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Heidelberg clearly increases net result in the second quarter

Heidelberg (ots) -

- Operating result (EBITDA) excluding special items increased from EUR33 million to EUR44 million
- Positive net result of EUR9 million (previous year: EUR-9 million)
- Sales in Q2 at EUR586 million significantly up on Q1, but still slightly below the previous year
- Order backlog of EUR765 million approximately one fifth higher than previous year
- Outlook: Sights still set firmly on the targets for the year

During the second quarter (July 1 to September 30, 2016) of financial year 2016/2017, Heidelberger Druckmaschinen AG (Heidelberg) significantly increased its operating result compared to the previous year, as previously envisaged, and also achieved a clearly positive net result after taxes. After the first six months, the result was still below the previous year's figures due to sales and the costs associated with the drupa trade show. However, as a result of drupa, incoming orders (up around 6 percent) and the order backlog (up 19 percent) were increased significantly. The Group has thus created a sound basis on which to achieve its targets for the year as a whole.

"The clear improvement in the result during the second quarter shows that our realignment is bearing fruit. In view of the solid order situation, we anticipate that the second half of the year will bring a considerable improvement in sales and the result compared to the first half of the year. The targets for the year as a whole therefore continue to apply," said Dirk Kaliebe, the company's CFO.

Heidelberg turns around its net result after taxes in the quarter under review to generate EUR9 million

As announced, sales and the result in the second quarter were much better than in the previous quarter of the current financial year. Net sales thus rose by EUR100 million compared to the first quarter to EUR586 million (previous year: EUR599 million). Total sales up to the half-year point were EUR1.072 billion (previous year: EUR1.162 billion). Thanks to strong demand at drupa, incoming orders for the first six months were up around 6 percent on the previous year's figure (EUR1.323 billion) at EUR1.408 billion, while the order backlog at EUR765 million was even some 19 percent higher (previous year EUR644 million). As a result, Heidelberg has a good starting base for achieving the anticipated significant sales growth in the second half of the year.

Both EBITDA and EBIT in the quarter under review were up on the figures for the previous year. After six months, these key indicators were still down on the previous year's figures due to sales and a positive non-recurring effect of EUR19 million from the initial consolidation of PSG in the previous year as well as trade show costs of approximately EUR10 million. As a result, EBITDA excluding special items rose to EUR44 million in the second quarter (previous year: EUR33 million). The total figure for the first half year was EUR45 million (previous year: EUR79 million). At EUR-3 million, special items were lower in the quarter under review than in the previous year (EUR-6 million). The total figure up to the half-year point was EUR-6 million (previous year: EUR-22 million). Compared to the previous year, the financial result improved both in the second quarter and in the first half year. As a result, a positive net result after taxes of EUR9 million was achieved (previous year: EUR-9 million). Looking at the half-year figures, the result was EUR-28 million compared to EUR-14 million for the same period of the previous year.

At EUR-7 million, free cash flow in the second quarter was slightly negative, but balanced out over the first six months taken as a whole (previous year: EUR-30 million). Compared to the financial year-end on March 31, 2016, the equity of the Heidelberg Group dropped to EUR126 million as at September 30, 2016. This was due primarily to the considerable reduction in the discount rate for pensions in Germany. Consequently, the equity ratio on the balance sheet date was around 6 percent. The net financial debt was EUR276 million (March 31, 2016: EUR281 million), and the leverage remains below the target value of 2 at 1.8.

Outlook: Sights still set firmly on the targets for the year

Thanks to solid incoming orders and the increase in the order backlog, Heidelberg has its sights set firmly on its year-end targets for 2016/2017. The portfolio expansion in rapidly developing markets, possible acquisitions and the drupa industry trade show will substantially affect sales performance in the financial year 2016/2017 and the years ahead. The investment priorities in the areas of digitalization, digital printing and services are expected to contribute to an average sales growth of up to 4 percent per year. Despite the inputs associated with the accelerated expansion of the digital and service business, the EBITDA margin before special items is expected to remain at the level of the previous year. At the same time, the company is looking to improve the financial result by reducing the interest burden. With this, Heidelberg is aiming for a moderate increase in its net result after taxes against the previous year. In the medium term, the successful reorganization of Heidelberg is set to enable growth in Group sales of up to 4 percent per year, taking the total to some EUR 3 billion. This includes a high profitability level with an EBITDA margin in the range of 7 to 10 percent.

The interim report for the second quarter of financial year 2016/2017, image material, and additional information about the company are available in the Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

Next date on company calendar:

The figures for the third quarter of financial year 2016/2017 are due to be published on February 9, 2017.

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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