



CreditRiskMonitor's assessment of Heidelberger Druckmaschinen AG's ("Heidelberg") "high risk" status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Heidelberg (ETR: HDD) has a 10 to 50 times greater risk of bankruptcy than the average public company.

Hi-Tech Coatings Division divested to boost liquidity but cash burn continues

Business Name	2019										2020		
	M	A	M	J	J	A	S	O	N	D	J	F	M
Heidelberg Druckmaschinen AG	2	2	2	2	2	2	2	2	2	2	1	1	1

Long-time CFO preemptively terminated prior to contract renewal

Moody's downgrades to Caa1; outlook negative

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

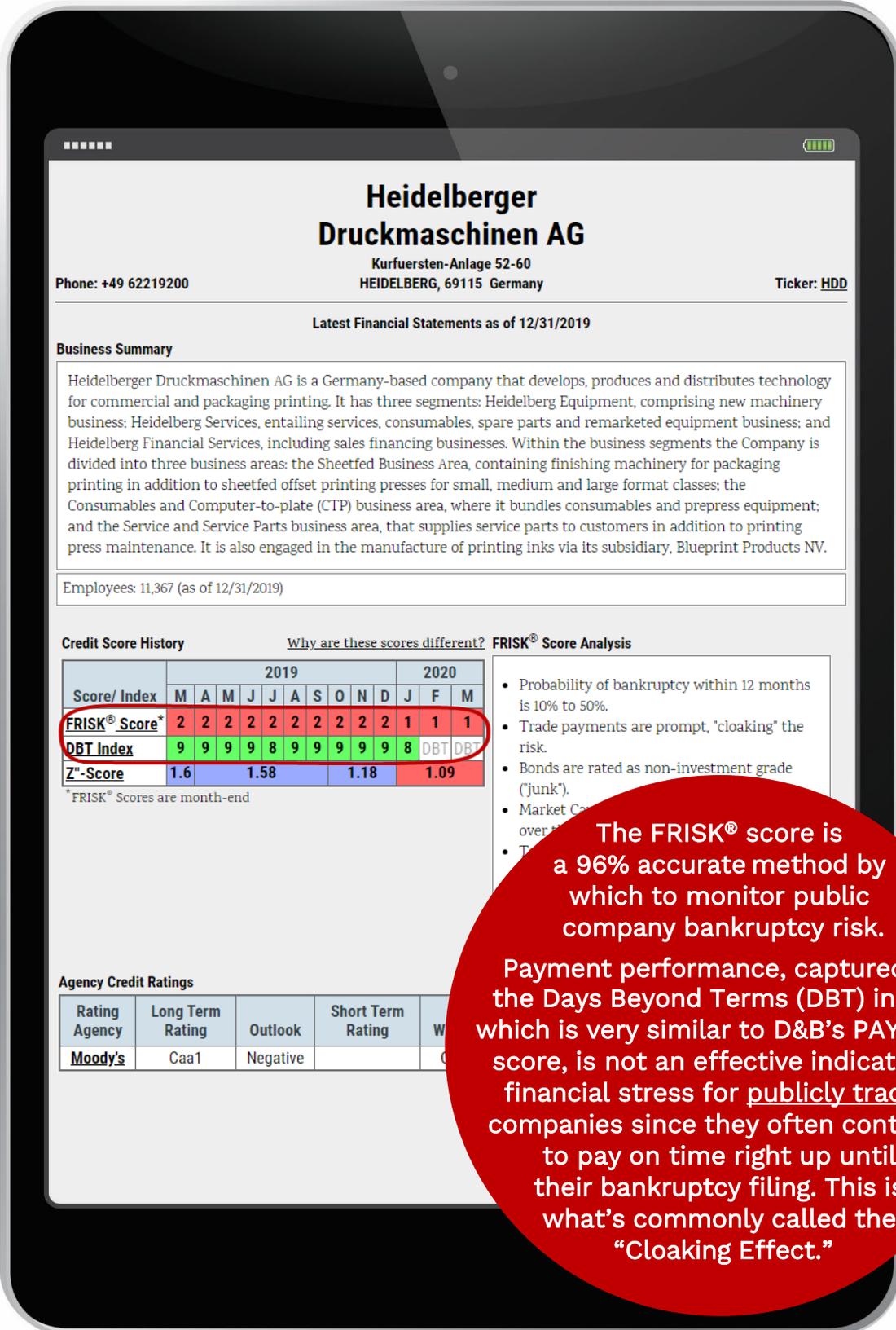
[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL



Heidelberger Druckmaschinen AG

Kurfuersten-Anlage 52-60
HEIDELBERG, 69115 Germany

Phone: +49 62219200

Ticker: HDD

Latest Financial Statements as of 12/31/2019

Business Summary

Heidelberger Druckmaschinen AG is a Germany-based company that develops, produces and distributes technology for commercial and packaging printing. It has three segments: Heidelberg Equipment, comprising new machinery business; Heidelberg Services, entailing services, consumables, spare parts and remarketed equipment business; and Heidelberg Financial Services, including sales financing businesses. Within the business segments the Company is divided into three business areas: the Sheetfed Business Area, containing finishing machinery for packaging printing in addition to sheetfed offset printing presses for small, medium and large format classes; the Consumables and Computer-to-plate (CTP) business area, where it bundles consumables and prepress equipment; and the Service and Service Parts business area, that supplies service parts to customers in addition to printing press maintenance. It is also engaged in the manufacture of printing inks via its subsidiary, Blueprint Products NV.

Employees: 11,367 (as of 12/31/2019)

Credit Score History

[Why are these scores different?](#)

FRISK® Score Analysis

Score/ Index	2019												2020					
	M	A	M	J	J	A	S	O	N	D	J	F	M	J	F	M		
FRISK® Score*	2	2	2	2	2	2	2	2	2	2	2	2	1	1	1			
DBT Index	9	9	9	9	8	9	9	9	9	9	8					DBT	DBT	DBT
Z"-Score	1.6			1.58			1.18			1.09								

*FRISK® Scores are month-end

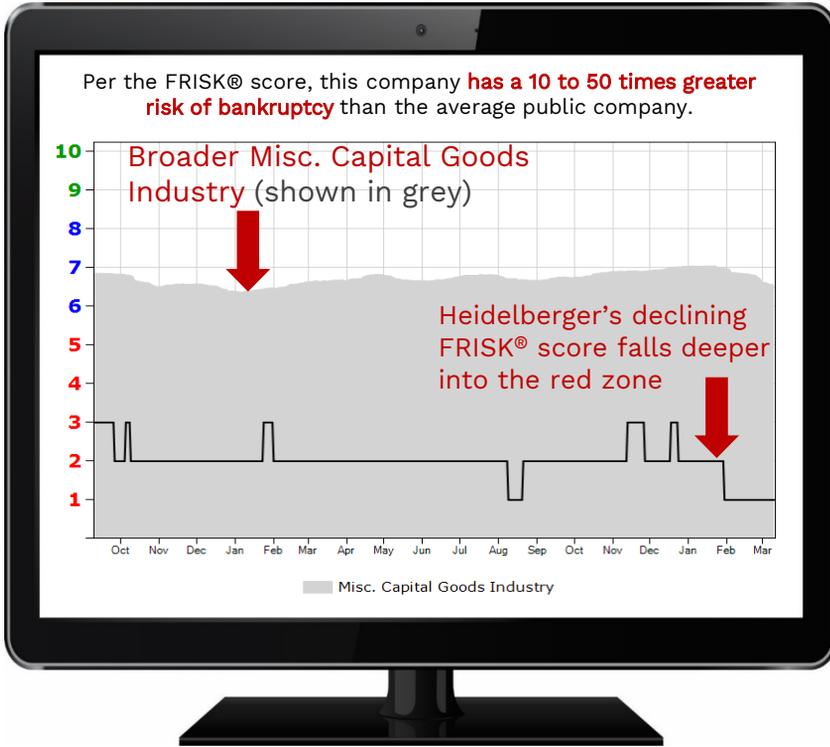
- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Cap over the last 12 months
- T

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	W
Moody's	Caa1	Negative		

FRISK® DEEP DIVE



The FRISK® score relative to the broader Misc. Capital Goods Industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	Heidelberger Druckmaschinen AG	Germany	1
2	UMC Electronics Co Ltd	Japan	1
3	Koenig & Bauer AG	Germany	3
4	RYOBI LIMITED	Japan	3
5	HiTi Digital Inc.	Taiwan	4
6	Manugraph India Ltd.	India	4
7	TOKYO KIKAI SEISAKUSHO, LTD.	Japan	4
8	Toyo Ink Group Berhad	Malaysia	5
9	Beijing Jingcheng Machinery Elctrc Co Ltd	China	5

FRISK® Stress Index - SIC classification: Printing trades machinery and equipment located in All Countries

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

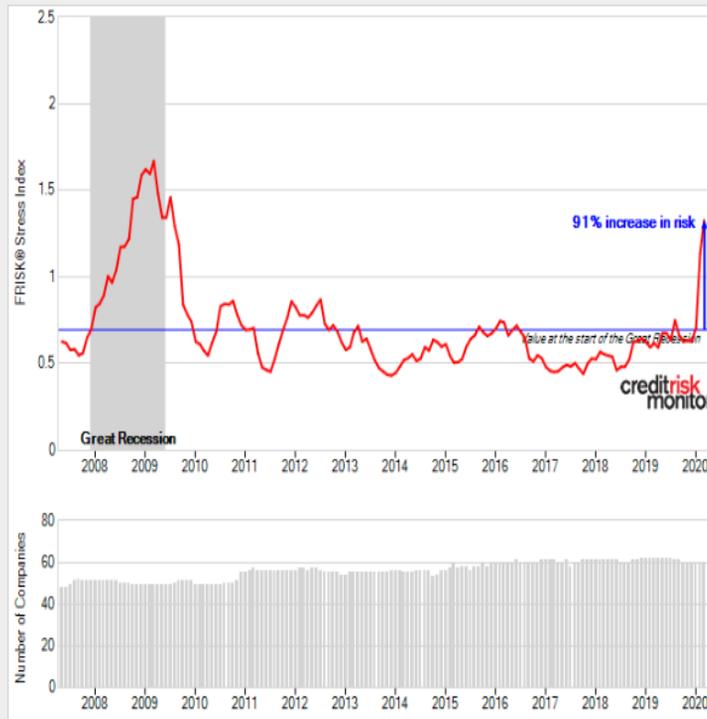
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months: **82**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 3555 (Printing trades machinery and equipment) has increased 91% since 2007.

Heidelberger Druckmaschinen AG is among the weakest names in the industry as evidenced by its FRISK® score of 1.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2019.4

Businesses in Peer Group: 141	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	20	23	1.09	-3.09	5.00	11.23
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)		2		48,650	620,325	1,192,000
Gross Margin % Of Sales	5	28	55.91	0.81	30.72	72.73
Gross Margin % Of Sales -- TTM	5	28	55.91	3.97	30.57	73.03
SGA % Of Sales	23	28	38.98	4.95	23.44	269.11
SGA % Of Sales -- TTM	26	28				
Operating Margin % Of Sales	14	28				
Operating Margin % Of Sales -- TTM	14	28				
EBITDA Margin Of Sales	5	5				
EBITDA Margin Of Sales -- TTM	7	7				
Net Profit Margin % Of Sales	16	28				
Net Profit Margin % Of Sales -- TTM	20	28				
Pre-tax Income % Of Sales	16	28				
Effective Tax Rate	25	28				
Depreciation % Of Prop/Plant/Equipment	21	27	15.92	2.44	12.90	62.81
Capital Expense % Of Prop/Plant/Equipment	2	7	15.61	5.73	18.58	33.26
Interest Coverage	3	3	4.44	4.44	18.58	21.07
Interest Coverage -- TTM	6	6	3.93	3.93	16.47	29.19
Liquidity ratios:						
Cash Ratio	19	24				
Quick Ratio	20	23				
Current Ratio	19	24				
Efficiency ratios:						
Accounts Receivable Turnover	3	27				
Days Sales Outstanding	4	28				
% of Inventory Financed by Vendors	22	23				
% of Inventory Financed by Vendors -- TTM	24	27				
Inventory Turnover	23	28				
Inventory Turnover -- TTM	25	28	1.41	1.10	4.02	15.11
Days Sales in Inventory	23	28	291.91	26.06	94.05	381.87
Inventory to Working Capital	19	24	1.65	-7.66	0.39	27.14
Accounts Payable Turnover	18	27	4.77	2.32	4.84	10.60
Accounts Payable Turnover -- TTM	16	27	4.88	2.53	4.93	10.67
Leverage & debt coverage:						
Total Debt to Equity Ratio	19	20	1.82	0.00	0.14	2.43
Debt to Tangible Equity Ratio	19	19	9.79	0.00	0.12	9.79
Total Debt to Assets Ratio	15	20	0.25	0.00	0.09	0.38
Short-Term Debt % of Total Debt	4	19	36.01	15.43	65.88	100.00
Short-Term Debt % of Working Capital	13	20	43.52	-2,034.61	3.53	4,351.69
Liabilities to Net Worth Ratio	23	23	34.07	0.21	0.56	34.07
Total Liabilities to Equity Ratio	24	24	6.34	0.20	0.56	6.34
TTM EBITDA to Total Debt	5	6	0.24	0.18	0.30	0.68
Net Debt to TTM EBITDA	4	6	2.68	0.06	2.15	4.82

Rank	Company Name
1	Kornit Digital Ltd
2	IWATSU ELECTRIC CO., LTD.
3	Furyu Corp
4	TOKYO KIKAI SEISAKUSHO, LTD.
5	Binh Thuan Books and Equipment JSC

Rank	Company Name
1	MEIJI ELECTRIC INDUSTRIES CO., LTD.
2	Rengo Co Ltd
3	Binh Thuan Books and Equipment JSC
4	Tan Tien Plastic Packaging JSC
5	NOK CORPORATION

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

Heidelberger Druckmaschinen AG demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY LEVERAGE RATIOS

Total debt to equity ratio signals heightened risk in the last 5 quarters

Short-term debt as a % of total debt increasing is indicative of potential refinancing risk

Leverage Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Total debt €	€597,000	€581,652	€542,000	€460,934	€470,000
% change	2.64%	7.32%	17.59%	-1.93%	6.45%
Stockholders' equity €	€328,000	€243,586	€295,000	€399,397	€361,000
% change	34.65%	-17.43%	-26.14%	10.64%	-3.16%
Total debt to equity ratio	1.82	2.39	1.84	1.15	1.30
% change	-23.78%	29.97%	59.20%	-11.35%	9.92%
Tangible net worth €	€61,000	(€22,552)	€27,000	€128,126	€81,000
% change	370.49%	-183.53%	-78.93%	58.18%	-16.44%
Total debt to tangible net worth	9.79	n/a	20.07	3.60	5.80
% change	n/a	n/a	458.00%	-38.00%	27.40%
Total assets €	€2,406,000	€2,370,242	€2,350,000	€2,328,822	€2,262,000
% change	1.51%	0.86%	0.91%	2.95%	3.29%
Total debt to assets ratio	0.25	0.25	0.23	0.20	0.21
% change	1.10%	6.42%	16.52%	-4.76%	3.08%
Tangible assets €	€2,139,000	€2,104,104	€2,082,000	€2,057,551	€1,982,000
% change	1.66%	1.06%	1.19%	3.81%	3.54%
Short-term debt €	€215,000	€161,054	€93,000	€94,493	€78,000
% change	33.50%	73.18%	-1.58%	21.14%	150.59%
Short-term debt % of total debt	36.01%	27.69%	17.16%	20.50%	16.60%
% change	30.06%	61.37%	-16.30%	23.53%	135.40%
Short-term debt % of working capital	43.52%	31.06%	17.92%	17.68%	15.82%
% change	40.13%	73.32%	1.37%	11.73%	159.58%
Total liabilities €	€2,078,000	€2,126,656	€2,055,000	€1,929,425	€1,901,000
% change	-2.29%	3.49%	6.51%	1.50%	4.61%
Total liabilities to equity ratio	6.34	8.73	6.97	4.83	5.27
% change	-27.43%	25.33%	44.20%	-8.26%	8.02%
Total liabilities to tangible net worth ratio	34.07	n/a	76.11	15.06	23.47
% change	n/a	n/a	405.43%	-35.84%	25.20%
Total debt to EBITDA ratio (annualized)	3.36	4.56	n/a	3.14	n/a
% change	-26.21%	n/a	n/a	n/a	n/a
Source:	Interim Report 2/12/2020	Interim Report 11/6/2019	Interim Report 8/6/2019	ARS 6/6/2019	Interim Report 2/7/2019

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Cash ratios remain weak

Persistently meager quick ratios

Liquidity Ratios - Sequential Quarters

(Thousands of Euros)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Current assets €	€1,410,000	€1,360,892	€1,339,000	€1,368,531	€1,308,000
% change	3.61%	1.64%	-2.16%	4.63%	5.02%
% of short-term debt	655.81%	844.99%	1,439.78%	1,448.29%	1,676.92%
Current liabilities €	€916,000	€842,329	€820,000	€833,996	€815,000
% change	8.75%	2.72%	-1.68%	2.33%	10.92%
Working capital €	€494,000	€518,563	€519,000	€534,535	€493,000
% change	-4.74%	-0.08%	-2.91%	8.42%	-3.47%
% of sales (annualized)	21.78%	23.07%	n/a	19.42%	n/a
Cash €	€208,000	€170,288	€151,000	€184,124	€120,000
% change	22.15%	12.77%	-17.99%	53.44%	51.08%
% of short-term debt	96.74%	105.73%	162.37%	194.85%	153.85%
Cash ratio	0.23	0.20	0.18	0.22	0.15
% change	12.31%	9.83%	-16.62%	50.00%	36.17%
Quick assets €	€485,000	€458,647	€434,000	€543,830	€408,000
% change	5.75%	5.68%	-20.20%	33.29%	14.79%
% of short-term debt	225.58%	284.78%	466.67%	575.52%	523.08%
Quick ratio	0.53	0.54	0.53	0.65	0.50
% change	-2.75%	2.87%	-18.83%	30.26%	3.47%
Current ratio	1.54	1.62	1.63	1.64	1.60
% change	-4.72%	-1.06%	-0.49%	2.24%	-5.32%
Source:	Interim Report 2/12/2020	Interim Report 11/6/2019	Interim Report 8/6/2019	ARS 6/6/2019	Interim Report 2/7/2019

Minimal returns on total assets and equity

Rate of Return - Sequential Quarters

(Thousands of Euros)

Period Ended	3 mos	6 mos	3 mos	6 mos	3 mos
	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
Return on equity	2.87%	-5.57%	n/a	7.55%	n/a
Return on net tangible equity	n/a	-60.82%	0.00%	33.63%	0.00%
Return on total assets	0.29%	-0.70%	0.00%	1.19%	0.00%
Return on tangible assets	0.33%	-0.78%	0.00%	1.35%	0.00%
Source:	Interim Report 2/12/2020	Interim Report 11/6/2019	Interim Report 11/6/2019	ARS 6/6/2019	ARS 6/6/2019

ANNUAL STATEMENT OF CASH FLOWS

Negative cash from operating activities

Statement of Cash Flows - Annual - Standardized

(Thousands of Euros)

Period Ended	12 mos 3/31/2019	12 mos 3/31/2018	12 mos 3/31/2017	12 mos 3/31/2016	12 mos 3/31/2015
Cash Flows from Operating Activities:					
Net income	€20,875	€13,565	€36,236	€28,134	(€72,403)
Depreciation/depletion	79,816	69,126	74,967	85,056	72,978
Deferred taxes	(2,694)	13,327	(13,853)	(18,023)	(28,913)
Non-cash Items	6,903	7,903	9,373	4,275	(91,448)
Changes in working capital	(115,252)	(14,830)	32,515	(56,896)	141,497
Total cash from operating activities	(10,352)	89,091	139,238	42,546	21,711
Cash Flows from Investing Activities:					
Capital expenditures	(124,887)	(114,567)	(102,245)	(61,943)	(58,469)
Other investing cash flow items, total	43,063	19,141	(12,716)	(11,719)	19,276
Total cash from investing activities	(81,824)	(95,426)	(114,961)	(73,662)	(39,193)
Cash Flows from Financing Activities:					
Issuance/retirement of stock, net	68,461	n/a	n/a	n/a	n/a
Issuance/retirement of debt, net	34,355	(3,979)	(24,633)	(31,185)	45,815
Total cash from financing activities	102,816	(3,979)	(24,633)	(31,185)	45,815
Foreign exchange effects	2,768	(5,739)	2,544	(8,188)	24,971
Net change in cash	13,408	(16,053)	2,188	(70,489)	53,304
Net cash-beginning balance	201,607	217,660	215,472	285,961	232,657
Net cash-ending balance	€215,015	€201,607	€217,660	€215,472	€285,961
Supplemental Disclosures:					
Cash interest paid	€33,175	€29,848	€41,135	€63,247	€48,144
Cash taxes paid, supplemental	€14,998	€11,684	€15,557	€14,936	€27,902
Auditor/Opinion:	Pricewaterhouse Coopers GmbH Unqualified	Pricewaterhouse Coopers GmbH Unqualified	Pricewaterhouse Coopers GmbH Unqualified	Pricewaterhouse Coopers AG Unqualified	Pricewaterhouse Coopers AG Unqualified
Source:	ARS 6/6/2019	ARS 6/12/2018	ARS 6/8/2017	ARS 6/8/2016	ARS 6/11/2015

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR®



CreditRiskMonitor® is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 56,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

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