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Heidelberg presents new growth strategy - significant improvement in sales and result targeted in period to 2022

Heidelberg (ots) -

- Strategic focus on technology leadership, digital transformation, and operational excellence
- Group targets for 2022 defined and underpinned with specific measures:
- Targeted increase in sales to around EUR3 billion, in EBITDA to EUR 250-300 million, and in net profit after taxes to over EUR 100 million
- Initial strategic measures already implemented- two acquisitions (DOCUFY / Fujifilm coatings & pressroom chemicals in EMEA) and enhanced efficiency
- Presentation of annual financial statements for 2016/17 confirms targets achieved

At today's Annual Press Conference for 2016/17, Heidelberger Druckmaschinen AG (Heidelberg) is underlining its aspirations to further strengthen the company's trailblazing position in the printing press sector with the presentation of a new corporate strategy. The company's Management Board is presenting "Heidelberg goes digital!" - a package of measures for the years ahead with a strategic focus on technology leadership, digital transformation, and operational excellence. Following the successful turnaround with a return to sustained profitability, Heidelberg will now also be aiming for continuous growth. Group sales of around EUR 3 billion are being targeted with a large number of specific measures in the period to 2022. The company has set its sights on a further significant improvement in profitability, with EBITDA of EUR 250 to 300 million and a net profit after taxes of over EUR 100 million. Sales in financial year 2016/17 were just over EUR 2.5 billion, EBITDA at EUR 179 million and the net result after taxes at EUR 36 million.

"Over the next five years, Heidelberg will once again become a leading light in the sector, enjoying strong growth and profits. We've defined the relevant success factors and have already introduced initial measures. This marks the start of a new era of growth for Heidelberg," said the company's CEO Rainer Hundsdörfer.

Profitable growth thanks to innovations, digitization, and enhanced efficiency at all levels

The turnaround achieved by Heidelberg over the past five years with a rigorous restructuring program and a shakeup of its portfolio has led to sustained profitability. Despite a slight fall in sales, EBITDA doubled from the 2012 level to EUR 179 million. Following a huge loss of EUR 230 million five years ago, the company recorded a net profit after taxes of EUR36 million in 2017. The profitable growth now being targeted for the period to 2022 will be boosted by the following key strategies:

1. Technology leadership based on constant innovations focusing on customer benefits and aimed at improving productivity while also cutting costs in all print shop processes by maximizing efficiency. Heidelberg is looking to play a pioneering role in digitization (Simply Smart/Smart Print Shop) with its Push to Stop concept and also in industrial digital printing for the packaging market with the Labelfire and Primefire product lines. The objective here is to double the market share in digital printing from the current level of less than 5 percent to as high as 10 percent and generate additional sales potential amounting to around EUR 200 million in the period to 2022.
2. Digital transformation, including the digitization and integration of the previously separate areas of equipment, software, services, and consumables with straightforward, transparent pricing of all offerings for customers. The entire work process at the customer's print shop will be addressed from a single source using a single e-commerce sales platform. This will reduce complexity and costs for customers while also boosting their productivity. The aim here for Heidelberg over the next five years is to increase the company's market share for consumables from the current level of 5 percent to just under 10 percent while also leveraging additional sales potential of EUR 250 million. Part of this strategy is the takeover of Fujifilm's coatings and pressroom chemicals business in the EMEA region, which represents a sales volume of some EUR25 million. It will take effect as of July 1, 2017. Heidelberg is using this takeover to expand in the attractive growth segment for consumables. The transaction is another step in pursuing the company's growth strategy of developing a fully comprehensive cross-sector portfolio that is geared toward specific customer requirements and also further strengthens Heidelberg's market position for coatings and pressroom chemicals.

Digital transformation also means that Heidelberg will offer its know-how to other plant and mechanical engineering companies and startups in the future. Heidelberg benefits from the software and engineering expertise forming part of the new possibilities offered by Industry 4.0 - with options such as an IT suite, a cloud-based platform, and production capacities. Industrial companies such as BigRep, for example, already have their latest products for additive manufacturing (3D printers) produced by Heidelberg. The aim by 2022 is for this to generate additional sales of some EUR50 million with well above-average profit margins. The recent acquisition of software supplier DOCUFY to strengthen the Digital Platforms business area and expand the Industry 4.0 portfolio

underlines the company's ambitions in this direction.

Potential for improving profitability

The two strategic focal points detailed above are intended to generate additional sales of at least EUR 500 million by 2022. The additional operational excellence measures include efficiency improvements at all levels to ensure the company's agility - without the need for a new comprehensive restructuring program. The emphasis is more on streamlining structures and processes, implementing agile production, the current relocation of our research and development activities to the Wiesloch-Walldorf site, and the optimization of the logistics wage structure that has just been initiated. The company believes this has the potential to cut process and structural costs by some EUR 50 million over the next five years. What's more, the existing and ongoing measures to lower financing costs will have a positive impact on the net result after taxes. Heidelberg is expecting these costs to fall by a further EUR 15 million or so.

The Heidelberg Digital Technology (HDT) and Heidelberg Digital Business and Services (HDB) sectors were established on April 1, 2017 to prepare for the company's digital future. HDT combines sheetfed offset, label printing, and postpress operations and is responsible for developing, producing, and marketing the appropriate technologies and products for new business models. HDB, meanwhile, is where Heidelberg manages its operations relating to services, consumables, remarketed equipment, digital printing technology and solutions throughout the value-added chain.

Image material, the Annual Report for financial year 2016/17, and additional information about the company are available in the Press Lounge of Heidelberger Druckmaschinen AG 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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