

Q1

People Make Machines Smart

Interim Statement // First Quarter of 2023/2024

Interim Statement for the First Quarter of 2023/2024

- Successful start to challenging 2023/2024 financial year confirms forecast
- Incoming orders remain stable at € 591 million – restraint in some European countries, recovery in Asia
- Order backlog of € 877 million – good basis for achieving targets for year as a whole
- Sales up slightly year-on-year at € 544 million
- Increase in adjusted EBITDA of around € 18 million to € 42 million thanks to product and country mix effects as well as necessary price adjustments
- Further cost increases anticipated in coming quarters
- Operationally improved free cash flow (€ -27 million) impacted by growth in NWC; previous year included special item of around € +32 million from property disposal
- Annual General Meeting approves all agenda items

Key figures at a glance

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Incoming orders	607	591
Order backlog	969	877
Net sales	530	544
Adjusted EBITDA ¹⁾	24	42
in percent of sales	4.6	7.7
EBITDA ¹⁾	35	42
Result of operating activities (EBIT)	16	23
Financial result	-7	-8
Net result before taxes	9	15
Net result after taxes	5	10
Free cash flow	-1	-27
Equity	405	515
Net financial position ²⁾	-5	18
Earnings per share in €	0.02	0.03
Number of employees at the end of quarter (excluding trainees)	9,568	9,477

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Net total of cash and cash equivalents and current securities less financial liabilities

Note

In individual cases, rounding could result in discrepancies concerning the totals and percentages contained in this interim statement.

Note on this report

HEIDELBERG has been reporting adjusted EBITDA as a key performance indicator since April 1, 2023. In previous years, EBITDA had included a number of positive and negative special items. From the 2023/2024 financial year, it is therefore being shown after adjustment for material non-operating transactions. In particular, these include the sale of non-operating assets, write-downs, restructuring expenses, income and expenses from acquisitions and disposals, and exceptional events with a significant impact on the Company.

Overall assessment of business development

Heidelberger Druckmaschinen AG (HEIDELBERG) has had a successful first quarter of the 2023/2024 financial year. The development in incoming orders was stable at € 591 million, matching the previous year's quarter figure after adjustment for currency effects of € -18 million. Overall, business performance continued to be defined by significant changes in the economic landscape. According to analysts, economic growth was slowed by the change of direction in monetary policy and persistently tough inflation in particular. Since the start of the 2023 calendar year, the VDMA has also noted restraint in global investment demand in German mechanical and plant engineering. Nevertheless, HEIDELBERG experienced a positive start to a challenging new financial year against this backdrop.

Incoming orders in the Packaging Solutions increased by around 25 percent as against the previous year. A key reason for this was the recovery of the Asia/Pacific region as a result of the widespread lifting of pandemic restrictions. The Print China trade show at the start of April also went well. In the long term, the market for packaging and label solutions is benefiting from megatrends such as growth in the world population and a trend towards sustainable, paper-based packaging. By contrast, the Print Solutions segment was unable to maintain the high level of incoming orders from the strong prior-year quarter, which had benefited from COVID-19-related catch-up effects. The order backlog across all segments of € 877 million as of the end of the first quarter still provides a solid foundation for achieving the targets for the year as a whole.

Sales increased by around 3 percent to € 544 million in the first quarter. Adjusted for currency effects of around € -12 million, they increased by 5 percent year-on-year to € 556 million. There was a positive trend in profitability as well. Adjusted EBITDA grew to € 42 million in the first quarter compared with € 24 million in the same period of the previous year. In addition to product and country mix effects, price adjustments to compensate for the cost increases recorded for materials and energy also had a positive impact in the reporting period. Furthermore, the previous year had been impacted by restrictions due to lockdowns on the Chinese market and the resulting underutilization of capacity at the plant in Shanghai. Staff costs are expected to continue rising in particular in the quarters ahead, as the new collective bargaining agreement for union workers from June 2023 was only partially reflected in the past quarter.

Free cash flow amounted to € -27 million in the past quarter (previous year's quarter: € -1 million). The previous year's quarter had included proceeds of around € 32 million from the disposal of properties in St. Gallen as a special item. The operating cash flow improved as against the same period of the previous year as a result of the higher EBITDA but was reduced by an increase in net working capital (NWC).

Net sales and results of operations

Interim consolidated income statement

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Net sales	530	544
Change in inventories/other own work capitalized	57	50
Total operating performance	587	595
EBITDA	35	42
Special items	11	0
Adjusted EBITDA	24	42
Depreciation and amortization	19	19
Result of operating activities (EBIT)	16	23
Financial result	-7	-8
Net result before taxes	9	15
Taxes on income	4	5
Net result after taxes	5	10

- At € 544 million, sales were slightly higher year-on-year in the first quarter (€ 530 million). Adjusted for currency effects, sales would have risen by 5 percent to € 556 million. The book-to-bill ratio was thus 1.1 in the first quarter. The Packaging segment increased its sales by 8 percent, while sales in the Print segment remained stable. In terms of regions, there were sales increases in particular in Asia/Pacific (12 percent) and North America (10 percent).

- Adjusted EBITDA increased significantly to € 42 million (same quarter of the previous year: € 24 million adjusted) with an EBITDA margin of 7.7 percent. Adjusted for a special item of around € 11 million from the disposal of properties in St. Gallen the EBITDA margin was at 4.6 percent in the previous year's first quarter.
- In addition to product and country mix effects, adjusted EBITDA also benefited from price adjustments to compensate for the recorded cost increases for materials and energy. Staff costs benefited from a lower headcount in the reporting quarter. At the same time, the new collective bargaining agreement for union workers came into effect from June onwards. Staff costs were therefore stable year-on-year overall. Furthermore, the increased capacity utilization at the plant in China as a result of the recovery of the Asian market had a positive effect.
- The financial result amounted to € -8 million (same quarter of the previous year: € -7 million) and was impacted by higher interest expenses for pensions than in the same quarter of the previous year.
- Including income taxes of € 5 million (same quarter of the previous year: € 4 million), the net result after taxes amounted to € 10 million (same quarter of the previous year: € 5 million).

Net assets

Assets

Figures in € millions	31-Mar-2023	30-Jun-2023
Non-current assets	917	905
Inventories	643	694
Trade receivables	290	276
Receivables from sales financing	40	37
Cash and cash equivalents	153	113
Other assets	177	191
Total assets	2,221	2,217

- Inventories increased to € 695 million as a result of production activities and higher costs of materials. Accordingly, net working capital (NWC) also climbed to € 534 million as of June 30, 2023 (March 31, 2023: € 515 million). Offsetting this, net working capital was positively affected by the increase in advance payments of around € 30 million. As a result, the ratio of net working capital to sales for the past 12 months was 22 percent (same period of the previous year: 20 percent).
- Cash and cash equivalents declined to € 113 million, essentially as a result of the negative free cash flow and the repayment of financial liabilities.

Equity and liabilities

Figures in € millions	31-Mar-2023	30-Jun-2023
Equity	514	515
Provisions	934	916
of which: pension provisions	683	683
Financial liabilities	102	95
Trade payables	225	216
Other equity and liabilities	446	476
Total equity and liabilities	2,221	2,217

- Equity amounted to € 515 million as of the end of the quarter, and the equity ratio thus rose slightly to 23.2 percent. The discount rate for pensions in Germany remained constant as against March 31, 2023 at 3.7 percent as of June 30, 2023.
- Accordingly, pension provisions matched the prior-year figure as of June 30, 2023. Provisions declined slightly to € 916 million overall (March 31, 2023: € 934 million). The reduction is essentially due to the consumption within equity of provisions for personnel.
- Financial liabilities were down significantly from the prior-year figure of € 143 million at € 95 million as of the end of the reporting period. The net financial position was € 18 million (same quarter of the previous year: € –5 million; as at March 31, 2023: € 51 million).
- HEIDELBERG's financing portfolio consisted of a syndicated credit facility (around € 246 million) as well as various credit facilities and development loans as of June 30, 2023. The overall credit framework of around € 272 million has a maturity structure until 2025 and provides a solid foundation for the Company's ongoing strategic development. The financing was restructured at the end of July 2023: The syndicated credit facility was increased to € 350 million (maturing by July 2027) and most of the credit facilities and development loans were repaid or replaced simultaneously.

Financial position

Interim consolidated statement of cash flows

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Cash used in operating activities	-25	-20
of which: net working capital	-9	-22
of which: receivables from sales financing	4	3
of which: other operating changes	-20	-1
Cash generated by/used in investing activities	24	-7
Free cash flow	-1	-27
in percent of sales	-0.2	-5.0

- Free cash flow amounted to € -27 million after the first three months (previous year: € -1 million). The cash generated by operating activities (operating cash flow) improved year-on-year but was squeezed by an increase in net working capital. The rise in net working capital of € 22 million as of June 30, 2023 is due to increases in the costs of materials and the higher sales volume. Also, advance payments had risen more in the same quarter of the previous year. Offsetting this, a significant amount of the increase in net working capital was compensated by the higher operating earnings.
- The cash flow from investing activities had included around € 32 million from the disposal of properties in St. Gallen in the same quarter of the previous year.

Segments

Print Solutions

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Incoming orders	348	277
Order backlog	486	372
Sales	273	275
Adjusted EBITDA ¹⁾	13	31
EBITDA ¹⁾	19	31

1) Result of operating activities before interest and taxes and before depreciation and amortization

- After backlog effects in the same quarter of the previous year, the **Print Solutions** segment experienced a noticeable drop in incoming orders in the first quarter of the current 2023/2024 financial year. Sales remained stable at the previous year's level thanks to the good order situation in previous quarters. EBITDA grew significantly, having also benefited from product mix effects and a higher service share in sales.

Packaging Solutions

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Incoming orders	250	311
Order backlog	469	497
Sales	247	267
Adjusted EBITDA ¹⁾	12	16
EBITDA ¹⁾	17	16

1) Result of operating activities before interest and taxes and before depreciation and amortization

- The recovery of the Asian market had a significant impact on the incoming orders in the **Packaging Solutions** segment. There was also a high order volume as a result of the Print China trade show. Sales likewise increased and EBITDA amounted to € 16 million.

Technology Solutions

Figures in € millions	Q1 2022/2023	Q1 2023/2024
Incoming orders	10	2
Order backlog	15	8
Sales	10	2
Adjusted EBITDA ¹⁾	-1	-5
EBITDA ¹⁾	-1	-5

1) Result of operating activities before interest and taxes and before depreciation and amortization

- The **Technology Solutions** segment was impacted by purchasing restraint for Wallboxes due to the end of subsidy programs in Germany and an accordingly slow reduction of dealers' stock levels. Demand for electric vehicles was negatively affected by consistently long delivery times. Incoming orders, sales and EBITDA were all significantly lower than the prior-year figures.

Regions

Incoming orders by region

Figures in € millions	Q1 2022/2023	Q1 2023/2024
EMEA	242	198
Asia/Pacific	145	192
Eastern Europe	61	73
North America	133	113
South America	26	15
HEIDELBERG Group	607	591

Sales by region

Figures in € millions	Q1 2022/2023	Q1 2023/2024
EMEA	240	244
Asia/Pacific	112	125
Eastern Europe	54	41
North America	110	122
South America	14	12
HEIDELBERG Group	530	544

- In the **EMEA** region, some major markets were unable to repeat the high level of incoming orders of the same quarter of the previous year, which had benefited from backlog effects. The region as a whole fell significantly short of the previous year's figure as a result. By contrast, sales benefited from the order backlog of previous quarters and were slightly higher than in the same quarter of the previous year.
- In the **Asia/Pacific** region, incoming orders rose significantly as a result of the widespread lifting of COVID restrictions and the success of the Print China trade show in April 2023. Sales were also up by around 12 percent as against the same quarter of the previous year.
- Incoming orders in the **Eastern Europe** region continued the previous quarter's recovery and rose by 20 percent in total. Sales declined by € 13 million or 24 percent compared to the same quarter of the previous year.
- The **North America** region reported a drop in incoming orders of around 15 percent compared to the same quarter of the previous year, which was also due to negative currency effects. The region's sales increase of around 10 percent mainly related to the US and Mexico markets.
- Incoming orders in the **South America** region fell sharply by 44 percent as against the same quarter of the previous year on account of trade show effects. Sales were unable to match the level of the same quarter of the previous year.

Risk and opportunity report

As of June 30, 2023 there were no fundamental changes in the assessment of the risks and opportunities of the HEIDELBERG Group compared to the presentation in the Annual Report 2022/2023.

Outlook

Taking into account the expectations and assumptions published and presented in the 2022/2023 Annual Report on pages 71 and 72, the company continues to expect sales for fiscal 2023/2024 to be in line with the previous year's figure (previous year: € 2.435 billion). Adjusted EBITDA margin is also expected to be in line with the previous year's figure (7.2 percent).

Financial section

Interim consolidated income statement

Figures in € millions	1-Apr-2022 to 30-Jun-2022	1-Apr-2023 to 30-Jun-2023
Net sales	530	544
Change in inventories/other own work capitalized	57	50
Total operating performance	587	595
Other operating income	29	11
Cost of materials	280	263
Staff costs	206	205
Depreciation and amortization	19	19
Other operating expenses	95	96
Result of operating activities¹⁾	16	23
Financial income	1	1
Financial expenses	8	9
Financial result	-7	-8
Net result before taxes	9	15
Taxes on income	4	5
Net result after taxes	5	10
Basic earnings per share according to IAS 33 (in € per share)	0.02	0.03
Diluted earnings per share according to IAS 33 (in € per share)	0.02	0.03

1) Result of operating activities before interest, taxes, depreciation and amortization

Interim consolidated statement of financial position as of June 30, 2023

Assets – Figures in € millions	31-Mar-2023	30-Jun-2023
Non-current assets		
Intangible assets	210	213
Property, plant and equipment	683	669
Investment property	9	8
Financial assets	15	15
Receivables from sales financing	24	25
Other receivables and other assets	17	17
Deferred tax assets	70	68
	1,028	1,015
Current assets		
Inventories	643	694
Receivables from sales financing	16	13
Trade receivables	290	276
Other receivables and other assets	83	93
Income tax assets	7	11
Cash and cash equivalents	153	113
	1,193	1,201
Assets held for sale	0	1
Total assets	2,221	2,217
Equity and liabilities – Figures in € millions	31-Mar-2023	30-Jun-2023
Equity		
Issued capital	779	779
Capital reserves, retained earnings and other reserves	-357	-274
Net result after taxes	91	10
	514	515
Non-current liabilities		
Provisions for pensions and similar obligations	683	683
Other provisions	55	49
Financial liabilities	44	39
Contract liabilities	19	23
Income tax liabilities	44	44
Other liabilities	8	7
Deferred tax liabilities	1	1
	854	846
Current liabilities		
Other provisions	195	184
Financial liabilities	58	56
Contract liabilities	244	265
Trade payables	225	216
Income tax liabilities	18	15
Other liabilities	112	121
	852	857
Total equity and liabilities	2,221	2,217

Interim consolidated statement of cash flows as of June 30, 2023

Figures in € millions	1-Apr-2022 to 30-Jun-2022	1-Apr-2023 to 30-Jun-2023
Net result after taxes	5	10
Depreciation and amortization, write-downs and reversals ¹⁾	19	19
Change in pension provisions	-3	-1
Change in deferred tax assets/deferred tax liabilities/tax provisions	-1	-2
Result from disposals	-12	0
Change in inventories	-62	-57
Change in trade receivables/payables	7	5
Change in advance payments received	45	30
Change in sales financing	4	3
Change in other provisions	-25	-16
Change in other items of the statement of financial position	-3	-13
Cash used in operating activities	-25	-20
Intangible assets/property, plant and equipment/investment property		
Investments	-9	-11
Income from disposals	33	4
Financial assets/corporate acquisitions/disposals		
Investments	0	0
Cash generated by/used in investing activities before cash investment	24	-7
Cash investment	0	0
Cash generated by/used in investing activities	24	-7
Borrowing of financial liabilities	8	22
Repayment of financial liabilities	-15	-33
Cash used in financing activities	-8	-11
Net change in cash and cash equivalents	-9	-38
Cash and cash equivalents at the beginning of the reporting period	146	153
Changes in the scope of consolidation	0	0
Currency adjustments	1	-2
Net change in cash and cash equivalents	-9	-38
Cash and cash equivalents at the end of the reporting period	138	113
Cash used in operating activities	-25	-20
Cash generated by/used in investing activities	24	-7
Free cash flow	-1	-27

1) Relates to intangible assets, property, plant and equipment, investment property and financial assets

Financial calendar 2023/2024

November 8, 2023

Publication of Half-Year Figures 2023/2024

February 7, 2024

Publication of Third Quarter Figures 2023/2024

June 11, 2024

Press Conference, Annual Analysts' and Investors' Conference

July 25, 2024

Annual General Meeting

Subject to change

This interim statement was published on August 4, 2023.

Important note

This interim statement contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Although the Management Board is of the opinion that these assumptions and estimates are realistic, actual future developments and results may deviate substantially from these forward-looking statements due to various factors. These factors could, for instance, include changes in the overall economic situation, exchange rates and interest rates, as well as changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future developments and results deviating from the assumptions and estimates made in this interim statement. HEIDELBERG neither intends nor assumes any obligation to update the assumptions and estimates made in this interim statement to reflect events or developments occurring after the publication of this interim statement.

In individual cases, rounding may result in discrepancies concerning the totals and percentages contained in this interim statement.

This report is a non-binding English convenience translation of the German interim statement of Heidelberger Druckmaschinen Aktiengesellschaft. The Company disclaims responsibility for any misunderstanding or misinterpretation due to this translation.

Contact

Investor Relations
Tel.: +49-6222-82 67120
investorrelations@heidelberg.com

Publishing information

Heidelberger Druckmaschinen
Aktiengesellschaft
Kurfürsten-Anlage 52 – 60
69115 Heidelberg
Germany
www.heidelberg.com



**Heidelberger Druckmaschinen
Aktiengesellschaft**

Kurfürsten-Anlage 52-60
69115 Heidelberg
Germany

www.heidelberg.com