totaling about EUR 19 million had a positive impact on both these figures. Excluding this income and adjusted for sales-related exchange rate effects, the EBITDA margin was around 5 percent. The PSG income compensated for negative special items from subsequent expenditure amounting to some EUR 15 million for partial retirement agreements concluded in the previous year. EBIT including special items thus increased significantly, from EUR -11 million to EUR 13 million.

At EUR -14 million, the financial result was better than in the same quarter of the previous year (EUR -17 million). The net result before taxes (EUR -1 million following EUR -28 million in the same quarter of the previous year) and the net result after taxes (EUR -4 million following EUR -34 million in the same quarter of the previous year) were almost at break-even.

Equity at the end of the quarter, on June 30, increased to EUR 337 million (March 31, 2015: EUR 183 million). This corresponds to an equity ratio of around 15 percent (March 31, 2015: 8 percent). The main reason for this improvement was the significant increase in the discount rate for pensions in Germany - from 1.7 percent in the previous year to 2.7 percent on the balance sheet date.

The free cash flow after the first quarter of financial year 2015/2016 was EUR -35 million (same quarter of previous year: EUR - 66 million). This was essentially the result of net payments of some EUR 8 million to acquire PSG and payments associated with portfolio optimization measures totaling around EUR9 million. The net financial debt increased slightly in the quarter under review, to EUR 277 million (March 31, 2015: EUR 256 million), and thus remains at a low level. This enabled the leverage (net financial debt divided by EBITDA excluding special items for the last four quarters), including payment of the purchase price for PSG, to be kept below the target value of 2.

Following the issue of a convertible bond and a corporate bond, a further step to ensure long-term financing of the corporate strategy was completed in July 2015 when the early extension of the revolving credit facility with a future volume of EUR 250 million to the end of June 2019 was agreed with a consortium of banks and formed the third mainstay of the financing framework.

"Our optimized financing framework provides a solid foundation for further strategic reorientation and the planned growth of the company," said Kaliebe.

As at June 30, 2015, the Heidelberg Group had a global workforce of 11,865, including the 384 new PSG staff, plus 426 trainees (previous year: 12,454 plus 493 trainees).

Outlook: Well on way to achieving targets for year Boosted by healthy order books, Heidelberg is aiming for sales growth of 2 to 4 percent after adjustment for exchange rate effects in the current financial year 2015/2016. As in the previous year, the company is assuming that sales will be higher in the second half of the financial year than in the first.

Provided the initiatives to improve the margin and optimize the portfolio have the planned impact in the current financial year, the company expects to be able to achieve an operating margin based on EBITDA of at least 8 percent of sales - now adjusted for exchange rate movements - in financial year 2015/2016. The Heidelberg Equipment segment should help achieve this with a margin of between 4 and 6 percent and the Heidelberg Services segment with a margin of between 9 and 11 percent. In the Heidelberg Financial Services segment, customer financing is still primarily outsourced. This segment should make a positive contribution to EBITDA in the future, too.

Other dates:

The figures for the second quarter of financial year 2015/2016 are due to be published on November 13, 2015.

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 quarter of financial year 2015/2016 can be accessed at www.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 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.

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Contact:

Further information:
Heidelberger Druckmaschinen AG
Corporate Public Relations
Thomas Fichtl
Phone: +49 (0)6222 82-67123
Fax: +49 (0)6222 82-67129
E-mail: thomas.fichtl@heidelberg.com

Investor Relations
Robin Karpp
Phone: +49 (0)6222 82-67120
Fax: +49 (0)6222 82-99 67120
E-mail: robin.karpp@heidelberg.com