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## Heidelberg on course after first half of financial year 2015/2016 with sales and result up on previous year

*Heidelberg (ots) -*

- Further progress with strategic reorientation
- Sales after six months climb to EUR1.162 billion
- EBITDA excluding special items increase to EUR79 million
- Proceeds from sale of headquarters in Heidelberg posted as income in second half-year
- Outlook for year as a whole: Sights firmly set on achieving targets for year

Heidelberger Druckmaschinen AG (Heidelberg) systematically implemented the Group's strategic reorientation in the first half of financial year 2015/2016 (April 1 to September 30, 2015) and made further progress during this period. The growth areas - services and digital - have undergone considerable expansion, while structures and processes have been made even leaner in the sheetfed business.

The takeover of the Printing Systems Group (PSG) increased service and consumables sales as planned. The five subsidiaries have been fully integrated into the Heidelberg sales organization and the management structure adapted accordingly. Half of the planned additional sales of some EUR100 million from the takeover have been generated after six months. Heidelberg is planning further acquisitions in this growth segment in the future and is expecting services and consumables to account for around 50 percent of Group sales in the medium term.

The greater focus of the research and development budget on digital printing is also becoming increasingly apparent. One example is the successful sales launch of the company's new digital label press for the packaging market. Heidelberg has also succeeded in winning over a German start-up company from the food industry for its latest development in the field of 4D printing. Unveiling the first industrial sheetfed digital press at the drupa trade show next year will mark the next milestone in the digital strategy.

As for its sheetfed business, the company continued the planned efficiency measures with the aim of increasing flexibility and boosting future profitability. Full implementation by the end of the financial year will further improve the profitability of the sheetfed business, above all in the second half-year. The relocation of company headquarters and the Print Media Center Commercial from Heidelberg to Wiesloch-Walldorf marks the completion of a key structural measure. This will speed up processes in the future and further reduce annual operating costs for the sites. Together with the Print Media Center Packaging, Wiesloch-Walldorf now boasts the industry's largest demonstration center for commercial and packaging printing anywhere in the world. The sale of the vacant administrative premises in Heidelberg has been contractually agreed and is expected to be recognized in profit or loss in the course of the financial year.

"We are systematically implementing our growth strategy. New business models and a dynamic portfolio have led to a significant increase in sales," said Dirk Kaliebe, CFO and Deputy CEO of the company. "The reorientation of Heidelberg has also made us more flexible, which means we are better able to respond to market fluctuations and can further improve profitability," he added.

Heidelberg on course after first half of financial year 2015/2016 with sales and result up on previous year

After the first six months of financial year 2015/2016, business results at Heidelberg are in line with the company's own planning. As expected, sales and the operating result for the half-year exceeded the previous year's figures. The acquisition of the European Printing Systems Group (PSG) and exchange rate movements had a particularly positive impact on sales. The further increase in the order backlog at the end of the second quarter and positive effects resulting from the portfolio measures lay the foundation for further improving sales and, above all, the profitability of Heidelberg Equipment in the second half-year period.

Group sales after six months increased to EUR1.162 billion (previous year: EUR996 million). This includes EUR68 million from positive exchange rate effects. Sales were up in all regions except Eastern Europe, where they remained stable. Incoming orders in the period under review improved to EUR1.323 billion (previous year: EUR1.167 billion).

"After the first half of the current financial year, we are on course to achieve our targets for the year. As in previous years, we are expecting a further increase in sales and in the result in the second half of the financial year," continued Kaliebe.

The operating result in the period under review was up on the previous year. EBITDA excluding special items totaled EUR79 million (previous year: EUR53 million) and EBIT excluding special items EUR43 million (previous year: EUR19 million). Both these figures benefited from income from the takeover of PSG amounting to some EUR19 million in the current financial year, compared with income of EUR18 million from the Gallus transaction in the previous year. In the Heidelberg Services segment, improvements achieved through the portfolio measures led to a better result, which at the end of the half-year was already well on track to achieve the target EBITDA margin of 9 to 11 percent. The typical seasonal increase in sales volume that is expected in the second half of the financial year and the positive effects of the efficiency measures should, as planned, increasingly lead to improvements

in the result of the Heidelberg Equipment segment in the second half of the financial year so as to achieve the target EBITDA margin of 4 to 6 percent.

Following the completed refinancing of the credit facility, the financial result for the half-year improved to EUR-30 million (previous year: EUR-33 million). The net result before taxes also improved, from EUR-32 million in the previous year to EUR-8 million. The net result after taxes was much better at EUR-14 million following a figure of EUR-42 million in the corresponding period of the previous year.

At EUR-30 million, the free cash flow in the period under review remained at the same level as in the previous year (EUR-30 million). Excluding the price paid to acquire PSG, and non-recurring payments associated with the early redemption of a bond and the reorientation, it would have been positive.

The net financial debt at September 30 increased slightly to EUR284 million (March 31, 2015: EUR256 million) and thus remains at a low level. With a factor of 1.3, the leverage (net financial debt divided by EBITDA excluding special items for the last four quarters) was maintained significantly below the target value of 2.

As at September 30, 2015, the Heidelberg Group had a global workforce of 11,753 plus 473 trainees (previous year: 12,393 plus 550 trainees). This includes around 380 new employees from the acquisition of PSG.

Outlook for year as a whole: Sights firmly set on achieving targets for year

Based on solid 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 the share of sales will be higher in the second half of the financial year than in the first.

Assuming that the initiatives to increase margins in the Equipment area in particular and to optimize the portfolio take effect in the current financial year, the company continues to anticipate an operating margin on EBITDA of at least 8 percent of sales, adjusted for exchange rate effects, in financial year 2015/2016. The Heidelberg Equipment segment is expected to contribute within a range of 4?to?6 percent to this result and the Heidelberg Services segment 9?to 11 percent. In the Heidelberg Financial Services segment, the company will continue to primarily externalize customer financing. The segment should continue to provide a positive EBITDA contribution in the future.

Other dates:

The figures for the third quarter of financial year 2015/2016 are due to be published on February 10, 2016.

For additional details about the company and image material, please visit the Press Lounge of Heidelberger Druckmaschinen AG at [www.heidelberg.com](http://www.heidelberg.com).

The report on the second quarter of financial year 2015/2016 can be accessed at [www.heidelberg.com](http://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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