

KOENIG & BAUER

9M and Q3 2023

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8 November 2023

we're on it.

Koenig & Bauer at a glance.

1. Business performance at a glance.



- Koenig & Bauer successfully completes 500 MEUR refinancing round.
- Koenig & Bauer reports weaker business performance in 2023.
- Continuing high inflationary pressure worldwide raises key interest rates.
- Temporary increase in material costs gradually decreases.

2. Highlights 9 months and Q3 2023.



- Koenig & Bauer benefits in several ways from growth market corrugated board.
- Vocational school will be one of the Bavarian climate schools in the future.
- Koenig & Bauer (AT) and the Koenig & Bauer plant in Radebeul celebrate anniversaries.

3. Figures 9 months and Q3 2023.



- Revenue growth of 10.6 % after 9 months achieved in all segments; Q3 revenue down by 6.1%.
- EBIT improved by 30% after after 9 months to € -2.1m compared to previous year; EBIT decline in Q3 from € 10.8m to € 3.3m - sequential improvement.

4. Segments 9 months and Q3 2023.



- In the Sheetfed segment, decline in customer demand in Q3 - in contrast, significant increase in order intake in the Digital & Webfed segment.
- Special segment with significant delay in the still robust order intake pipeline.

5. Outlook & Key messages.



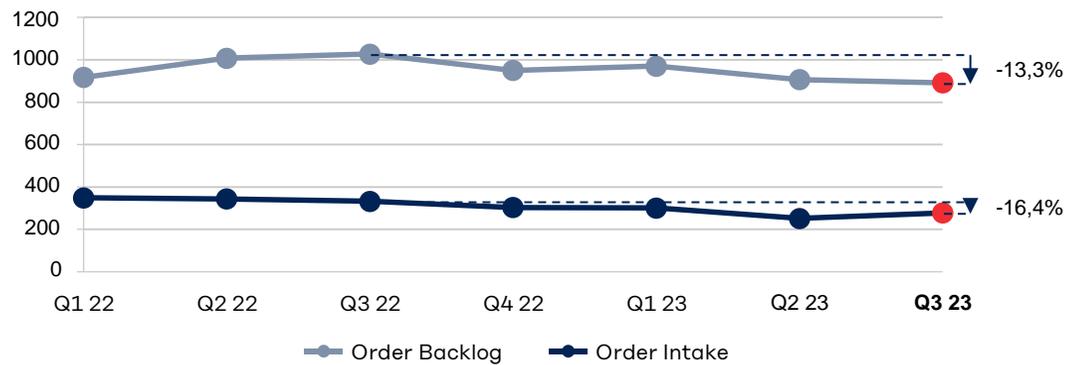
- For 2023, the Company now projects a revenue of roughly €1.3bn, accompanied by EBIT of €25 – 35m and confirms its medium-term guidance – The guidance for 2024 and 2025 will be specified in greater detail when the full-year figures for 2023 are published.

1. Business performance at a glance.

Placing the 9 months and Q3 2023 in the big picture.

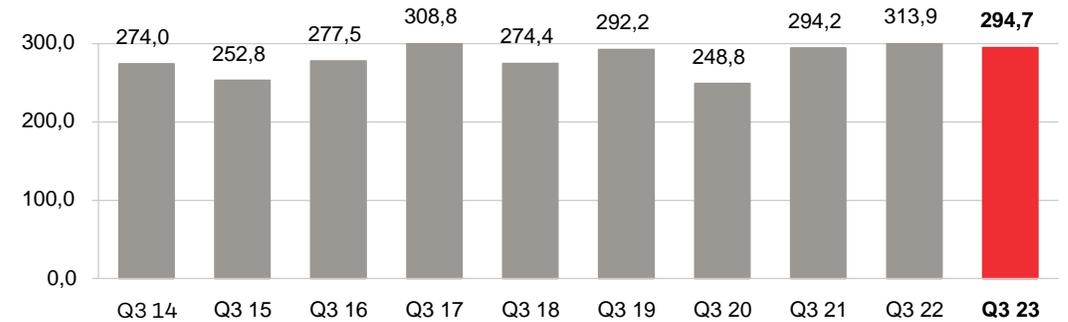
Order Backlog and Order Intake

€m



Revenue

€m

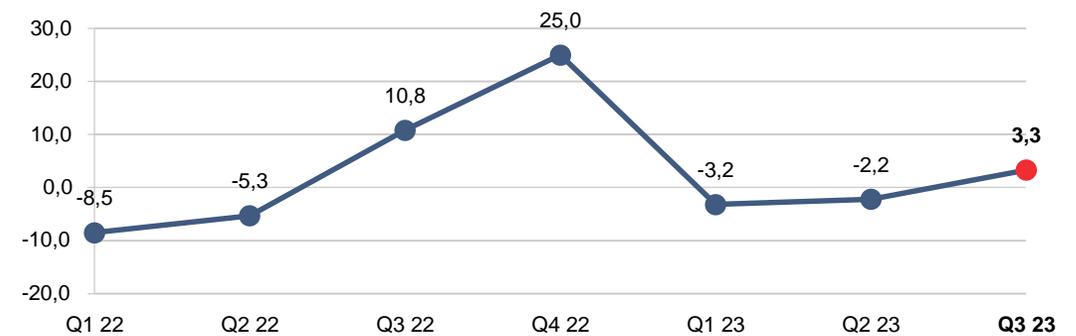


Book-to-Bill Ratio (Relation Order Intake to Revenue)



EBIT

€m



2. Highlights Q3 2023.

Koenig & Bauer successfully completes 500 MEUR refinancing round.

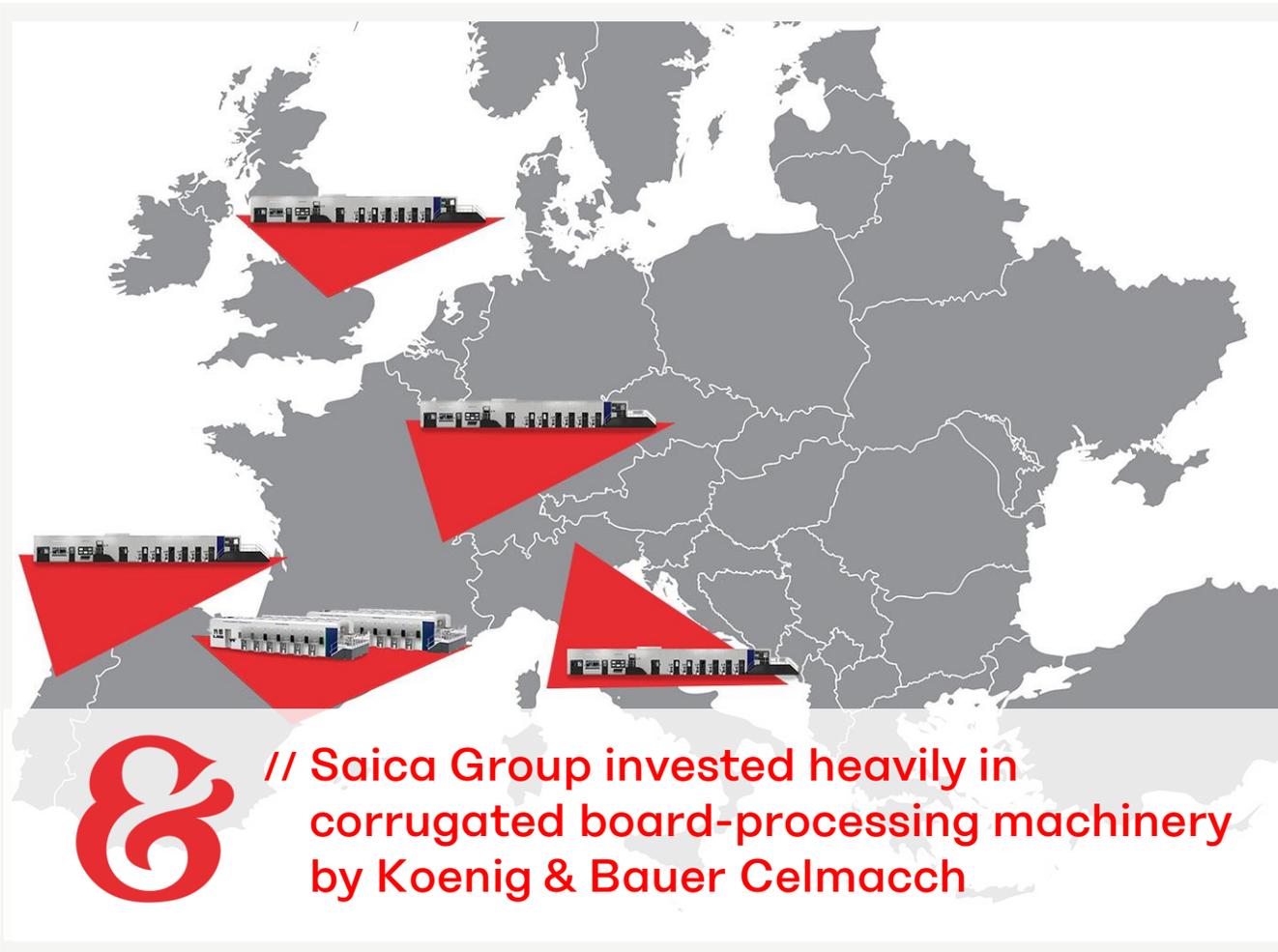


// New syndicated credit provides for an ESG rendezvous clause

- The refinancing of the existing syndicated loan successfully completed ahead of schedule at the end of October.
- Assurance the medium-term stability of its funding capabilities.
- 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.
- The new syndicated credit facilities replace the existing arrangements, which were due to expire at the end of 2024.
- In addition to a revolving cash facility of €300m, the syndicate 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.

2. Highlights Q3 2023.

Saica is expanding with six machines by Koenig & Bauer Celmacch.



The Saica expansion at a glance:

- Starting from Summer 2024, six new lines in total will progressively go into production (4x ChromaCUT X Pro and 2x Chroma HighTech).
- In addition to different configurations, short set-up times through quick job changeover and automation, as well as a simple and intuitive use, were the common, main focus for all the projects.
- One of the two Chroma HighTechs is equipped with the latest technology by Koenig & Bauer Celmacch: inside-outside printing in a single pass. The dual side printing in just one single working step allows not only a significant increase in efficiency but also a significant reduction in production costs.

2. Highlights Q3 2023.

Koenig & Bauer vocational school recognized as Bavarian climate school.



In the future, the Koenig & Bauer vocational school in Würzburg will be one of the climate schools in Bavaria.

The title "Climate School" is awarded to schools that operate sustainably and achieve step-by-step CO₂ savings.

At the same time, a climate school should provide its students with the skills they need to shape the future sustainably and make climate-friendly actions a tangible experience.

The first step on the way to becoming a certified climate school is to determine the school's specific CO₂ footprint. This is followed by the creation of a climate protection plan in which concrete climate protection measures are recorded. With their help, the determined CO₂ footprint should be gradually reduced in the following years.

2. Highlights Q3 2023.

Koenig & Bauer (AT) and the Koenig & Bauer plant in Radebeul celebrate anniversaries.



The anniversaries at a glance:

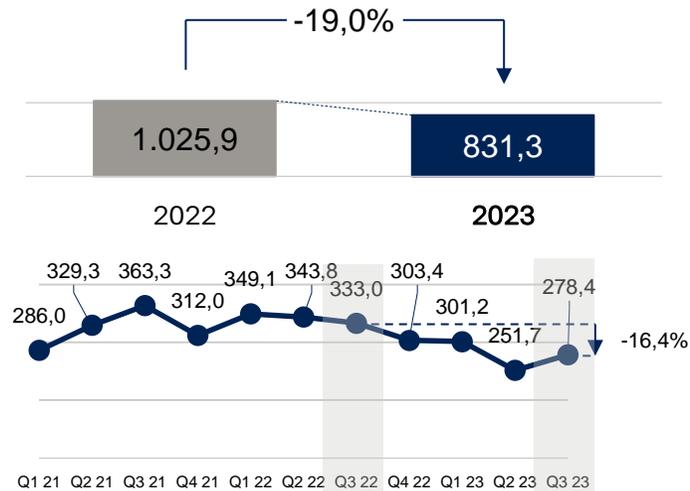
125 years – Koenig & Bauer factory in Radebeul. On September 29th, Koenig & Bauer celebrated the 125th anniversary of its location in Radebeul near Dresden. With its 1,800 employees, the factory is today considered the largest engineering company in Saxony. It is the modern-day successor to Dresdner Schnellpressenfabrik, the company founded on Blasewitzer Straße in Dresden in 1898 by Joseph Hauss and Alfred Sparbert.

175 years – Koenig & Bauer (AT). In 1848, the site was founded as "Maschinenfabrik Heinrich Löser". Today, the Austrian site in Maria Enzersdorf, district of Mödling, specializes in the assembly of security presses and the associated customer support, and is also responsible for the sales and service of sheetfed offset presses in the agency's area.

3. Figures 9M and Q3 2023.

Business performance in the Group.

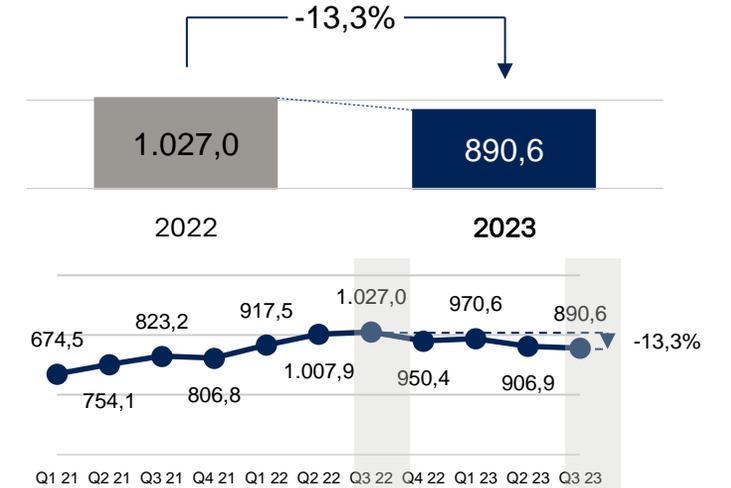
Order Intake 01.01. - 30.09. €m



Revenue 01.01. - 30.09. €m



Order Backlog 30.09. €m

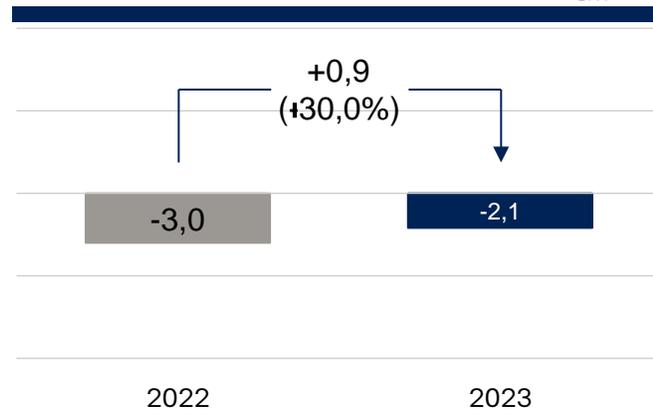


- Order intake of €831.3m at the end of the first nine months (previous year: €1,025.9m); noticeable decline in customer demand in the Sheetfed segment in particular in the third quarter – the Digital & Webfed segment performed well with an increase in order intake
- Revenue higher in all segments in the first nine months of 2023, resulting in a 10.6% increase in Group revenue to €891.1m (previous year: €805.7m) – Q3 revenue down 6.1%
- As expected, deliveries reduced the previous year's high order backlog of €1.027,0m to €890.6m

3. Figures 9M and Q3 2023.

Business performance in the Group.

EBIT 01.01. - 30.09. €m



EBIT Bridge

+	Volume- and mix effect (~ €10,0m)
+	Price Increases (~ €19,0m)
-	Inflation due to material, energy and personnel cost increases (~ €20,0m)
-	Start-up and trailing costs Digital & Webfed (~ €7,5m)
-	Other Effects (~ €0,5m)

EBIT 01.01. - 30.09. m€



- EBIT improved by 30.0% to €-2.1m in the first nine months compared to the same period of the previous year, which corresponds to an EBIT margin of -0.2% after -0.4% in the previous year.
- Despite the start-up and trailing costs in the Digital & Webfed segment the operating improvement of €0.9m is mainly due to the overall positive volume and mix effect and the ability to largely offset inflation costs (material, energy and personnel increases) through the announced price increases.

3. Figures 9M and Q3 2023.

Group income statement.

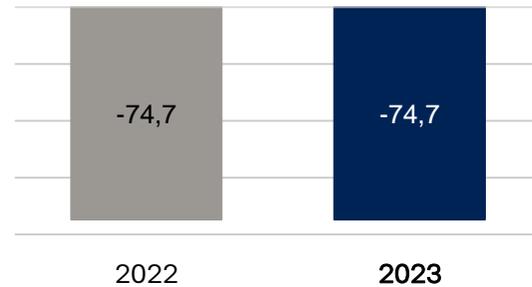
€m	9M 2022	in % ¹	9M 2023	in % ¹	Δ in %
Revenue	805.7		891.1		10.6
Cost of sales	- 587.0	- 72.9	- 650.4	- 73.0	- 10.8
Gross profit	218.7	27.1	240.7	27.0	10.1
Research and development costs	- 40.1	- 5.0	- 45.6	- 5.1	- 13.7
Distribution costs	- 102.5	- 12.7	- 115.0	- 12.9	- 12.2
Administrative costs	- 72.1	- 8.9	- 78.9	- 8.9	- 9.4
Other income ./ expenses ./ Financial result	- 7.0	- 0.9	- 3.3	- 0.4	52.9
Earnings before interest and taxes (EBIT)	- 3.0	- 0.4	- 2.1	- 0.2	30.0
Interest results	- 6.1	- 0.8	- 13.1	- 1.5	- 114.8
Earnings before taxes (EBT)	- 9.1	- 1.1	- 15.2	- 1.7	- 67.0
Income tax expense	- 1.9	- 0.2	3.0	0.3	257.9
Net loss	- 11.0	- 1.4	- 12.2	- 1.4	- 10.9

- **Revenues** increased by €85.4m, compared to the same period of the previous year, at €891.1m, represents the highest 9 months revenues in the company's recent history.
- **Gross profit** was €240.7m (previous year: €218.7m). At 27.0%, the gross margin was almost at the previous year's level of 27.1%.
- **R&D expenses** were €5.5m higher, amounted to €45.6m (previous year: €40.1m), also due to the new Digital Business Unit, which is responsible for digitalization within the Group.
- **Selling expenses** increased by €12.5m to €115.0m (previous year: €102.5m), mainly due to the increase in personnel costs in addition to the general increase in expenses for services; **administrative expenses** rose by €6.8m to €78.9m (previous year: €72.1m) as a result of the increase in amortization of intangible assets in the Group.
- The **balance of ol and oE** was €-3.3m after €-7.0m in the previous year, partly due to foreign currency valuations.
- **EBIT** improved by €0.9m to €-2.1m (previous year: €-3.0m).
- The **interest result** amounted to €-13.1m (previous year: €-6.1m), mainly due to higher interest paid to banks, this results in an **EBT** of €-15.2m.
- After income taxes, the **consolidated result** for 9 months 2023 was €-12.2m, this corresponds to **earnings per share** of €-0.75 (previous year: €-0.70).

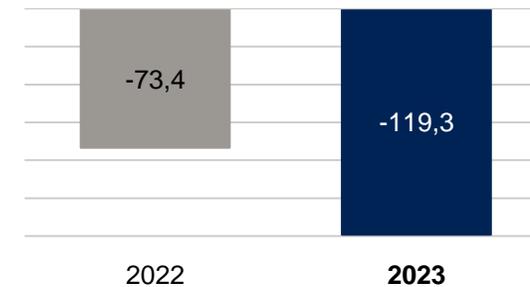
3. Figures 9M and Q3 2023.

Financial and asset position.

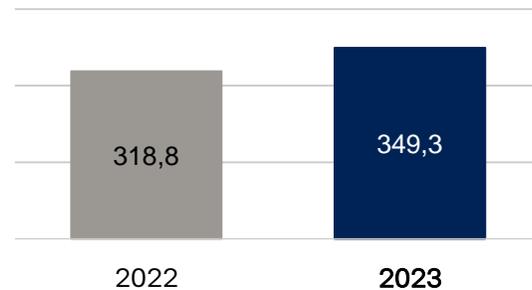
Free Cashflow 01.01. - 30.09. €m



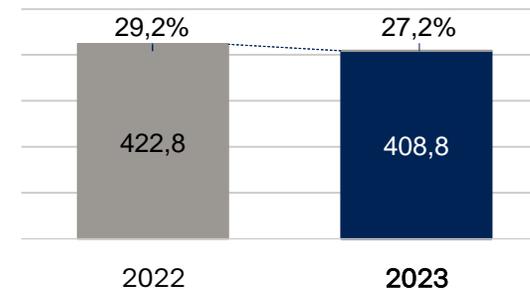
Net financial position as of 30.09. €m



Net Working Capital 01.01. - 30.09. €m



Equity as of 30.09. €m



Development of the net financial position in 2022:

- Sequential improvement in net financial position achieved of € -134.5m in Q2 to € -119.3m in Q3.
- In the 9-month period mainly characterized by:
 - Working capital: influenced in particular by the increase in inventories of raw materials to avoid supply shortages and the first-time implementation of a program to optimize supply chain financing at around €m 25 in Q3.
 - Investments made, primarily to adapt the infrastructure to gas and energy developments, as well as M&A activities.

3. Figures 9M and Q3 2023.

Group cash flow statement.

€m	9M 2022	9M 2023
Earnings before taxes	- 9.1	- 15.2
Non-cash transactions	32.7	45.7
Gross cash flow	23.6	30.5
Changes in inventories, receivables, other assets	- 113.5	- 80.0
Change in provisions and payables incl. interest and income tax payments/refunds	58.9	9.3
Cash flows from operating activities	- 31.0	- 40.2
Cash flows from investing activities	- 43.7	- 34.5
Free cash flow	- 74.7	- 74.7
Cash flow from financing activities	27.5	31.1
Change in funds	- 47.2	- 43.6
Effect of changes in exchange rates	5.7	0.7
Funds at beginning of period	129.5	132.2
Funds at end of period	88.0	89.3

- **Gross cash flow** improved by €6.9m compared with the previous year.
- **Cash flow from operating activities** amounted to €-40.2m in the reporting period (previous year: €-31.0m), mainly as a result of the increase in inventories. This was countered by the increase in advance payments received.
- At € -34.5 million, **cash flow from investing activities** was below the previous year's level of € -43.7 million, which included the acquisition of shares in Celmacch.
- At € -74.7 million, **free cash flow** was exactly the same as in the previous year.
- **Cash flow from financing activities** amounted to €31,1m (previous year: €27.5m), which is also attributable to changes in the syndicated loan.
- At the end of September 2023, **cash and cash equivalents** amounted to €89.3m (previous year: €88.0m).
- After deducting liabilities to banks of €208.6m the **net financial position** was €-119.3m (previous year: €-73.4m), compared with €-63.7m at the end of the financial year 2022.

3. Figures 9M and Q3 2023.

Group balance sheet.

in €m	31.12.2022	30.09.2023
Assets		
Non-current assets		
1. Intangible assets, property, plant and equipment	393.6	395.3
Investments and other financial receivables	25.5	24.9
Investments accounted for using the equity method	16.0	15.7
Other assets	1.6	0.8
Deferred tax assets	89.8	97.9
	526.5	534.6
Current assets		
2. Inventories	426.2	536.6
Trade receivables	121.6	116.6
Other financial receivables	33.7	35.7
Other assets	205.5	182.6
Securities	3.5	4.8
Cash and cash equivalents	132.2	89.3
	922.7	965.6
Balance sheet total	1,449.2	1,500.2

in €m	31.12.2022	30.09.2023
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	290.6	276.5
Equity attributable to owners of the Parent	421.1	407.0
Equity attributable to non-controlling interests	1.7	1.8
	422.8	408.8
Liabilities		
Non-current liabilities		
Pension provisions and similar obligations	86.3	85.9
Other provisions	31.7	18.0
Bank loans	136.4	136.3
Other financial payables	22.2	25.7
Other liabilities	9.1	11.8
Deferred tax liabilities	73.0	74.5
	358.7	352.2
Current liabilities		
Other provisions	106.6	103.3
Trade payables	104.7	101.9
Bank loans	59.5	72.3
Other financial payables	92.4	96.7
Other liabilities	304.5	365.0
	667.7	739.2
Balance sheet total	1,449.2	1,500.2

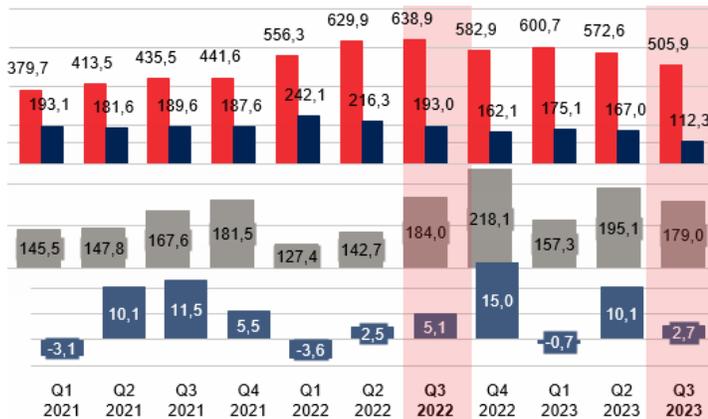
- In the reporting period, €35.2m (previous year: €28.7m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalized development costs of €4.3m (previous year: €3.0m). Capital expenditure was offset by depreciation and amortization amounting to €32.4m (previous year: €28.9m).
- Current assets** increased by €42.9m compared with the end of the previous year. **Inventories** increased by €110.4m and **cash and cash equivalents** decreased by €42.9m. The main reasons for this continue to be cost increases on the procurement markets and increased stockpiling due to the global supply bottlenecks and shortage of materials.
- The negative consolidated net income contributed significantly to the reduction in **equity** to €408.8m, with the **equity ratio** falling accordingly to 27.2% (previous year: 28.5%; December 31, 2022: 29.2%). Pension provisions decreased slightly from €86.3m at the end of 2022 to €85.9m as at September 30, 2023 due to the increase in the discount rate for domestic pensions from 3.9% as at December 31, 2022 to 4.2% as at September 30, 2023.
- Non-current liabilities** decreased by €6.5m. **Current liabilities** increased by €71.5m, mainly due to the increase in advance payments received and the supply chain financing optimization programme.

3. Segment report 9M and Q3 2023.

Sheetfed

€m

	9M 2022	in % ¹	9M 2023	in % ¹	Δ in %
Order backlog	638.9		505.9		-20.8
Order intake	651.4		454.4		-30.2
Revenue	454.1		531.4		17.0
Earnings before interest and taxes (EBIT)	4.0	0.9	12.1	2.3	202.5



Digital & Webfed

€m

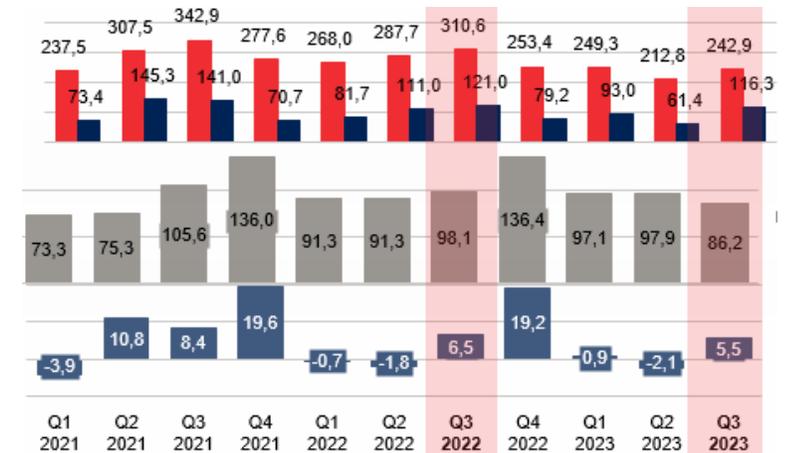
	9M 2022	in % ¹	9M 2023	in % ¹	Δ in %
Order backlog	82.3		142.9		73.6
Order intake	89.0		132.9		49.3
Revenue	95.2		102.3		7.5
Earnings before interest and taxes (EBIT)	-14.7	-15.4	-19.9	-19.5	-35.4



Special

€m

	9M 2022	in % ¹	9M 2023	in % ¹	Δ in %
Order backlog	310.6		242.9		-21.8
Order intake	313.7		270.7		-13.7
Revenue	280.7		281.2		0.2
Earnings before interest and taxes (EBIT)	4.0	1.4	4.3	1.5	7.5



Order backlog Order Intake Revenue EBIT

4. Forecast.

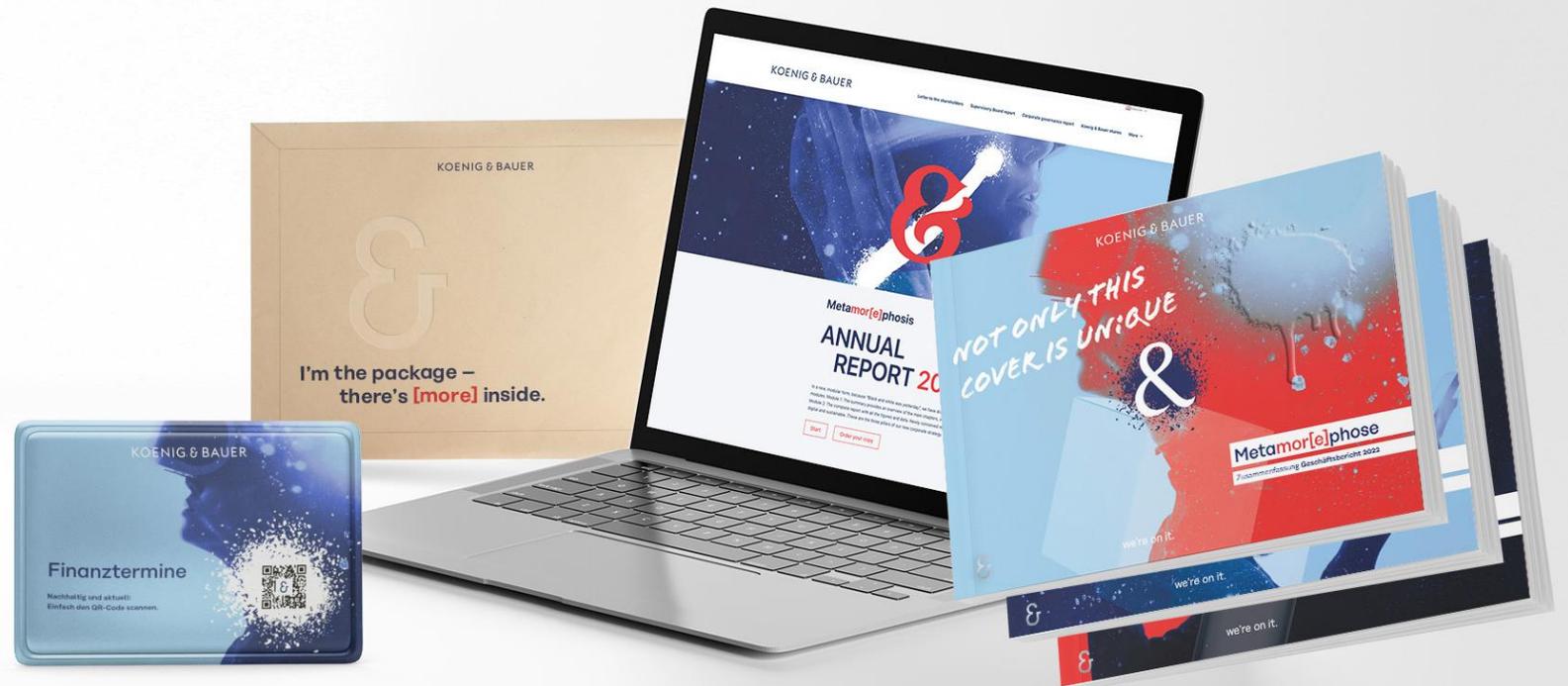
Medium-term targets also adjusted for inflation effects.

For 2023, the Company now projects a revenue of roughly €1.3bn, accompanied by EBIT of €25 – 35m, and confirms its medium-term guidance.

The guidance for 2024 and 2025 will be specified in greater detail when the full-year figures for 2023 are published.

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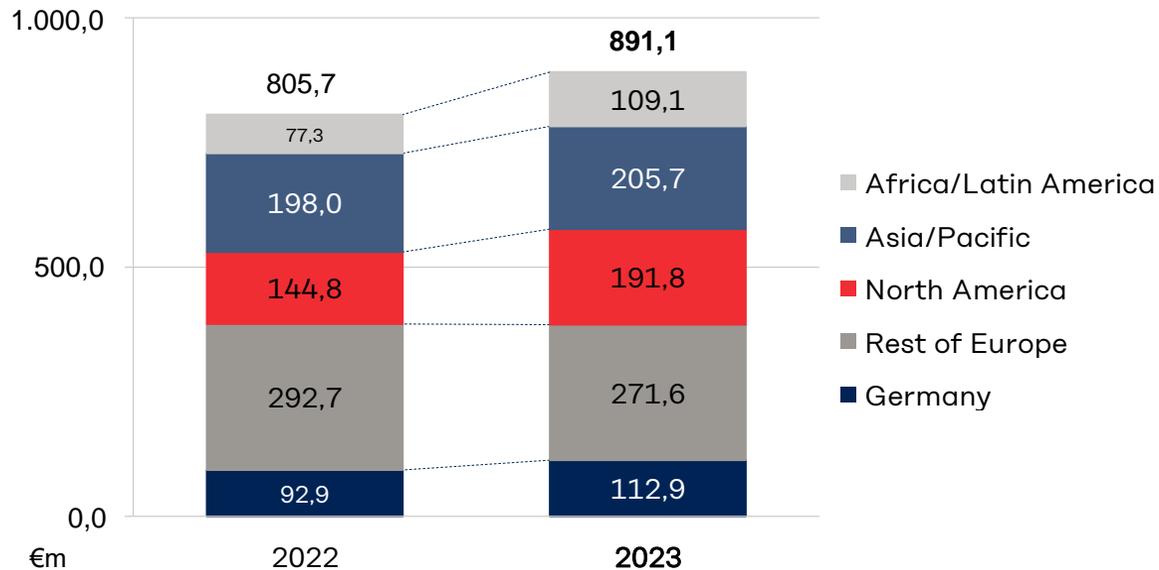
Backup.



3. Regional report 9M and Q3 2023.

Group.

Revenue by regions 01.01. - 30.09.



- The **Group export ratio** dropped from 88.5% to 87.3%, with North America's share increasing to 21.5% (previous year: 18.0%), Latin America and Africa's share rising to 12.4% (previous year: 9.6%) and Germany's share increasing to 12.7% (previous year: 11.5%).
- The share of revenue generated in the Asia/Pacific region, at 23.1% (previous year: 24.6%), and in the rest of Europe, at 30.4% (previous year: 36.3%), were both down in the previous year.

3. Segment report 9M and Q3 2023.

Group reconciliation.

in €m	9M 2022		9M 2023	Δ in %
Order backlog	- 4,8		-1,1	77,1
Order intake	- 28,2		- 26,7	5,3
Revenue	- 24,3		- 23,8	2,1
Earnings before interest and taxes (EBIT)	3,7		1,4	- 62,2

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.

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Disclaimer:

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Koenig & Bauer AG

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