

09.06.2021 – 07:14 Uhr

Heidelberg expecting profitable growth in FY 2021/2022 and subsequent years

Heidelberg (ots) -

- **Marked rise in demand and successful transformation program inspire confidence**
- **Growth and increase in value for packaging printing, digital business models, business in China, and new technologies (such as wallboxes)**
- **Outlook for FY 2021/2022 predicts rise in sales to at least € 2 billion, increase in EBITDA margin from 5 percent to between 6 and 7 percent, and slightly positive net result after taxes**
- **Break-even threshold set to decrease to around € 1.9 billion in FY 2022/2023, offering significant potential for result and free cash flow**

Given an improving order situation and the increasingly positive impact of the Group's extensive transformation, Heidelberger Druckmaschinen AG (Heidelberg) is confident of returning to profitable growth in financial year 2021/2022 (April 1, 2021 to March 31, 2022). Despite the continuing uncertainties regarding the duration and scope of the negative effects of the COVID-19 pandemic in financial year 2021/2022, the company is therefore expecting sales to climb from € 1,913 million to at least € 2 billion.

"The comprehensive transformation Heidelberg initiated before the coronavirus pandemic hit has made the company leaner and more efficient. Given that demand is now also definitely picking up again in most key sales regions, we're expecting to achieve a far better operating margin this year, including a slightly positive net result after taxes. The considerable growth potential offered by packaging printing, digital business models, business in China, and new technologies such as wallboxes is also making us confident about the years ahead," comments Heidelberg CEO Rainer Hundsdörfer.

The company predicts that profitability will grow even more strongly than sales. For example, the expected increase in sales, the lower cost base, and the fact that significant restructuring costs of some 5.0 percent (including restructuring result) will no longer need to be met means the EBITDA margin is set to increase to between 6 and 7 percent. After two years of losses, a positive net result after taxes is also likely to be achieved thanks to a sustained improvement in the financial result.

Focus on profitable core business and expansion of growth areas

With solid economic development, this profitable upward trend looks set to continue in subsequent years, too. This is down to the company's successful implementation of realignment measures, the focus on its profitable core business, and the expansion of growth areas. Cost savings totaling € 170 million are expected to have taken full effect in financial year 2022/2023 and the Group's operating break-even point is likely to have decreased to around € 1.9 billion. Heidelberg sees considerable potential for sustained growth and increases in value in the future – above all for packaging printing, digital business models, business in China, and new technology applications. Heidelberg Wallbox sales, for instance, have helped more than double overall e-mobility revenue to over € 20 million and the company is working on a further massive expansion of its capacities in order to meet dynamic growth in demand. Despite the sums being invested in this expansion, its e-mobility business is already turning a profit.

"We're delighted that all our efforts during the crisis in financial year 2020/2021 are now bearing fruit. Heidelberg is back on a solid financial footing, is fully focused, has become far more efficient, and is benefiting from excellent growth potential in various regions and areas of business," emphasizes CFO Marcus A. Wassenberg.

FY 2020/2021 highlights include much improved profitability

Thanks to a strong final quarter, Heidelberg generated sales of some € 1,913 million in financial year 2020/2021, which was slightly above the range of € 1.85 billion to € 1.90 billion that had been adjusted in the third quarter of financial year 2020/2021. As already announced, the pandemic has resulted in the company failing by some margin to match the previous year's figure (€ 2,349 million). Due to an uptick in demand – in particular in China, parts of Europe, and in the final quarter in the United States as well – **incoming orders** increased to around € 2 billion at the end of the financial year. In the fourth quarter alone, incoming orders improved very significantly, from € 462 million in the same quarter of the previous year to € 579 million. This increased the **order backlog** to € 636 million, which creates a good basis for the new financial year.

Thanks to the positive impact of the transformation program, **EBITDA excluding restructuring result** in financial year 2020/2021 stood at € 146 million, a clear improvement on the previous year (€ 102 million). At 7.6 percent, the **EBITDA margin excluding restructuring result** exceeded the company's own forecast of around 7 percent and the previous year's figure of 4.3 percent, even though the expected proceeds from the sale of land at the Wiesloch site will not be recorded until the new financial year. **EBIT excluding restructuring result** rose from € 6 million to € 69 million. The costs associated with transformation measures led to a restructuring result of € -51 million (previous year: € -275 million). The financial result also improved by € 11 million to € -41 million. Consequently, the previous year's massively negative **net result after taxes** of € -343 million as a result of restructuring improved to € -43 million.

Clearly positive free cash flow of € 40 million exceeds expectations

The conversion of securities into cash – together with inflows from the comprehensive portfolio measures and significant improvements in net working capital – helped achieve a **free cash flow** result of € +40 million in the period under review. A positive figure of € 50 million was recorded in the fourth quarter. The previous year's free cash flow (€ 225 million) was boosted by a one-time inflow of funds amounting to € 324 million from the return of trust assets. At the end of the year under review, the **net financial debt** remained low at € 67 million (previous year: € 43 million). As a result, **leverage** (the ratio of net financial debt to EBITDA excluding restructuring result) changed only slightly, from 0.4 to a very solid 0.5. The **equity ratio** fell to 5.0 percent, in particular due to the further marked reduction in the actuarial interest rate for the valuation of pension obligations in Germany, but this was significantly up on the figure of just 2.6 percent after the third quarter. The equity ratio for the parent company, Heidelberg Druckmaschinen AG, remains at a solid level of around 28 percent.

The financial statements and Annual Report for financial year 2020/2021, image material, and additional information about the company are available in the Investor Relations and Press Lounge of Heidelberg Druckmaschinen AG at www.heidelberg.com.

Heidelberg IR also on Twitter:

Link to the IR Twitter channel: https://twitter.com/Heidelberg_IR

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