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Heidelberg increases operating profitability in third quarter – high order backlog provides strong starting point for coming financial year

Heidelberg (ots) -

- Incoming orders after nine months up by a third to €1,888 million, with Q3 figure of €643 million 16 percent higher than in previous year
- Order backlog of €951 million above pre-pandemic level
- Sales after three quarters increase by 21 percent to €1,565 million and Q3 level 20 percent higher than in previous year at €582 million
- Operating EBITDA after nine months much improved at €132 million
- Net financial debt almost completely eliminated
- Booming demand for wallboxes continues – production expanded, with strategic further development of portfolio through acquisitions and collaboration
- Sales forecast for financial year 2021/2022 specified to at least €2.1 billion and EBITDA margin of between 7 and 7.5 percent confirmed

In the third quarter of financial year 2021/2022 (October 1 to December 31, 2021), the order situation at Heidelberger Druckmaschinen AG (Heidelberg) recovered further still. This and the continuing positive effects from the Group's transformation led to a clear improvement in the operating result, with **incoming orders** in the third quarter increasing by 16 percent to €643 million. After nine months, this figure was €1,888 million, which is 33 percent higher than in the previous year. The higher **order backlog** of €951 million at the end of the quarter even exceeded the pre-pandemic level. **Sales** were also up on the previous year – by 20 percent at €582 million for the third quarter and by 21 percent at €1,565 million after nine months. **EBITDA** rose significantly in the third quarter, by 36 percent to €57 million. EBITDA after nine months amounted to €132 million, which is 21 percent higher than in the previous year. The operating improvement was primarily due to an increased business volume and better margins as a result of the transformation. These successes are particularly impressive in view of the fact that the availability of parts is creating big challenges across the industry. Heidelberg has, however, largely managed to overcome these challenges by approving alternative components and coordinating closely with suppliers on a day-to-day basis. The company's large vertical range of manufacture is a further advantage in this regard. With the supply chain situation still critical, the focus remains on ensuring the availability of parts.

"The success of our efforts to transform Heidelberg is becoming ever clearer. Our core business is doing well thanks to our high level of innovation and our focus on customer benefits, and our digital business models are making a key contribution, too. What's more, the dynamic growth in demand for electromobility solutions continues unabated. In this sector, we are systematically pressing ahead with our expansion outside Germany and, in the future, we will continue the strategic development of our business model through acquisitions and collaboration. Overall, we are well positioned for the future. Moreover, the healthy order backlog creates a sound basis as we look toward the start of financial year 2022/2023," comments Rainer Hundsdörfer, CEO of Heidelberg.

Key strategic focus on growth areas

For the years ahead, Heidelberg has systematically geared the Group toward profitable growth in the areas of **packaging printing** and **digital business models**, in **China**, and also in new technology applications – especially **electromobility** and **printed electronics**. Further milestones in this growth strategy were achieved during the third quarter. The strategic partnership with the Munich Re insurance group that was announced in early November provides a platform for the international expansion of digital usage-based subscription business. The subscription model offers customers a press, service, and consumables package for a usage fee based on the print output.

In the **growth market** of electromobility, the range of wallboxes Heidelberg offers for charging in the private and semi-public domains has made it one of Germany's market leaders. Having expanded production capacities, the company is now developing sales markets in other European countries. In late November, Heidelberg entered into a strategic partnership with SAP SE. As a result, the "E-Mobility" software solution from SAP is set to provide operators of Heidelberg charging points with standardized and scalable cloud-based software applications that also support the billing of charging services for fleet management purposes. In early December, Heidelberg also acquired parts of the charging point technology of energy company EnBW – a key prerequisite for adding public charging stations to its product portfolio.

"The expansion of production capacities, the acquisition of charging point technology, and the partnership with SAP emphasize our strategic approach of continuing our profitable growth in this dynamic environment. Thanks to our sound financial situation and positive free cash flow, we are well placed to ensure the organic growth of our new business with our own resources," adds Marcus A. Wassenberg, the company's CFO.

Market recovery and transformation improve operating result

The upward sales trend and much improved cost-efficiency thanks to the transformation have also had a positive impact on the result, with **EBITDA** after nine months climbing to €132 million (equivalent figure for FY 2020/2021: €109 million). In the previous year, the beneficial effects on this figure of the transformation, changes to retirement provision, and short time working had amounted to some €150 million. Besides the substantial operating improvements, earnings from the sale of docufy (around €22 million) and a property in the UK (€26 million) provided a further boost during the current reporting period. EBIT after three quarters totaled €74 million (previous year: €50 million). Thanks to the higher EBIT and the very significant improvement in the financial result, from €-35 million to €-24 million, the net result before taxes increased from €15 million to €50 million. **After taxes**, Heidelberg recorded a **profit** of €40 million after nine months, following a figure of €3 million in the previous year.

Low net financial debt and improved equity ratio

Influenced by the improved result, and also by positive effects from the net working capital and the sale of assets, the company's **free cash flow** on December 31, 2021 was €69 million (previous year: €-10 million). The positive free cash flow and the further repayment of financial liabilities led to a **net financial debt** after nine months of just €6 million (March 31, 2021: €67 million). **Leverage** was therefore at zero (corresponding quarter of previous year: -1.2). Boosted by the positive net result after taxes, the Group's **equity ratio** rose from 5.0 percent on March 31, 2021 to 7.2 percent. The equity ratio for the Heidelberg Druckmaschinen AG parent company is at a stable level of around 28 percent.

Sales forecast for financial year 2021/2022 specified to at least €2.1 billion

Based on incoming orders and net sales achieved in the first three quarters, Heidelberg specifies that expected sales volumes will be at least € 2.1 billion (previously: at least € 2 billion) for financial year 2021/2022. As already announced, the EBITDA margin based on sales is still expected to be between 7 and 7.5 percent. Ensuring the availability of parts in the struggling supply chain situation and the development of the pandemic situation remain challenging. Following significant losses in previous years, Heidelberg is expecting a slightly positive net result after taxes in financial year 2021/2022. That being the case, it is envisaged that leverage will remain at a low level.

The report for the first nine months of financial year 2021/2022, image material, and further 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

On Twitter under the name: @Heidelberg_IR

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