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HEIDELBERG well on track after three quarters of FY 2022/23

Heidelberg (ots) -

- **Strength of incoming orders from North America, Europe, and growth segment of packaging printing (€1,859 million after 9 months)**
- **Sustained growth in third quarter leads sales to rise by around 10 percent to €1,729 million after 9 months**
- **Further increase in EBITDA after 9 months to €144 million (EBITDA margin: 8.3 percent)**
- **Forecast for 2022/23 financial year confirmed**

Thanks to strong demand from North America and Europe, along with sustained growth in the packaging segment, Heidelberger Druckmaschinen AG (HEIDELBERG) is well on track after nine months of the current 2022/23 financial year. In the third quarter just ended, from October to December 2022, the Group bucked the general trend in the mechanical engineering industry by recording stable **incoming orders** of €630 million. This led to a high order backlog of almost €1 billion. At €609 million, **sales** in the third quarter were around 5 percent up on the equivalent quarter of the previous year. Adjusted for non-recurring effects, **EBITDA** was €18 million higher than in the previous year, primarily due to the positive impact of rising sales. Posting the full collectively agreed inflation relief bonus had a detrimental effect during this accounting period. The production-related increase in inventories led to a **free cash flow** of €–4 million in the third quarter, which represented a stable development compared with the corresponding quarter of the previous year. Thanks to the good performance in terms of sales and incoming orders and the significant improvement in the operating result, the company is confirming its forecast for financial year 2022/23 as a whole.

“We had a positive third quarter and were able to further increase our sales and operating result. Looking ahead, the coming months will continue to be affected by the expected increases in material, energy, and personnel costs,” said Dr. Ludwin Monz, CEO of Heidelberger Druckmaschinen AG. “We will continue to counter this through price rises and maintain our cost discipline. We are therefore very confident of achieving our targets for the year,” he added.

Strong nine-month balance sheet – high level of demand despite economic uncertainties

Incoming orders after nine months remained stable and at a high level compared with the year before. Despite economic uncertainties, they totaled €1,859 million (previous year’s figure: €1,888 million). On the balance sheet date, the **order backlog** amounted to nearly €1 billion, which lays a good foundation for the coming financial year. **Sales** in all three quarters of the current financial year exceeded the respective figures for the year before. At €1,729 million, the nine-month total was 10 percent up on the previous year (€1,565 million).

The positive operating performance also continued in the third quarter but was negatively affected by the non-recurring effect of posting the full collectively agreed inflation relief bonus. Adjusted for non-recurring effects in the current and previous financial years, **EBITDA** after nine months was around €56 million higher than the year before. In the third quarter, the operating result improved by €18 million compared with the previous year. The non-recurring effects from recognizing a collectively agreed inflation relief bonus on the liabilities side of the balance sheet (Q3: €–15 million), from selling a property in Switzerland (Q1: €+12 million), and from investing in the joint venture with Masterwork (Q3: €+7 million) largely canceled each other out. The non-recurring income included in the equivalent period of the previous year (EBITDA: €132 million) of around €48 million (Q2 of previous year: €+22 million from the sale of Docufy GmbH, Q3: €+26 million from the sale of property in Brentford in the UK) was thus more than compensated for by the improvement in the operating performance. After three quarters, EBITDA totaled €144 million (previous year: €132 million), which corresponds to an EBITDA margin of 8.3 percent. The **net result after taxes** after nine months also rose significantly and amounted to €54 million (equivalent period of previous year: €40 million).

Sustained growth in packaging segment

Packaging printing **(Packaging Solutions segment)** exhibited particularly strong growth in the third quarter. Incoming orders from October to the end of December 2022 were 18 percent up on the previous year’s figure. Over the nine-month period, order intake improved by 5 percent compared with the same period of the previous year. At €812 million, sales after nine months were over 22 percent higher than the year before. In commercial printing **(Print Solutions segment)**, sales after nine months climbed to €898 million, while incoming orders fell slightly. As in the first half-year, changes to Germany’s incentive policy for electromobility meant wallbox business **(Technology Solutions segment)** was unable to continue the previous year’s exceptional growth in terms of incoming orders and sales.

Low net financial debt – equity ratio increases further

After nine months, the **free cash flow** amounted to €–16 million (previous year: €69 million). This lower figure is mainly due to the usual production-related increase in inventories and effects associated with the supply of parts. As expected, revenues from the sale of assets in the reporting period also fell in relation to the previous year. Due to the negative free cash flow, the **net financial debt** at the end of the third quarter was €26 million and therefore remained at a low level (previous year: €6 million). HEIDELBERG is making progress with its **equity ratio**, which increased to around 21 percent. Alongside the higher actuarial interest rate for pensions in Germany at the end of December, this is above all due to the positive net result after taxes at the end of the quarter.

“A low net financial debt and a higher equity ratio put HEIDELBERG in a good financial position,” said the company’s new CFO, Tania von der Goltz. “In view of the uncertain situation at present, we will continue to work on our resilience and, in particular, keep an eye on our costs,” she added.

Forecast for 2022/23 financial year confirmed

HEIDELBERG stands by its forecast for financial year 2022/23. The company continues to expect sales figures to increase to around €2.3 billion (2021/22: €2.18 billion). Despite the likelihood of cost increases, profitability is also set to improve further. HEIDELBERG is still predicting a further rise in the EBITDA margin to at least 8 percent for the 2022/23 financial year (2021/22: 7.3 percent). The net result after taxes is also expected to improve slightly compared with 2021/22 (€ 33 million).

The full **report for the third quarter of 2022/23**, image material, and further information about the company are available in the Investor Relations portal and Press Lounge of Heidelberger Druckmaschinen AG at www.heidelberg.com.

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