HEIDELBERG anticipates a very strong second half to financial year 2024/2025

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- Incoming orders after six months above previous year's level thanks to strong drupa orders
- High order backlog provides sound basis for projected sales volume in second half of the year, capacities being fully utilized
- Strong seasonality in financial year, with sales and EBITDA in the first half of the year within expectations
- Packaging solutions segment remains growth driver
- Annual forecast confirmed

Thanks to a high **order backlog** of € 953 million, Heidelberger Druckmaschinen AG (HEIDELBERG) anticipates that the second half of financial year 2024/2025 will be strong, while current developments over the quarters reflect the pronounced seasonality that is to be expected. This positive outlook is based on strong **incoming orders** in the first half of the year, which are 7.4 percent up on the previous year, at € 1.273 billion. **Sales** of € 915 million were within expectations, due to purchasing restraint ahead of the drupa trade show (previous year: € 1,092 million).

"HEIDELBERG is starting a very strong second half of the year. We are now ramping up the utilization of our production capacities so we can work through our order backlog in the third and fourth quarters quickly and profitably," says HEIDELBERG CEO Jürgen Otto. "The forecast sales volume for new machines has already been almost entirely met with orders and our production operations are running at full capacity. We can be confident that we will achieve our targets for the year."

HEIDELBERG is still particularly strong in and around China. Incoming orders in the **Asia Pacific** region recorded the clearest growth in the first six months of the current financial year, increasing by approximately 10 percent.

Based on strong order levels, the company anticipates a clear increase in sales in the second half of the current financial year in particular. When adjusted for special items, the

EBITDA margin in the first six months of financial year 2024/2025 was 3.4 percent (same period of previous year: 9.2 percent) and was impacted in particular by lower sales in Q1 and by expenses related to drupa. Strict cost discipline had a positive impact in the reporting period. This is another reason why EBITDA improved significantly compared to the first quarter from € -9 million to € 40 million. During the period under review, there were no special items that require adjustment. Compared to the same period of the previous year (€ 33 million), the **result after taxes** after six months dropped in line with the lower adjusted EBITDA to € -35 million. In the second quarter, the result after taxes was positive, at € 7 million (same quarter of previous year: € 23 million).

After the first half-year, **free cash flow**
was, as anticipated, € -102 million (same period of previous year: € -28 million). It improved significantly in the second quarter, creeping into positive figures, at € 2 million. "Our active cost management is increasingly bearing fruit by considerably improving free cashflow over the course of the year," reports

HEIDELBERG CFO Tania von der Goltz. "Consistent cost control over the coming months will play a big part in the success of the current financial year. Furthermore, the anticipated improvements in results in the second half of the year will have a positive impact on the free cash flow."

Packaging solutions segment remains growth driver –

annual forecast confirmed

Compared to the same period of the previous year, the **packaging solutions** segment was able to

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increase incoming orders in the first half of the year by around 9.7 percent to € 675 million, thereby contributing approximately 53 percent to the total volume. Megatrends in the packaging market are first and foremost the growing demand for packaging that is both sustainable and high-quality. This is where the positioning of HEIDELBERG as a systems integrator and total solution provider has a positive impact, helping to further expand its very strong position in the packaging market. The company also anticipates further growth opportunities in China due to its location benefits. In the **print solutions** segment, incoming orders rose in the same period by around 5.5 percent to € 594 million.

Beyond the packaging business, HEIDELBERG wants to capitalize on other strengths. The company is characterized by a high export ratio, as over 80 percent of its business is generated outside of Germany. In particular, the company sees further growth opportunities in China and the Asia-Pacific region thanks to local production and a very strong market position. Beyond Asia, HEIDELBERG benefits globally in the service business from a large installed base of machines that are connected to HEIDELBERG via a cloud. Networking allows the efficiency of the systems to be improved, preventive maintenance to be planned and software updates to be installed.

Taking into account the expectations and assumptions published and presented in the 2023/2024 management report, the Company continues to expect sales for financial year 2024/2025 to be in line with the previous year's figure (previous year: € 2,395 million). The adjusted EBITDA margin is also expected to be similar to the previous year's figure (previous year: 7.2 percent). The high order backlog resulting from the successful drupa trade fair and the continuous focus on margins and costs will provide a sound basis for the achievement of the targets. In future, the focus will primarily be on strategic growth measures in the Packaging, Industry and Service segments, as well as further cost reductions.

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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