

KOENIG & BAUER



Q1 2024

7 May 2024

Dr Andreas Pleßke, CEO
Dr Stephen Kimmich, CFO

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Koenig & Bauer at a Glance

// 01 Business Performance at a Glance

- Koenig & Bauer entered 2024 on a cautious note in an extremely challenging market environment and announces further details of the “Spotlight” focus programme.

// 02 News & Highlights

- Under the “Spotlight” focus programme, Koenig & Bauer is working on measures to enhance revenue in profitable areas and on efforts to restructure areas that are currently not profitable. Much depends on the impetus generated during and after the world’s leading trade fair drupa, which is taking place again for the first time after an eight-year hiatus.
- “Spotlight” focus programme particularly aims at enhancing earnings and efficiency in the Digital & Webfed and Special segments and requires governance adjustments.
- Further “Spotlight” measures are planned for Group-wide projects and at the Holding.

// 03 Q1 Figures 2024

- As expected, Group revenue of €253.2m and EBIT of €-10.2m lower than in the previous year in a challenging market environment.

// 04 Segment Report

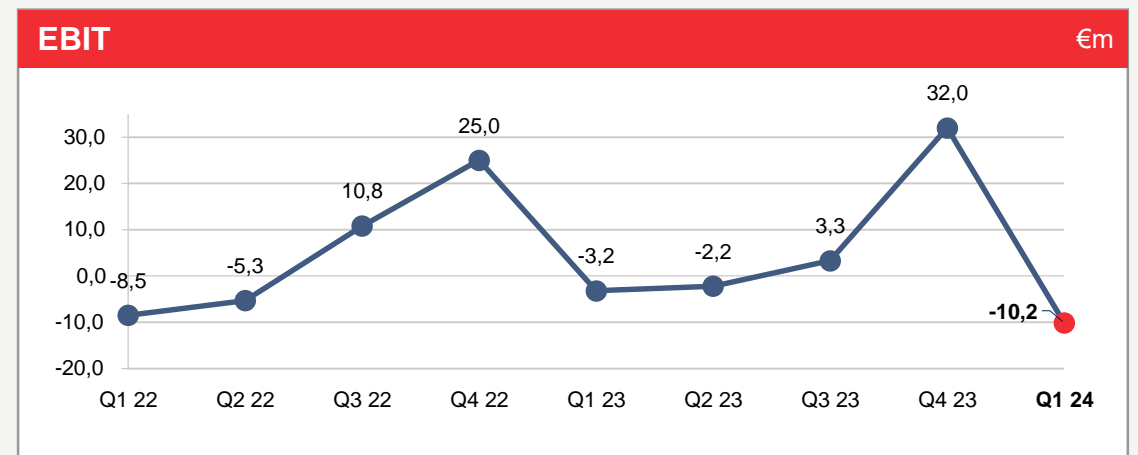
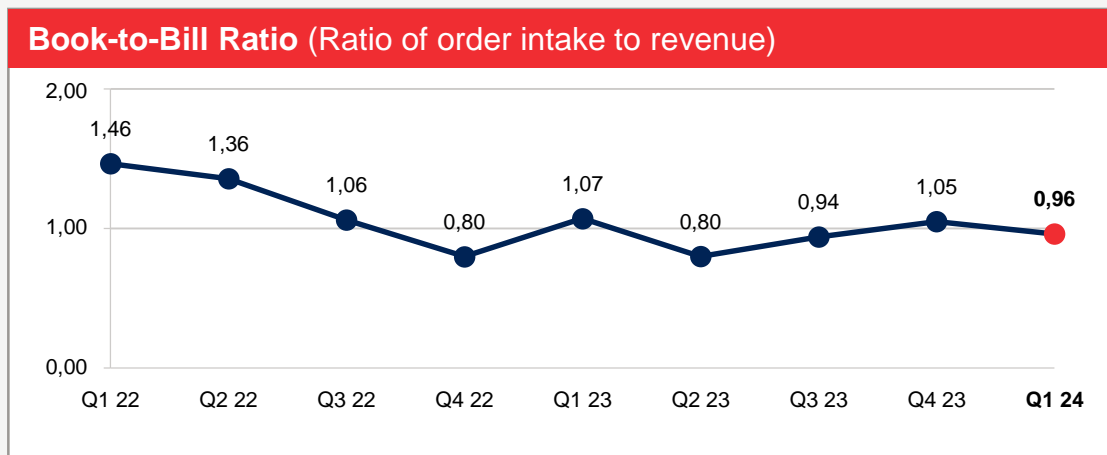
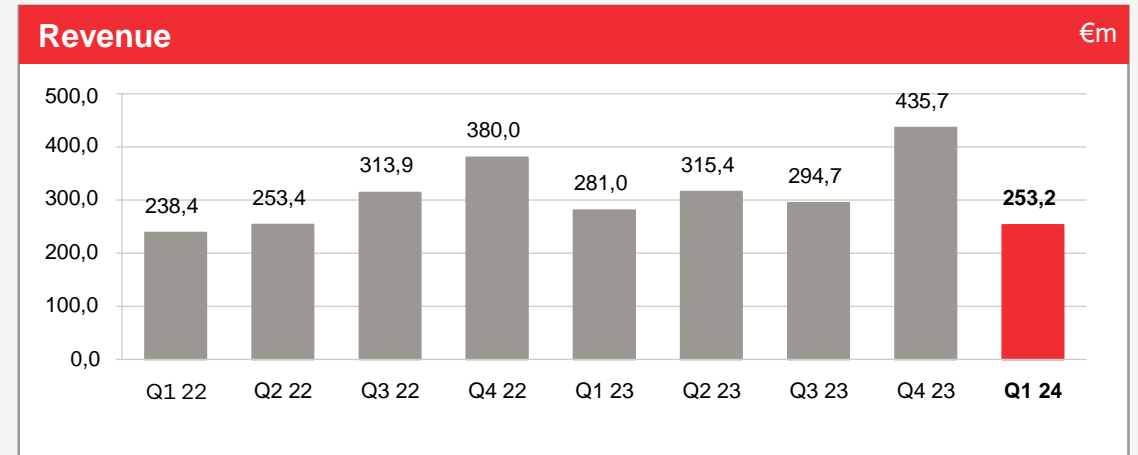
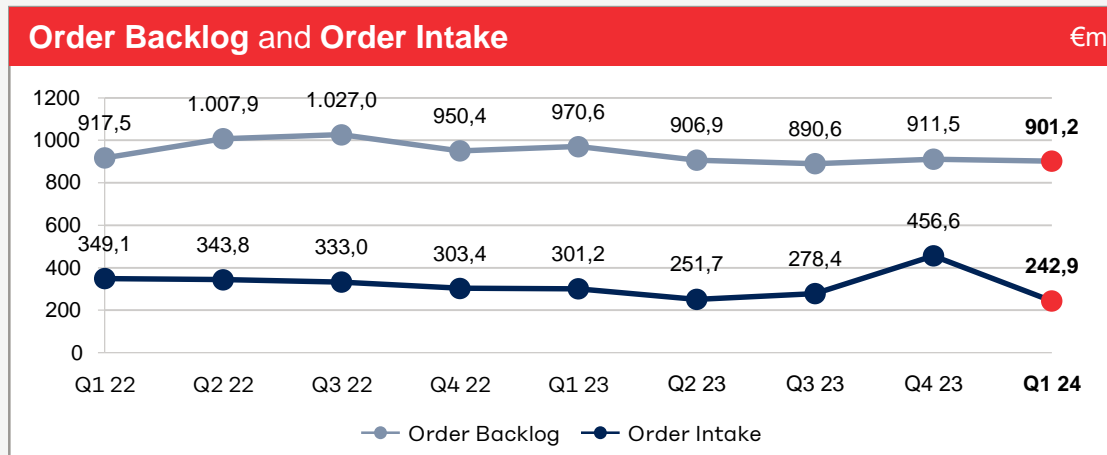
- Sheetfed with an encouraging sequential improvement in order intake, Digital & Webfed with a slight increase in revenue, Special set to benefit from a very high order backlog as the year continues.

// 05 Forecast & Key Messages

- Outlook for 2024 confirmed: operating EBIT margin and revenue stable at the previous year’s level; “Spotlight” will also help the Group achieve its EBIT margin target of 6–7% by 2026 on Group revenue of €1.5bn.

// 01 Business Performance at a Glance

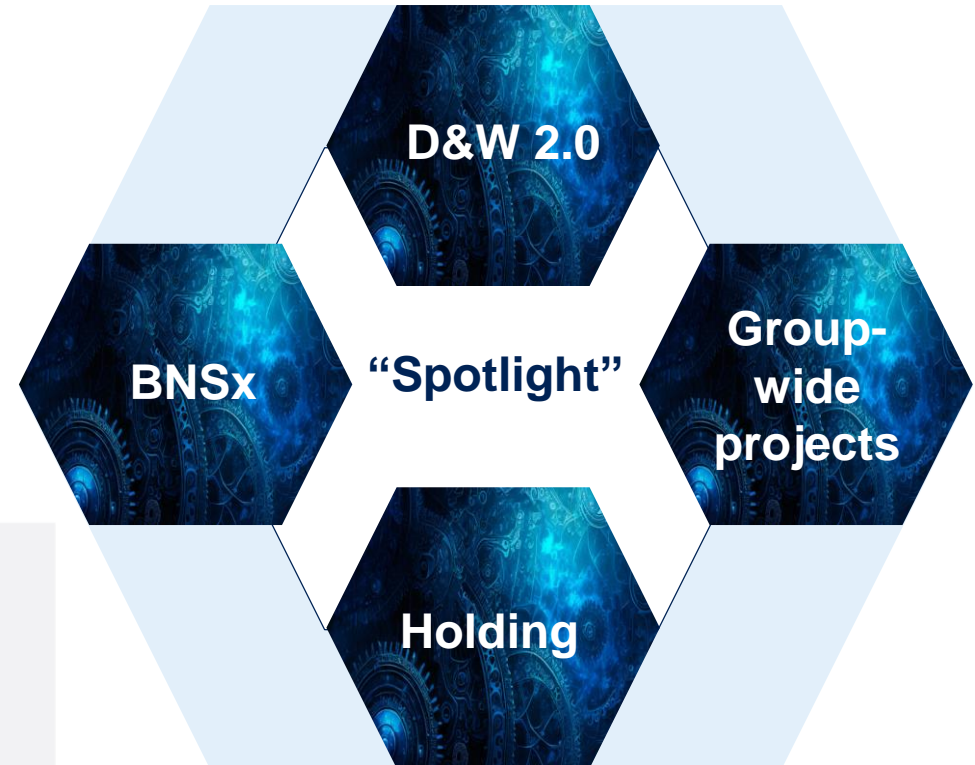
Placing the first quarter of 2024 in the big picture



// 02 News & Highlights

Koenig & Bauer announcing further details of the “Spotlight” focus programme

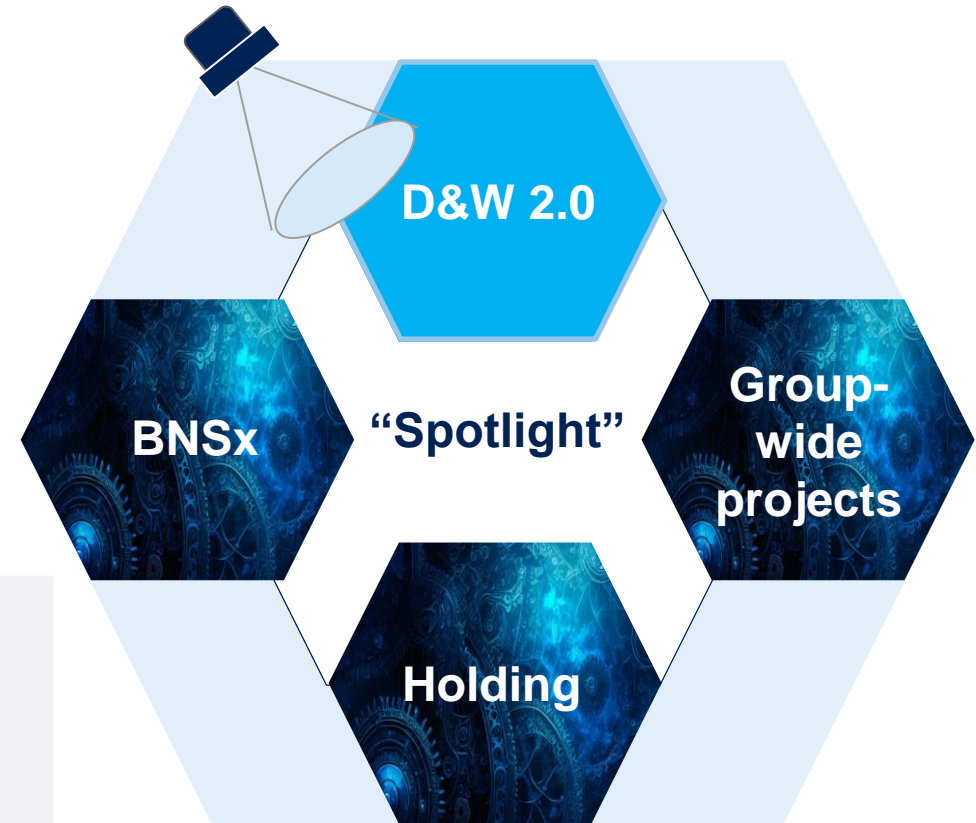
- Under the **“Spotlight” focus programme**, Koenig & Bauer is working on **measures to enhance revenue in profitable areas** and on **efforts to restructure areas that are currently not profitable**. Much depends on the **impetus** generated during and after the **world’s leading trade fair drupa**, which is taking place again for the first time after an eight-year hiatus.
- There is a **particular need for action** in the **Digital & Webfed and Special segments** to harness the **strong potential for improving earnings** that they offer and **require governance adjustments**.
- Koenig & Bauer is working on the **“D&W 2.0” optimisation and earnings-enhancement project** as well as the **“BNSx” excellence project** under “Spotlight”.
- Further “Spotlight” measures are planned for **Group-wide projects** and at the **Holding**.



// 02 News & Highlights

With “D&W 2.0”, Koenig & Bauer is addressing the ongoing loss situation

- **By reviewing organizational, structural, and operational measures to safeguard earnings opportunities in the growth markets** for flexible packaging, digital printing, and corrugated board, the company is **addressing the ongoing loss situation** in the Digital & Webfed segment.
- The **main focus** is on **eliminating trailing and start-up costs** for new product launches in the digital and corrugated board sector as well as on **streamlining and reconfiguring value-adding and non-value-adding** structures and processes in the segment.
- Systematic implementation of “**D&W 2.0**” is being driven forward directly at the Management Board level and requires **governance adjustments** at the segment level.
 - The CEO, **Dr Andreas Pleßke**, will be overseeing the “D&W 2.0” optimisation and earnings-enhancement project.
 - As the Management Board member responsible for Digital & Webfed, **Christoph Müller**, will concentrate to a greater extent on sales, service and strategic partnerships.



// 02 News & Highlights

“BNSx” excellence project in the Special segment

- In his additional role as the Management Board member responsible for the Special segment, which he assumed on 1 April 2024, **Dr Stephen Kimmich**, Chief Financial Officer and Deputy Chief Executive Officer, will lead the **“BNSx” efficiency and earnings-enhancement project** as a further key component of the “Spotlight” project.
- The focus is on **implementing packages of measures to increase profitability and earnings** in order to **return the Special segment to its original above-average performance in the long term**.
- Following the completion of major R&D projects, the **“BNSx”** project with the Koenig & Bauer Group's clear commitment to the banknote market aims to **optimise the operational value-creation structures** at the site in Mödling (Austria) and the **overall responsibility of the business unit** in Lausanne (Switzerland), as well as various **support and specialist functions** in Würzburg
- In addition, **further measures are to be adopted to accelerate the successful market launch** of the **technologies** developed in the Special segment over the past five years and to **scale** these accordingly.



// 02 News & Highlights

Further “Spotlight” measures for Group-wide projects and at the Holding

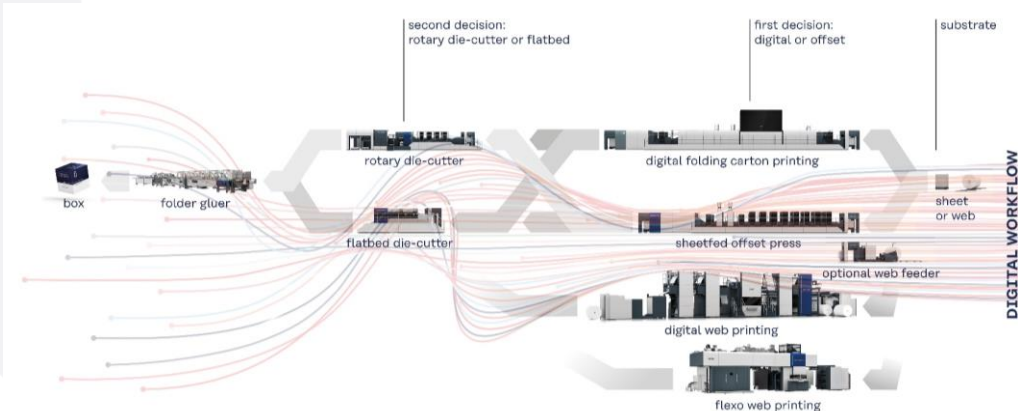
- By **re-prioritizing Group-wide projects and initiatives**, the Group expects to generate **savings in external services**, for example.
- **Internal resources that become available** are being allocated to projects and initiatives that are critical to operations and have an impact on earnings.
- At the **Holding**, there are plans to address the inflation-induced increases in personnel and material costs by **adopting a package of efficiency measures** and to **generally optimise central administrative structures**.



// 02 News & Highlights

Sheetfed segment: focus on successful go-to-market strategy

- At the world's largest **industry trade fair drupa** (28 May – 7 June 2024, in Düsseldorf), the Sheetfed segment will be showcasing a wide range of technical innovations for the **end-to-end packaging workflow – from prepress to printing and from punching to folding-box bonding.**



- All the presses presented at drupa – a Rapida 106 X, the VariJET 106 digital folding-box printing press, a CutPRO X 106 rotary die-cutter, a CutPRO Q 106 SB flat-bed die-cutter and an Omega Alius 90 folding-box gluer – come equipped with the **latest features**. These **boost performance** by **at least 20%** compared to earlier generations, thus setting the benchmarks in folding-box production once again. **Presented to the general public here for the first time, digital innovations** in the packaging workflow will also **play a central role**.
- With the **sequential recovery in order intake** in the Sheetfed segment since the third quarter of 2023 and the **roll-out of these new features**, **Koenig & Bauer expects a significant improvement in earnings in the second half of 2024 as well as in 2025.**

// 02 News & Highlights

“Spotlight” focus programme also aimed at underpinning the Group’s targets

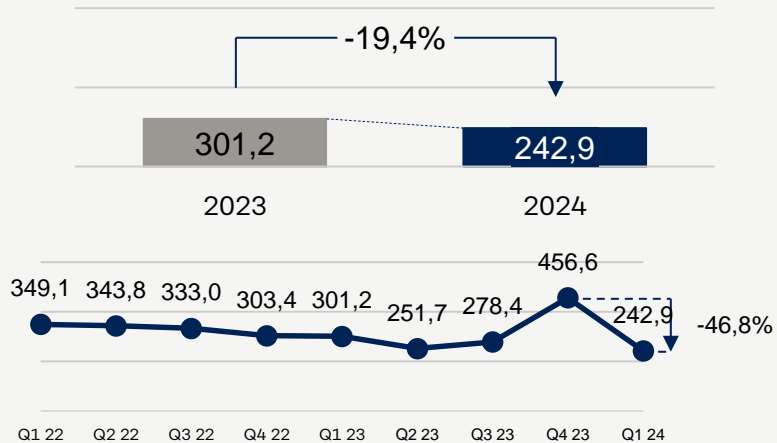
- With the release of further details of the previously announced “Spotlight” focus programme, Koenig & Bauer is following a clear plan to **lead the company out of the current market phase in a stronger position, despite rising costs as a result of delayed inflation-related increases in personnel and material costs.**
- Koenig & Bauer expects to see **significant impetus in the market and in customer investments during and after drupa in June 2024 after an eight-year hiatus.**
- **The “Spotlight” focus programme is to be scaled accordingly on the basis of real post-drupa effects.**
- **The members of the Management Board responsible for the individual segments will be finalising the specific details for implementing the projects and measures described above.**
- With “Spotlight”, Koenig & Bauer is also aiming to **secure the company’s targets of achieving an EBIT margin of 6 – 7% on Group revenue of €1.5bn by 2026.**



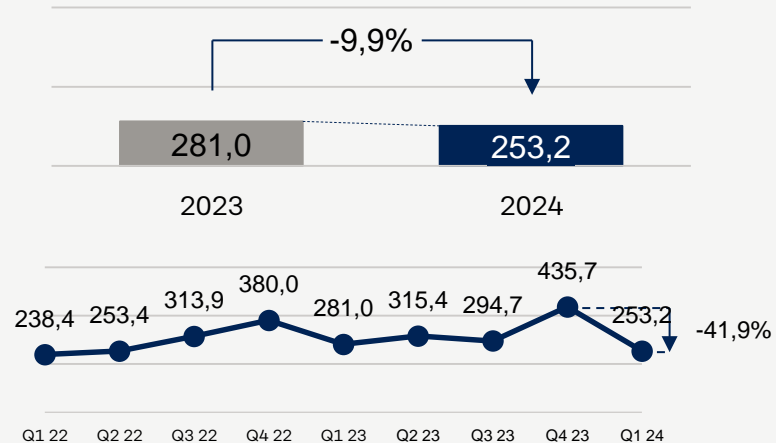
// 03 Q1 Figures 2024

Business Performance in the Group

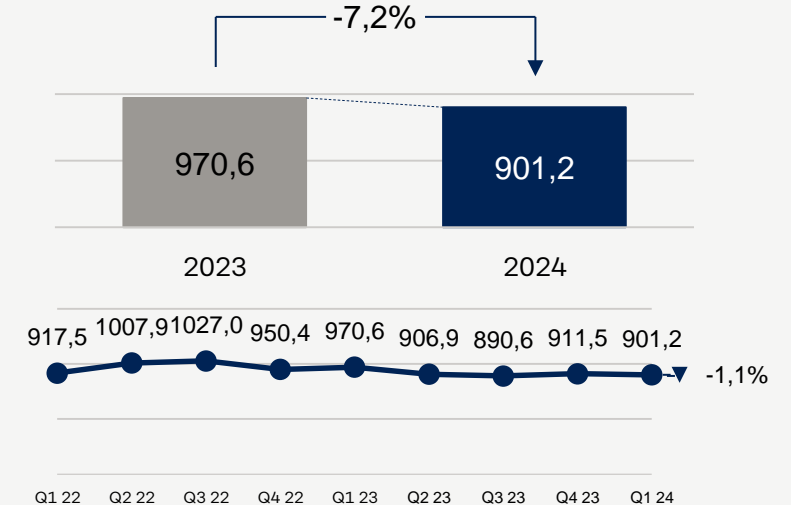
Order Intake 01.01. - 31.03. €m



Revenue 01.01. - 31.03. €m



Order Backlog 31.03. €m

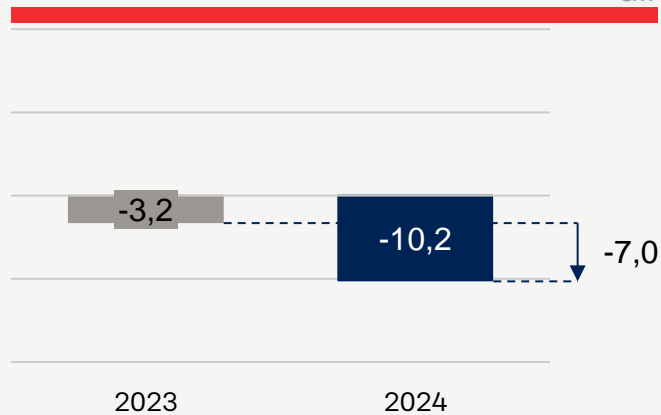


- As of 31 March 2024, the order intake was €242.9m, 19.4% below the previous year's figure of €301.2m and thus developed as expected.
- Group revenue decreased by 9.9% compared to the same quarter of last year at €253.2m. This was due in particular to the decline in incoming orders in the Sheeffed segment in the third quarter of 2023 and a production-related lower percentage of completion (POC) than in the previous year in the Banknote Solutions business unit.
- At €901.2m, the order backlog was 7.2% lower than the figure as of 31 March 2023 (€970.6m). Compared to the end of the 2023 financial year, it decreased by 1.1% and serves as a solid basis for further development in the 2024 financial year.

// 03 Q1 Figures 2024

Business Performance in the Group

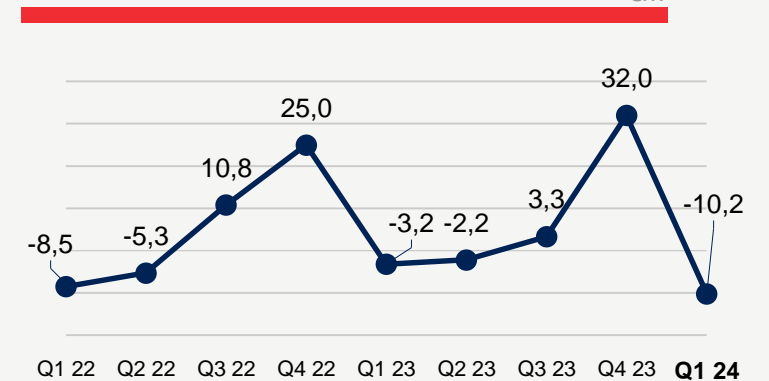
EBIT 01.01. - 31.03. €m



EBIT Bridge

-	Volume- and mix effect (~€10.5m)
+	Margin effect (~€2.0m)
+	Functional cost effect (~€2.0m)

EBIT 01.01. - 31.03. €m



- EBIT fell by €7.0m to €-10,2m (previous year: €-3,2m), compared to the same period of the previous year, resulting in an EBIT margin of -4.0% (previous year: -1.1%).
- This was due in particular to the decline in order intake in the third quarter of 2023, which also led to a negative volume and mix effect (around €10.5m). Both the margin effect (around €2.0m) and the functional cost effect (around €2.0m) developed positively.

// 03 Q1 Figures 2024

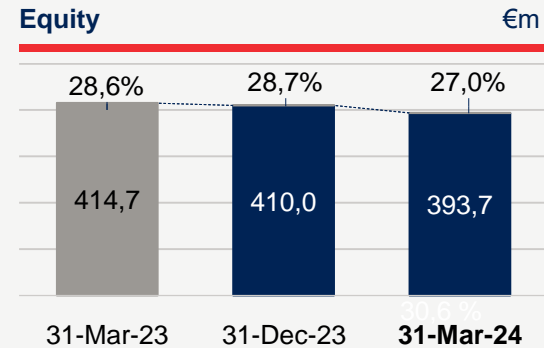
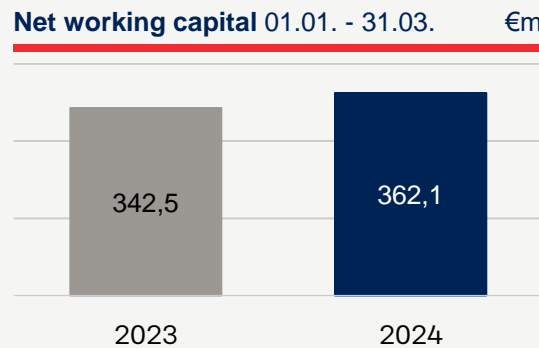
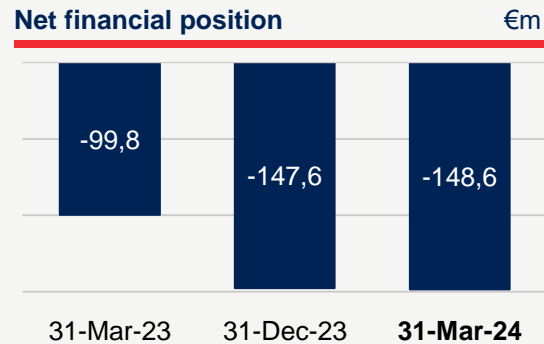
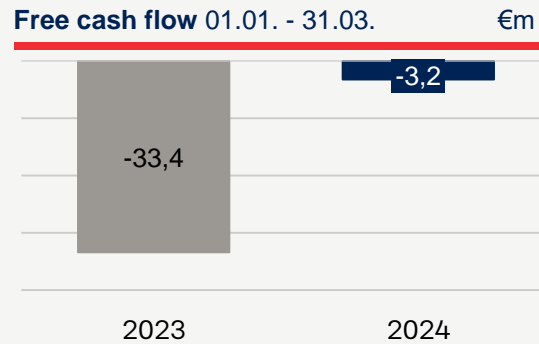
Group Income Statement

€m	Q1 2023	in % ¹	Q1 2024	in % ¹	Δ in %
Revenue	281.0		253.2		-9.9
Cost of sales	-204.1	-72.6	-186.3	-73.6	8.7
Gross profit	76.9	27.4	66.9	26.4	-13.0
Research and development costs	-16.0	-5.7	-16.0	-6.3	0.0
Distribution costs	-37.6	-13.4	-37.3	-14.7	0.8
Administrative costs	-25.0	-8.9	-25.6	-10.1	-2.4
Other income./ expenses ./ Financial result	-1.5	-0.5	1.8	0.7	220.0
Earnings before interest and taxes (EBIT)	-3.2	-1.1	-10.2	-4.0	-218.8
Interest results	-3.3	-1.2	-6.6	-2.6	-100.0
Earnings before taxes (EBT)	-6.5	-2.3	-16.8	-6.6	-158.5
Income tax expense	0.8	0.3	0.2	0.1	-75.0
Net loss	-5.7	-2.0	-16.6	-6.5	-191.2

- **Revenue** of €253.2m was 9.9% below the previous year's figure (previous year: €281.0m).
- **Gross profit** decreased by 13.0% to €66.9m in the reporting period with a gross margin of 26.4% (previous year: 27.4%).
- **R&D expenses** remained at the previous year's level at €16.0m (previous year: €16.0m).
- **Selling expenses** decreased slightly to €37.3m (previous year: €37.6m).
- **Administrative expenses** increased slightly by €0.6m to €25.6m.
- The **balance of other expenses and income** totalled €1.8m after €-1.5m in the previous year, partly due to foreign currency valuations.
- **EBIT** totalled €-10.2m (previous year: €-3.2m), which corresponds to an EBIT margin of -4.0% after -1.1% in the previous year.
- **With an interest result** below the previous year's level at €-6.6m (previous year: €-3.3m), mainly due to higher interest paid to banks, **EBT** totalled €-16.8m (previous year: €-6.5m).
- After a tax result of €0.2m, the **consolidated result** totalled €-16.6m (previous year: €-5.7m), which corresponds to pro rata **earnings per share** of €-1.01 (previous year: € -0.34).

// 03 Q1 Figures 2024

Financial and asset position



- **Free cash flow** totalled €-3.2m (previous year: €-33.4m).
- After deducting bank liabilities of €265.5m, the **net financial position** totalled €-148.6m (previous year: €-99.8m) after €-147.6m at the end of the financial year 2023.
- **Net working capital** amounted to €362.1m as of 31 March 2024 (previous year: €342.5m).
- The consolidated net loss contributed significantly to the reduction in **equity** to €393.7m, with the equity ratio falling accordingly to 27.0%.

// 03 Q1 Figures 2024

Group cash flow statement

€m	Q1 2023	Q1 2024
Earnings before taxes	-6.5	-16.8
Non cash transactions	15.7	15.2
Gross cash flow	9.2	-1.6
Changes in inventories, receivables, other assets	-52.9	-9.8
Change in provisions and payables incl. interest and income tax payments/refunds	20.8	17.3
Cash flows from operating activities	-22.9	5.9
Cash flows from investing activities	-10.5	-9.1
Free cash flow	-33.4	-3.2
Cash flow from financing activities	-16.4	22.7
Change in funds	-49.8	19.5
Effect of changes in exchange rates	-0.6	1.0
Funds at beginning of period	132.2	96.4
Funds at end of period	81.8	116.9

- **Gross cash flow** at €-1.6m was below the previous year's figure of €9.2m.
- **Cash flow from operating activities** amounted to €5.9m (previous year: €-22.9m). This development was mainly due to the lower increase in inventories compared to the same period in the previous year and a higher decrease in receivables. Advance payments received increased less than in the same period of the previous year.
- **Cash flow from investing activities** amounted to €-9.1m, slightly above the previous year's level of €-10.5m.
- **Free cash flow** totalled €-3.2m (previous year: €-33.4m).
- **Cash flow from financing activities** totalled €22.7m (previous year: €-16.4m), which was also due to changes in the syndicated loan.
- At the end of March 2024, **cash and cash equivalents** amounted to €116.9m (previous year: €81.8m).
- After deducting liabilities to banks of €265.5m, the **net financial position** was €-148.6m (previous year: €-99.8m).

// 03 Q1 Figures 2024

Group balance sheet

	in €m	31.12.2023	31.03.2024		in €m	31.12.2023	31.03.2024
1.	Assets			Equity and liabilities			
	Non-current assets			Equity			
	Intangible assets, property, plant and equipment	411.1	411.9	Share capital	43.0	43.0	
	Investments and other financial receivables	25.2	19.7	Share premium	87.5	87.5	
	Investments accounted for using the equity method	15.1	14.7	Reserves	278.0	261.6	
	Other assets	3.6	3.2	Equity attributable to owners of the Parent	408.5	392.1	
	Deferred tax assets	93.2	93.6	Equity attributable to non-controlling interests	1.5	1.6	
		548.2	543.1		410.0	393.7	3.
	Current assets			Liabilities			
	Inventories	426.8	453.3	Non-current liabilities			
Trade receivables	156.2	121.6	Pension provisions and similar obligations	104.8	103.8	3.	
Other financial receivables	41.3	38.7	Other provisions	37.0	36.7		
Other assets	154.3	178.9	Bank loans	191.2	231.1		
Securities	3.9	4.1	Other financial payables	26.0	24.1		
Cash and cash equivalents	96.4	116.9	Other liabilities	5.4	6.0		
	878.9	913.5	Deferred tax liabilities	71.5	74.1		
Balance sheet total	1,427.1	1,456.6		435.9	475.8	4.	
			Current liabilities				
			Other provisions	89.7	83.7		
			Trade payables	79.3	83.4		
			Bank loans	52.8	34.4		
			Other financial payables	85.8	98.2		
			Other liabilities	273.6	287.4		
				581.2	587.1	4.	
			Balance sheet total	1,427.1	1,456.6		

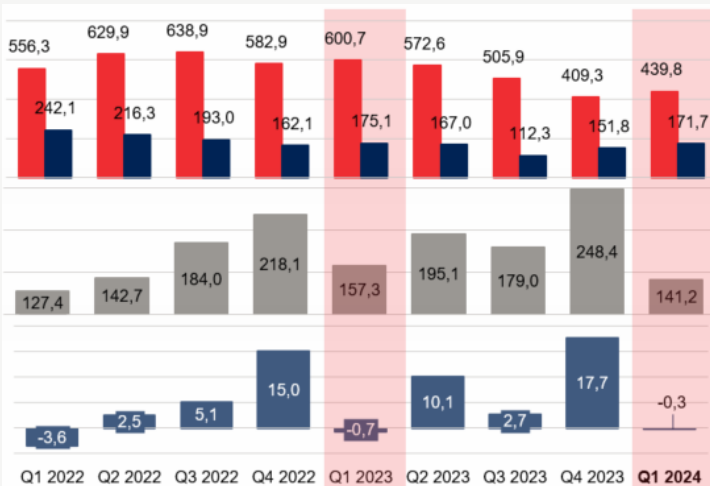
- In the reporting period, €12.5m (previous year: €7.8m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalised development costs of €1.1m (previous year: €1.1m). Investments were offset by depreciation and amortisation totalling €10.3m (previous year: €10.5m).
- Current assets** increased by €34.6m to €913.5m (previous year: €878.9m). Inventories rose by €26.5m and other assets and cash and cash equivalents increased by €24.6m and €20.5m respectively. This was offset by the €34.6m reduction in trade receivables.
- The consolidated net loss contributed significantly to the reduction in **equity** to €393.7m, with the **equity ratio** falling accordingly to 27.0% (previous year: 28.7%). **Pension provisions** decreased slightly from €104.8m at the end of 2023 to €103.8m as of 31 March 2024 due to the slight increase in the discount rate for domestic pensions from 3.41% as of 31 December 2023 to 3.49% as of 31 March 2024.
- Non-current liabilities** increased by €39.9m, mainly due to the increase in financial liabilities. **Current liabilities** increased by €5.9m, mainly due to an increase in advance payments received.

// 04 Segment Report

Sheetfed

€m

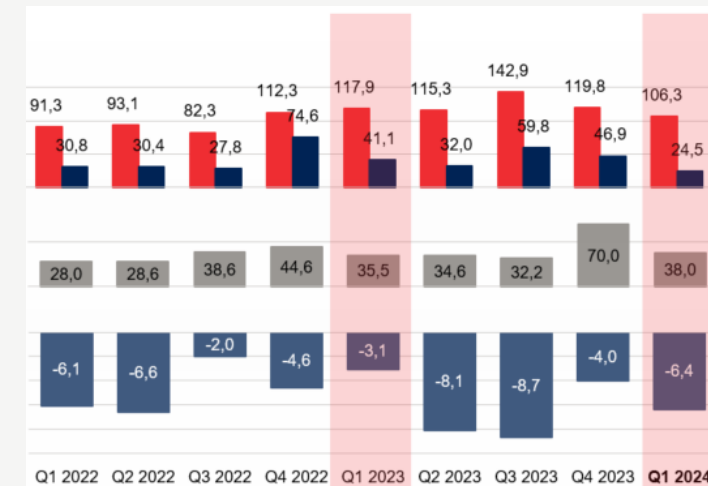
in €m	Q1 2023	in % ¹	Q1 2024	in % ¹	Δ in %
Order backlog	600.7		439.8		-26.8
Order intake	175.1		171.7		-1.9
Revenue	157.3		141.2		-10.2
Earnings before interest and taxes	-0.7	-0.4	-0.3	-0.2	+57.1



Digital & Webfed

€m

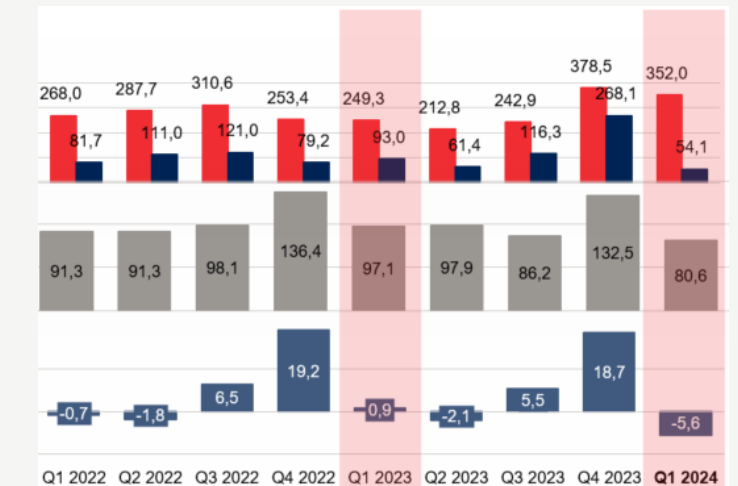
in €m	Q1 2023	in % ¹	Q1 2024	in % ¹	Δ in %
Order backlog	117.9		106.3		-9.8
Order intake	41.1		24.5		-40.4
Revenue	35.5		38.0		+7.0
Earnings before interest and taxes	-3.1	-8.7	-6.4	-16.8	-106.5



Special

€m

in €m	Q1 2023	in % ¹	Q1 2024	in % ¹	Δ in %
Order backlog	249.3		352.0		+41.2
Order intake	93.0		54.1		-41.8
Revenue	97.1		80.6		-17.0
Earnings before interest and taxes	0.9	0.9	-5.6	-6.9	-722.2



Order backlog Order intake Revenue EBIT

// 05 Forecast & Key Messages

// FY 2024:

Even though the market environment remains challenging for Koenig & Bauer in **2024**, the Management Board expects the EBIT margin and revenue to remain stable at the previous year's level in 2024. Accordingly, it projects **operating earnings of between €25m and €40m and revenue of around €1.3bn.**

However, Group EBIT for 2024 will be burdened by up to **€10m** as a result of spending on drupa, the world's largest trade fair for the printing and graphics industry, which will be taking place in Düsseldorf from the end of May until the beginning of June, resulting in **Group EBIT of between €15m and €30m** after this one-off effect.

The Special and Digital & Webfed segments should make a disproportionately large contribution to the improvement in both EBIT and revenue.

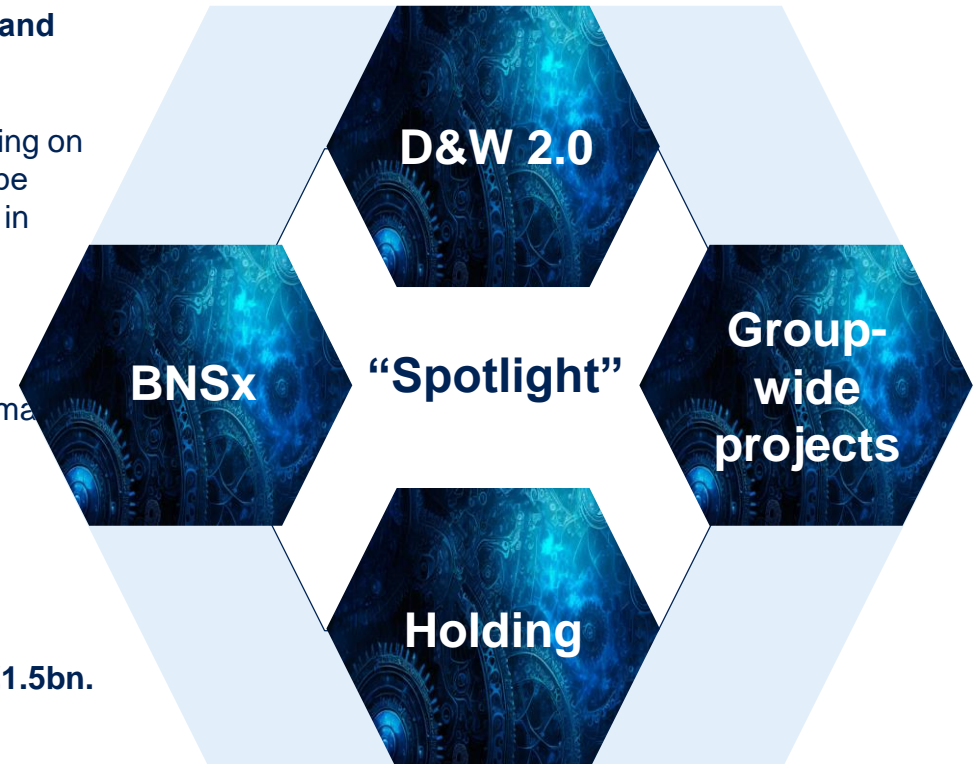
By contrast, the Sheetfed segment is expected to account for a disproportionately small proportion of earnings and revenue in the first half of 2024. The decline in order intake in the third quarter of 2023 will exert pressure on revenue and EBIT in the first half of 2024. Our full-year guidance for 2024 assumes that order intake will continue the recovery emerging in the fourth quarter of 2023.

// In the 2026 financial year the latest:

Given the persistently muted economic situation, the company projects an **EBIT margin of 6 - 7% in 2026 at the latest**, accompanied by **Group revenue of €1.5bn.**

// Medium term:

In the medium term, it is looking for **revenue of around €1.8bn** and an **EBIT margin of 8 - 9%.**



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Q1 Figures 2024

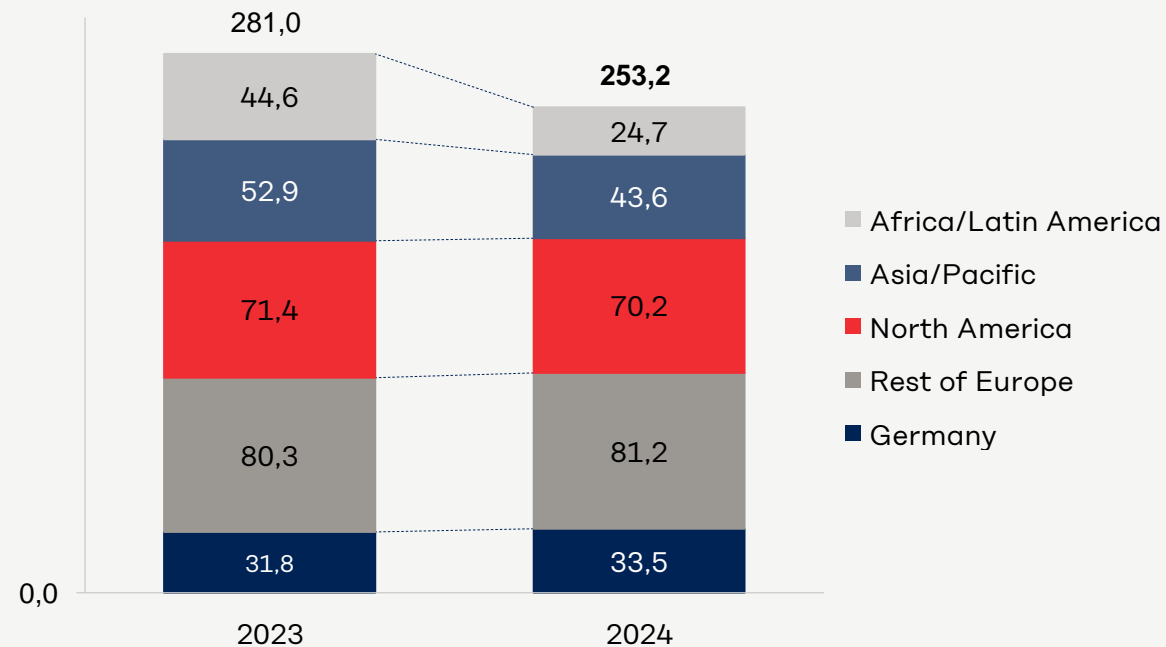
BACKUP

we're on it.

// Regional report

Revenue first quarter 2024

Revenue by region 01.01. - 31.03. €m



- The Group export ratio decreased slightly from 88.7% to 86.8%, with a lower share in Asia/Pacific at 17.2% (previous year: 18.8%) and a lower share for Latin America and Africa at 9.8% (previous year: 16.0%).
- The shares of revenue in Germany at 13.2% (previous year: 11.3%), in the rest of Europe at 32.1% (previous year: 28.5%) and in North America at 27.7% (previous year: 25.4%) were all higher than in the previous year.

Koenig & Bauer – Financial calendar

7 May 2024	Statement on 1st quarter 2024
29 May 2024	Capital Markets Day, Düsseldorf
26 June 2024	Koenig & Bauer Annual General Meeting
1 August 2024	Report on 2nd quarter 2024
7 November 2024	Statement on 3rd quarter 2024

Subject to change.



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Disclaimer:

This presentation contains forward-looking statements about the business, financial performance and earnings of the Koenig & Bauer Group. These statements are based on assumptions and projections resting on currently available information and present estimates. They are subject to a multitude of uncertainties and risks. While management believes them to be accurate, the impact of external factors beyond its control, such as changes in the economy, exchange rates and in our industry, may give rise to a different outcome from that projected. In particular, the outlook does not include meaningful portfolio effects and influences related to legal and regulatory matters. It also depends on ongoing earnings growth and the absence of disruptive temporary market changes. The actual course of business may therefore deviate substantially from the expected development. Koenig & Bauer therefore accepts no liability for transactions based on these forecasts, nor does it undertake any obligation to update forward-looking statements beyond that required by law.

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