KOENIG & BAUER

Financial figures 2023

27 March 2024

Dr. Andreas Pleßke, CEO
Dr. Stephen Kimmich, CFO

we're on it.

Koenig & Bauer at a glance

// 01 Target – actual comparison

- Despite the ongoing challenging global economic environment, continues previous year's growth path in the financial year 2023
- Order intake and revenue significantly better than industry average

// 02 News & Highlights

- "Spotlight" programme to focus the Group on growth- and earnings-oriented business models and technologies
- In addition to his role as CFO and Deputy CEO, Dr Kimmich will assume responsibility for the Special segment following the reallocation of duties
- Annual report published under the slogan "uni:versal"
- High exhibitor and visitor participation as well as investment impulses expected at the world's leading trade fair drupa after an eight-year break
- Successful Digital & Webfed Technology Days at Koenig & Bauer
- Partnership with Mitsubishi Electric for quality control systems for electrode foils

// 03 Full-year figures 2023

- Despite a weaker Q3, Koenig & Bauer has successfully continued the growth trajectory it adopted in the first half of 2023 in the final quarter

// 04 Segments 2023

- Strong order intake for Banknote Solutions in the Special segment
- Segment Sheetfed with sequential improvement in order intake in Q4 and further expands its positive earnings contribution
- Increased revenue in the Digital & Webfed segment

// 05 Outlook & Forecast

- Outlook for 2024: EBIT margin and revenue development at stable previous year's level
- Future dividend policy with a payout ratio of 15-35% resolved

// 01 Target – actual comparison

Koenig & Bauer meets its own forecast for 2023

Despite the ongoing challenging global economic environment, which is additionally being exacerbated by a number of factors such as higher energy, material and personnel costs, the forecast adjusted on 8 November 2023 was fulfilled.

in €m	2022		2023	Forecast
EBIT	22.0	+ 35.9%	29.9	25 to 35
Revenue	1,185.7	+ 11.9%	1,326.8	~ 1.3bn
VDMA for printing presses		- 1.0%		
Order intake	1,329.3	- 3.1%	1,287.9	
VDMA for printing presses		- 17.0%		

// 02 News & Highlights

"Spotlight" programme as a focused look at growth drivers & innovations

- With the **“2023 Growth Offensive”** adopted in 2018, which aimed to proactively exploit the market opportunities arising in digital printing, corrugated board, cardboard packaging and flexible packaging printing in particular, as well as in the post press sector in the interests of sustainable profitable growth, Koenig & Bauer has significantly driven forward its transformation from a **printing press manufacturer** to a **technology company.**
- The company is thus headed in the **right direction**, although external and internal factors are resulting in **heightened complexity and rising costs.**
- For this reason, **"Spotlight"** was initiated as a **focused look** at **growth drivers** and **innovations**.
- The **objective** of the "**Spotlight" programme**: **prioritise initiatives and business models** that **boost earnings and financial strength**, **deprioritise initiatives** that **do not have** a **direct impact on earnings** and **optimise the Group and segment organization**, as well as the indirect **cost structure**, and make **processes** even **leaner** and more **customer-friendly.**

In summary, the following still applies: "You harvest what you sow. Only those who sow with foresight can also harvest - in other words: You can't harvest what you don't sow."

// 02 News & Highlights

"Spotlight" programme as a focused look at growth drivers & innovations

- The **measures** will for the most part be **identified, implemented and finalised** in **2024**, although the **full-year effect** will not be felt **until 2025**.

- In addition to his existing duties as **Chief Financial Officer and Deputy Chief Executive Officer, Dr Kimmich** will also be assuming responsibility for the **Special segment from 1 April 2024** following the reallocation of duties.

In summary, the following still applies: "You harvest what you sow. Because only those who sow with foresight can also harvest - in other words: You can't harvest what you don't sow."

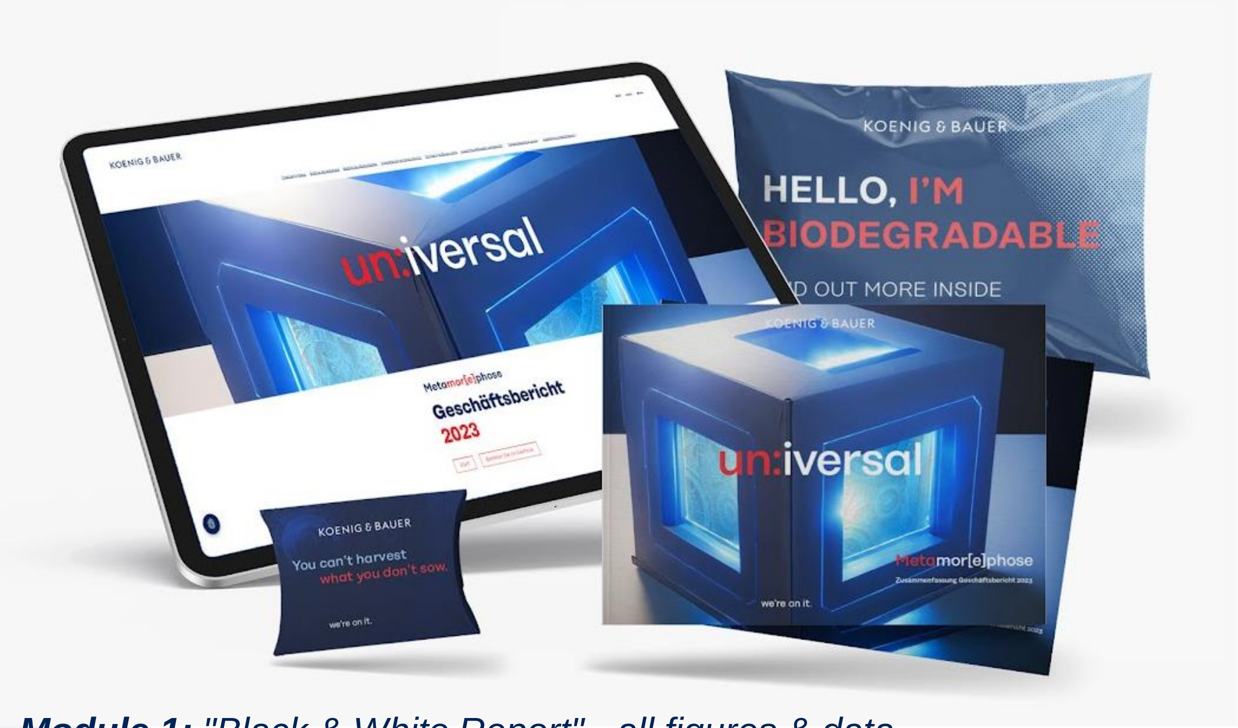
// 02 News & Highlights

Annual report published under the slogan "uni:versal"

- The **Meta**mor[e]phose image section builds on last year's focus on **mor[e]** and shows that our Exceeding Print strategy forms the ideal foundation for analysing both industry megatrends and short-term developments in the world from a **meta**-level, enabling us to respond in the best possible way.

- A changed sense of responsibility is turning sustainability into an all-encompassing phenomenon and will play a key role alongside technical innovations in the question of what the **packaging of the future** will look like. Just like on the cover of this year's annual report - a vision that has originated from the "ideas" of an AI.

- Regardless of how this development takes shape, from the requirements of brand owners, suppliers and different printing technologies and substrates to the end customer and the return to the cycle via recycling measures. We combine all essential areas and define ourselves as a global player with an export ratio of over 80% - **un:iversal**.



***Module 1:** "Black & White Report" - all figures & data*
***Module 2:** "Annual report summary“*
***The unpacking experience:** sustainably recyclable, flexible envelope with a floral greeting in a small folding box.*

// 02 News & Highlights

Koenig & Bauer at drupa

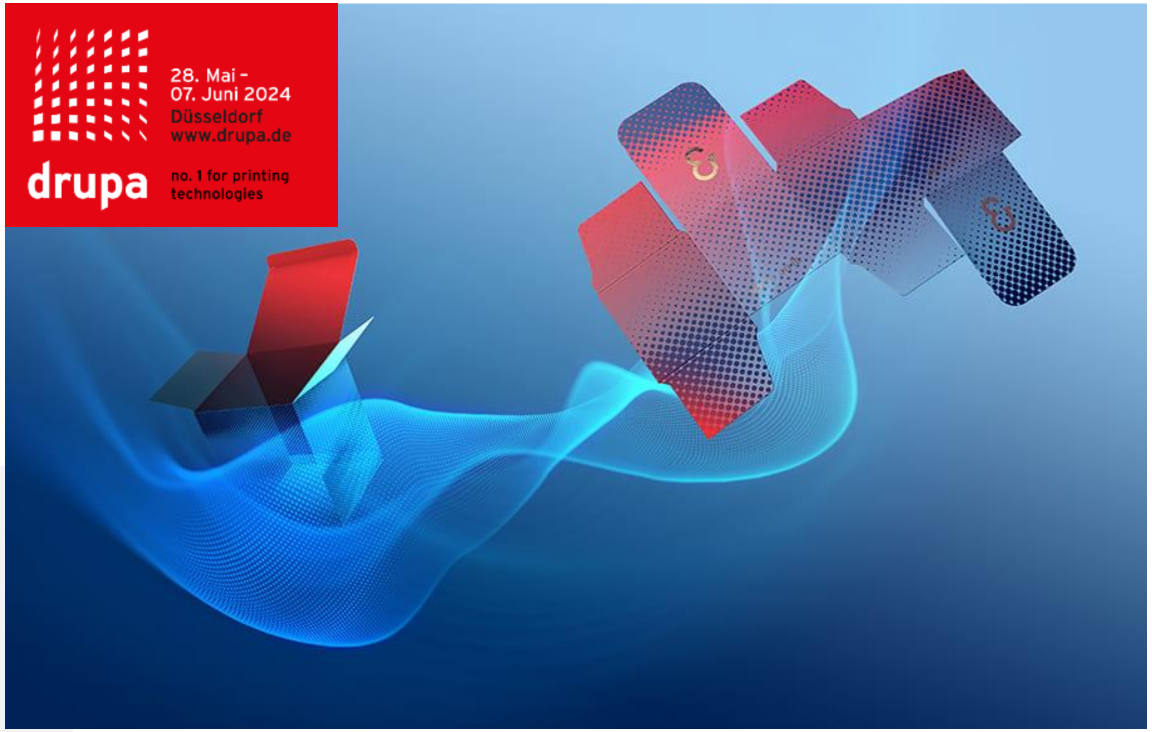
- High exhibitor and visitor participation as well as investment impulses expected at the world's leading trade fair drupa after an eight-year break

- Presentation of the latest products and innovations in digitalisation and sustainability.

- We present:
  - Full packaging workflow: printing – cutting – gluing
  - Digital printing
  - Digital solutions & new business models

- Presentation of methods, how Koenig & Bauer can improve the ecological standards of the industry and what the sustainable future of the printing industry will look like.

- Stand number: Hall 16 / A31



KOENIG & BAUER

// 02 News & Highlights

Successful Digital & Webfed Technology Days at Koenig & Bauer

- Presentation of new products and future innovations in the areas of sustainability and technology.
- For two days, customers were able to gain exclusive insights into technologies and innovations in packaging, decor and flexo printing at the Digital & Webfed Technology Days in Würzburg.
- As the market leader in digital decor and packaging printing, Koenig & Bauer offered brand owners and customers in live product demonstrations fully interactive experiences of the CI-Flexo and RotaJET printing presses.
- More than 150 people were able to immerse themselves in the story of Koenig & Bauer's specially created "Happy Farm Box" brand, around which the two-day event was centred.

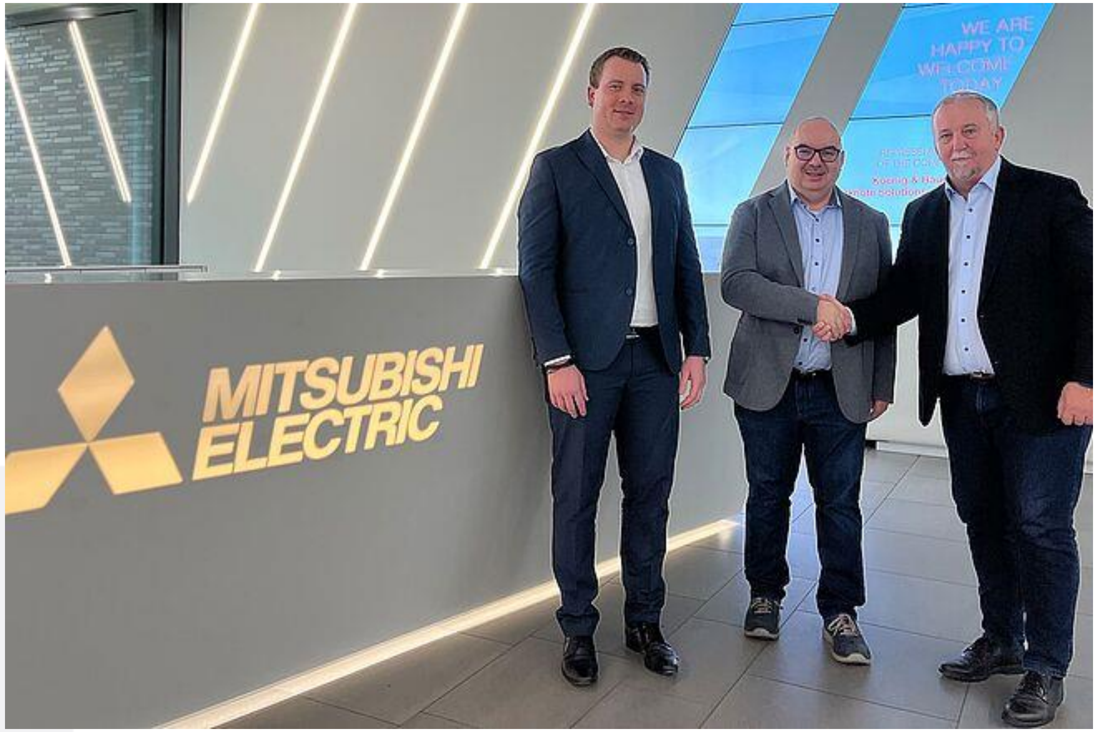
// 02 News & Highlights

Partnership with Mitsubishi Electric for quality control systems for electrode foils

- Mitsubishi Electric, a leading provider of contact image sensors (CIS), and Koenig & Bauer, a pioneer in industrial print applications and inline machine vision systems for various applications, signed a letter of intent for their future cooperation.

- The aim of the strategic partnership is to combine the strengths of both companies in order to offer standardized, high quality machine vision components to the field of electrode foil production for battery cells.

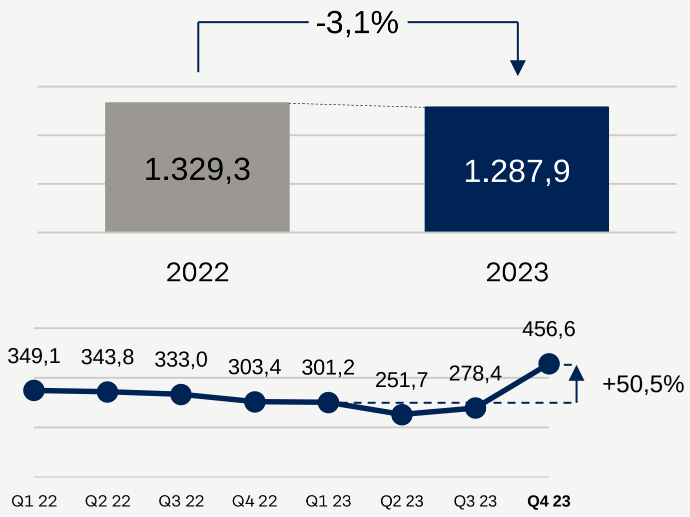
- Mitsubishi Electric and Koenig & Bauer's partnership is a response to the anticipated rise in demand for lithium-ion batteries due to the increasing popularity of electric vehicles as well as growing requirements in the consumer electronics industry and power grid.



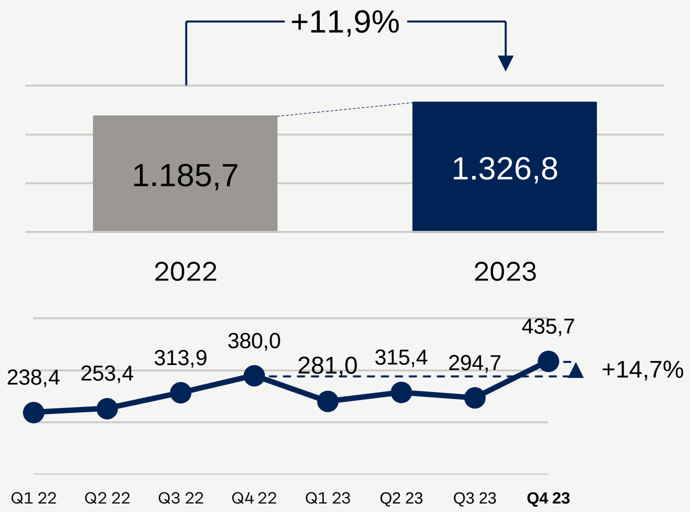
// 03 Full-year figures 2023

Business Performance in the Group

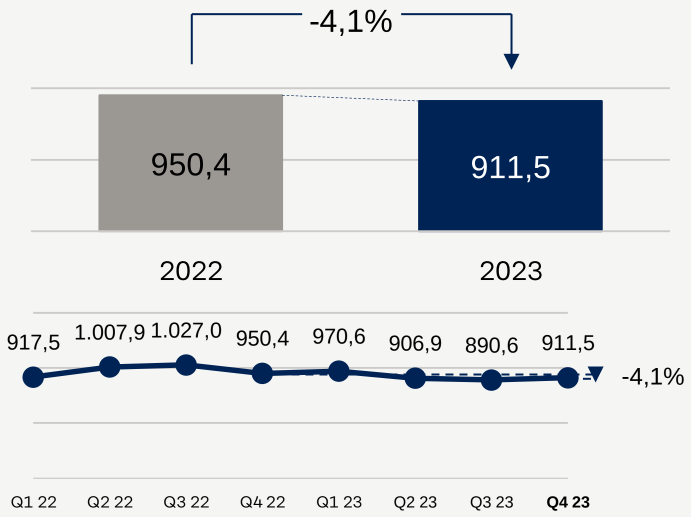
Order Intake 01.01. - 31.12. €m



Revenue 01.01. - 31.12. €m



Order Backlog 31.12. €m



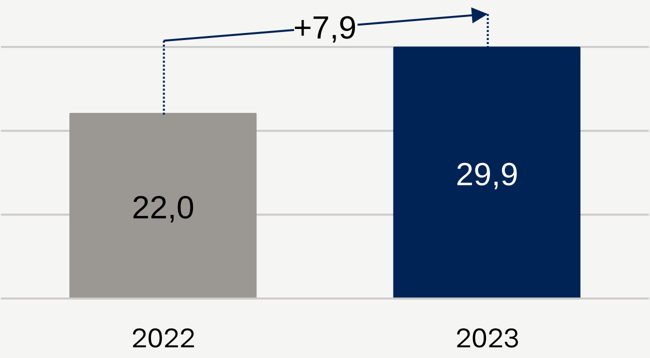
- As expected, incoming orders as at 31 December were slightly below the previous year's historically high figure. A value of €456.6m was achieved in Q4 alone. The main reason for this was an order in the Banknote Solutions business unit of the Bureau of Engraving and Printing, the Federal Printing Office of the United States of America in Washington, D.C..
- Cumulative Group revenue increased by 11.9% compared to the previous year. Despite a weaker Q3, the growth trajectory adopted in the first half of 2023 was thus continued in the final quarter.
- As planned, the order backlog decreased to €911.5m at the end of the reporting period due to the deliveries made.

// 03 Full-year figures 2023

Business Performance in the Group

EBIT 01.01. - 31.12.

€m

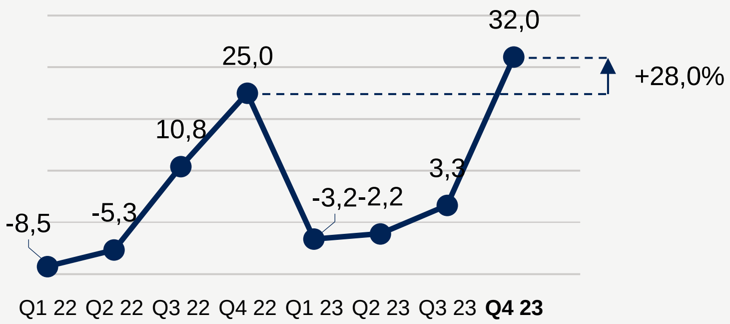


EBIT Bridge

+	Volume and mix effect (€19.3m)
+	Price increases (€25.2m)
-	Inflation due to material, energy and personnel costs (€24.1m)
-	Start-up and trailing costs Digital & Webfed (€9.3m)
-	Other effects (€3.2m)

EBIT 01.01. - 31.12.

€m



- Overall, EBIT improved by €7.9m to €29.9m, which corresponds to an operating EBIT margin of 2.3% after 1.9% in the previous year. In this context, the final quarter once again showed its usual strong side, with an EBIT of €32.0m (previous year: €25.0m). This represents a significant improvement in the same period of the previous year.
- Despite the start-up and trailing costs in the Digital & Webfed segment as well as other effects, the €7.9m operating improvement is mainly due to the overall positive volume and mix effect and the ability to offset inflation costs consisting of material, energy and personnel costs through the announced price increases.

// 03 Full-year figures 2023

Group income statement

in €m	2022	*in %[1]*	2023	*in %[1]*	Δ in %
Revenue	1,185.7		1,326.8		11.9
Cost of sales	-868.3	*-73.2*	-979.3	*-73.8*	12.8
Gross profit	**317.4**	*26.8*	**347.5**	*26.2*	9.5
Research and development costs	-54.2	*-4.6*	-57.5	*-4.3*	6.1
Distribution costs	-147.3	*-12.4*	-158.1	*-11.9*	7.3
Administrative costs	-92.8	*-7.8*	-104.7	*-7.9*	12.8
Other income ./. expenses ./. Financial result	-1.1	*-0.1*	2.7	*0.2*	345.5
Earnings before interest and taxes (EBIT)	**22.0**	*1.9*	**29.9**	*2.3*	35.9
Interest results	-8.8	*-0.7*	-16.9	*-1.3*	92.0
Earnings before taxes (EBT)	**13.2**	*1.1*	**13.0**	*1.0*	-1.5
Income tax expense	-2.1	*-0.2*	-10.2	*-0.8*	-385.7
Net profit/loss	**11.1**	*0.9*	**2.8**	*0.2*	-74.8

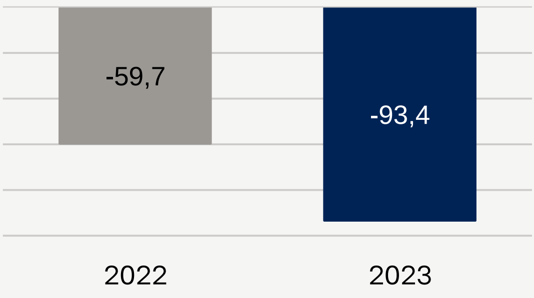
- **Revenue** increased by 11.9% compared to the previous year. Despite a weaker Q3, the growth trajectory adopted in the first half of 2023 continued in the final quarter.
- **The gross profit** on revenue totalled €347.5m (previous year: €317.4m). At 26.2%, the gross margin was almost at the previous year's level of 26.8%.
- At €57.5m (previous year: €54.2m), **R&D expenses** were above the previous year's level, partly due to the new Digital Business Unit, which is responsible for digitalisation within the Group.
- **Selling expenses** increased by €10.8m to €158.1m (previous year: €147.3m), in particular due to the general rise in expenses for services in addition to the increase in personnel costs. **Administrative expenses** increased by €11.9m compared to the previous year, partly due to the increase in amortisation of intangible assets in the Group, and amounted to €104.7m (previous year: €92.8m).
- The **balance of other expenses and income** totalled €-0.9m after €-0.6m in the previous year. This was partly due to foreign currency valuations.
- In total, **EBIT** totalled €29.9m (previous year: €22.0m), which corresponds to an EBIT margin of 2.3% after 1.9% in the previous year.
- With net interest income below the previous year's level at €-16.9m (previous year: € -8.8m), mainly due to higher interest paid to banks, **EBT** totalled €13.0m (previous year: €13.2m).
- **Consolidated net profit** totalled €2.8m (previous year: €11.1m); this corresponds to pro rata **earnings per share** of €0.16 (previous year: €0.63).

[1] in % to revenue

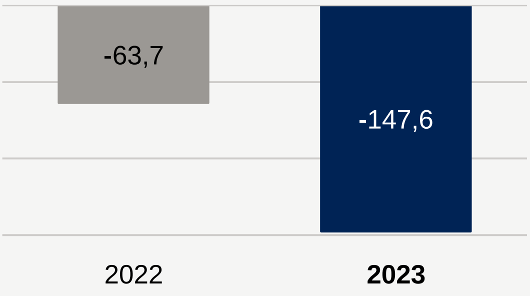
// 03 Full-year figures 2023

Financial and asset position

Free cash flow 01.01. - 31.12. €m

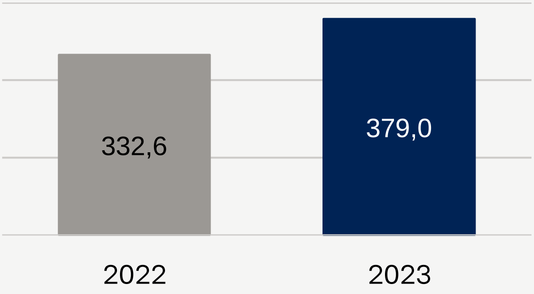


Net financial position €m

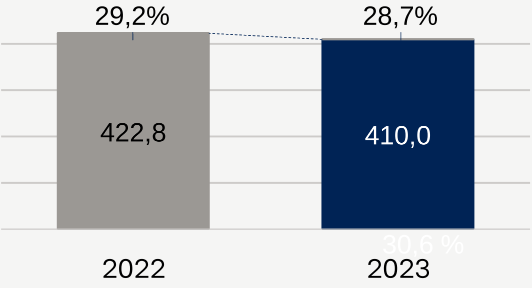


- **Free cash flow** totalled €-93.4m (previous year: € -59.7m)
- After deducting bank liabilities of €244.0m (previous year: €195.9m), the **net financial position** totalled €-147.6m (previous year: €-63.7m).

Net working capital 01.01. - 31.12. €m



Equity as of 31 December €m



- **Net working capital** amounted to €379.0m as at 31 December 2023 (previous year: €332.6m) and was positively influenced by a programme to optimise supply chain financing in the amount of €22.4m.
- As at 31 December 2023, **equity** amounted to €410.0m and the **equity ratio** was 28.7% (31 December 2022: €422.8m and 29.2%). The reduction in the discount rate for domestic pensions and the lower consolidated net income of €2.8m compared to the previous year (31 December 2022: €11.1m) contributed significantly to this.

KOENIG & BAUER

// 03 Full-year figures 2023

Group cash flow statement

€m	2022	2023
Earnings before taxes	13.2	13.0
Non-cash transactions	44.7	58.4
Gross cash flow	**57.9**	**71.4**
Changes in inventories, receivables, other assets	-129.9	2.9
Changes in provisions and payables incl. interest and income tax payments/refunds	77.4	-106.1
Cash flow from operating activities	**5.4**	**-31.8**
Cash flow from investing activities	**-65.1**	**-61.6**
Free cash flow	**-59.7**	**-93.4**
Cash flow from financing activities	**59.4**	**61.2**
Change in funds	**-0.3**	**-32.2**
Effect of changes in exchange rates/consolidated companies	3.0	-3.6
Funds at beginning of period	129.5	132.2
Funds at end of period	**132.2**	**96.4**

- **Gross cash flow** improved by €13.5m compared to the previous year.
- **Cash flow from operating activities** totalled €-31.8m (previous year: €5.4m), mainly due to the decrease in liabilities and other debts as well as the decline in receivables and other assets in the reporting period and the higher interest paid.
- At €-61.6m, **cash flow from investing activities** was slightly above the previous year's level of €-65.1m, which included the acquisition of shares in Celmacch.
- **Free cash flow** amounted to €-93.4m (previous year: €-59.7m).
- **Financing activities** resulted in a cash flow of €61.2m (previous year: €59.4m), which is also attributable to changes in the syndicated loan.
- At the end of December 2023, **cash and cash equivalents** totalled €96.4m (previous year: €132.2m).
- After deducting liabilities to banks of €244.0m (previous year: €195.9m), the **net financial position** was €-147.6m (previous year: €-63.7m).

// 03 Full-year figures 2023

Group balance sheet

	in €m	31.12.2022	31.12.2023
	Assets		
	Non-current assets		
1.	Intangible assets	144.9	155.6
	Property, plant and equipment	248.7	255.5
	Investments and other financial receivables	25.5	25.2
	Investments accounted for using the equity method	16.0	15.1
	Other assets	1.6	3.6
	Deferred tax assets	89.8	93.2
		526.5	**548.2**
	Current assets		
	Inventories	426.2	426.8
	Trade receivables	121.6	156.2
	Other financial receivables	33.7	41.3
	Other assets	200.2	149.4
	Current tax assets	5.3	4.9
	Securities	3.5	3.9
	Cash and cash equivalents	132.2	96.4
2.		**922.7**	**878.9**
		1,449.2	**1,427.1**

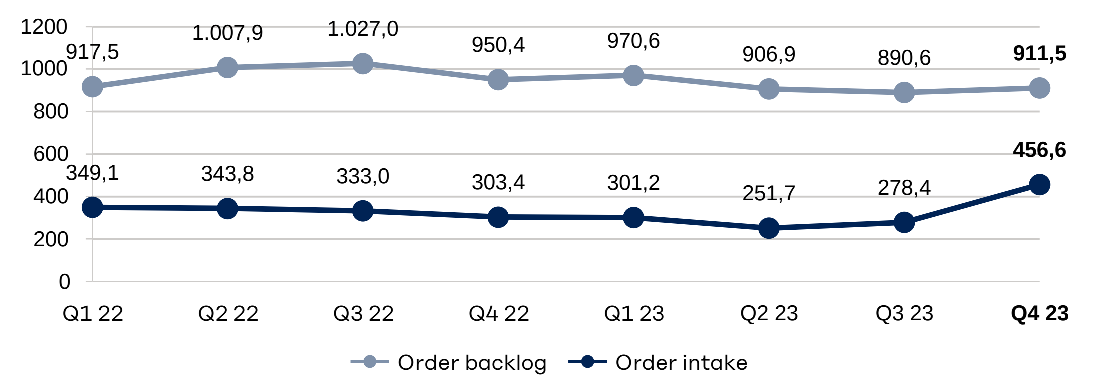
in €m	31.12.2022	31.12.2023	
Equity and liabilities			
Equity			
Share capital	43.0	43.0	
Share premium	87.5	87.5	
Reserves	290.6	278.0	
Equity attributable to owners of the Parent	**421.1**	**408.5**	
Equity attributable to non-controlling interests	1.7	1.5	
	422.8	**410.0**	3.
Liabilities			
Non-current liabilities			
Pension provisions and similar obligations	86.3	104.8	3.
Other provisions	31.7	37.0	
Bank loans and other financial payables	158.6	217.2	
Other liabilities	9.1	5.4	
Deferred tax liabilities	73.0	71.5	
	358.7	**435.9**	4.
Current liabilities			
Other provisions	106.6	89.7	
Trade payables	104.7	79.3	
Bank loans and other financial payables	151.9	138.6	
Other liabilities	299.0	270.3	
Current tax liabilities	5.5	3.3	
	667.7	**581.2**	4.
	1,449.2	**1,427.1**	

1. In the reporting period, €64.2m (previous year: €49.8m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalised development costs of €17.2m (previous year: €5.1m). Investments were offset by depreciation and amortisation totalling €43.5m (previous year: €40.0m).
2. **Current assets** decreased by €43.8m to €878.9m. This was mainly due to the decrease in other assets by €50.8m to €149.4m on the one hand and the decrease in cash and cash equivalents by €35.8m to €96.4m on the other.
3. The decrease in the discount rate and the weaker consolidated result compared to the previous year contributed significantly to the reduction in **equity** to €410.0m, with the **equity ratio** falling accordingly to 28.7% (previous year: 29.2%). Pension provisions increased by €18.5m to €104.8m due to the decrease in the discount rate for domestic pensions from 3.9% in the previous year to 3.4% as at 31 December 2023.
4. **Non-current liabilities** increased by €77.2m. Current liabilities decreased by €86.5m, mainly due to the decline in other provisions and the decrease in trade payables due to the reduction in deliveries from our suppliers. There was also a decrease in financial liabilities and other financial liabilities, mainly due to the reduced utilisation of the syndicated loan. Other liabilities and income tax liabilities decreased mainly due to the advance payments received.

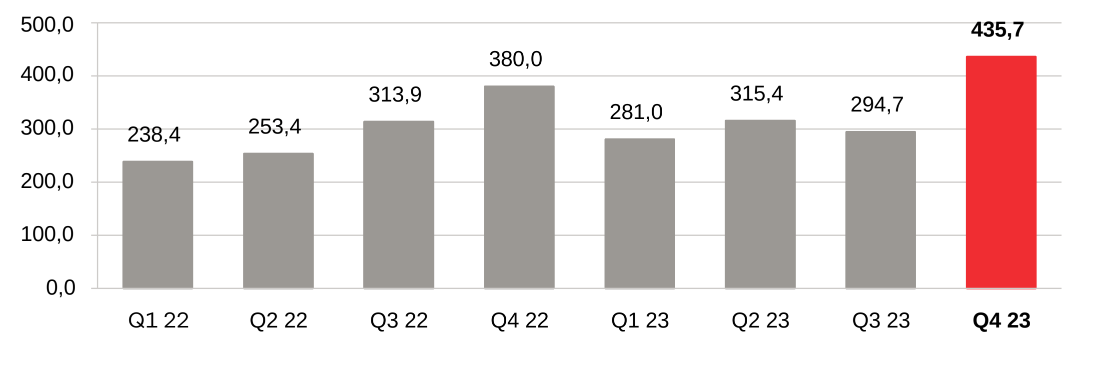
// 03 Full-year figures 2023

Full-year figures 2023 from a quarterly perspective

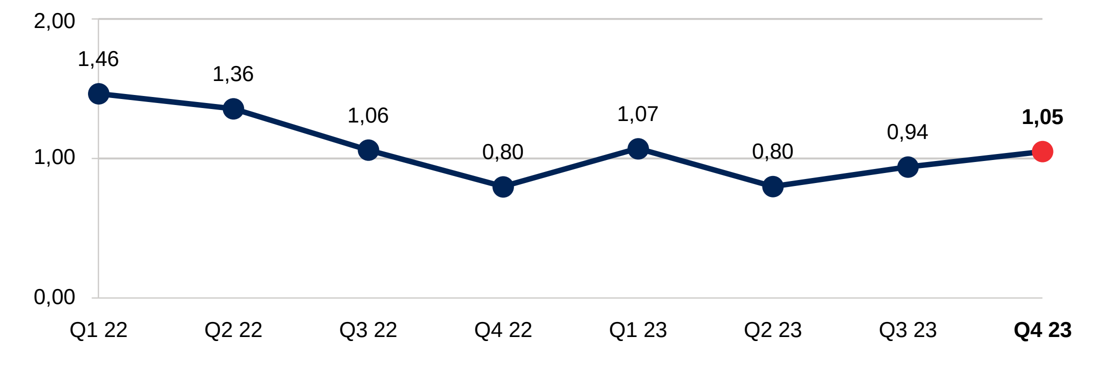
Order Backlog and Order Intake €m



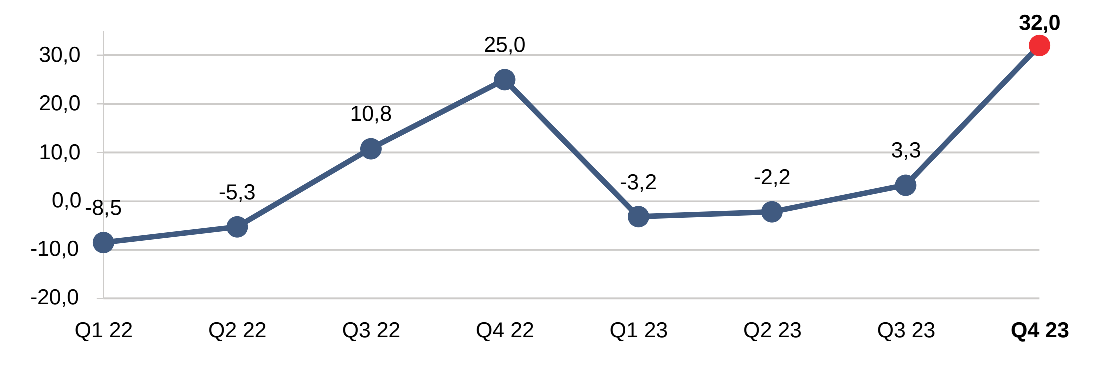
Revenue €m



Book-to-Bill Ratio (Ratio of order intake to revenue)



EBIT €m



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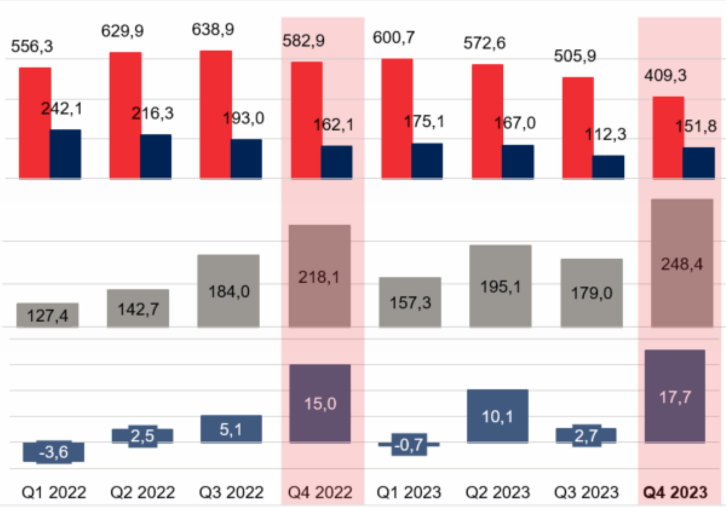
// 04 Full-year figures 2023

Segment report

Sheetfed

€m

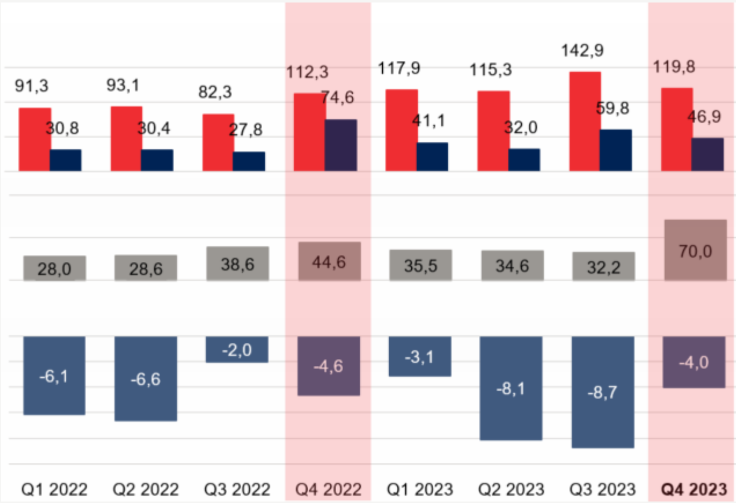
in €m	2022	in %[1]	2023	in %[1]	∆ in %
Order backlog	582.9		409.3		*-29.8*
Order intake	813.5		606.2		*-25.5*
Revenue	**672.2**		**779.8**		***+16.0***
Earnings before interest and taxes (EBIT)	**19.0**	***2.8***	**29.8**	***3.8***	***+56.8***



Digital & Webfed

€m

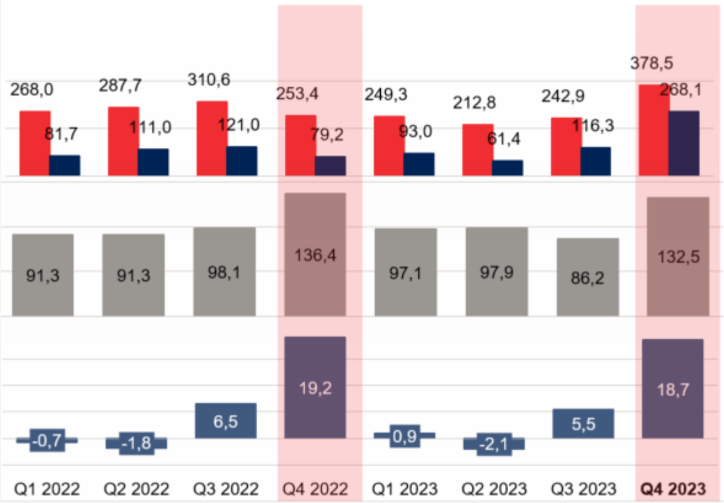
in €m	2022	in %[1]	2023	in %[1]	∆ in %
Order backlog	112.3		119.8		*+6.7*
Order intake	163.6		179.8		*+9.9*
Revenue	**139.8**		**172.3**		***+23.2***
Earnings before interest and taxes (EBIT)	**-19.3**	***-13.8***	**-23.9**	***-13.9***	***-23.8***



Special

€m

in €m	2022	in %[1]	2023	in %[1]	∆ in %
Order backlog	253.4		378.5		*+49.4*
Order intake	392.9		538.8		*+37.1*
Revenue	**417.1**		**413.7**		***-0.8***
Earnings before interest and taxes (EBIT)	**23.2**	***5.6***	**23.0**	***5.6***	***-0.9***



Order backlog Order intake Revenue EBIT

[1] in % to revenue

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// 05 Outlook & forecast

// FY 2024: Koenig & Bauer continues to face a challenging macroeconomic environment in the 2024 financial year. Nevertheless, the Management Board expects the EBIT margin and revenue to remain stable at the previous year's level. This corresponds to an operating result between €25m and €40m and revenue of around €1.3bn. However, Group EBIT for 2024 will be negatively impacted by up to €10m due to expenses for drupa, the world's largest trade fair for the printing and graphics industry, which will take place in Düsseldorf from the end of May to the beginning of June; after this one-off effect, Group EBIT will be between €15m and €30m. The Special and Digital & Webfed segments are expected to make a disproportionately high contribution to both EBIT and revenue. By contrast, the Sheetfed segment is expected to make a disproportionately low contribution to earnings and revenue, particularly in the first half of 2024. The decline in incoming orders in the third quarter of 2023 will lead to a headwind for sales and EBIT in the first half of 2024. Our guidance for the full year 2024 is based on a recovery in incoming orders, which we have seen since the fourth quarter of 2023.

In view of the continuing economic weakness, the company expects to achieve an EBIT margin of 6 to 7% on Group revenue of €1.5bn **by the 2026 financial year at the latest.**

In the **medium term**, the aim is to achieve Group revenue of around €1.8bn and an EBIT margin of 8 to 9%.

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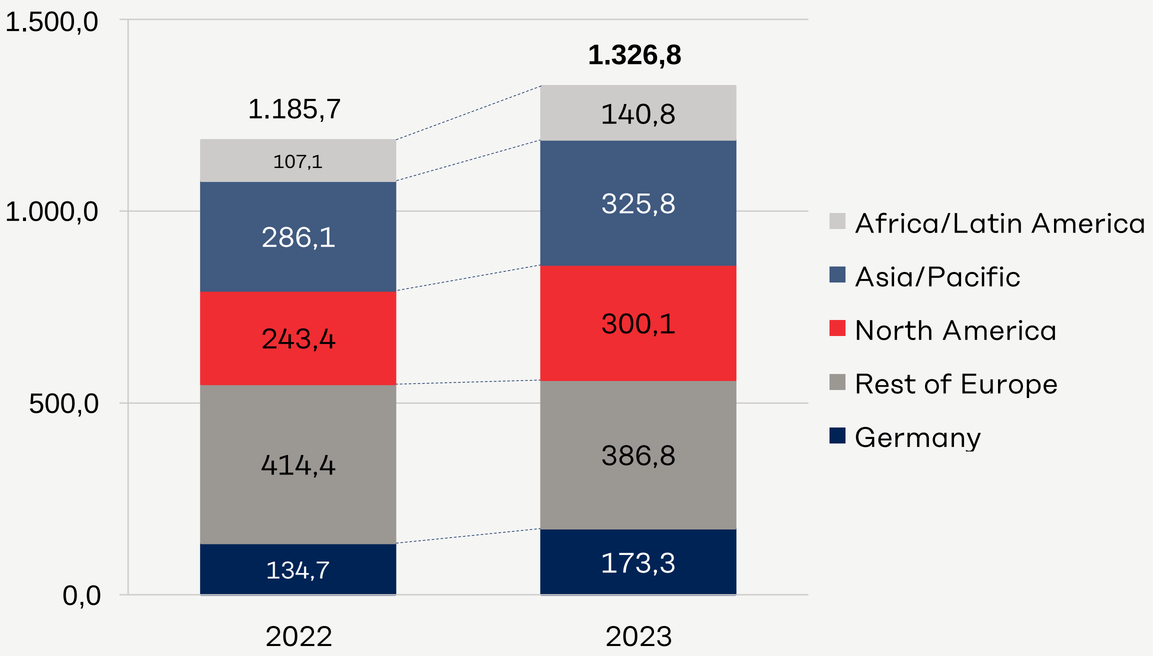
Financial figures 2023

BACKUP

we're on it.

// Full-year figures 2023
Regional report

Revenue by region 01.01. - 31.12. €m



- The **Group export ratio** decreased slightly from 88.6% to 86.9%
- With an increased share in Asia of 24.5% (previous year: 24.1%), an increased share in North America of 22.6% (previous year: 20.5%) and an increased share in Germany of 13.1% (previous year: 11.4%) and for Latin America and Africa of 10.7% (previous year: 9.1%)
- At 29.1%, the share in the rest of Europe was below the previous year's figure of 34.9%

Koenig & Bauer – Financial calendar

27 March 2024	Annual Report 2023
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.

KOENIG & BAUER

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Koenig & Bauer AG

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