Press release

**Koenig & Bauer confirms medium-term guidance and expects EBIT of €25 – 35m in 2023**

* 2023 expected to be weaker than previously assumed, with EBIT of €25 – 35m and revenue of around €1.3bn
* Medium-term targets underpinned by strategic growth areas in the expansionary packaging printing market
* Order intake of €831.3m after 9 months (previous year: €1,025.9m); Q3 order intake disparate in the individual segments
* Revenue growth of 10.6% after 9 months in all segments; Q3 revenue down 6.1%
* EBIT improved by 30.0% to €-2.1m after 9 months; decline in EBIT in Q3 from €10.8m to €3.3m but with intra-year improvement
* €500m refinancing successfully completed

**Würzburg, 8 November 2023**
Koenig & Bauer AG, Würzburg (“Koenig & Bauer”, WKN: 719350/ ISIN: DE0007193500), a leading global technology provider focused in special printing applications, particularly in the packaging sector, expects the 2023 financial year to be weaker than previously assumed on the basis of the figures for the first nine months and the outlook for the fourth quarter. Provided that general conditions do not deteriorate any further, Koenig & Bauer expects to achieve its revenue target of around €1.3bn accompanied by EBIT of €25 – 35m in 2023.

The main reason for this is that order intake for Banknote Solutions in the Special segment will be delayed for reasons related to individual nation states despite the still plentiful volume of new orders in the pipeline. In view of revenue recognition methods, which in the Special segment are largely based on the percentage-of-completion (POC) method, order intake shows up more quickly in revenue recognition and earnings. As things currently stand, further start-up costs must be expected in the Digital & Webfed segment in connection with the introduction of the new flexo, corrugated board and digital printing products in the second half of 2023. In the Sheetfed segment, the company still expects growth to be more profitable in 2023 than in the previous year.

“We reaffirm our medium-term guidance, as there is clear evidence that our focus on the packaging market, which is growing sustainably for structural factors, is paying off gradually,” said **CEO Dr. Andreas Pleßke.**

**Six strategic growth areas ensuring a leading role in the expansionary market of packaging printing**
Koenig & Bauer is still operating in a market characterised by structural growth. However, this market has temporarily come under some pressure as a result of the current global economic situation. The globally growing, consumption-oriented middle class remains a positive driver, spurring the packaging market, which is being prioritised by the company, in the food, beverage and fast-moving consumer goods sectors. Koenig & Bauer supplies the necessary printing presses, systems and services. The six growth areas include corrugated board as well as the various digital printing applications, flexible packaging and the end-to-end workflow for the production of folding boxes, including the appropriate workflow software. Moving forward, this growth business will be supplemented by further digital business models as well as the high-growth consumables market for digital printing. However, Koenig & Bauer is currently facing temporary, cyclically induced investment restraint, which is also reflected in the figures for the third quarter.

**Order intake disparate in the individual segments**
In the first nine months of 2023, order intake came to €831.3m, down -19.0%. The previous year’s figure had particularly been characterised by above-average demand in the Sheetfed segment. As expected, this demand declined to a robust level up until the first half of the year, after which the third quarter saw a noticeable decline. By contrast, order intake in the Digital & Webfed segment was significantly higher than in the previous year, while the Special segment was almost at the previous year’s level despite a delay in order intake. New orders were thus slightly below the industry average for printing presses, for which a decline of 16.1% was registered in the first nine months.

The book-to-bill ratio stood at 0.93 despite the higher revenue in the first nine months. As of the reporting date, the order backlog was valued at €890.6m, thus falling short of the previous year’s figure of €1,027.0m by 13.3% as expected due to the completion of deliveries.

**Revenue and EBIT growth achieved after 9 months – Q3 temporarily weak**

Group revenue increased by 10.6% in the first nine months, reaching €891.1m. Gross profit amounted to €240.7m, with the gross margin remaining stable at 27.0% (previous year: 27.1%). According to VDMA, revenue across the industry as a whole increased by 6.4% in the first nine months. At €294.7m, revenue in the third quarter fell short of the previous year’s figure by 6.1%, mainly due to a smaller contribution from the Special segment.

Earnings before interest and taxes (EBIT) improved by €0.9m to €-2.1m in the first nine months (previous year: €-3.0m). The improvement in operating earnings despite the start-up and trailing costs in the Digital & Webfed segment is mainly due to the positive overall volume and mix effects and the ability to pass on most of the higher costs through the announced price increases. In the third quarter, EBIT declined from €10.8m to €3.3m, but improved during the year.

The net interest expense of €-13.1m was higher than in the previous year, mainly as a result of increased interest rates payable to banks, resulting in earnings before taxes (EBT) of €-15.2m. After income taxes, the Group posted a net loss of €-12.2m as of 30 September 2023. This translates into proportionate earnings per share of
€-0.75 (previous year: €-0.70).

**Trend reversed in the Digital & Webfed segment**
In the first nine months of 2023, order intake in the Digital & Webfed segment increased by 49.3% to €132.9m (previous year: €89.0m) due to demand for the RotaJET and HP digital web printing presses as well as corrugated board and flexo presses. Revenue came to €102.3m, up 7.5% on the previous year’s figure of €95.2m. EBIT remained under pressure from start-up and trailing costs in connection with the introduction of the new flexo, corrugated board and digital printing products, coming to €-19.9m after the first nine months (previous year: €-14.7m).

In the Sheetfed segment, order intake in the first nine months of 2023 was valued at €454.4m, thus falling 30.2% short of the extremely high figure recorded in the previous year, which had also been characterised by catch-up effects following the Covid pandemic as well as greater stockpiling by customers and brand owners due to supply chain disruptions and the limited availability of materials. As expected, this was replaced by robust demand up until the first half of the year. Revenue climbed by 17.0% to €531.4m (previous year: €454.1m). At €12.1m as of 30 September 2023, EBIT was significantly up on the previous year’s figure of €4.0m.

Order intake in the Special segment stood at €270.7m as of 30 September 2023, thus falling short of the previous year by 13.7% (previous year: €313.7m). Orders in Banknote Solutions (banknote and security printing), MetalPrint (metal packaging) and Coding (marking and coding solutions for all industries) were down on the previous year. On the other hand, orders received by Kammann (direct decoration of hollow bodies made of glass or plastic) were higher. At €281.2m (previous year: €280.7m), revenue in the nine-month period was still slightly higher than in the previous year. EBIT came to €4.3m and was, thus, 7.5% up on the previous year (previous year: €4.0m). In addition to the aforementioned delay in the still amply filed order pipeline, this also reflects the loss of two Banknote Solutions customers in Sudan and Argentina.

**€500m refinancing successfully completed**
At the end of October, the Company was able to successfully refinance its existing syndicated loan ahead of schedule, thus securing the medium-term stability of its funding operations.

“As in the past, our own liquidity together with the flexible credit facilities will allow us to finance our planned organic growth in the promising market of packaging printing, giving us the financial leeway we require for strategic investments and acquisitions,” explains **Dr Stephen Kimmich, CFO of Koenig & Bauer AG**, adding that “with the early termination of the KfW loan obtained in connection with the Covid-19 pandemic, Koenig & Bauer will no longer be subject to any of the restrictions associated with that loan.”

In addition to a revolving cash facility of €300m, the syndicated finance includes a guarantee facility of €200m. The credit facilities have a maturity of five years, meaning that they will expire in October 2028, subject to a two-year extension option in agreement with the lenders. To highlight the importance that Koenig & Bauer attaches to sustainability in its funding operations, the agreement now provides for an ESG rendezvous clause in addition to the usual Loan Market Association (LMA) requirements. This is to be implemented in 2024, subject to the consent of all parties involved.

**Measures to improve earnings**
Due to the current lack of an upturn in demand, the company is intensifying its cost management. This also includes the greater use of flexible working time instruments. These measures should help to increase earnings resilience and adapt cost structures to the current difficult economic environment. Koenig & Bauer will issue guidance for 2024 and 2025 when it publishes its full-year figures for 2023.

[Figures at a glance](https://investors.koenig-bauer.com/fileadmin/user_upload/04_Unternehmen/Investor_Relations/Berichte/Berichte_2023/23-11-08-ir-figures-at-a-glance-koenig-bauer-en.pdf)

The interim report for the third quarter of 2023 is available [here](https://investors.koenig-bauer.com/fileadmin/user_upload/04_Unternehmen/Investor_Relations/Berichte/Berichte_2023/Zwischenmitteilung.3.Q.2023_EN_Web.pdf) as a PDF file.

#### Photo:

Metamor[e] phosis: this is not only the motto and the theme of the images in this year’s annual report summary of the Koenig & Bauer Group but also the corporate maxim, because it is in the Company’s DNA to constantly develop over a history spanning more than 200 years. The pursuit of “more” means thinking outside the box. It involves crossing boundaries and being open for new things. At the same time, it shows how important adaptability has always been for our Company, and how our Exceeding Print strategy enables us to master the necessary transformation.
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#### About Koenig & Bauer

Koenig & Bauer is the world’s oldest printing press manufacturer with the widest product range in the sector. For over 200 years, the company has been supporting printers by offering innovative technology, custom-fit processes and a wide range of services. The range encompasses printing solutions for banknotes and cardboard, foil, tin and glass packaging, books, displays, labelling, decors, magazines, advertising and newspaper. With sheetfed and web offset and flexo printing, waterless offset, steel engraving, simultaneous and screen printing or digital inkjet printing, Koenig & Bauer is at home and often a leader in almost all printing processes. In 2022, the 5,485 highly qualified employees worldwide generated annual revenue of roughly €1.186bn.

More information can be found at http://www.koenig-bauer.com