

Sustainability Report

2003/2004

Fiscal Year 2003/2004 – Important Events at a Glance

- **Heidelberg realigns itself: the company concentrates on its core business of sheetfed offset printing, along with the prepress and finishing processes and services associated with the print value chain.**
 - **The Heidelberg Group sells its Digital division, with facilities in Rochester, New York and Kirkby, United Kingdom, to Eastman Kodak Company.**
 - **Heidelberg and Goss International Corporation sign an agreement to transfer the Web Systems division with facilities in Dover/Durham (New Hampshire), Fort Worth (Texas), Montataire (France), and Boxmeer (Netherlands) to Goss.**
 - **Reserves of € 569 million are set aside for one-off expenditures (mainly book value depreciations).**
 - **The sites in Mühlhausen, Germany and Tijuana, Mexico are shut down; the decision is made not to build the planned new facility in Ludwigsburg-Pflugfelden, Germany.**
 - **The company reduces the size of its Management Board and introduces a functionally oriented organizational structure.**
- **Heidelberg is not readmitted to the Dow Jones Sustainability Indexes STOXX and World, due to insufficient market capitalization.**
- **RWE sells its holdings of Heidelberg stock to investors in various countries in May 2004; as a result, now 57 percent (instead of 22 percent) of the company's shares are freely traded in the market.**
- **A new corporate policy on environmental protection, occupational safety, and product safety is adopted.**
- **Preparations for emissions trading begin at the Wiesloch and Amstetten sites.**
- **At drupa 2004, Heidelberg presents over 50 new product innovations covering the entire value chain of prepress, press and postpress.**
- **An Environmental Information Center opens at the company's headquarters in Heidelberg, Germany; it also has exhibits at IGAS in Japan and drupa 2004.**



About This Report

The graphics on the front and back covers celebrate ten years of sustainable development at Heidelberg. This year's report thus includes business, social and environmental statistics from the last ten fiscal years.

Contents

2 Foreword

3 – 7 The Company

8 – 13 Economics

Innovations in 2004

This special section surveys the most important innovations that Heidelberg showcased at drupa 2004, underscores the company's technological capabilities, and discusses the impacts that the Heidelberg Group is having within the print media industry.



14 – 19 Social Responsibility

20 – 31 Ecology

32 – 34 Dialog

Order Form

Publishing Information

Sites

Environmental data, the names of contacts, and general information on the company's production and development sites are available on the Internet at www.heidelberg.com > **About Us** > **Environment** > **Sites**





Bernhard Schreier
Management Board Chairman

Dear Ladies and Gentlemen,

The principle of doing business sustainably proves its worth above all in times of economic duress and structural change. Sales by the Heidelberg Group have declined by about 30 percent to € 3.6 billion over the last three fiscal years. In the last two years we have had to absorb a loss of € 833 million. Our company's development since 2001 shows clearly how the weak economy has affected Heidelberg.

But fiscal year 2003/2004 marked the turnaround point for Heidelberg. On the road back to profitability, we began implementing what is probably the most extensive realignment of the enterprise ever, parting with our Digital and Web Systems divisions. Now we are concentrating on our core business – sheetfed offset printing – and positioning ourselves in this segment as the world's most innovative technology supplier for networked, flexible print shops, offering all of the components our customers need to automate their processes and succeed. As a direct consequence of our commitment to innovation, which we have upheld even in economically difficult times by continuing to invest large sums in research and development, in May we were able to exhibit more than 50 innovations at the drupa 2004 trade show in Düsseldorf, Germany.

Parallel to this, we have nearly completed the drive to downsize our workforce around the world, doing so without causing hardship to those affected and in harmony with our human resources principles. By reducing our fixed costs, we have now reached a cost level that will propel us step by step back toward healthy profits in line with the market. Our new, lean organization – supported by a reviving economy – will already pay off in the current fiscal year. We believe that we have put the bottom of the trough behind us.

By initiating these measures, we have met the prerequisites for the capital market to gain greater confidence in Heidelberg. While drupa 2004 was going on, RWE sold its majority stake in Heidelberg. The resulting increase in the proportion of freely traded shares to 57 percent has opened up greater latitude for both investors and the company.

Based on this newly established foundation, we are shaping Heidelberg's future – to benefit our shareholders, customers, employees and suppliers, as well as our social environment. We are now determined to justify the trust placed in us by significantly improving both our net worth and our profitability. Our endeavors to achieve this include meeting, in a balanced way, all economic, ecological and social requirements to the greatest possible extent.

Heidelberg, July 2004

A handwritten signature in blue ink that reads "Bernhard Schreier". The signature is fluid and cursive, written in a professional style.

Bernhard Schreier
Management Board Chairman

Heidelberg's Realignment

In late 2003, Heidelberg resolved to concentrate its business activities more heavily on the value chain centered around sheetfed offset printing. This includes all areas of prepress and postpress finishing, as well as the associated workflow components, training and services. The company's organization has been slimmed down and, as of April 1, 2004, functionally oriented. The activities in individual countries have been grouped into three sales regions: Europe/Middle East/Africa (EA), Americas (AM), and Asia/Pacific (AP).

By focusing on our core business, we have succeeded in significantly reducing the costs of running the company.

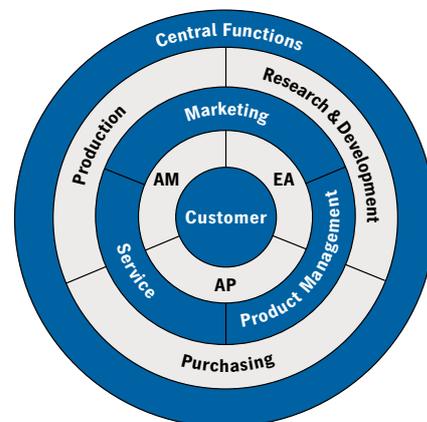
As of the beginning of July 2004, the responsibilities resting with the Management Board are assigned as follows: Bernhard Schreier continues to be the Management Board Chairman (since 1999), Dr. Herbert Meyer is still in charge of Finance (since 1994), and Dr. Jürgen Rautert is now the Board member responsible for Technology.

The Management Board Chairman is directly responsible for the topic of sustainable development.

All of Heidelberg's activities continue to revolve around the company's customers. Their personal contacts are at the local Sales and Service Units. To make sure that these important interfaces function smoothly in the best interests of customers, Heidelberg has established its own companies in nearly all strategically

important markets. There, over 7,000 employees look after customers and provide complete service covering prepress, sheetfed offset printing, finishing, and Heidelberg's software products. They professionally carry out all installations and perform services that include maintenance work, remote service, and hotline support.

For more information, please go to www.heidelberg.com > **systems-service**



The Heidelberg Group

Heidelberg's Sites

During the period under review (April 1, 2003 to March 31, 2004) the company engaged in development and manufacture at a total of 21 sites around the world. The development and production sites in Germany include Heidelberg, Wiesloch, Amstetten, Brandenburg, Kiel, Ludwigsburg-Neckarweihingen, Leipzig, and Mühlhausen. The Mühlhausen site will be closed in September 2004 and production of finishing equipment for digital printing presses discontinued there. Some of this site's functions will be moved to Ludwigsburg-Neckarweihingen. The planned new facility in Ludwigsburg-Pflugfelden will not be built.

This report also covers, for the first time, two facilities acquired from Jagenberg AG in early 2003: in Mönchengladbach, Germany and Nové Mesto nad Váhom, Slovakia.

The other European sites include Montataire (France), Boxmeer (Netherlands), and Kirkby (United Kingdom). In Sweden, IDAB WAMAC International AB and its Eksjö production site belong to Heidelberg. Gallus Holding AG, in which Heidelberg holds a 30 percent stake, was consolidated with the Heidelberg Group in the last fiscal year; as a result, its sites in St. Gallen, Switzerland and Langgöns-Oberkleen, Germany now also belong to the company.

In the United States, Heidelberg has plants in Dover/Durham (New Hampshire), Fort Worth (Texas), Sidney (Ohio), and Rochester (New York). A facility in Tijuana, Mexico was shut down in May 2004.

The sites of the former Web Systems Solution Center in Montataire (France), Boxmeer (Netherlands), Dover/Durham (New Hampshire), and Fort Worth (Texas) now no longer belong to Heidelberg, as a consequence of the company's reorganization and their sale to Goss International Corporation, the agreement on which will become effective in the summer of 2004. Following the acquisition of Heidelberg's Digital division by Eastman Kodak as of May 1, 2004, the company has also parted with its sites in Rochester (New York) and Kirkby (United Kingdom).

In the new 2004/2005 fiscal year (April 1, 2003 to March 31, 2005), Heidelberg thus counts 13 development and production sites.

The Group also includes market companies, which constitute the company's sales and service network with over 250 branches in over 170 countries. Since April 1, 2004 the market companies have been grouped into just three new entities: Europe/Middle East/Africa based in Heidelberg, Asia/Pacific with its head office in Singapore (SGP), and the Americas sales region headquartered in Atlanta, Georgia.

For More Information

Descriptions of the sites with data and facts:

www.heidelberg.com > [About Us](#) > [Environment](#) > [Sites](#)

History, management, Heidelberg agencies, production and innovation:

www.heidelberg.com > [About Us](#)

Heidelberg's Products

With its new orientation, Heidelberg will be concentrating more heavily on its sheetfed offset business. This will continue to include prepress and postpress, as well as the associated workflow components. Via the company's global sales and service network, Heidelberg will still offer all of its customers competent support and advice for products it has developed itself and products from selected partners. Looking ahead, the company sees its principal target markets as consisting of commercial, packaging and label printers.

Product Portfolio

Excerpt, as of May 2004

Prepress

Prinect Workflow	Printready System, MetaDimension, SignaStation, Profile Toolbox, Calibration Toolbox, MetaShooter, SignaPack, Trap Editor, Color Editor, PDF Assistant, Delta Technology, Jetbase
Plate imagers	Topsetter P 74, P 102 and PF 102, Prosetter 52, 74 and 102, Polysetter 52

Press

Direct Imaging	Quickmaster DI 46-4, Speedmaster 74 DI
Sheetfed offset	Printmaster QM 46, GTO 52, PM 52 and PM 74, Speedmaster SM 52, SM 74 and SM 102, Speedmaster CD 74 and CD 102, Star System, Prinect Workflow (Prinace, DataControl, Image Control, Auto Register, CP2000 Center)
Gallus-products	Gallus EM 280, 260, 410 and 510, Gallus R 200, RCS 330, KM 510 and TCS 250

Postpress

Folding machines	Quickfolder T34, Stahlfolders of the T and K series, Flexomailer TD, Easyfold
Saddlestitchers	Stitchmaster ST 100, 270, 300, 350 and 400, Pacesetter 855, 870 and 1000
Adhesive binders	Quickbinder 200, Universal Binder, Eurobind 100, 200, 300 and 1200
Mailroom systems	IDAB WAMAC systems
Diecutters and folding carton gluers	Dymatrix 105, 105 Pro, 113 and 142, Diana 45, Diana Pro 74, 94, 114, 115, 125, 145 and 165, Eco 78 and 105-2, Jagpack Pro, Jagfeed

Consumables

Films, offset and flexographic printing plates, printing chemicals, printing inks and coatings, rollers, blankets

For More Information

Products and solutions from Heidelberg:

www.heidelberg.com > Products

www.heidelberg.com > Solutions

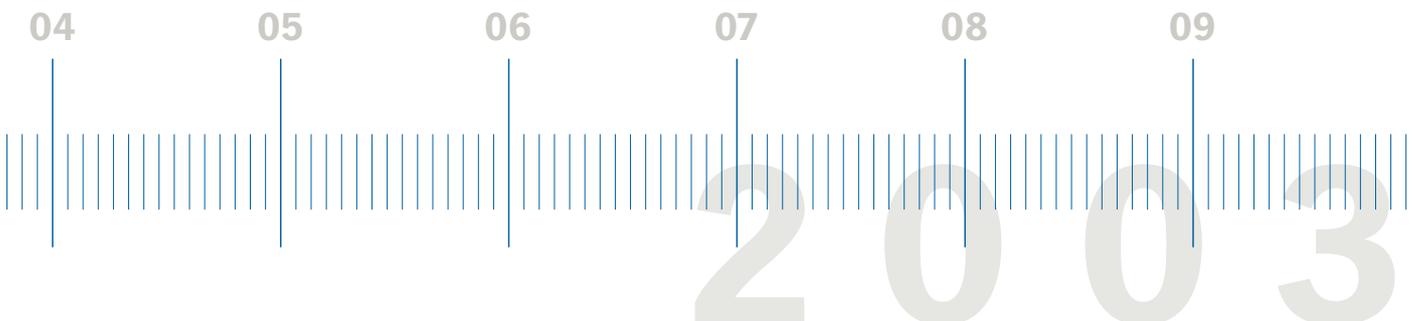
www.heidelberg.com > Prinect

Heidelberg customers can expect to benefit from tailored services: in addition to a wide range of training courses available from the Print Media Academy network, the company provides support for financing, planning and organizing remodeling and construction projects, obtaining approvals under the German Pollution Control Act (BImSchG), and applying for financial assistance for environmentally friendly new investments.

For a detailed description of Heidelberg's solutions and products, as well as example configurations, please consult the company's website.

The Year's Highlights

April	May	June	July	August	September
4/2003	5/2003	6/2003	7/2003	8/2003	9/2003
<p>Five Stars for Heidelberg BERTL, a leading independent rating institute for the printing industry, gives its highest rating 'Five Star – Exceptional' for the Digimaster 9150i. The high rating for this printing system results, among other things, from its print quality, product design and construction, and printing productivity compared with systems with a higher rated output, paper supply, and finishing options.</p> <p>Large Publishing House Order Heidelberg's subsidiary IDAB WAMAC, a leading supplier of shipping room systems for newspaper production, receives a large order totaling over ten million euros from the French publishing group Delaroché.</p>	 <p>'Prizewinning' Suggestion Program As an expression of appreciation for their dedication as well as to serve as an additional incentive, numerous prizes are raffled off among all employees participating in the Company's suggestion program during the previous year. The principal prize, a Ford Fiesta, is won by an employee in Wiesloch.</p> <p>Successful Postpress Event In Dusseldorf, over 800 visitors from the industry come to Heidelberg's presentation 'The Finish Line is Crucial!'. The solution shown meets the needs and requirements of the graphic industry, with nearly the entire exhibit portfolio sold out over the three-day period.</p>	<p>Series Production of the Prinect Printready Following extensive field tests, series production begins for Heidelberg's new preprint workflow system Prinect Printready. In order to make the overall process more productive and cost-efficient, Heidelberg intends to integrate all the processes on the basis of open workflow systems, beginning at the preliminary stage, including the printing processing, and extending all the way to finishing. In line with Prinect's basic principle, the new solution is based entirely on a modular design. Customers can choose precisely the components they need for addition to the overall system. The system is thus also of interest to smaller printing establishments.</p>	 <p>Summer University at the Print Media Academy The 'Summer University' is held for the second time, teaching practice-oriented principles for crucially important management and technological trends to print and media industry executives. Students come from 16 countries, including Nigeria, Saudi Arabia, China, Lebanon and Ecuador.</p> <p>Opening of the Kiev Branch The new offices of the Kiev branch are opened with a total of 54 employees. The Ukraine has approximately 4,000 printshops. Heidelberg has already established contacts with more than three quarters of them and does business with some 850 firms.</p>	 <p>IGAS 2003: Focus on End Users At the IGAS specialized trade fair in Tokyo, Heidelberg presents various systems approaches. The principal focus is on business models of successful customers in various market segments.</p> <p>GATF InterTech Award Two Heidelberg postpress solutions are honored with the GATF InterTech Award: the stitcher-gatherer Stitchmaster ST 400 and the Mag-napak newspaper inserter. Heidelberg has received a total 20 InterTech awards since this program was established in 1978.</p> <p>New Image Campaign Launch of the new international image campaign which, based on the slogan 'Passion for Print', focuses attention on the significance of the print media.</p> 	<p>Broad Agreement at the Annual General Meeting The vast majority of the approximately 1,150 shareholders representing 84 percent of share capital approve the proposals of the Supervisory Board and the Management Board. The new Supervisory Board is elected.</p> <p>Annual Report Awarded Again For the third time, Heidelberg's annual report is the MDAX winner of the business magazine 'manager magazin' following its annual assessment. Heidelberg's annual report attains fifth place overall.</p>



October	November	December	January	February	March
10 / 2003	11 / 2003	12 / 2003	1 / 2004	2 / 2004	3 / 2004

Graph Expo in Chicago

The favorable course of business at the Graph Expo trade show in Chicago is seen as evidence of a market turnaround. With its Printmaster PM 52, Heidelberg introduces a new printing press in A3 format that is characterized by easy and direct operation, outstanding print quality, and high production safety. The new packet delivery system Speedbänder is also launched at the trade fair. It delivers counted and banded packets; such functions as counting, compacting, and banding folded sheets are entirely computerized.

Polygraph Inter at Moscow

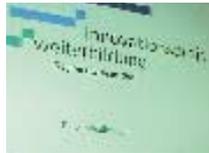
Heidelberg exhibits at Polygraph Inter in Moscow in a space of 1,750 m² (18,837 sq ft) and attracts around 30,000 visitors. Some 30 metric tons of paper are used to present printing processes. Beside solutions and products, Heidelberg also introduces a financing program specifically designed for the development of the printing industry in Russia and the other CIS countries.

Heidelberg's Reorientation Approved

The Management Board and Supervisory Board of Heidelberg have reoriented Heidelberg in a new direction for the future, approving a functional and leaner organization, and readjusting the Group's strategy.

IHK Innovation Prize Received

The Stuttgart Chamber of Commerce and Industry (IHK) awards a prize to the Ludwigsburg plant, thereby acknowledging the innovative approach taken by a qualification project under which employees are trained on an individual basis within a short period of time and on a cost-effective basis.



Delivery of Hundredth Stitchmaster

The hundredth stitch-gatherer Stitchmaster ST400 is delivered to Buchdruckerei Lustenau in Austria. With a total of 70 employees, the operation of this printing establishment is based on state-of-the-art equipment including five Heidelberg printing presses with a total of 21 printing units as well as numerous finishing machines.

'Optimized UV Printing' Certificate

The new Environmental Information Center opens in Heidelberg to inform customers and other interested parties about the topic of printing and the environment. The high point of the inauguration event is the awarding of the 'Optimized UV Printing' certificate for the Speedmaster CD 74 UV – the first time ever that a printing press has qualified for this distinction.



Training Center in Kabul

Heidelberg opens a training center for printers and prepress end users in Kabul, Afghanistan. A mechanical workshop as well as an area for training, making use of various printing and processing printing presses and prepress equipment, has been established in a space of approximately 300 m² (3,229 sq ft). Following 23 years of war, only a rudimentary print media industry now exists in Afghanistan; several printing establishments in the country have yet to start up production again. Heidelberg is the first manufacturer of the printing industry that offers products and solutions through its own local organization.



Intensive Seminar in Dubai

Together with cooperating partners – among others two leading universities in the printing sector – Heidelberg hosts a seminar in Dubai within the framework of its international management programs. The target group is senior management in the print media industry. Whereas the Summer University focuses on general management issues, the Winter University is more oriented towards day-to-day operations and technology.

Heidelberg's Environmental Policy

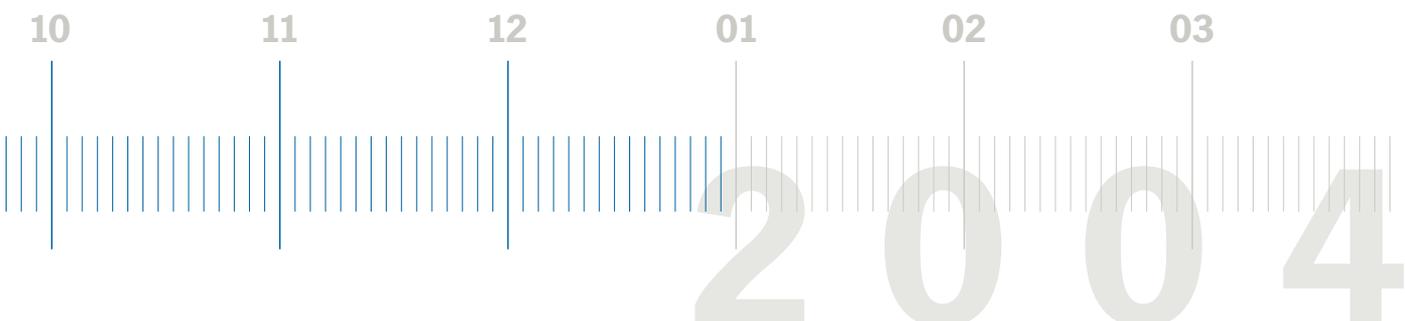
A new corporate policy on environmental protection, occupational safety, and product safety is adopted. It replaces the older environmental policy that was adopted in 1993 and updated in 1997.

Important Milestones in Group's Corporate Reorientation Achieved

Following intensive contract negotiations, an announcement is made that Kodak will acquire Heidelberg's digital printing division, and that Goss International intends to do the same with the web offset printing press division. The contract with Kodak is signed subject to approval by the anti-trust authorities.

Preparations Under Way for drupa

Already in the second week of March, Heidelberg begins preparing for drupa, the world's largest specialized trade show for printing and paper, which runs during May 6 – 19, 2004 in Dusseldorf. The first step is to install the required infrastructure, laying pipes for cooling water, installing water taps, and setting up the compressed air supply. Following these preparations, over 100 highly qualified technicians are installing and integrating 50 machines/printing presses with a length of up to 33 m (108 ft).



The 2003/2004 Fiscal Year: Setting a New Course

Heidelberg's Realignment

Heidelberg has adjusted its strategy and organization to the changing market dynamics of the print media industry. The Group has sold its Digital division to Eastman Kodak Co. and signed an agreement with Goss International for it to take over the Web Systems division. Such profound changes naturally prompt many questions on the part of employees, customers, and shareholders. The company's Management Board has responded to them at in-house "fireside talks" with employees, in meetings with customers, and in numerous road shows.

But Heidelberg's realignment was not the only central theme of the 2003/2004 fiscal year. A key role was also played by the preparations for drupa 2004.



Detailed information on Heidelberg's business situation is contained in the 2003/2004 Annual Report, which you can request free of charge by sending a fax to Investor Relations, +49-6221-92-6061. Additional information is available at www.heidelberg.com

Heidelberg exhibited over 50 product innovations at this trade show in Düsseldorf, Germany. As usual, the company presented itself to the over 370,000 visitors from around the world as the largest exhibitor, occupying two entire halls with about 7,000 square meters of floor-space. Some 40,000 customers and other interested persons attended 350 presentations in the five Solution Areas and the Heidelberg Forum. The new Heidelberg was continually available for visitors to experience in the example applications shown. The approach of concentrating on solutions covering the entire value chain of sheetfed offset printing, from prepress to finishing and also including networking and workflow topics, was

very positively received. In all, Heidelberg took in orders worth about € 1 billion at drupa. About 90 percent of these were for sheetfed offset and finishing equipment. As expected, most of them came from customers based in Europe, but printers from North America and Asia also invested heavily. This pushed the total order volume received during the first quarter of the ongoing 2004/2005 fiscal year to well above € 1 billion. In view of the positive mood at the show, many industry observers now believe that the business situation in the print media industry is in the process of tangibly recovering, putting an end to a three-year lull.

Heidelberg's Stock: Much Larger Percentage of Freely Traded Shares

Feedback from the capital markets shows that analysts and investors are responding positively to Heidelberg's efforts to boost efficiency, its innovativeness, and its technology leadership in the market. The company's realignment has been welcomed and praised by them. With a closing price of € 27.99 on the Xetra stock exchange on March 31, 2004, the value of Heidelberg's shares increased by 70 percent during fiscal year 2003/2004. By way of comparison: during the same time period, the DAX rose by only 57 percent.

On May 6, 2004 RWE AG placed its 50.02 percent stake in Heidelberg with institutional investors in various countries in an accelerated bidding process. It had always been Heidelberg's goal to increase the proportion of its shares that are freely traded, above all to achieve greater liquidity and thus enhance the attractiveness of Heidelberg stock. Now that RWE has successfully sold its majority stake, 57 percent instead of 22 percent of the company's shares are being traded in the open market. When the convertible bonds issued by RWE mature into Heidelberg shares, this figure will rise to 72 percent by 2007 at the latest. Until then, RWE will continue to hold 15 percent of Heidelberg.

The Development of Business: Picking Up After a Weak Start

Heidelberg has the sector's best and densest sales and service network, offering solutions to the print media industry worldwide. As a result, the company is usually able to compensate for an economic downturn in one region by taking advantage of stable conditions elsewhere – except, of course, when the entire global economy slumps.

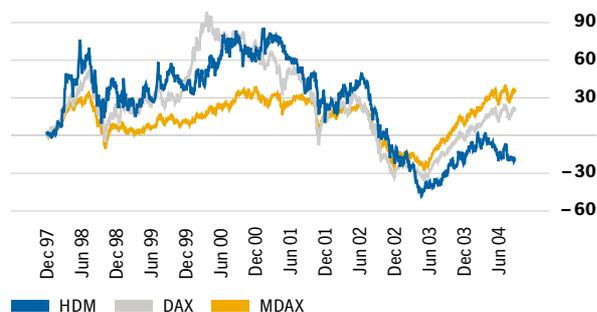
World Economy Growing Again; Principal Markets Developing Very Differently

In mid-2003 the company's growth prospects began improving. The upswing was mainly driven by economic policy decisions in the United States and Asia. Despite a miserable start in 2003, by the end of the year the world economy had grown by 3.4 percent overall.

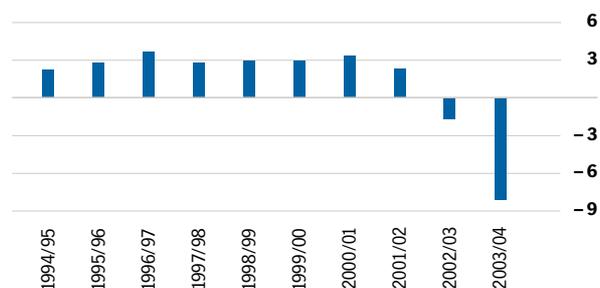
Like in the previous year, consumer products accounted for the lion's share of growth in the United

States. However, the first signs that companies were losing their reluctance to invest also became visible. Europe trailed behind the rest of the world in this recovery: the revival of its economy during the second half of the year was insufficient to cancel out the effects of the weak first half, and a few countries temporarily slipped into a recession. The world's second-largest national economy, Germany, once again fell considerably short of the original forecasts. Its gross domestic product stagnated despite surging exports. In contrast, Japan pleasantly surprised the experts when its GDP rose by 2.7 percent after shrinking the previous year. Growth in Asia was only slightly slower than had been expected before the SARS epidemic. In Latin America, at the end of 2003 it looked like the worst of the severe economic and political crises had been overcome. Eastern Europe also profited from vigorous economic growth in the new EU member states.

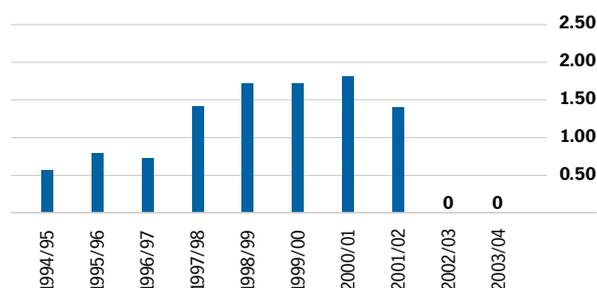
Performance comparison since the IPO percent



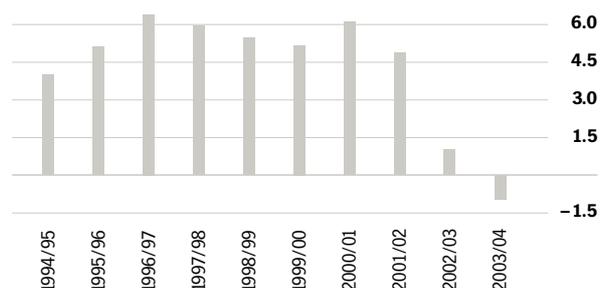
Earnings per share €



Dividend per share €



Cash flow per share €



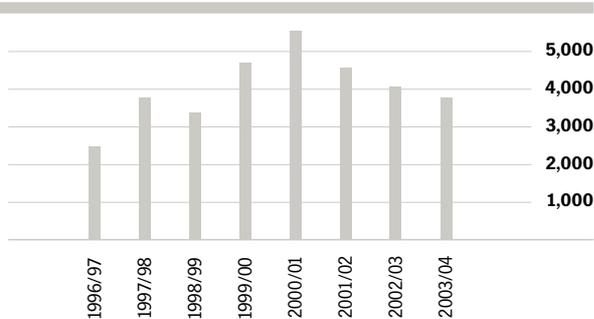
Positive Trend in the Print Media Industry

With the slightly improved general economic conditions of the second half of the 2003/2004 fiscal year, the situation of the print media industry has once again been looking up in the world's industrialized countries. The capacity utilization of the printing sector began increasing again in the fall of 2003, especially in the United States. There has also been a gradual recovery in Germany, despite continuing sluggishness of that country's overall economy. The situation of equipment suppliers began improving after the typical delay. According to the German Federation of the Engineering Industries (the VDMA), new orders placed for printing presses in Germany only sagged by another three percent (price-adjusted), and the price-adjusted sales volume fell by 15 percent. The corresponding figures for the preceding year were still 28 and 18 percent, respectively.

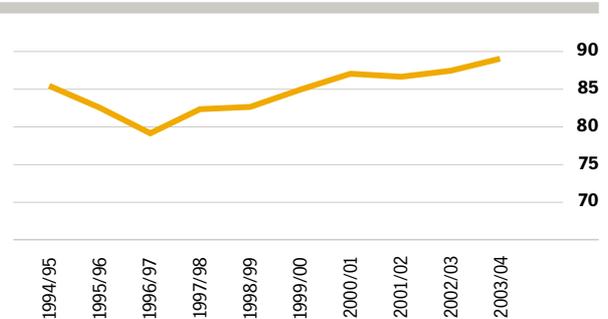
Heidelberg: Orders Received Rising Since the Second Quarter

As anticipated, the first quarter was still weak, owing to the tense economic situation in the most important markets. The economic recovery that began in the second quarter then generated more orders, supported by the company's good showing at the IGAS trade show in Japan and at Graph Expo in Chicago. This high level was maintained in the third quarter, with orders worth nearly € 1 billion being received. The upward trend also continued in the fourth quarter, when an order intake of € 1 billion was once again registered – despite the fact that drupa 2004 was about to take place in May. In all, orders worth over € 3,776 million were received in fiscal year 2003/2004, or roughly seven percent less than in the previous year. The adjusted figures show that the order volume was € 3,987 million, or down by only about two percent from the year before.

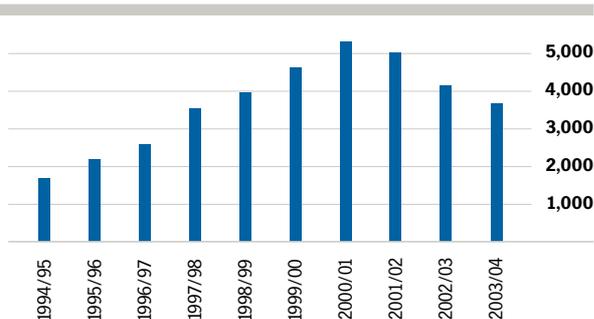
Orders received mill. €



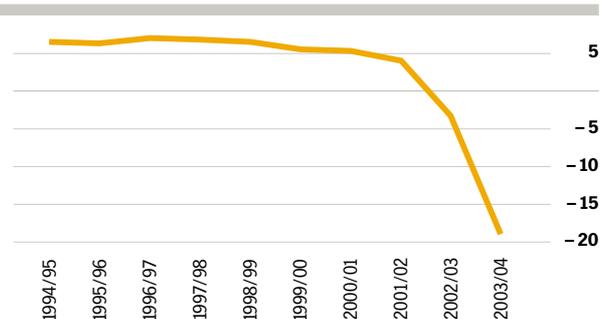
Sales outside Germany percent



Sales mill. €



Profit after tax percent



Sales: Second Half of Year

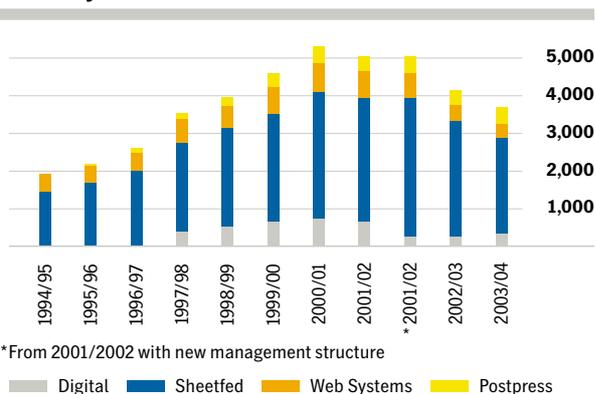
Well Above Previous Year's Level

Heidelberg achieved total sales of € 3,661 million in fiscal year 2003/2004, or 11 percent less than the previous year. Adjusted, however, the decline only amounted to about six percent. Analogously to the development of orders received, sales also improved markedly over the course of the year. In the sheetfed offset sector, the low order volume induced by the economic situation during the first half of the year fully impacted the final result, as expected. Sales of the Digital division remained beneath the preceding year's level. Sales of the Web Systems

division were supported by an increase in orders received the year before. Postpress was also down seven percent from the previous year.

The two largest markets – the United States and Europe – lost ground in the sense that they accounted for a smaller share of Heidelberg's total sales. In contrast, the shares of regions containing emerging markets once again increased noticeably in fiscal year 2003/2004. The potential of the emerging markets of Asia, Eastern Europe, and Latin America are particularly evident if one considers the long-term trend. The relative shares of total sales of the regions with markets of this kind will continue to grow in the future. They are still far from saturated with printing products, and these national economies also tend to grow faster than the larger industrialized countries.

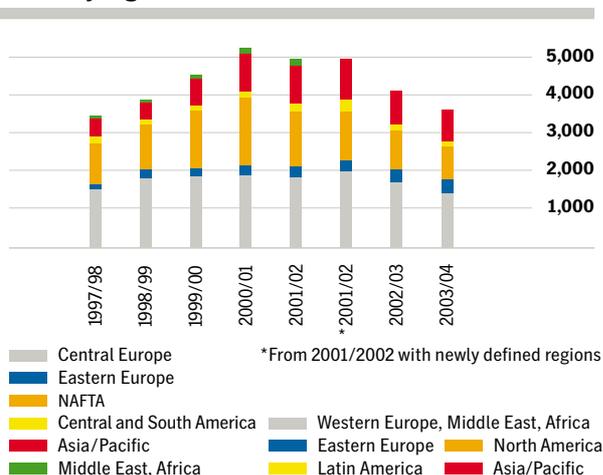
Sales by divisions mill. €



Order Backlog: Higher Than Previous Year in the Sheetfed Division

The order backlog of the Heidelberg Group amounted to € 953 million at the end of the year under review, or 10 percent less than the previous year's level. About half of this decrease was due to currency effects. The order backlog in the Sheetfed division, which is extremely important for Heidelberg's business, was five percent higher than a year earlier – adjusted, even 11 percent more.

Sales by regions mill. €



Assets, Financial and Profit Situation: Hefty One-Off Expenditures But Still Financially Strong

The weakness of business caused by the general situation of the economy naturally also affected the bottom line. Overall, although sales were down by 11 percent, profits (before deducting special expenditures) were still slightly positive. This shows that the programs initiated to increase efficiency and lower costs are heading in the right direction. The operating result before deducting special expenditures was € 20 million, or considerably less than the previous year's result of € 102 million.

The Group financial statements include € 569 million of restructuring and special expenditures incurred for discontinuing operations (Web Systems and Digital). The net loss for the year was € 695 million, compared with a shortfall of € 138 million the previous year.

Assets Situation: Balance Sheet Total Down

Within the scope of the realignment, most of the individual assets and liabilities were already value-adjusted in the Group financial statements. In all, the book value depreciations reached a value of nearly € 295 million. Of this, € 151 million were on fixed assets, € 28 million on inventory, and € 116 million on deferred taxes.

Not just because of these depreciations, but also because of active asset management, the balance sheet total at the end of fiscal year 2003/2004 dropped by nearly 18 percent to € 4,232 million, and the operating capital was improved further. Investments in tangible and intangible assets were reduced, and so were current assets.

On the liabilities side, equity fell by about 37 percent from the previous year's level to € 1,230 million; this was due to the high shortfall for the year of € 695 million. As a result of this, the equity ratio declined from 38 to 29

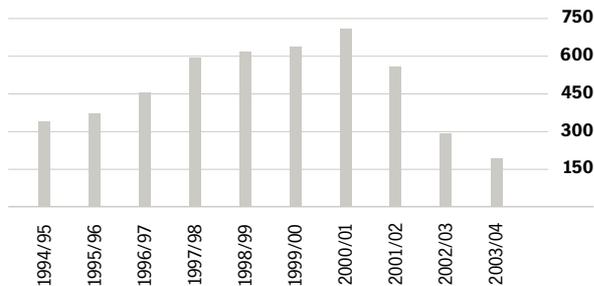
percent as of the end of the fiscal year. Once the company's realignment has been completed, the equity ratio will once again be slightly above 30 percent.

The reserves for uncertain liabilities and anticipated losses increased slightly, and it was possible to reduce the liabilities with credit institutes (including borrowers' note loans) by almost ten percent to € 718 million. In other words, even in this difficult year Heidelberg succeeded in lowering its net indebtedness by 5 percent.

Financial Situation: Repercussions of the Realignment

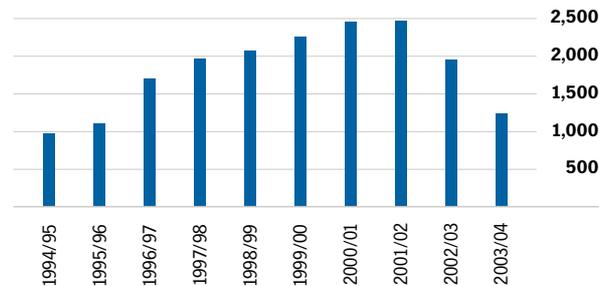
The cash flow of the Heidelberg Group was, after being positive at € 100 million the previous year, negative at € -94 million. Without the discontinuing operations, it was € 205 million – a clear sign that the cash flow was greatly strengthened by shrinking the portfolio. Investments were also reduced. The indicated measures

EBITDA mill. €

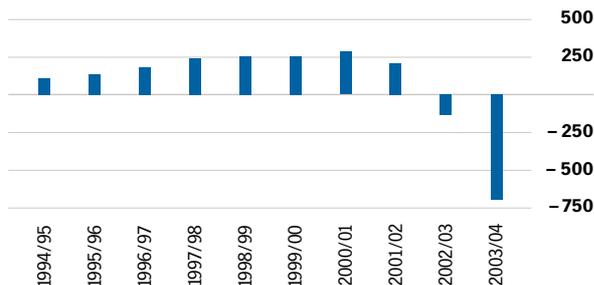


Without restructuring expenditures

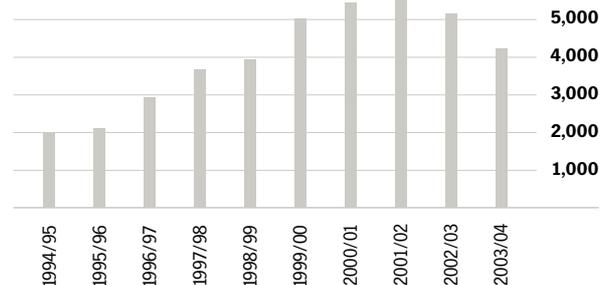
Equity mill. €



Profit/loss for the year mill. €



Balance sheet total mill. €



impacted the free cash flow: despite the high one-off expenditures, it was well into the positive range and considerable greater than expected at € 114 million.

Investments: Forward-Looking Approach

In fiscal year 2003/2004 the volume of the Group's investments was once again adjusted to the difficult economic situation: at € 164 million – corresponding to a 4.5 percent share of total sales – it was 32 percent below the previous year's level. During the runup to drupa, greater sums were invested to launch new products. Heidelberg also strengthened its sales activities in growth regions. The consolidation of resources as part of the restructuring program also had top priority during the 2003/2004 fiscal year.

Precise Management of Expenditures

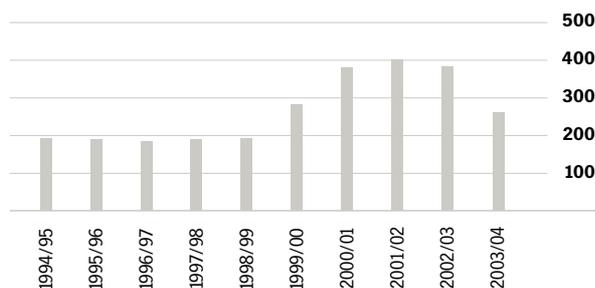
The process that the company applies for managing its investments has proven itself in recent years. Detailed information on all investments planned within the Group is centrally pooled, and this database forms the basis for all decisions. A team of business and technical experts appraise every project. Prior to making investment decisions affecting production, make-or-buy analyses are always carried out.

Research and Development: Eyes on drupa

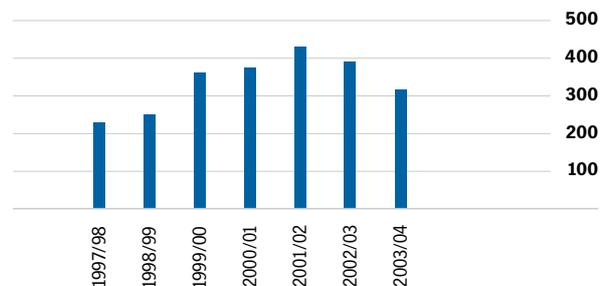
The research and development activities conducted during fiscal year 2003/2004 were strongly affected by drupa, which took place in May 2004: over 90 percent of the total R&D expenditures amounting to € 317 million was directly related to new and enhanced products. No fewer than 260 new patents were applied for in fiscal year 2003/2004, and this figure does not include activities in the NexPress joint venture.

The efficiency of the company's research and development activities was increased further, R&D sites were combined, synergies were tapped to a greater extent, and work efficiency was additionally boosted by investing in information technologies.

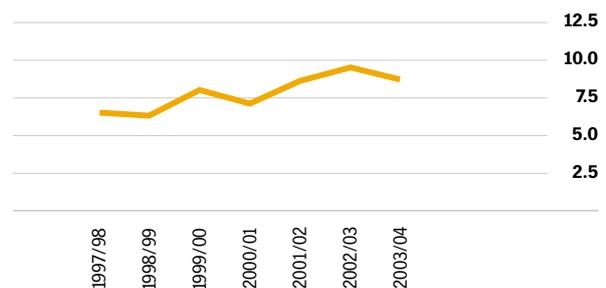
Patent applications



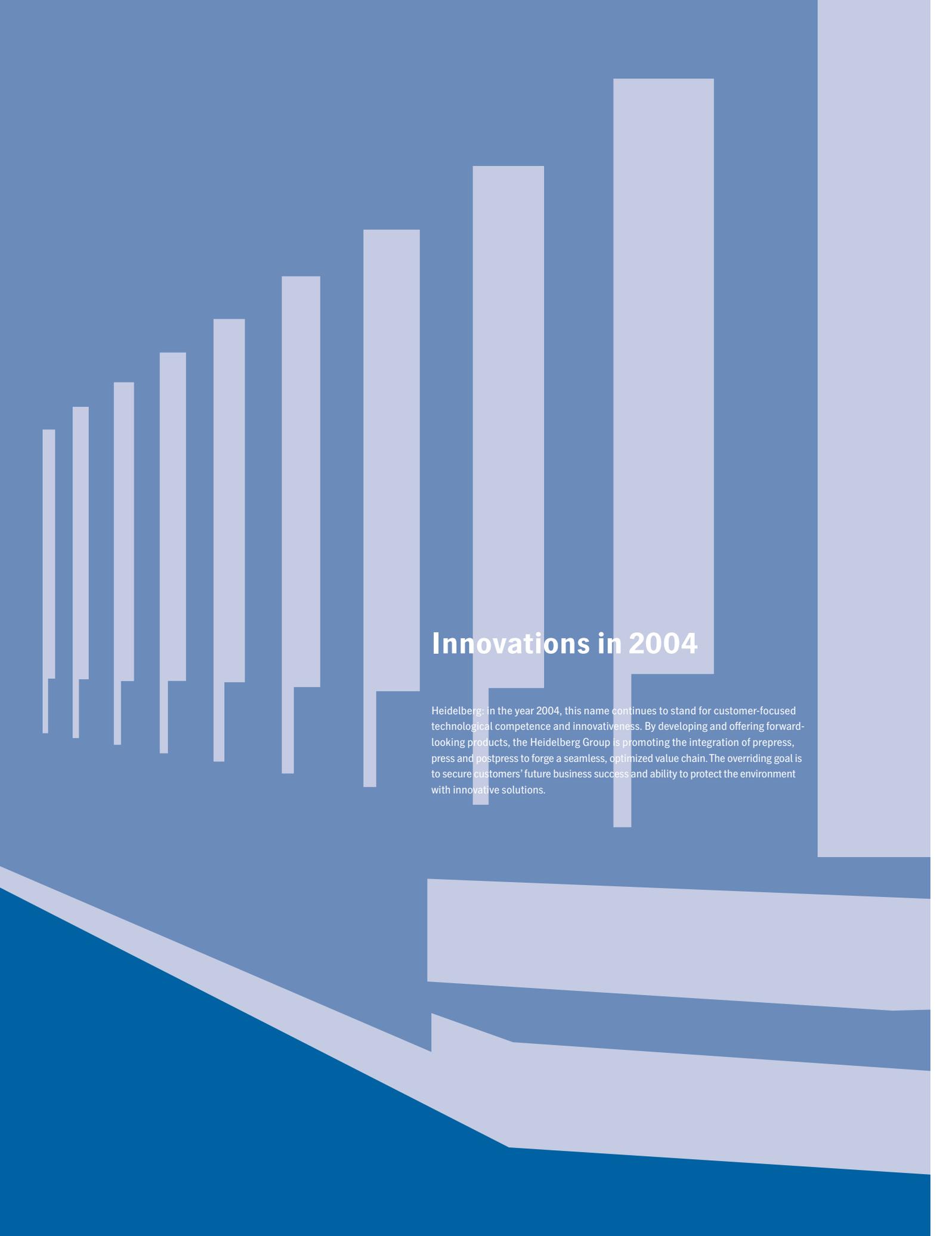
R&D expenditures mill. €



R&D ratio percent







Innovations in 2004

Heidelberg: in the year 2004, this name continues to stand for customer-focused technological competence and innovativeness. By developing and offering forward-looking products, the Heidelberg Group is promoting the integration of prepress, press and postpress to forge a seamless, optimized value chain. The overriding goal is to secure customers' future business success and ability to protect the environment with innovative solutions.

Taking the Lead

Particularly during economically difficult times, it is essential for companies to avoid resignation and stagnation. Heidelberg has always had a firm commitment to consistently driving technological progress in the print media industry, even when the general market situation is unfavorable. This means taking new approaches for optimizing processes and developing forward-looking, integrated technologies. While doing so, we strive to enable our customers to achieve their business goals while complying with our responsibility to society.



Not just for the sake of progress...

Heidelberg's R&D activities are aimed at continually developing and enhancing its core technologies and the products based on them. As a solutions provider, the company combines its components to create integrated, highly productive workflows. Efficient technologies and work processes that smoothly "flow" together meet the prerequisites for our customers to master future challenges.

...but also for the markets of the future!

Heidelberg practices innovation not just for the sake of technological progress alone, but first and foremost in the interests of customers. The company keeps its finger on the market's pulse in order to identify present and future customer needs as early as possible. It ascertains which future markets will play important roles. Heidelberg has about 2,000 engineers, technicians and developers around the world who leverage in-depth expertise and great commitment and energy to create new solutions for these markets – for instance, in the fields of offset printing, UV printing, and postpress finishing. By means of comprehensive patent management and systematically optimized innovation processes, Heidelberg is constantly engaged in extending its technological lead. The results also express themselves in impressive figures: at drupa 2004, for example, the Group presented about 30 percent more innovations to customers and other visitors than in 2000, a boom year.

Industrial Print

Intensity and extremely high quality expectations are what characterize competition in today's markets. Heidelberg offers highly integrated technical solutions to give its customers a decisive edge in everything from prepress to finishing – enabling them to face the future with consistently high quality, productivity, and flexibility.



Suprasetter

Heidelberg has now also developed its own thermal, external-drum computer-to-plate imagers: the Suprasetter family. The Suprasetter 74 and 105 offer maximum flexibility in terms of output, level of automation, and plate punching. These models are equipped with a built-in system for fast, precise punching of plates.

Many configurations are possible: manual, fully automated with Single Cassette Loader (SCL), or Multi Cassette Loader (MCL). Plates can be produced not only in the formats required for all Heidelberg presses but also to suit many other equipment makes. The innovative concept of the new laser head (completely developed by Heidelberg) also makes it possible to custom-tailor the output to meet any requirement.

Speedmaster SM 102

The Speedmaster SM 102 has been endowed with a completely new look, in addition to being equipped with Preset Plus feeder and delivery and new jackets for the impression and transfer cylinders. Double-sided coating in one pass was demonstrated live for the first time at drupa 2004 on this press (the "Perfecting Coating Solution"). ▶

Speedmaster CD 74 with Perfecting Capability

The Speedmaster CD 74 features an automatically convertible sheet-reversal system to ensure fully flexible use on half-format work. It is especially well-suited for industrial-scale commercial print shops and packaging printers.

Stitchmaster ST 350

The Stitchmaster ST 350 is the operator-friendly, efficient professional saddlestitcher for a broad range of applications at speeds up to 12,000 cycles/hour. For efficient monitoring of costs, production data can be digitally captured at the ST 350 and automatically relayed via CIP3/PPF to management software for follow-up costing.



Packaging

Packaging not only carries products, but also communicates brands. Unusual customer wishes and demanding designs call for innovative, flexible production methods. Heidelberg packaging solutions support the professional production of folding cartons with economically and environmentally optimized performance profiles.



Dymatrix 106 CSB

The new Dymatrix 106 CSB high-performance system diecuts, embosses and scores paper at speeds of up to 9,000 sheets an hour. It speeds up the makeready process and enables easy, precise setup with a high level of operator convenience.



Speedmaster XL 105

The Speedmaster XL 105 sets new standards in the highly industrialized offset printing sector and extends Heidelberg's product portfolio in the 70x100 cm (40-inch) format class. With its high level of automation and top production speed of 18,000 sheets per hour, it attains new dimensions of productivity, quality, and cost-effectiveness. An ingenious new system for contactless sheet guidance and coating innovations make it possible to boost output by 30 percent or more.

The new, integrated Hycolor inking and dampening system makes sure that every print job is produced in high quality while conserving resources. The new Multi Loader System permits motorized changing of the screen rollers to dramatically reduce makeready times. Other innovative solutions including Autoplate Advanced for simple plate changing in precise register let printing operations work even more cost-effectively.

Commercial Print

Heidelberg also supports small and medium-sized commercial printers with innovative technology and solution modules that optimally meet actual needs. A broad product portfolio fulfills all wishes and opens up new opportunities in the market: flexible, capacity-oriented, economical in A3 and A2 format, and uncompromising in terms of quality.



Prosetter Family

The Prosetter series is now available with the Multi Cassette Loader, which substantially increases the productivity of the overall configuration: with a single Prosetter, an operator can image plates in up to four different formats for several hours without changing the cassettes.

Stahlfolder TH/KH

Sales of the new Stahlfolder TH/KH generation of folding machines began at drupa 2004. TH stands for buckle folding machines, which are available in three widths: 56, 66 and 82 cm. The combination KH machines come in widths of 56, 66 and 78 cm. All of these machines are characterized by fast makeready enabled by diverse automation components and enhanced efficiency, which results from comprehensive integration into the workflow. The new TH/KH generation of folding machines is therefore ideally suited for small to medium-sized print shops, industrial printers, and finishing specialists.

Speedmaster SM 52-8-P

The Speedmaster SM 52 is now also available as an eight-color press with completely redesigned sheet transfer system and extended functionality. This eight-color Speedmaster SM 52 version permits cost-effective production of double-sided (perfecting) jobs with four colors on each side in one pass or application of up to eight colors on one side. Less time required for makeready, less waste, and faster throughput are further benefits. The transfer cylinders have continuous, seamless surfaces and the reversing drum has been redesigned; together, these ensure sheet transport with a minimum of marking and much smoother sheet travel. The tape-type sheet brake with air panels, included as a standard feature, permits solid printing of the front side when perfecting. A link to Prinect integrates the Speedmaster SM 52-8-P into a networked workflow: digital data is exchanged between the production and management systems to increase the efficiency of the press and generate greater returns from the investment.

Prinect

Prinect solutions permit seamless workflow management. The individual solution modules then work together to enable automated print production with integrated and optimized processes. Heidelberg has reorganized its Prinect offerings into three categories: Prinect Production Solutions, Prinect Color Solutions, and Prinect Management Solutions.



Prinect Production Solutions

These days, short runs and last-minute changes are everyday phenomena. That makes it indispensable to make the process as flexible, fast, and reliable as possible. The Prinect Production Solutions are specifically designed to accomplish this. They connect prepress, the pressroom, and finishing.

Prinect Color Solutions

Stable inking, fast achievement of the right colors, and matching colors in proofs and prints – these are just a few of the requirements that printers must meet today.

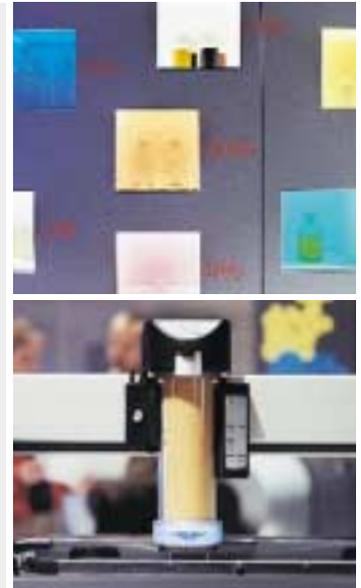
The Prinect Color Solutions provide support for meeting them. They comprise a large number of products and functions for economical production of print jobs with faithful color reproduction in digital workflows. Consequently, they make a major contribution to ensuring consistently top quality, which helps printers compete successfully and keeps their customers coming back for more.

Prinect Management Solutions

The Prinect Management Solutions offer complete capabilities for integrating business processes in the workflow. From pricing across material requirements planning and production data capture to invoicing, shipping and follow-up costing. Only this high degree of transparency makes it possible to consistently manage production according to economic criteria.

Environmental Information Center

Heidelberg supports its customers in responsibly managing resources and inputs in every phase of the print process: harmonized consumables, machines and processes help users work cost-effectively while being friendly to the environment.



Cost-Effectiveness and Environmental Protection

Heidelberg was the only press manufacturer at 2004 to exhibit a cut-away sheetfed offset press to illustrate how it works. In an Environmental Information Center (EIC) that was a considerable improvement on the one at drupa 2000, newly developed peripherals were shown that supply the press with needed inputs while reducing their consumption and energy use. In addition, because the peripherals are integrated in the central control system they are more operator-friendly. The very positive response of visitors showed that they attach great value to this combination of cost-effectiveness and environmental protection.

Inputs

Inks, water, alcohol, dampening solution additives, antisetoff powder, cleaning agent and coatings: Heidelberg showed the typical consumption rates of the materials required for sheetfed offset printing. Information was also provided on how to realize savings potentials.

InkLine

The InkLine system automatically replenishes the ink fountains of Speedmaster presses. The ink level in the fountain is monitored by a sensor and ink added as required. The cartridges are completely emptied, which reduces waste and facilitates work.

Gaining New Momentum!

The drupa 2004 show in Düsseldorf, Germany generated fresh optimism throughout the industry. After a three-year slump, the print media industry is now once again experiencing an upsurge of business. Having invested heavily in new products and technologies, Heidelberg was in a position to encourage customers to invest by exhibiting over 50 customer- and market-oriented innovations. This emphatic “yes” to progress was also rewarded: practical applications and workflows let visitors witness a “networked print shop” first-hand, convincing hundreds of thousands of them of the outstanding benefits inherent in Heidelberg products. More and more customers are coming to see these as the right investments in their own future.



Heidelberg – Innovation – Future

The “new” Heidelberg also impressed customers with its strong strategic commitment to concentrating on solutions for the entire value chain in its core business, sheet offset printing. The result: at drupa alone, orders worth about € 1 billion were taken in.

Heidelberg interprets this confidence in the performance of its products and solutions as confirmation that it has embarked on the right course. The company is conscious of the responsibility to its customers this entails. Heidelberg will therefore continue to invest in the future by playing an even greater role in research and development work for the print media industry.

See You in Heidelberg!

Heidelberg’s fully integratable, innovative products and solutions are the expression of business savvy, technological progress and a high sense of responsibility. With them, the company is paving the way for customers to enter the “networked” future. Heidelberg is already working today on innovations that will lay a firm foundation for continuing to ensure customers’ long-term business success in the second decade of the 21st century as well.

Workforce: Reorientation Completed

Concentrating on Our Core Business

The past months were full of restructuring measures required by Heidelberg's decision to concentrate on its core business. The workforce has shrunk again as a result, from 24,181 to 22,782. This is in line with the trend during the whole last year.

Because of the Group's reorientation, Heidelberg's central functions had to be reorganized, which meant eliminating about 200 jobs at the Heidelberg and Wiesloch sites. The project to move **Prepress** production from Kiel to Wiesloch was finished.

In **Postpress**, the already initiated restructuring process systematically continued. Shedding the business with digital presses also meant closing the site responsible for building digital finishing systems. The Neuss and Mönchengladbach facilities were combined in Mönchengladbach. All of the companies working in the finishing field were merged with Heidelberg Postpress Deutschland GmbH to exploit greater synergies. In all, 170 positions were lost in Postpress (not counting initial workforce consolidations). Because of the decision to discontinue the activities of the **Digital** division, about 830 employees of Digital LLC and NexPress GmbH will be leaving the Group. The companies selling Heidelberg products around the world will also be adjusting their digital sales staff accordingly. The sale of the **Web Systems** division has already been arranged.

Worldwide 22,782 Heidelberg Workers

Numbers of employees
(including persons in training)

Germany 13,492

U.S.A. 2,997

Asia 1,780

France 1,271

Eastern Europe 544

United Kingdom 494

Switzerland 492

Canada 283

Scandinavia 281

Brazil 252

Australia 250

Austria 206

Netherlands 199

Mexico 141

Africa / Middle East 100

Figures on March 31, 2004

Responsibilities

Management Board Chairman:

Bernhard Schreier

Head of Human Resources:

Bernd Lang

Personnel Development:

Dr. Klaus-Dieter Hohn

Data Security Officer:

Martin LeMaire

Occupational Safety and Employee Health:

www.heidelberg.com > **About Us** >
Environment > **Sites**

Contacts concerning the social section
of this report:

Dr. Barbara Endell
Fax +49-6221-92-5309
barbara.endell@heidelberg.com

Flexible Working Hours to Preserve Jobs

In order to adjust capacities to the poor order situation, this year the German production sites continued to utilize the instruments of temporary short hours and overall reduction of the time worked. By reducing both the number of hours worked and pay by 10 percent, it was possible to keep layoffs at a minimum. Where these were unavoidable, workers were terminated in ways designed to minimize hardship. Accompanying measures – such as generous separation packages, offering bonuses to employees willing to work part-time instead, and offers to let them retire early, either entirely or by participating in Heidelberg’s phased retirement plan – reduced the number of essential dismissals. At the Mühlhausen and Kiel sites, an employment and training company was founded to help employees navigate their way back into the labor market.

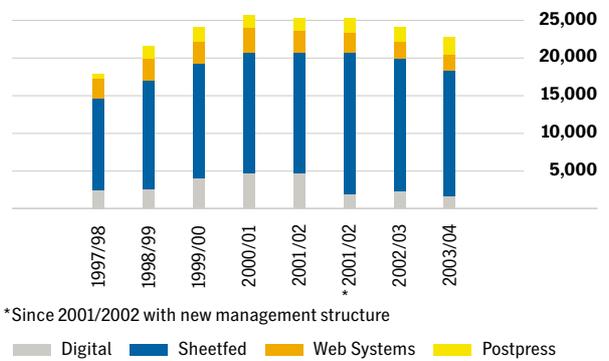
Success Bonus Reduced

During the year under review success-based one-off bonuses for the Heidelberg Group’s employees were considerably reduced, for the first time in many years. Yet Heidelberg remains committed to its personnel and social policies. Another employee stock option program was successfully conducted, with about 90 percent of the entitled members of the German workforce exercising their options. As planned, preparations began in Germany to adjust the remuneration system as called for by collective bargaining agreements. The way for

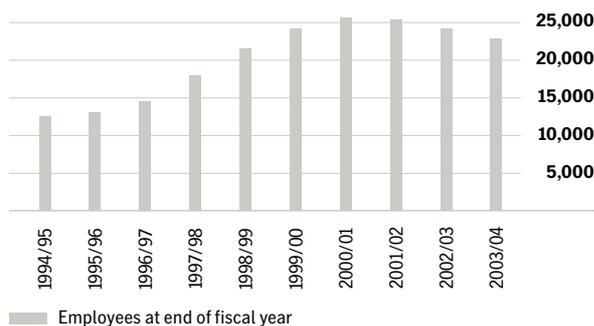
its introduction has already been paved by variable wage and salary models at the Leipzig and Ludwigsburg sites of Postpress.

While the restructuring was going on, the various Heidelberg companies came up with different ideas for motivating employees and improving business processes. In the Asia/Pacific region, for example, executives and staff were provided with a Web-based platform for sharing success stories with coworkers and colleagues, identifying the financial repercussions of implemented projects, and openly expressing praise and recognition.

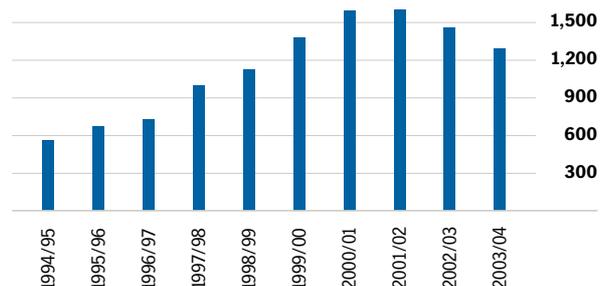
Employees per Division



Size of Workforce



Personnel-Related Expenditures mill. €



Workforce Structure

Women at Heidelberg

Women accounted for 14.5 percent of the workforce of the Heidelberg Group as a whole, or slightly less than in the previous year. At the sites that primarily produce, the figure was far below the average. The Digital division had the largest proportion of women, at 22.2 percent.

Age Breakdown in the Heidelberg Group

The average age of Heidelberg’s employees was 41.0 years at the end of the fiscal year under review. This marks another slight increase, reflecting the company’s reduced hiring rates.

Average Length of Service

The average number of years spent with the company increased from 12 to 12.5 years for the Heidelberg Group as a whole. The sites with the most loyal staff were Mühlhausen and Rochester, where the figures were 21.5 and 20.7 years, respectively.

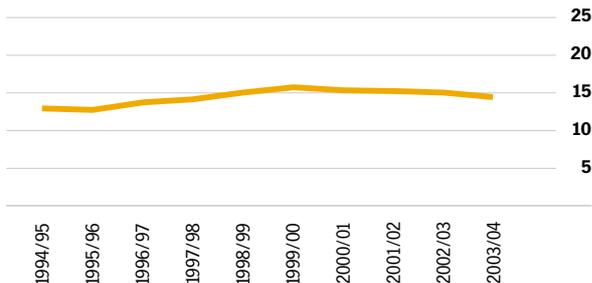
Severely Disadvantaged Persons

German law requires five percent of all job positions in Germany to be reserved for severely disadvantaged persons. At Heidelberger Druckmaschinen AG, now 6.4 percent of the jobs are occupied by severely disadvantaged persons. The company has thus significantly exceeded the legal minimum. Despite this, it also commissions jobs to handicapped workshops.

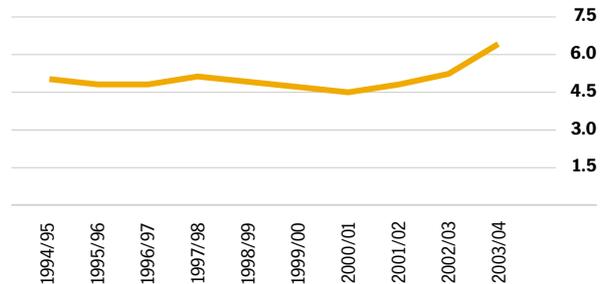
New Working Models

Part-time models had already been actively promoted at various sites during the preceding years, and as a result now 2.3 percent of the global workforce is employed part-time. The next step for creating attractive working conditions will be a plant agreement to promote at-home work (telework) for the German sites. This will let employees combine family and career more easily.

Share of Women Employees percent

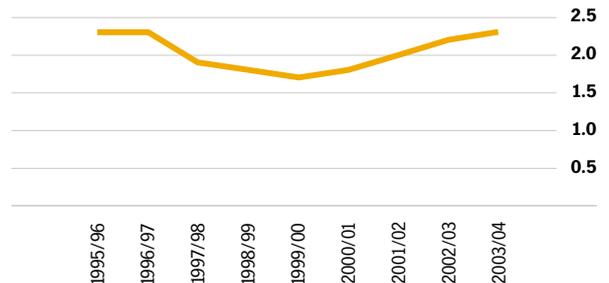


Severely Disadvantaged Employees percent



Heidelberger Druckmaschinen AG only

Part-Time Workers percent



Occupational Safety and Employee Health

Heidelberg has an organizational policy on health and occupational safety to ensure compliance with the safety standards prescribed by law at all German sites. This policy is binding for all managers and staff, who can consult the Intranet to learn about the company's policies and activities relating to occupational safety, as well as about the legal requirements and the stipulations of the accident prevention associations. The company has appointed safety experts and officers at every site to help meet all of the requirements. Right from the planning stage, these work closely with the company medical service, environmental experts, the local employee council, and the responsible authorities and accident prevention associations. There is a standing "Working Group of Safety Experts" for the German sites that provides a forum for exchanging information and coordinating activities.

Instruction to Help Prevent Accidents

As a result of the successful efforts by everyone concerned to continually improve occupational safety and appropriately train employees, reportable accidents at the German sites (defined as accidents that cause employees to miss more than three days of work) have been declining for several years. At the other European sites, accidents causing employees to be absent from work for more than three days have been rising again. Internal statistics show that most accidents are caused by human error, so there are limits on the improvements achievable by investing in equipment. In order to reduce the accident rate further, it is therefore important to concentrate on instructing, coaching, and motivating employees and managers.

The Aims of Occupational Safety:

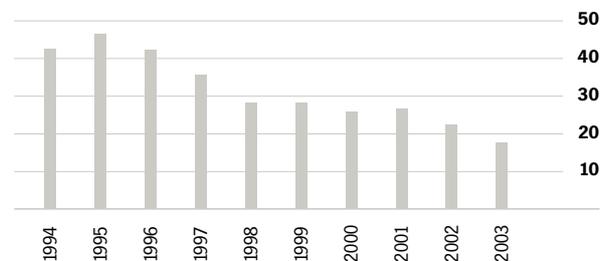
- To improve safety at all workplaces
- To promote the health, well-being, and ability to perform of employees

- To comply with legal requirements
- To practice preventive risk management

These Aims Are Achieved by:

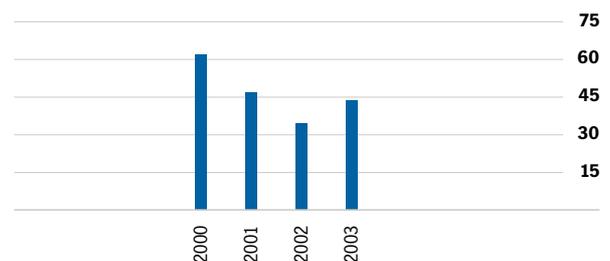
- Providing advice and information to managers, employees, and planners
- Regular, documented workplace inspections and checks
- Training of safety officers, managers, and employees
- Promoting awareness of safety issues
- Liaising with authorities and accident prevention associations

Accidents per 1,000 Employees in Germany



Causing more than three days' absence from work

Accidents per 1,000 Employees in Europe



Causing more than three days' absence from work

Employee Suggestion System

Heidelberg's employees actively contribute to the company's business success by questioning and improving established routines, simplifying complexities, and reducing costs. Around 2,400 submitted ideas were put into practice in fiscal year 2003/2004. This saved the company € 3.67 million, about € 1.2 million of which were due to suggestions received during the year under review. For every suggestion implemented, the person who submitted it received a sweepstakes ticket and, if the idea permitted significant savings, a cash bonus. In June 2004, Heidelberg then held a generous prize drawing among all employees who had successfully submitted suggestions. The main prize, a Smart Roadster, went to an employee who works at the Wiesloch site. A total of € 516,000 were distributed to employees in the form of bonuses.

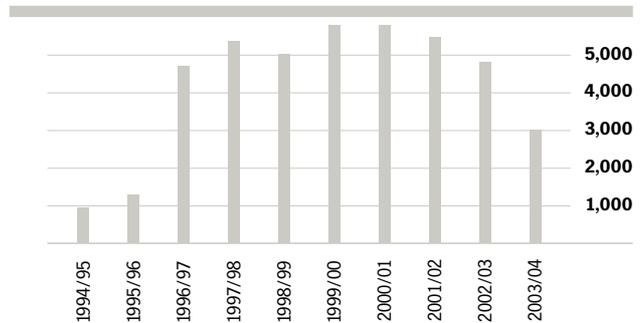


Bernhard Schreier with the main winners at the handover of the Smart Roadster in front of the Print Media Academy in Heidelberg.

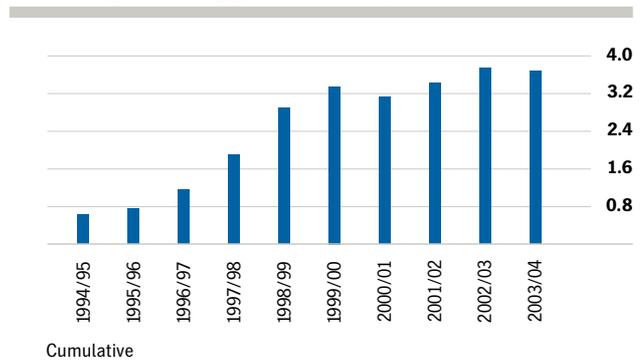
Heidelberg's suggestion system applies the supervisor model, in which each supervisor is responsible for encouraging workers to make suggestions and seeing that these are quickly and unbureaucratically put into practice. Suggestions that fall outside the responsibilities of an employee's direct superior or are likely to generate savings in excess of € 100 are submitted to the company-wide suggestion system, where they are relayed to specialists for appraisal. Speedy evaluation of ideas greatly supports acceptance of the system and its success. It has turned out to be very useful for the appraisers to direct contact those who have submitted suggestions to clear up

any questions fast. In the last fiscal year, 17 percent of all implemented ideas were rewarded with cash bonuses and 59 percent with a sweepstakes ticket. Fewer than a fourth of the submitted suggestions had to be rejected. To motivate all employees to search for ways to make improvements from the start, the suggestion system has also held one-hour courses with small groups to acquaint all trainees and apprentices with Heidelberg's approach to idea management.

Number of suggestions



Savings from suggestions for improvement mill. €



Focus on Employee Development

Extending the Skills Portfolio with New Professions

The print media industry is constantly changing. The company's training programs decisively shape this process of change by teaching new professions that meet the company's future needs. To deal with the associated changes in vocational training, it is also necessary for the trainers to keep educating themselves. A training concept was therefore drawn up for those responsible for training at all relevant German sites. They participate in dedicated projects to learn new learning methods and apply these, and discuss their progress in learning groups, where they share knowledge and experiences and give one another advice.

Self-Reliant Learning

The development of new learning approaches is also making headway. Both an Intranet-based learning portal and theme-oriented programs were designed and implemented. An example was the drupa learning portal, which was specially created to help all Heidelberg employees prepare for the print media industry's most important trade show. Workers around the world utilized the e-learning modules offered there to supplement their classroom instruction and deepen their knowledge about the product innovations and new solutions that were going to be exhibited at drupa 2004.

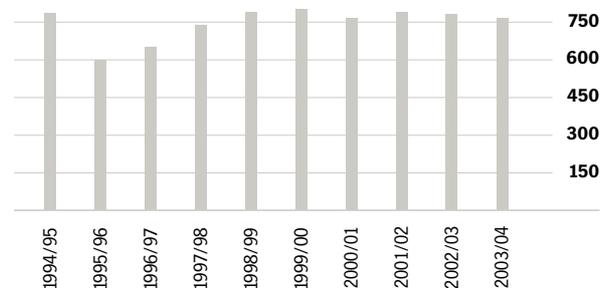
In e-learning, the focus is on independent, self-reliant learning; each individual decides when and how often to take advantage of the available offerings. E-learning is at the cutting edge of Heidelberg's evolving culture of learning, in which actively accepting responsibility for one's own knowledge and abilities plays a central role.

Successful Development Program

The first group of participants has now completed "Demo Consultancy", an international trainee program on how to look after customers in connection with printing

demonstrations, and will now return to their jobs in various countries having learned a great deal. The goal of this 18-month program is to promote talented sales staff outside Germany so they can serve as knowledge multipliers within their companies. They gain practical experience by serving customers who visit Heidelberg from their own countries, and the training is rounded out by regular feedback talks, product instruction, and project work. The next group begins this innovative program in the summer of 2004.

Apprentices, Trainees and Interns



Since 2000/2001 apprentices only

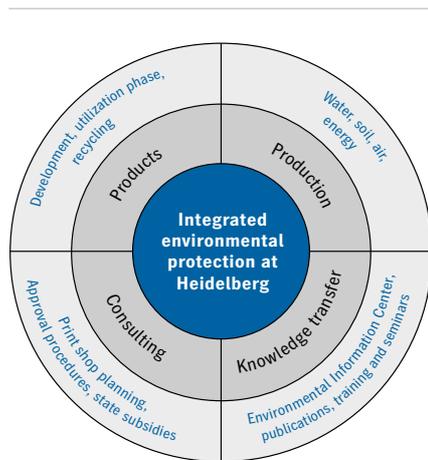
For More Information

www.heidelberg.com > Careers

Environmental Protection at Heidelberg

Heidelberg's Commitment to Sustainability

Applying its sustainability principles, Heidelberg is continually intensifying its efforts to protect the environment at sites and while developing products. Heidelberg's total dedication to environmental protection includes an efficient environmental management system at the sites, consideration of the entire life cycle of products when developing them, extensive environmental consulting, and knowledge transfer. The company also closely monitors legal developments and keeps an eye on requirements that its customers will have to meet in the future.



Heidelberg sells its products worldwide. This means that its equipment must always be supplied to all markets with the same, high standards of quality, product safety, and environmental friendliness. One way this is ensured is by upholding the principles listed on the next page. They make it clear how closely environmental protection, occupational safety, and product safety interact – both at the production sites and when developing Heidelberg products.

Clear Organizational Structures

High-level responsibility for environmental protection in the entire Heidelberg Group rests with the chairman of the management board, Bernhard Schreier. He is supported in this by Senior Environmental Officer Dr. Jürgen Kern. In addition, there is a network of environmental officers at the sites and a network of product-specific environmental managers, whose coordinators also report to the management board chairman.

Each site has a manager whose job includes communicating in Heidelberg's name with local authorities and the local public about environmental issues; the environmental officers report to them. At the German sites, in compliance with legal requirements there are officers for waste, pollution prevention, water conservation, hazardous materials, laser safety, and/or radiation hazards, whose names are reported to the responsible authorities.

Responsibilities

Senior Environmental Officer:

Dr. Jürgen Kern
 Fax +49-6221-92-3329
juergen.kern@heidelberg.com

Environmental Management Officer
 for Sheetfed:

Thomas Reisemann
 Fax +49-6221-92-6369
thomas.reisemann@heidelberg.com

Ecological Product Development:

Ingrid Amon-Tran
 Fax +49-6221-92-3329
ingrid.amon-tran@heidelberg.com

Environmental officers at the sites:

www.heidelberg.com > [About Us](#) >
[Environment](#) > [Sites](#)

Principles and Policies

Heidelberg has established the basis for successful efforts to protect the environment and ensure occupational safety by introducing in 1993 and revising in 2004 its

Guideline for environmental protection, occupational safety and product safety.

1. Our activities are based on the model of sustainable development and the principle of continual improvement. With regard to our products, we are therefore committed to identifying and implementing safely operable, cost-effective, environmentally compatible and socially responsible solutions over their entire life cycle, from manufacture to disposal. Environmental aspects and product safety are an integral part of our systematic product development process. We shall strive to actively involve our suppliers and business partners in our efforts to achieve this aim.
 2. We implement official requirements, laws and regulations at all Heidelberg sites. Our products meet all the legal requirements laid down in the markets where we are active. Internally, we use the best available technology for occupational safety and environmental protection when putting new investment into our sites and product development. When implementing all these measures, we go above and beyond the legal requirements insofar as this is expedient and cost-effective.
 3. Our aim is to safeguard our employees against health hazards and to reduce the potential for impairment of the environment at and around our sites. We are committed to actively preventing accidents and emergency situations at all our sites.
 4. We are continually improving occupational safety and environmental protection as well as the environmental compatibility and safety of our products.
- Wherever feasible, we are committed to conserving resources and to taking advantage of opportunities for recycling and minimizing waste production.
5. In conjunction with employees, management develops and agrees on the required objectives regarding occupational safety and environmental protection and regularly reviews the implementation of the measures resulting from them.
 6. We need responsibly minded employees at all levels who actively help to put our occupational safety and environmental protection principles into practice. Through appropriate information and training, we help employees to play an active role in occupational safety and environmental protection and to implement corresponding measures.
 7. We shall pursue an open dialog and strive to actively share information with the responsible authorities, shareholders, the public and everyone else involved in the life cycle of our products. We are committed to providing support to our customers on the environmentally compatible and safe operation of Heidelberg products through training and information.

Policies on Practical Implementation of Occupational Safety and Environmental Protection

The Heidelberg Group's occupational safety and environmental protection activities are governed by corporate policies. There are policies on topics including environmental management, occupational safety and employee health, management of emergencies, risk management, product life cycle management, human resources management, and selection of suppliers. The guideline on suppliers makes an important contribution to environmentally oriented procurement of top-quality parts, and a development guideline supports the design of environmentally friendly, safely operable equipment.

Production and Development Sites

Ever since the first environmental report was issued in 1993, Heidelberg has been working intensively to capture environmentally relevant data at all production and development sites. For the period under review, it was possible to gather and assess data from 21 sites. The site-specific data is available on the Internet at www.heidelberg.com > About Us > Environment > Sites

Environmental Management Systems

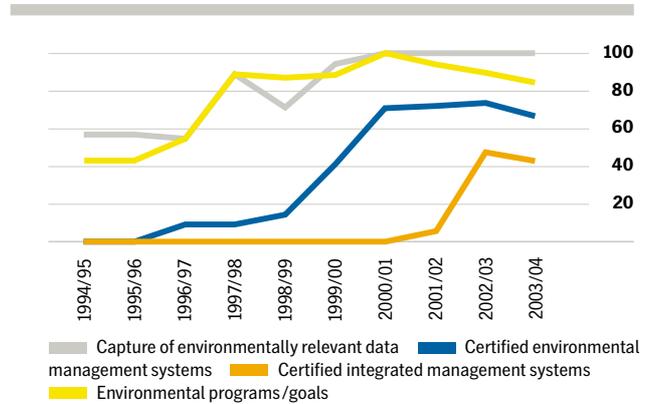
In the last fiscal year, 14 of the 21 sites had environmental management systems certified as complying with ISO 14001. These included all of the large sites with more than 500 workers (for an implementation rate of 66.7 percent). Nine of the 21 sites used certified, integrated management systems (implementation rate: 42.9 percent). More than 84 percent of the sites had their own environmental programs or environmental goals. In other words, the percentage of environmentally certified sites had declined since the previous year; this was because the sites acquired in early 2003 from Jagenberg AG, which are included in this report for the first time, had not yet been certified. The Mühlhausen site of Heidelberg Digital Finishing GmbH returned its environmental management certificate to the German Society for

the Certification of Management Systems (DQS) at the end of the year under review, because it is being closed down.

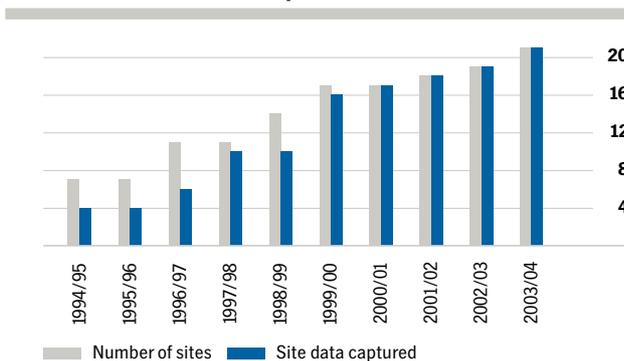
Space Utilization

The total amount of space used at all production and development sites increased slightly as a result of the former Jagenberg sites joining the Heidelberg Group. Buildings continue to occupy less than 40 percent. Of the site premises, 2.5 square kilometers have vegetation growing on them, and 8,000 square meters of roofs are also planted.

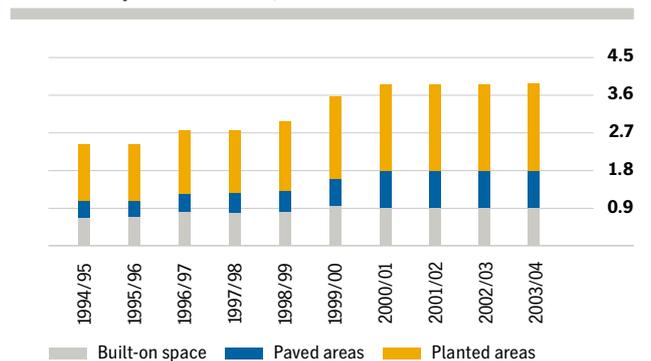
Production and Development Sites (Implementation levels) percent



Production and Development Sites



Space Utilization of All Production and Development Sites square kilometer



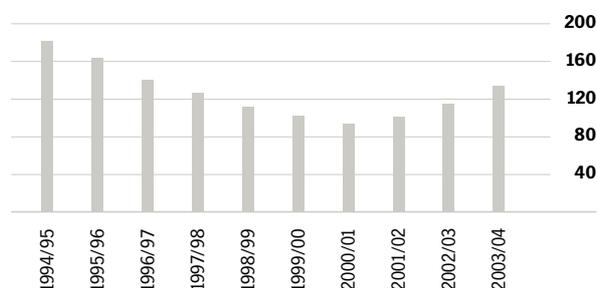
Energy Consumption at Heidelberg's Sites

In absolute terms, the energy consumption of Heidelberg's production and development sites has remained nearly constant over the last four fiscal years at a volume of about 500 GWh per year – although the number of sites has changed. The Dayton site (with about 300 employees; the site has since been shut down) was still included for the first two of these years, but was no longer considered for determining energy consumption after that. In the third year, data on the Eksjö, St. Gallen, and Langgöns-Oberkleen sites (together employing about 570) was included, and they were joined in the last fiscal year by Mönchengladbach and Nové Mesto (these five sites now have a total workforce of about 950). The overall number of sites has grown over the last four years, but the number of employees at the considered sites and their product output have decreased.

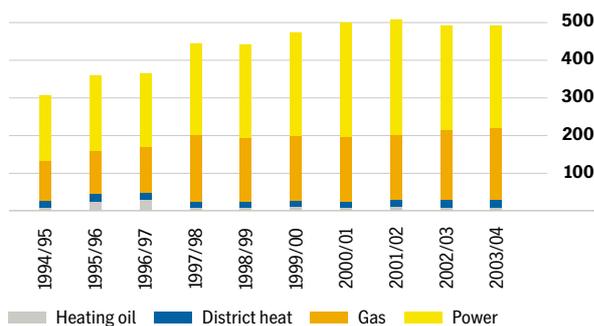
Consequently, it is more informative to compare specific (relative) energy consumption. This reveals that energy consumption per € million of sales increased by 16 percent in fiscal year 2002/2003 (sales were down by 16.6 percent), and in the last fiscal year energy consumption rose by another 13 percent (sales declined by 13.3 percent). Energy consumption for metric ton of output rose in 2002/2003 by 28 percent (reflecting a 25 percent decline

in product output) and increased in fiscal year 2003/2004 by another 14.5 percent (while product output dropped by 12 percent).

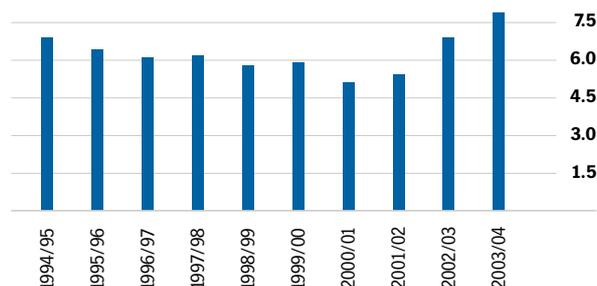
Energy Consumption per € Million of Sales MWh/a



Energy Consumption by Type GWh/a



Energy Consumption per Metric Ton of Output MWh/a



Water Consumption at Heidelberg's Sites

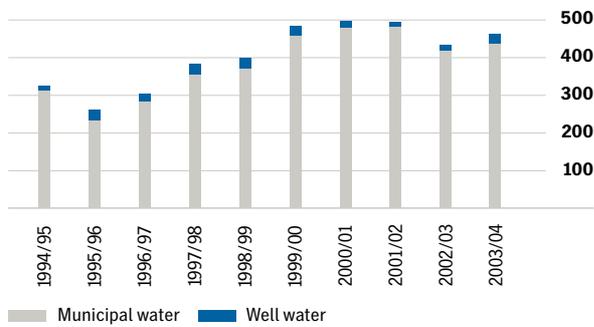
Water consumption at the production and development sites increased during the fiscal year under review by 6.6 percent. This rise was mostly due to the long, hot summer that Central Europe experienced in 2003, during which considerably more water was needed to irrigate the outdoor grounds. At the Heidelberg site, nearly 80 percent more well water was used on the grounds and roof gardens. However, the amount of wastewater requiring disposal only increased negligibly.

Relative to sales or product output, water consumption also increased during the last two fiscal years reviewed.

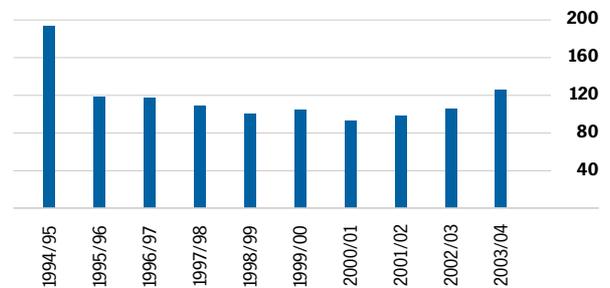
Consumption of water per € million of sales rose by about 5 percent (against a 16.6 percent decline in sales) in fiscal year 2002/2003, and in fiscal year 2004/2005 by around 20 percent (while sales went down by 13.3 percent).

Water consumption per metric ton of output climbed by about 10 percent in 2002/2003 (produce output fell by about 25 percent) and in fiscal year 2003/2004 by more than 30 percent (product output decreased by 12 percent). The relative share of sanitary water increased over the last ten years from 50 to 60 percent.

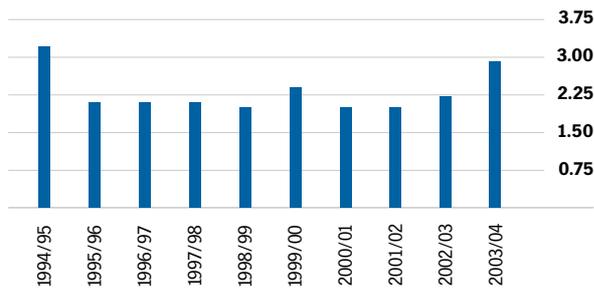
Water Consumption thou. cubic meter



Water Consumption per € Million of Sales cubic meter

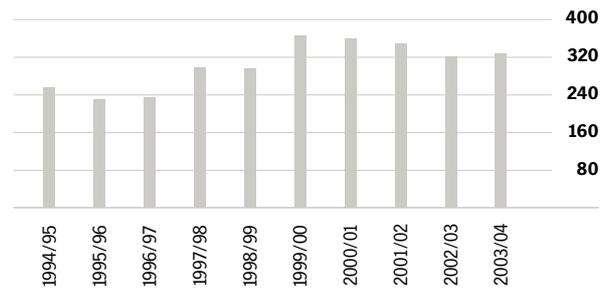


Water Consumption per Metric Ton of Output cubic meter



Without sanitary water

Wastewater thou. cubic meter



Development of Product Output

The company’s output of products dropped markedly in the last fiscal year for the second time in a row. There are signs of a trend reversal, however: after falling by 25 percent in fiscal year 2002/2003, the production volume fell more slowly in fiscal year 2003/2004, by only around 12 percent (sales were down by 13.3 percent). The decline in product output as measured in terms of weight was mainly due to reduced production of sheetfed offset presses at the Wiesloch site. Two years ago that facility still turned out 15,032 printing units, but the figure last year was just 9,601.

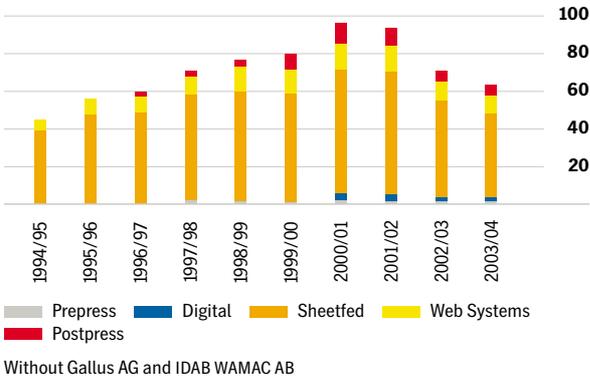
Sheetfed has accounted for over 70 percent of total output for three years now – in terms of both weight and sales.

Not included in product output expressed as weight (but included in the sales figures) are the products of Gallus AG and IDAB WAMAC AB. So far only the numbers of these products have been captured.

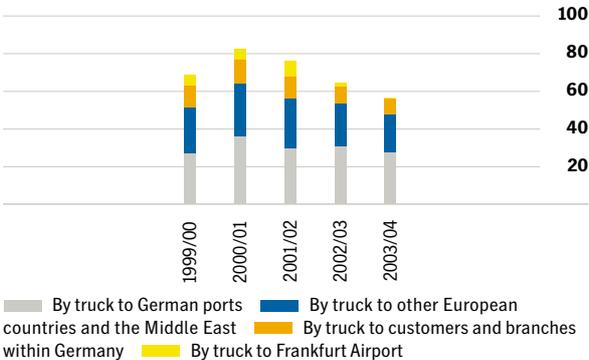
Figures on the outputs of the individual Heidelberg sites are available on the Internet at:

www.heidelberg.com > About Us > Environment > Sites

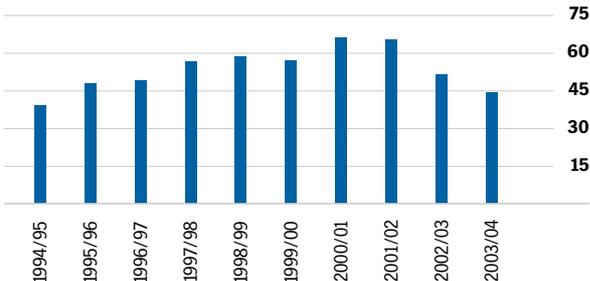
Product Output thou. metric tons



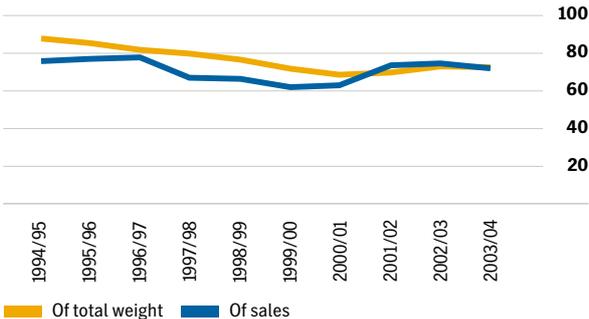
Transport of Sheetfed Offset Presses thou. metric tons



Output of Sheetfed Offset Presses thou. metric tons



Share of Sheetfed in Total Output percent



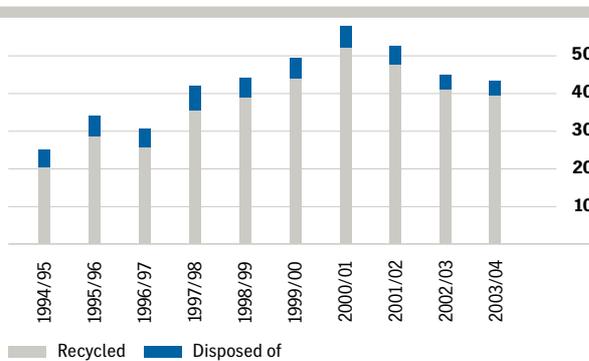
Waste Volumes at Heidelberg's Sites

The recycling rate at the Heidelberg Group's production and development sites increased steadily during the ten-year period under review, and has been at more than 90 percent for four years now.

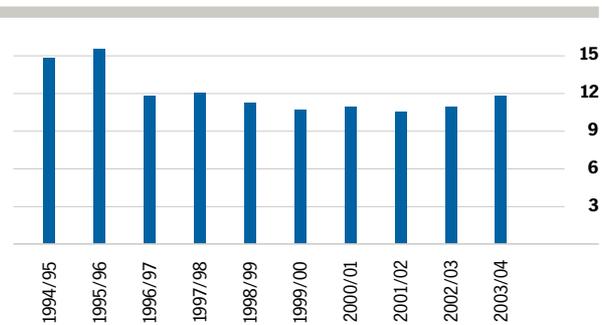
The waste volumes have declined in absolute terms since 2000/2001, but relative to sales and product output they increased during the last two fiscal years. The waste volume per € million of sales rose in fiscal year 2002/2003 by about 4 percent (while sales decreased by 16.6 percent) and in the 2003/2004 fiscal year by around 8 percent (contrasted with a sales decline of 13.3 percent).

The amount of waste produced per metric ton of output climbed by about 14 percent in 2002/2003 (when product output dipped by about 25 percent) and by nearly 10 percent in fiscal year 2003/2004 (while product output declined by 12 percent). With 0.7 metric ton of waste per metric ton of product output, last year the waste volume reached the highest level of the last decade.

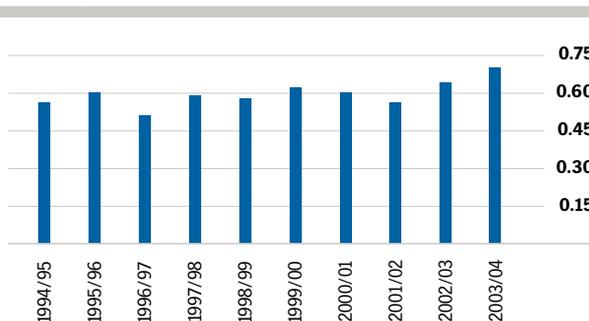
Waste thou. metric tons



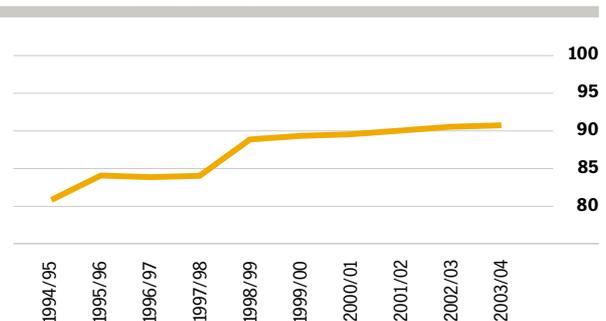
Waste per € Million of Sales metric tons



Waste per Metric Ton of Output metric tons



Waste Recycling Rate percent



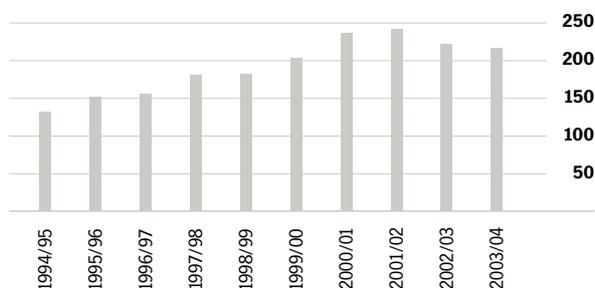
Emissions at Heidelberg's Sites

The CO₂, SO₂ and NO_x emissions of the production and development sites were calculated from energy consumption. The figures include both direct emissions (from burning gas and heating oil) and indirect emissions (associated with the use of electric power and district heat). For information on the sources for the emission factor definitions and site data, please visit www.heidelberg.com > **About Us > Environment > Sites**

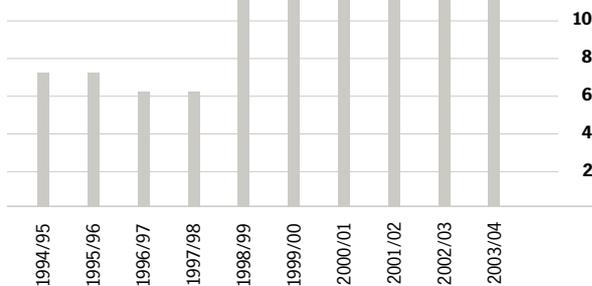
The dust emission rates of the Amstetten site were measured and total volumes calculated based on the waste air flows. 78 percent of the VOC emissions were given off at the Sheetfed sites in Wiesloch and Amstetten. They fell by about seven percent as a result of reduced production (product output: Wiesloch – 13.3 percent, Amstetten – 5.5 percent).

Now that the corresponding laws have been passed in Germany, emissions trading is free to begin on January 1, 2005. Heidelberg is making preparations for this at the affected sites, Amstetten and Wiesloch.

CO₂ Emissions (direct and indirect) thou. metric tons

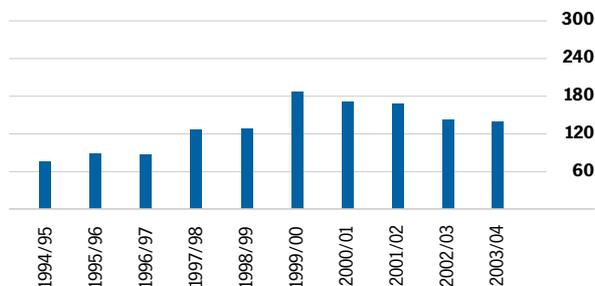


Dust Emissions (Amstetten Site) metric tons

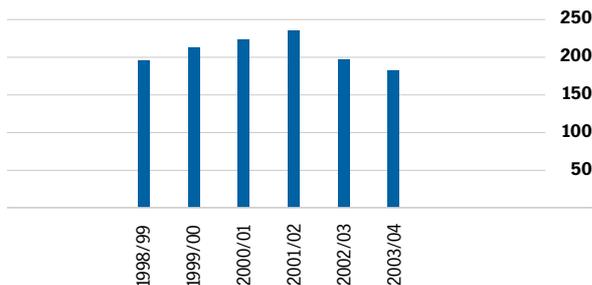


Only relevant here

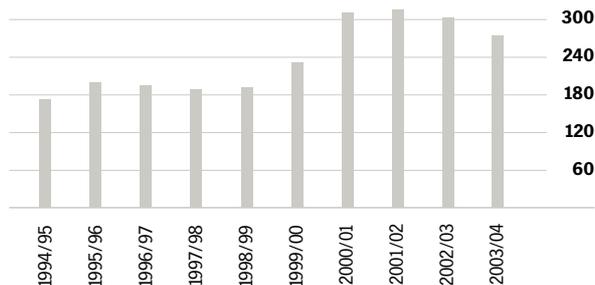
SO₂ Emissions (direct and indirect) metric tons



VOC Emissions metric tons



NO_x Emissions (direct and indirect) metric tons



Environmental Certificates and Awards

Heidelberg had already received the “**emission-tested**” press certificate from the German Accident Prevention Association for the Printing and Allied Trades for the Speedmaster SM 102 back in 2001 at the TPG trade show in Paris. Now this certificate has also been awarded to the Speedmaster versions for UV printing: the CD 74 UV and CD 102 UV. The certificate is how the Association confirms that these Speedmasters reliably keep emissions of alcohol (IPA), cleaning agent, dust, ink spray and noise below the legally prescribed maximum levels on a long-term basis. Specifically, this “long-term reliable compliance” means that the emissions are less than a tenth of the ceilings imposed by law (based on the maximum workplace concentrations in force in Germany; similar limits exist in many other countries, however).



At the opening of the Environmental Information Center in Heidelberg, Albrecht Glöckle (left) of the German Accident Prevention Association for the Printing and Allied Trades presented Dr. Klaus Spiegel with the world's first “optimized UV printing” certificate.

The best guarantee of reliable and safe UV technology is the “**optimized UV printing**” certificate. It implements the demands of the UV Protocol, which is widely acknowledged in the print media industry. This protocol stipulates how a press should be equipped to enable risk-free UV operation. Accordingly, the certificate designates a UV press that is optimally equipped to minimize health hazards, protect the environment, and ensure the operator's safety. It includes the “emission-tested” press certificate and goes beyond the legal requirements and currently available technology.

With the Speedmaster CD 74 UV and the CD 120 UV, Heidelberg is the world's first press manufacturer to succeed in complying with the demanding requirements of the UV Protocol. This new environmental certificate makes Heidelberg customers more eligible for financial assistance and provides full information in case local authorities make inquiries about health hazards, product safety or the environmental compatibility of a press.

Equipment Package for the “Optimized UV Printing” Certificate

Customers can obtain the certificate if they install the following options on their UV presses:

- **UV Preparation** (a set of factory-installed components that enable UV printing)
- **Automatic washup system** to minimize skin contact and maximize productivity
- **InstantStart UV** to reduce waits without compromising safe operation
- **CombiStar** inking system temperature control to maintain constant printing conditions



- **AlcoSmart** for precise alcohol measurement or **IPASonic** to reduce alcohol emissions
- Effective filtration of dampening solution, for instance with the new **Softflow** filter
- **Suction removal of ink spray** at each printing unit to reduce ink spray emissions
- **Suction removal of odors** at the delivery to reduce emissions from UV ink and substrates
- **DryStar UV dryer** with integrated, effective suction removal of ozone
- Automatic ink feed with **InkLine** to maximize productivity while preventing waste and reducing skin contact
- **Ink agitator** (integrated in InkLine) for constant inking and less spray
- **Water cooling** of the peripherals to reduce drafts and noticeably save energy and costs

International Awards for Gallus AG

Gallus Ferd. Ruesch AG, of which Heidelberg owns 30 percent, adds substantial value to its label printing presses by developing them according to environmental criteria:

- **Environmental compatibility:** Compliance with the legal environmental requirements lets label printers avoid additional investments in technical solutions (end-of-pipe solutions), deal much better with the authorities, reduce monitoring requirements, and save on maintenance and operating costs.
- **Resource efficiency:** Consuming less of the resources of electric power and printing stocks lastingly reduces operating costs.
- **Environmental costs:** The costs of disposing of waste paper and problematic materials like ink residues and cleaning solution diminish.

The Gallus Group’s environmental orientation won it two major international awards in 2003:

- **TLMI Environmental Leadership Award:** The pan-American association of label printers, the Tag & Label Manufacturers Institute, Inc., honored the contribution that Gallus had made to protecting the environment while meeting business requirements as well.
- **FTA Environmental Excellence Award:** The Flexographic Technical Association with its headquarters in New York has been the leading technical organization for the flexographic printing industry since 1958. Each year the FTA singles out a company for its pioneering achievements in the field of environmental protection. In 2004 it was Gallus Ferd. Ruesch AG.



Goal Achievement in Fiscal Year 2003/2004

Heidelberg, Germany

Energy savings:

- New software was installed and integrated to optimize the air conditioning systems.
- Cooling on hot summer nights was optimized; now accumulated heat in the buildings is channeled outdoors at night during the summer months.

Promotion of the environmental compatibility of products:

- The efforts to reduce IPA consumption of the Speedmaster 74 DI reached market maturity.
- Circuit boards made without lead are now being studied to determine their long-term reliability and estimate the cost of converting production processes for them. The plans call for both aspects to be completed by December 2004.
- The project to increase the output of UV drying lamps by 30 to 50 percent by inerting with gaseous nitrogen was not completed as planned.
- New software for the Quickmaster DI 46-4 to permit format-independent feeding of plates was successfully implemented on schedule. The number of imagings per reel can now be increased from 36 to 50.

Wiesloch, Germany

Energy savings:

- The energy consumption of the systems for supplying compressed air was optimized. Efforts are continually ongoing to introduce further improvements here.
- To reduce the energy consumption of computer equipment and systems, their basic data was captured and suitable measures identified. Now a new equipment generation has made it necessary to supplement the data and adjust the measures. The new completion date has been set for March 2005.

Waste avoidance and recycling:

- The requirements of the new German regulation on industrial waste were complied with.

Emissions:

- The requirements of the new German VOC regulation were met. The affected areas were identified, the solvent management plan prepared and communicated to the responsible authority on time.

Occupational safety:

- The Occupational Safety and Environmental Protection departments were combined.

Amstetten, Germany

Introduction of energy and material flow management:

- The material and energy flows in the foundry were systematically captured and then evaluated applying economic and environmental criteria. The aims were to optimize the use of resources in production, reduce environmental burdens, lower costs, and thus increase the cost-effectiveness of the foundry.

Creation of a measurement and testing directory:

- All of the legally required tests, measurements and checks for the Amstetten site were collected in a database. This achieved greater transparency and provided a better basis for contracting outside service providers.

Occupational safety:

- The occupational safety management system was improved to comply with the stipulations of OSHAS18001. The aim is for it to be ready for certification in March 2005.
- Safer loading of cast parts into trucks and vans was organized. This will be integrated into the management system by October 2004.

Brandenburg, Germany

Material savings:

- The oil-changing intervals for machine tools were optimized.

Occupational safety:

- The range of protective gloves in use was checked and new gloves introduced. Practical tests of other gloves are being carried out.
- Risk analyses were carried out in all departments.

Ludwigsburg, Germany

- The planned harmonization of environmental rules for the Ludwigsburg and Mühlhausen sites was rendered unnecessary by the imminent closure of the Mühlhausen site.

Leipzig, Germany

Implementation of an environmental management system:

- The implementation of a certifiable environmental management system and integration of it into an overall quality, safety and environmental management system will not be possible until the 2004/2005 fiscal year. The current situation was internally audited in July 2003.

Handling of hazardous goods and materials:

- The requirements of the new German regulation on road transport of hazardous goods and materials were met. Compliance was ensured by drawing up a process description and providing instruction to the affected individuals.

Energy savings:

- While carrying out necessary repairs on the heating system, environmental aspects were also checked. A new boiler has improved energy efficiency by about 10 percent while reducing pollutant emissions.

Site improvement:

- Work to redo the floor in Hall 410 was completed.

Promotion of the environmental compatibility of products:

- The new 1203 saddlestitcher (now called the ST 350) was assessed to determine its environmental compatibility. This was done within the scope of the ongoing Quality Gate process.

Mühlhausen, Germany

Further development of the environmental management system:

- Because the planned Ludwigsburg-Pflugfelden site will not be built after all, it will not be necessary to adjust and improve the integrated management system of Mühlhausen to meet the new site's requirements.

St. Gallen, Switzerland

Energy savings:

- On-site heat generation was modernized. The resulting energy saving will amount to between five and seven percent. The new flexible control technology holds additional savings potential.

Promotion of the environmental compatibility of products:

- The project "energy-saving UV systems" was continued. Now it is possible to greatly increase the speed of screen printing without changing the output of the UV lamps.

Occupational safety:

- The planned courses for employees to raise the standard of occupational safety were held; further courses are planned.

Sidney, Ohio, United States

Waste avoidance and recycling:

- The planned reduction in waste requiring disposal was not achieved.
- Paintshop waste was reduced as planned by optimizing processes.

Goals and Measures for Fiscal Year 2004/2005

Sheetfed Sites

The five sites of the Sheetfed division (Heidelberg, Wiesloch, Amstetten, Brandenburg, Kiel, all Germany) are currently preparing a five-year program with environmental protection and occupational safety goals. The individual goals, measures and completion dates will have been identified and adopted by the end of September. The topics to be addressed have already been defined:

Five-Year Program

Observation and meeting of legal requirements and external and internal specifications

- Products:
 - Substitution of other materials for lead, cadmium, chromium (VI), mercury, PBDE and PBB in electronic components
 - Labeling of press parts that contain hazardous substances
 - Noise reduction
 - Preparation of disposal instructions for printing presses
 - Introduction of life cycle assessments for new developments
- Sites:
 - Compliance with the new German VOC regulation
 - Cleanup of polluted ground
 - Compliance with the German regulation on plant safety
 - Preparations for emissions trading
 - Investigation of renewable energy sources
- Monitoring of trends in environmental law and assessment of their consequences for the company
- Increased efforts to identify customer needs

Optimization and standardization of processes and products

- Processes:
 - Introduction of a common system for managing hazardous materials
 - Integration of suppliers and service providers in the management system
 - Reduction of the consumption of office supplies
- Products:
 - Systematic reduction of environmental impacts
 - Extended cooperation with suppliers

Further development of the management system

- Integration of environmental protection and occupational safety (at the operative level and in the management system)
- More transparent and efficient organization of environmental protection and occupational safety activities
- Promotion of the environmental expertise and awareness of employees

Postpress Sites

Ludwigsburg, Germany

- Installation of a roof over the disposal area to prevent water pollution more effectively by the end of 2004.
- Installation of a new heating oil tank by August 2004.
- Removal of the former phosphating system and if necessary soil cleanup by August 2004.

Leipzig, Germany

- Implementation of the standard stipulations of ISO 14001/9001 to enable the certification of the integrated management system "Quality – Safety – Environment", which is planned for October 2004.
- Performance of an environmental product review of the ST 350 saddlestitcher, within the scope of the Quality Gate process, by August 2004.
- Floor improvement and installation of energy-efficient lamps in one of the former machining halls by August 2004.

Mönchengladbach, Germany

- Preparation of common waste statistics as a result of the merger of the Neuss and Mönchengladbach sites by December 2004.
- Installation of a roof over the disposal area to prevent water pollution more effectively by July 2004.

Nové Mesto, Slovakia

- Gradual replacement of the old machine tools, which are prone to leakage, by 2007.
- Investigation of the possibility of expanding and/or renovating the paintshop and the surface treatment shop by October 2004.

Eksjö, Sweden

- Reduction of energy consumption (district heat and electric power) by 20 percent by March 2006.
- Improvement of occupational safety by remodeling the materials warehouse by August 2004.

Gallus Sites

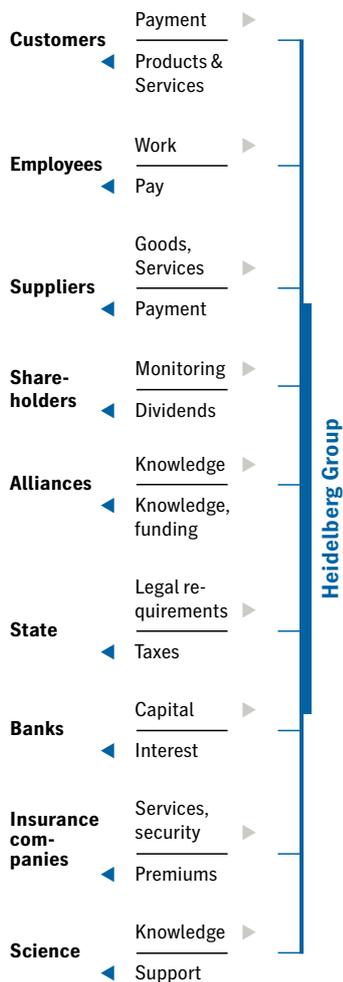
St. Gallen, Switzerland

- Minimization of wasteful energy losses from the compressed air network by December 2004.
- Improvement of the performance and energy efficiency of the hot-air dryers on presses by December 2004.
- Replacement of the entire fire alarm system and surveillance of all buildings by December 2004.

Langgöns-Oberkleen, Germany

- Creation of a database for capturing waste types, costs and disposal modes by September 2004.

Heidelberg and Its Stakeholders



Dialog with All Stakeholders

For Heidelberg, sustainably doing business while conducting a dialog with its stakeholders is essential for ensuring the company's future success. The company utilizes a large set of instruments for intensively exchanging information with its many stakeholders, which include customers, employees, suppliers, shareholders, banks, insurance companies, other organizations with which it is collaborating in alliances, the state, and scientists:

- By publishing a **sustainability report** each year (the first was in 2001), Heidelberg provides all groups of stakeholders with an overview of its activities relevant to environmental protection, economics (business), and social responsibility. The reports are geared to the requirements stipulated by the guidelines of the Global Reporting Initiative for sustainability reports. At the German Environmental Reporting Awards of the German Association of Business Auditors, Heidelberg's 2002/2003 report was among the four best reports in the category "Best Sustainability Report".

- The **Internal Communication** department has set itself the task of informing all Heidelberg employees worldwide quickly, fully and credibly. This is done in writing (with the "Heidelberg Post", the newsletter for the company's workforce), electronically (with the "Heidelberg Daily News" bulletins), and – as far as possible – also personally (e. g., at "fireside talks" and via the "Management Board Hotline").

- Heidelberg's **sponsoring and donation** activities are for complying with the company's responsibility to society. Heidelberg focuses its promotional activities in the areas of social services, education and culture. The greatest attention is paid to promoting younger workers and supporting innovative educational projects, for which Heidelberg contributes know-how, equipment or money.

- The **Print Media Academy** in Heidelberg regards itself as a center for training, communication and knowledge. It is the hub of a global network that meanwhile comprises Academies in eight different countries. This network offers workers in the print media industry and employees a broad curriculum of courses for continuing to extend their knowledge and skills and participating in knowledge transfer within the industry. The offerings of the Print Media Academy form part of the Heidelberg philosophy of actively shaping the sector's future.

- **Knowledge transfer:** For exchanging knowledge and opinions, Heidelberg is involved in many regional, national, European and global associations and working groups. With publications – for instance, the brochures of the "Printing and the Environment" series – Heidelberg keeps interested individuals apprised

of new technological advances in the print media industry. At drupa 2004, the 11th Printing and the Environment brochure appeared, with the title “Environmental Protection at Heidelberg”. By participating in collaborative projects, alliances and venture capital funds, Heidelberg secures its access to knowledge of relevance to the company’s future evolution.

More detailed information on the topics of “environmental communication”, “internal communication”, “sponsoring”, “Print Media Academy”, and “knowledge transfer” can be found in the 2002/2003 Sustainability Report on pages 16 and 32 to 36.

Special Free Edition of the “World of Print Media” Software for Secondary School and College-Level Students



All future specialists and managers in the print media industry now have the opportunity to take advantage of the interactive learning software “World of Print Media” to acquaint themselves with the many areas and facets of printing.

This initiative by Heidelberger Druckmaschinen Vertrieb Deutschland GmbH in cooperation with the Print Media Academy addresses students in the field of print and media. They can obtain a special edition of this software for learning on their own free of charge from Heidelberg. The software explains and illustrates technical complexities with numerous diagrams, flow charts, animations and video sequences, which turn the DVD into a comprehensive information and reference work. It is distributed by graphic arts vocational schools; interested individuals should talk to their teachers, coaches or professors.

Advanced Teacher Training Seminar at the Print Media Academy

These days everyone is talking about networked print shops, and many new innovations were also on display at drupa 2004. To keep teachers up to speed, the Print Media Academy held a two-day seminar on the topic of workflow six times during the year under review. With this free offering, the Print Media Academy is actively supporting continuing teacher education.

100 Years of the Johannes Gutenberg School in Stuttgart

What began as a bookbinding school has developed over the course of its 100-year history into a center for printing and communication. Today the Johannes Gutenberg School is the largest graphics arts training institution in Germany, covering nearly all professions involved in media production.

For More Information

Print Media Academy:

www.print-media-academy.com

Johannes-Gutenberg-Schule Stuttgart:

www.jgs-stuttgart.de

Heidelberg promotes this institution in many ways: by selling its machines at specially reduced prices, by funding scholarships, promotional programs, joint teaching units, internships, practical semesters and graduation theses, and training and information trips to Heidelberg.

Twenty-two different Heidelberg products are used every day at the Johannes Gutenberg School. To celebrate the school's hundredth anniversary, a two-color Speedmaster SM 74 with high-pile delivery was installed.

New Training Centers in Kabul and Teheran

Since January 2004, Heidelberger Druckmaschinen AG has also been represented in Kabul, Afghanistan with a training center for press operators and prepress users. On about 300 square meters of space, the company offers prepress courses, teaches the use of various printing presses and finishing machines, and provides instruction in a mechanical workshop with a welding shop, lathes and other machine tools.

Heidelberg is the first manufacturer serving the print media industry to set up its own organization in Afghanistan for locally offering products and solutions. The training center is situated on the grounds of the Heidelberg Afghanistan sales company, which was established in April 2003. Heidelberg wishes to support the Afghan print media industry in regaining its feet; after 23 years of war, not much was left of it.

In Iran, Heidelberg's local business partner – Iran Rotative – opened a new showroom and a training center. The training is in Karaj near Teheran and offers courses and training opportunities developed by the Print Media Academy in Cairo. Iran is the Middle Eastern market in which Heidelberg sees the largest growth prospects.

Learning for a Future Worth Living

Patio 13, an international education project, is making enormous strides. Every week a group of Colombian and German student teachers give instruction in reading, writing, arithmetic and science to large numbers of children in the slums of Medellín. The German-Colombian project team developed special teaching methods for street children that were incorporated in to the curriculum of the teacher training programs in Copacabana and at the University of Antioquia a year ago. All 25 of the openings for students were taken right away. The project recently finished preparing a learning DVD containing extensive instruction materials for Colombia and Germany.

Heidelberg has been supporting the innovative educational project since it began in 2001. For more information, please visit www.patio13.de



Heidelberg is the first manufacturer serving the print media industry to set up its own organization in Afghanistan to offer products and solutions locally.



In the printing workshop, street children learn to read and write the aid of printing technology.

Questionnaire & Order Form

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**Heidelberger Druckmaschinen
Aktiengesellschaft
Environment Communication
Speyerer Strasse 4
69115 Heidelberg, Germany**

HEIDELBERG

Publishing Information

Publisher

Heidelberger Druckmaschinen AG
Corporate Communications

Project Leader

Dr. Jürgen Kern

Consulting, Production Coordination

H.-J. Dietz, Kelkheim

We are grateful to all of the colleagues and coworkers who helped prepare this report.

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Heidelberger Druckmaschinen
Aktiengesellschaft
Kurfuersten-Anlage 52 – 60
69115 Heidelberg, Germany
Phone +49-6221-92-00
Fax +49-6221-92-6999
www.heidelberg.com
environment@heidelberg.com

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and with Heidelberg technology.
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Printed in Germany.

**The 2003/2004 Sustainability Report
is also available in German.**

**On the Internet you will find it at
www.heidelberg.com > About Us >
Environment**

Concept, Coordination, Writing and Editing

Heidelberger Druckmaschinen AG
Environment Communication

English Translation

Greg Woods, Sandhausen

Design Concept

Designerwerk, Frankfurt am Main

Text Processing

Medienbüro Wirtschaftsboulevard,
Frankfurt am Main

Photographs

Lossen Fotografie, Heidelberg
Archives of Heidelberger
Druckmaschinen AG

DTP

medienhaus:frankfurt GmbH,
Frankfurt am Main

Typefaces

Heidelberg Antiqua and Gothic styles
from the Linotype Library

Prepress

Koch Lichtsatz und Scan GmbH,
Wiesbaden

Printing

Color-Druck, Leimen

Stocks

Cover: Invercote Creato matte,
from Iggesund.
Inside pages: BVS matte, from Scheufelen.
Made completely without chlorine (TCF)
from woodfree pulp, matte-coated.

This report has been drawn up based on the **Guidelines for Sustainability Reports of the Global Reporting Initiative (GRI) of June 2002**. The goal of the GRI is to internationally harmonize corporate reporting on business, environmental and social aspects in order to drive responsible decision-making. For this purpose, the GRI enters into an open dialog with all concerned groups to develop guidelines for sustainability reports that can continue to be applied. The GRI has neither verified the contents of this report, nor has it taken any stand on the reliability of the information provided. For more information on the GRI, please visit **www.globalreporting.org**

The writing of this report was completed on July 5, 2004.

The last sustainability report appeared in September 2003.

The next sustainability report will appear in September 2005.

1994/95 1995/96 1996/97 1997/98 1998/99 1999/00 2000/01 2001/02 2002/03 2003/04

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

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