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HEIDELBERG expecting further profitable growth in financial year 2022/23 despite major uncertainties

Heidelberg (ots) -

- Sales set to rise to around €2.3 billion in FY 2022/23, with a healthy order backlog of €900 million – primarily due to growth in the company's core business
- EBITDA margin of at least 8 percent and further improvement in net result after taxes targeted
- Highlights of financial year 2021/22: Sales up 14 percent to €2.183 billion and EBITDA margin increases to 7.3 percent
- Balance sheet resilience strengthened and net financial debt reduced

Heidelberger Druckmaschinen AG (HEIDELBERG) is cautiously optimistic as it embarks on financial year 2022/23. The Group's order backlog of around €900 million as at March 31, 2022 is the highest in ten years. Like all production companies, however, HEIDELBERG is facing some sharp increases in material, energy, logistics, and staffing costs that are likely to result in price adjustments. Thanks also to substantial efficiency improvements resulting from the package of measures in recent years, HEIDELBERG is nevertheless confident of being able to improve sales from €2.18 billion to around €2.3 billion in financial year 2022/23 and also increase the EBITDA margin to at least 8 percent.

The Group is benefiting from growth initiatives focusing on the profitable core markets of packaging printing, digital business models, and the e-mobility sector, which is enjoying dynamic growth. For example, sales of electric vehicle charging stations (wallboxes) climbed by over 120 percent to some €50 million in the previous financial year and HEIDELBERG is expecting further double-digit growth in the current year.

"Over the past financial year, HEIDELBERG has further strengthened its resilience by significantly improving its sales and results. Financially speaking, the Group is in a better position than for quite some time. In financial year 2022/23, too, we are looking to benefit from this, from the successful growth initiatives focusing on the core markets and our digital business models, and also from our e-mobility success story. That makes us optimistic about being able to counteract the very challenging circumstances, including the huge price increases. We will be keeping a very close eye on the markets so that we can take any necessary countermeasures. As things stand at present, though, we are expecting further growth in sales to around €2.3 billion and – primarily as a result of operational improvements – an increase in the EBITDA margin to at least 8 percent," says HEIDELBERG CEO, Dr. Ludwin Monz.

Realignment of HEIDELBERG bearing fruit

In financial year 2021/22 (April 1, 2021, to March 31, 2022), HEIDELBERG benefited from the Group's successful realignment over the previous two years. **Sales** rose by 14 percent to €2.183 billion, which met the target of at least €2.1 billion. Significant growth was achieved in both commercial and packaging printing, with increasing demand for virtually all products and in all regions. Customer investments in new equipment were the main driving force in this regard. **Incoming orders** increased by more than €450 million to € 2.454 billion, which reflected this improved investment climate. The **order backlog** reached a level of around € 900 million (previous year: € 636 million).

HEIDELBERG saw the successful development of its **electromobility** business continue. In the Technology Solutions segment, the high demand for private electric vehicle charging stations (wallboxes) drove an increase in sales from €22 million to some €50 million. Despite high investments in growth, the operating margin improved considerably, climbing from 0 to 7.8 percent. With around 130,000 units sold, HEIDELBERG is one of the market leaders in Germany.

Thanks to the significant growth in Group sales and greatly improved cost-efficiency, **EBITDA** increased to €160 million (previous year: €95 million). Besides operational improvements, non-recurring asset management effects – in particular income from the sale of docufy (around €22 million) and a property in the United Kingdom (roughly €26 million) – also made a positive contribution to this figure. Write-downs associated with the economic sanctions against Russia in the fourth quarter had the opposite effect. Corrected for non-recurring expenditure and income from the previous year, the operational improvement that serves as a basis for EBITDA was over €100 million. The **EBITDA margin** based on sales reached a level of 7.3 percent (previous year: 5.0 percent). Thanks also to the financial result, which improved by €11 million to €–30 million, the **net result after taxes** increased from €–43 million to €33 million.

Balance sheet quality and free cash flow improve by over €100 million on an operational level

Mainly due to the significant reduction in net working capital and to income from the sale of assets during the reporting period, the **free cash flow** rose from €40 million in the previous year to €88 million. Thanks to the successful repayment of loans, borrowings, and a convertible bond, the **net financial debt** once again fell considerably, from €67 million to €–11 million. Leverage decreased from 0.7 to –0.1. HEIDELBERG also made clear progress with its equity ratio. This increased to 11.1 percent, compared with 5.1 percent for the previous twelve months.

"Our efforts to improve our cash flow and balance sheet quality are also bearing fruit. Going forward, the focus will remain on achieving a positive free cash flow and further strengthening our financial situation so as to make HEIDELBERG even more resilient," adds the company's CFO, Marcus A. Wassenberg.

Confidence for FY 2022/23 despite major global uncertainties

Despite major global uncertainties due to the conflict in Ukraine and pandemic-related lockdowns in China, the prospects of HEIDELBERG once again enjoying profitable growth in financial year 2022/23 are good. Assuming there is no further drop-off in demand or worsening of the supply chain situation, sales are set to increase to around €2.3 billion (FY 2021/22: €2.183 billion). Besides the predicted volume and margin improvements, the company is also looking to boost profitability thanks to the sustained reduction of structural costs resulting from the ongoing transformation program. On the other hand, non-recurring income is forecast to be far lower than the figure of some €48 million that was recorded in the previous financial year. Further sharp rises in energy and raw material prices, higher staffing costs, and price increases associated with shortages and availability problems for certain products are also expected. Despite these negative factors, the company is predicting a further improvement in the EBITDA margin to a level of at least 8 percent in financial year 2022/23 (FY 2021/22: 7.3 percent). The net result after taxes is also set to increase at least slightly compared with financial year 2021/22 (€33 million).

The financial statements and Annual Report for financial year 2021/22, image material, and additional information about the company are available in the Investor Relations and Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

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Important note:

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