

KOENIG & BAUER

KOENIG & BAUER

Q1 2023

Dr Andreas Pleßke, CEO
Dr Stephen Kimmich, CFO

15 May 2023

we're on it.

Koenig & Bauer at a glance.

1. Business Performance at a Glance.



- Koenig & Bauer with a dynamic start to the new financial year and confirms forecast for 2023
- Persistently high inflationary pressure globally raises key interest rates

2. Highlights Q1 2023.



- Expansion of strategic partnership with Sealed Air (SEE)
- Digital printing as a technology of the future has arrived in almost all end markets
- Trade fair highlights Q1 2023

3. Q1 Figures.



- Highest Q1 revenue of €281.0m in the company's recent history achieved
- EBIT still slightly negative at €-3.2m, but improvement of around 60 % compared to the same quarter of the previous year achieved

4. Segments.



- Digital & Webfed with significant improvement in results
- Sheetfed and Special continue on profitable growth path
- Order intake at €301.2m was at the expected level; book-to-bill ratio of more than 1 achieved despite increase in turnover

5. Outlook & Key messages.



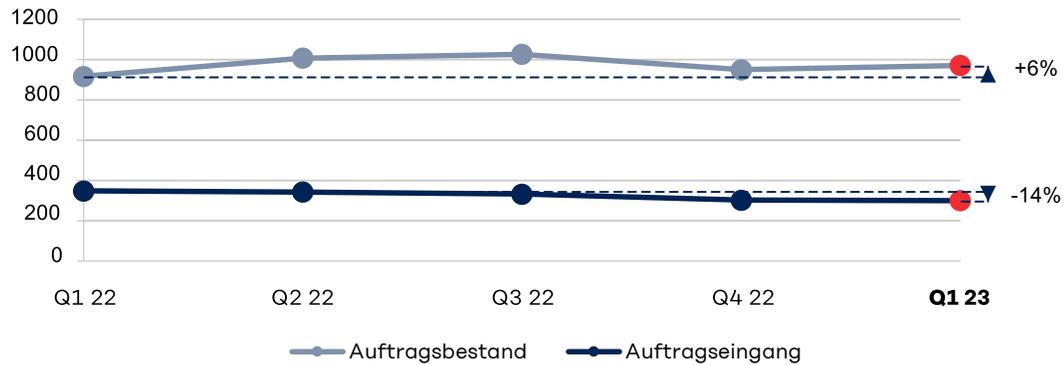
- Outlook 2023: Group revenue of €1.3bn with an EBIT margin of around 3%; medium-term planning envisages revenue of around €1.8bn with an EBIT margin of 8-9% - already in 2025, revenue of €1.5bn and 6-7% EBIT margin to be achieved

1. Business Performance at a Glance.

Placing the first quarter of 2023 in the big picture.

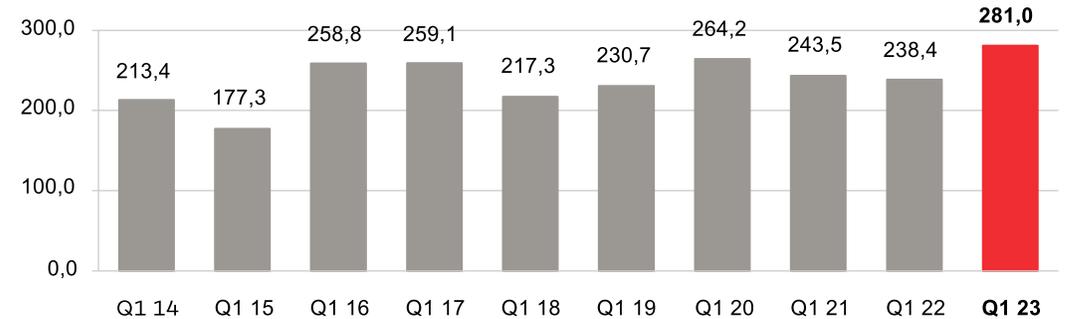
Order Backlog and Order Intake

€m



Revenue

€m

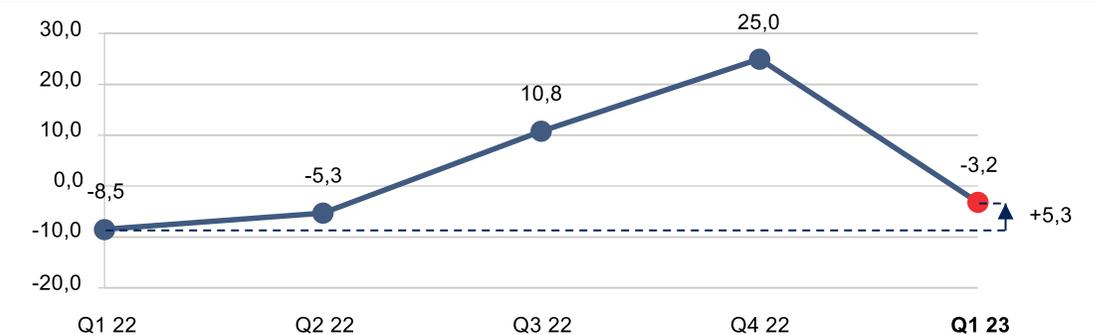


Book-to-Bill Ratio (Relation Order Intake to Revenue)



EBIT

€m



2. Highlights Q1 2023.

Sealed Air (SEE) and Koenig & Bauer expand their strategic partnership.



// In future, the web digital presses of the RotaJET series will be equipped with the know-how as well as the software and hardware of SEE's own "prismiq™" brand.
// Both companies will expand their product and solution portfolio by accelerating the digitalisation of printing platforms.
// In addition to expanding the market potential of both companies, the strategic partnership will also lead to digital printing presses under common brands.

Aim of the partnership:

- Significantly expand opportunities in packaging design through the development of state-of-the-art digital printing technology, equipment and services.
- The solutions developed will be scalable and make digitally printed materials available much faster.
- This will enable brand owners to promote their products by engaging with consumers through digitally enhanced packaging.

prismiq™

2. Highlights Q1 2023.

Sealed Air (SEE) and Koenig & Bauer expand their strategic partnership.

prismiq™

- SEE's solutions, launched in 2022 under the "prismiq™" brand, enable brand owners to get to market faster while delivering higher quality and lower cost designs.
- They also increase business development, improve operational efficiency and reach consumers through digital content associated with packaging.
- **prismiq™ offers three categories of solutions:**
 - **Design Services:** SEE designs packaging that is specifically tailored to the needs of brand owners. To do this, a team of nearly 200 design specialists works with clients around the world to create custom graphics, design new concepts and conduct performance testing.
 - **Digital printing:** SEE's systems can handle multiple designs in a single order, print serialised/digitised codes and package-specific images, giving customers flexible order quantities and faster turnaround times.
 - **Smart packaging:** prismiq™ eliminates waste and redundant packaging while improving products and customer engagement. SEE's cloud-based end-to-end platform generates packaging-specific digital IDs that capture and manage data along the value chain.



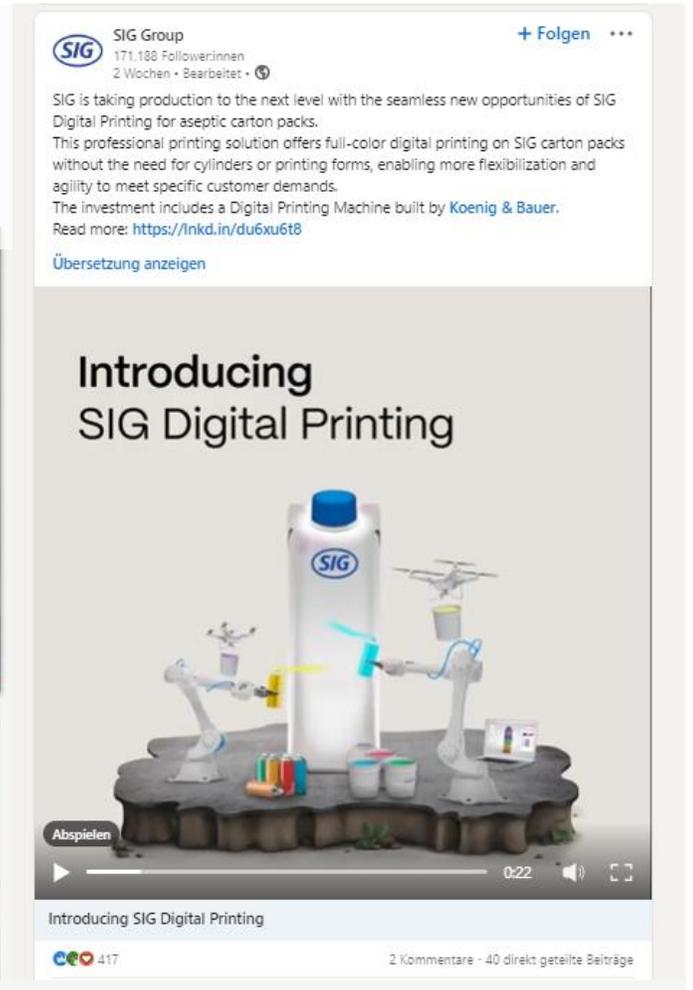
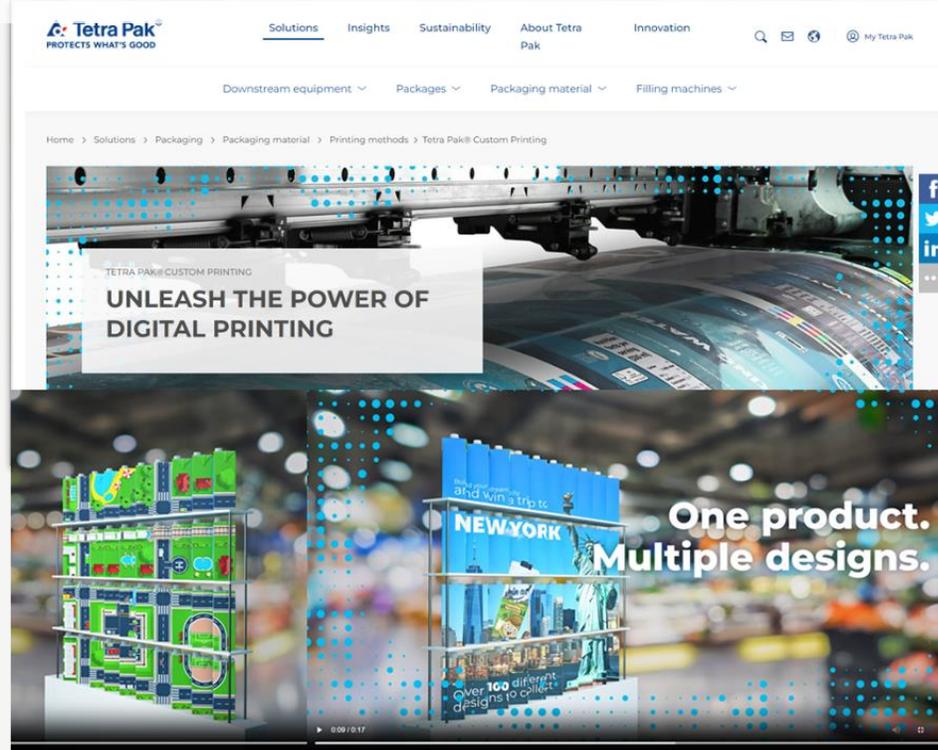
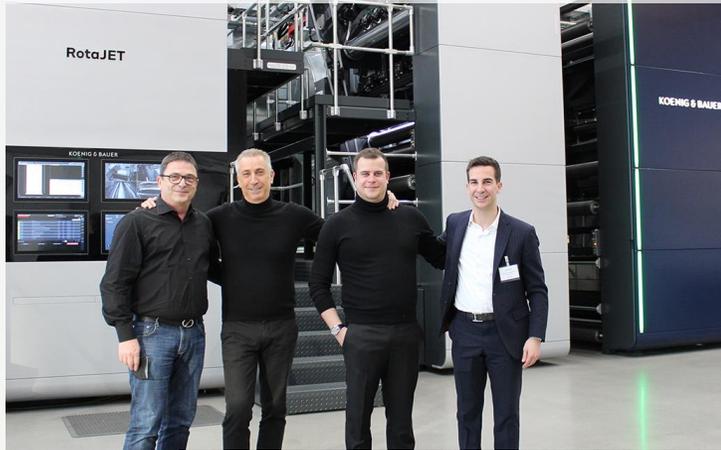
2. Highlights Q1 2023.

RotaJET has arrived in almost all end markets as a technology of the future.



// Digital printing enables new business models in letterpress printing

// Changing customer demand lets our multinational customers take the necessary flexibility in beverage carton printing to a new level

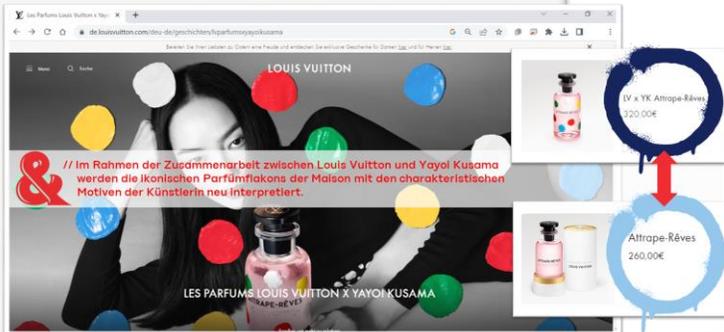
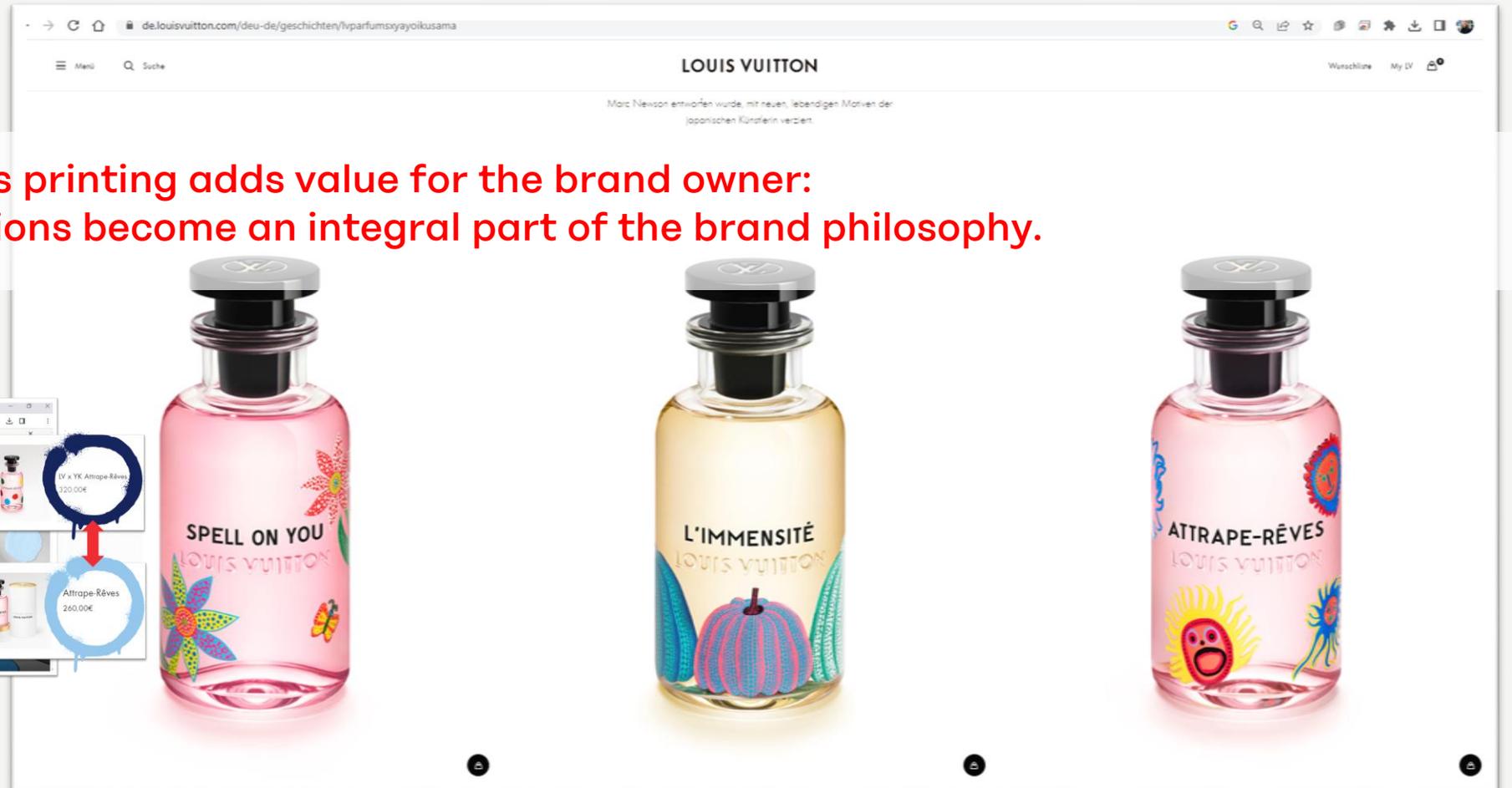


2. Highlights Q1 2023.

Limited Edition through digital printing by Kammann becomes a perennial favourite.



Digital glass printing adds value for the brand owner:
limited editions become an integral part of the brand philosophy.



2. Highlights Q1 2023.

From traditional press manufacturer to digital pioneer in the printing industry.



// Partnership with Google as the number 1 cloud provider for industry solutions to become a holistic solution provider.



Demonstration of the first working prototype of Koenig & Bauer Analytics at the Google Cloud stand at Hannover Messe 2023.



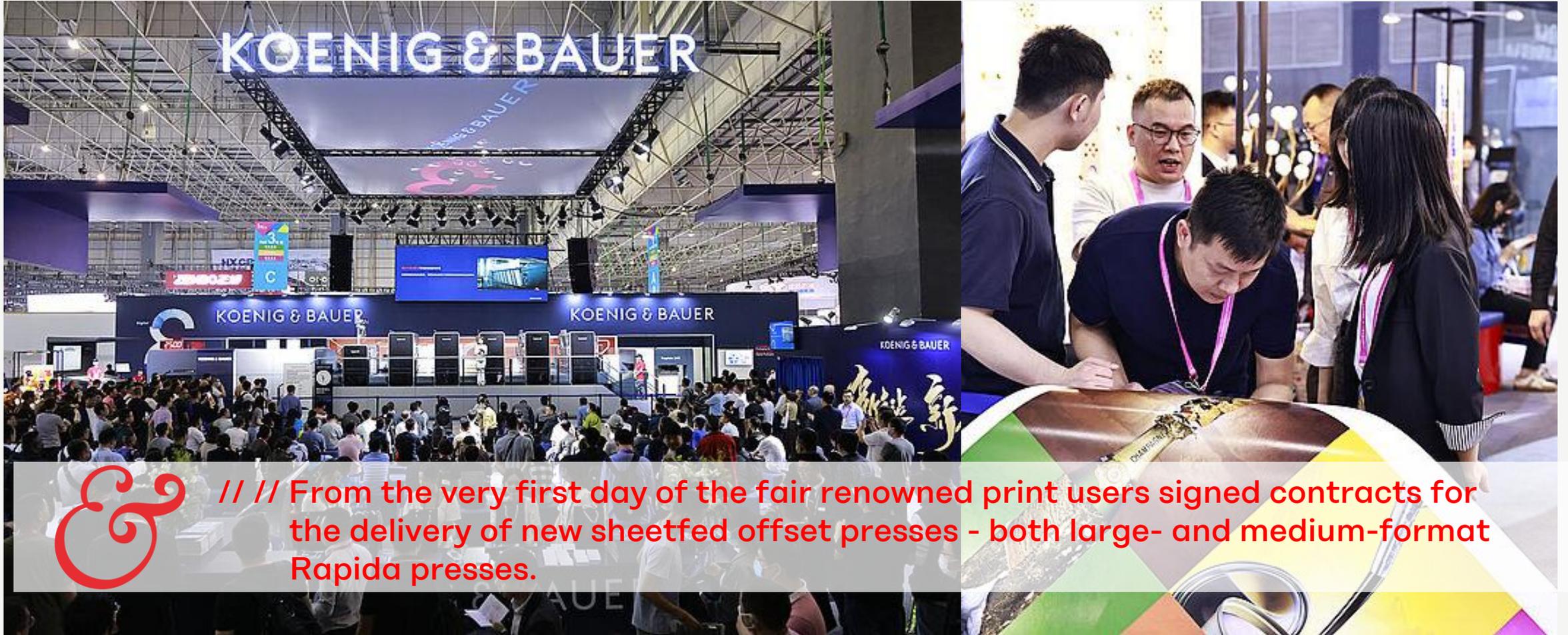
The powerful analysis tool seamlessly brings together data from various sources, such as machine log files and data from existing MES and MIS systems, and makes it possible to create complex evaluations in the simplest possible way, thus obtaining a holistic understanding of the production process.



Aim for almost 100 percent productivity of as many machines as possible

2. Highlights Q1 2023.

Koenig & Bauer successful at Print China.



/// From the very first day of the fair renowned print users signed contracts for the delivery of new sheetfed offset presses - both large- and medium-format Rapida presses.

2. Highlights Q1 2023.

Koenig & Bauer at METPACK, the world's leading trade fair for metal packaging.



 MetalControl: New colour control system with closed loop convinced the jury:

- MetalControl scans each sheet and measures the ink density
- Results are digitally transmitted to the control panel, evaluated and ink keys automatically corrected
- One hundred percent closed-loop colour control within the press, guaranteeing maximum colour stability and consistency, independent of the operator
- Manual adjustments are no longer necessary
- Complaints, test prints and makeready times are reduced

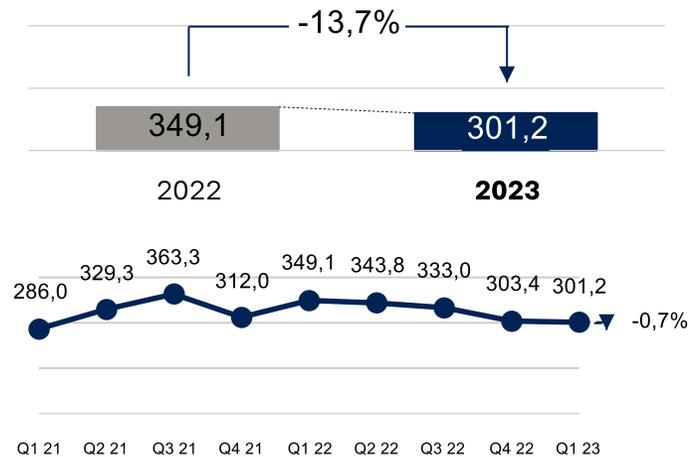


// Koenig & Bauer MetalPrint wins Gold for MetalControl innovation – Independent international jury of experts determines winners based on several criteria: Innovation content, cost savings, quality enhancement and sustainability.

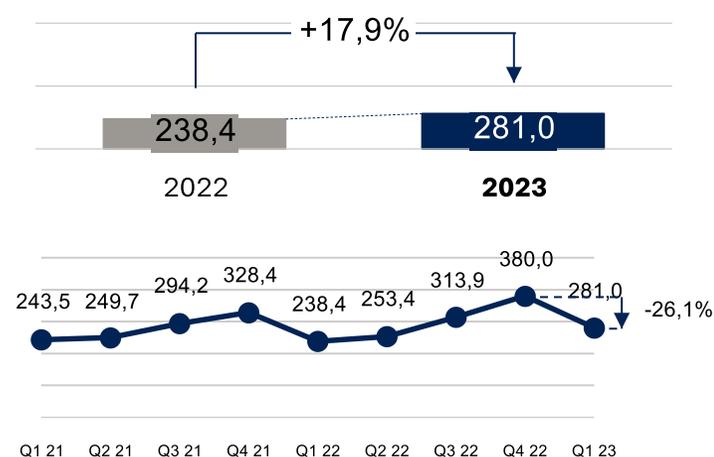
3. Q1 Figures 2023.

Business Performance in the Group.

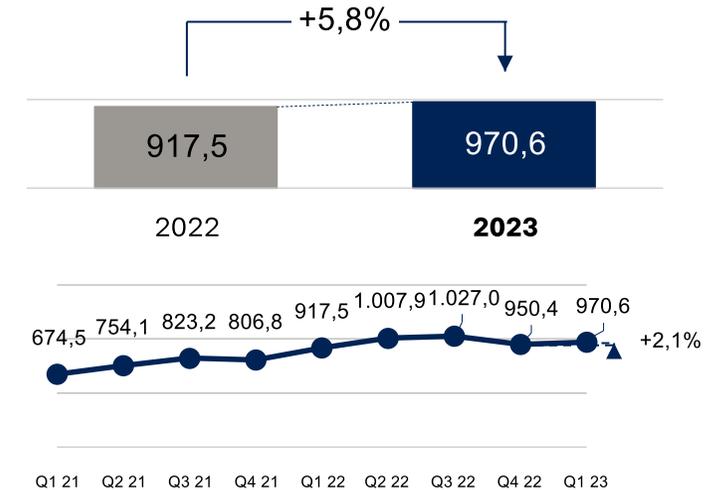
Order Intake 01.01. - 31.03. €m



Revenue 01.01. - 31.03. €m



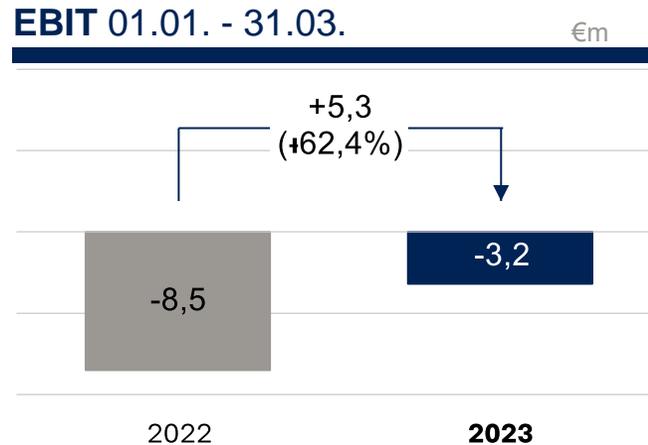
Order Backlog 31.03. €m



- As of 31 March, the order intake was €301.2m. This marked a return to a robust level of incoming orders, as already forecast. The previous year's figure was characterised in particular by above-average demand in the Sheetfed segment.
- Group revenue increased by 17.9% compared to the same quarter last year and, at €281.0m, marked one of the highest Q1 revenues in the company's recent history.
- At €970.6m, the order backlog was both above the value as of 31 December 2022 and also exceeded the previous year's quarterly value.

3. Q1 Figures 2023.

Business Performance in the Group.



EBIT Bridge

+	Volumen- and mix effect (~€5.5m)
+	Price Increases (~€6m)
-	Material, Energy and Personnel cost (~€6.5m)
+	Other Effects (~€0.5m)



- The EBIT improved in Q1 23 by 62.4% to €-3.2m compared to the same time last year, which corresponds to an EBIT margin of -1.1% after -3.6% in the previous year. This means that a major step towards an EBIT margin of around 3% was already taken in Q1 23.
- The operational improvement of €5.3m is mainly due to the overall positive volume and mix effect and the ability to almost offset the material, energy and personnel costs through the announced price increases
- On the one hand, the delta reflects the time lag between price increases and cost increases in the procurement markets, especially in Q4 22 for example in energy costs and electronic components. In addition, there is a further lag effect between price reductions on the procurement market and their effectiveness in the income statement.

3. Q1 Figures 2023.

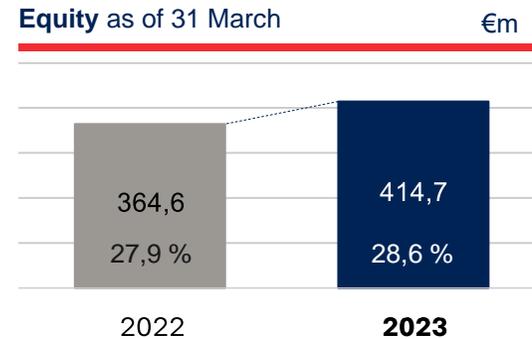
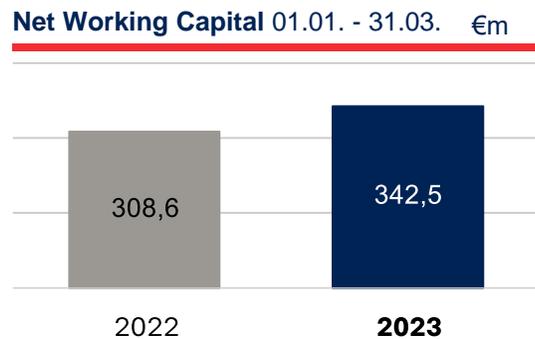
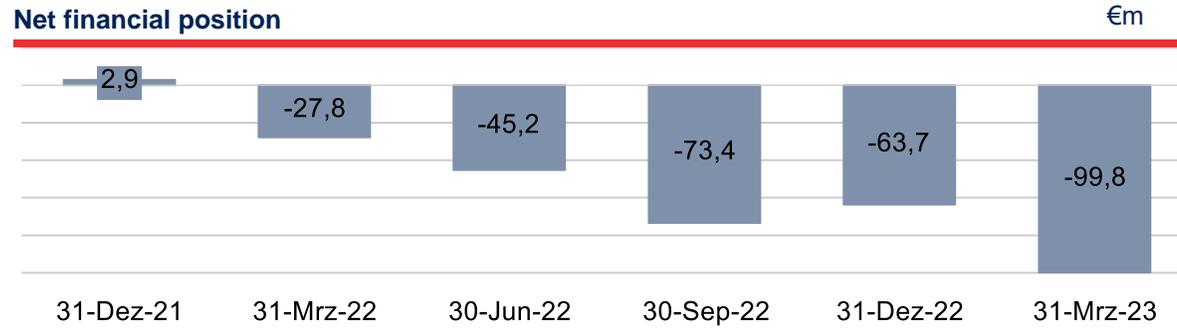
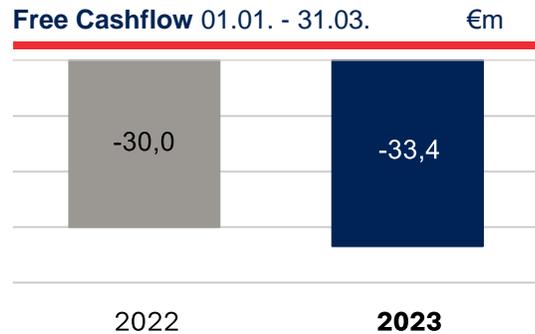
Group Income Statement.

€m	Q1 2022	in % ¹	Q1 2023	in % ¹	Δ in %
Revenue	238,4		281,0		17,9
Cost of sales	-176,2	-73,9	-204,1	-72,6	-15,8
Gross profit	62,2	26,1	76,9	27,4	23,6
Research and development costs	-14,0	-5,9	-16,0	-5,7	-14,3
Distribution costs	-31,6	-13,3	-37,6	-13,4	-19,0
Administrative costs	-22,8	-9,6	-25,0	-8,9	-9,6
Other income ./ expenses ./ Financial result	-2,3	-1,0	-1,5	-0,5	34,8
Earnings before interest and taxes (EBIT)	-8,5	-3,6	-3,2	-1,1	62,5
Interest results	-2,4	-1,0	-3,3	-1,2	-37,5
Earnings before taxes (EBT)	-10,9	-4,6	-6,5	-2,3	40,4
Income tax expense	0,4	0,2	0,8	0,3	100,0
Net loss	-10,5	-4,4	-5,7	-2,0	47,5

- **Revenues** increased by €42.6m compared to the same period of the previous year and, at €281.0m, represent one of the highest Q1 revenues in the company's recent history.
- **Gross profit** was €76.9m (previous year: €62.9m). Thanks to P24x, the gross margin increased slightly to 27.4% (previous year: 26.1%).
- **R&D expenses** of €16.0m were above the previous year's level.
- **Selling expenses** increased by €6.0m to €37.6m (previous year: €31.6m), mainly due to the increase in personnel costs in addition to the general increase in expenses for services; **administrative expenses** increased by €2.2m to €25.0m (previous year: €22.8m) due to the increase in amortisation of intangible assets in the Group.
- The **balance of ol and oE** was €-1.5m after €-2.3m in the previous year, partly due to foreign currency valuations.
- **EBIT** improved by €5.3m, which corresponds to an EBIT margin of -1.1% after -3.6% in the previous year.
- The **interest result** of €-3.3m was €0.9m below the previous year's value.
- The **EBT** of €-6.5m was €4.4m higher than in the previous year.
- After income taxes, the **consolidated result** in Q1 23 was €-5.7m (previous year: €-10.5m). This corresponds to **earnings per share** of €-0.34 (previous year: €-0.64).

3. Figures Q1 2023.

Financial and asset position.



Development of net financial position mainly characterized by :

- Working capital: in particular by building up inventories of raw materials in order to avoid supply bottlenecks.
- Investments made, mainly to adapt infrastructure to gas and energy developments, and
- Acquisition of shares in Celmacch

3. Figures Q1 2023.

Group cash flow statement.

€m	Q1 2022	Q1 2023
Earnings before taxes	-10,9	-6,5
Non-cash transactions	10,1	15,7
Gross cash flow	-0,8	9,2
Changes in inventories, receivables, other assets	-56,6	-52,9
Change in provisions and payables incl. interest and income tax payments/refunds	38,1	20,8
Cash flows from operating activities	-19,3	-22,9
Cash flows from investing activities	-10,7	-10,5
Free cash flow	-30,0	-33,4
Cash flow from financing activities	-6,9	-16,4
Change in funds	-36,9	-49,8
Effect of changes in exchange rates	1,5	-0,6
Funds at beginning of period	129,5	132,2
Funds at end of period	94,1	81,8

- **Gross cash flow** improved by €10.0m compared with the previous year.
- **Cash flow from operating activities** amounted to €-22.9m in the reporting period (previous year: €-19.3m), mainly as a result of the increase in inventories. This was countered by the increase in advance payments received.
- **Cash flow from investing activities** amounted to €-10.5m and was almost on a par with the previous year's figure of €-10.7m.
- **Free cash flow** amounted to €-33.4m (previous year: €-30.0m). The decrease of €3.4m was mainly due to the change in net working capital, which amounted to €342.5m as of 31 March 2023 (previous year: €308.6m).
- **Cash flow from financing activities** of €-16.4m (previous year: €-6.9m) is mainly attributable to the partial repayment of the syndicated loan.
- At the end of March 2023, **cash and cash equivalents** amounted to €81.8m (previous year: €94.1m).
- After deducting liabilities to banks of €181.6m, the **net financial position** was €-99.8m (previous year: €-27.8m), compared with €-63.7m at the end of the financial year 2022.

3. Figures Q1 2023.

Group balance sheet.

in €m	31.12.2022	31.03.2023
Assets		
Non-current assets		
1. Intangible assets, property, plant and equipment	393.6	390.8
Investments and other financial receivables	25.5	25.6
Investments accounted for using the equity method	16.0	15.9
Other assets	1.6	1.3
Deferred tax assets	89.8	95.4
	526.5	529.0
2. Current assets		
Inventories	426.2	479.4
Trade receivables	121.6	114.9
Other financial receivables	33.7	32.3
Other assets	205.5	210.7
Securities	3.5	4.0
Cash and cash equivalents	132.2	81.8
	922.7	923.1
Balance sheet total	1,449.2	1,452.1

in €m	31.12.2022	31.03.2023
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	290.6	282.5
Equity attributable to owners of the Parent	421.1	413.0
Equity attributable to non-controlling interests	1.7	1.7
	422.8	414.7
Liabilities		
Non-current liabilities		
Pension provisions and similar obligations	86.3	88.8
Other provisions	31.7	27.3
Bank loans	136.4	136.4
Other financial payables	22.2	20.7
Other liabilities	9.1	10.0
Deferred tax liabilities	73.0	76.0
	358.7	359.2
Current liabilities		
Other provisions	106.6	104.6
Trade payables	104.7	101.8
Bank loans	59.5	45.2
Other financial payables	92.4	90.6
Other liabilities	304.5	336.0
	667.7	678.2
Balance sheet total	1,449.2	1,452.1

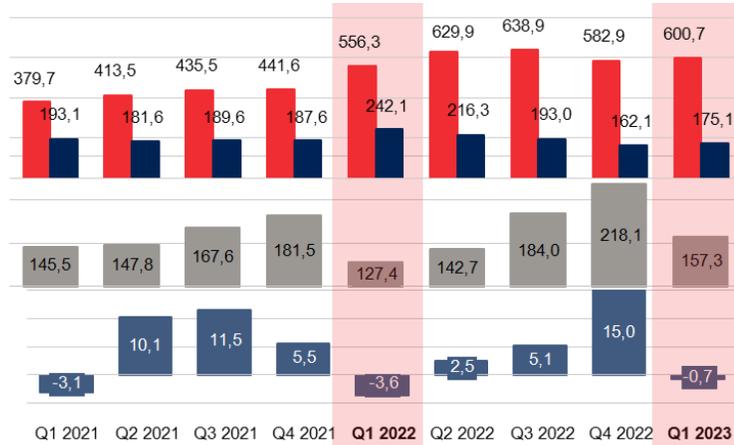
1. In the reporting period, €7.8m (previous year: €10.9m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalized development costs of €1.1m (previous year: €0.9m). Capital expenditure was offset by depreciation and amortization accounting to €10.5m (previous year: €9.6m).
2. **Current assets** increased slightly compared with the prior-year period. Inventories increased by €53.2m and cash and cash equivalents decreased by €50.4m. Main reasons for this continued to be cost increases on the procurement markets and increased stockpiling due to global supply bottlenecks and shortages of materials.
3. The decrease in the discount rate for domestic pensions (from 3.9% as of December 31, 2022 to 3.6% as of March 31, 2023) and the negative consolidated net income contributed significantly to the reduction in **equity** to €414.7m, with the **equity ratio** falling accordingly to 28.6% (previous year: 29.2%). Pension provisions increased slightly due to the lower discount rate for domestic pensions.
4. **Non-current liabilities** increased slightly by €0.5m. **Current liabilities** increased by €10.5m, mainly due to an increase in advance payments received.

3. Segment report.

Sheetfed

€m

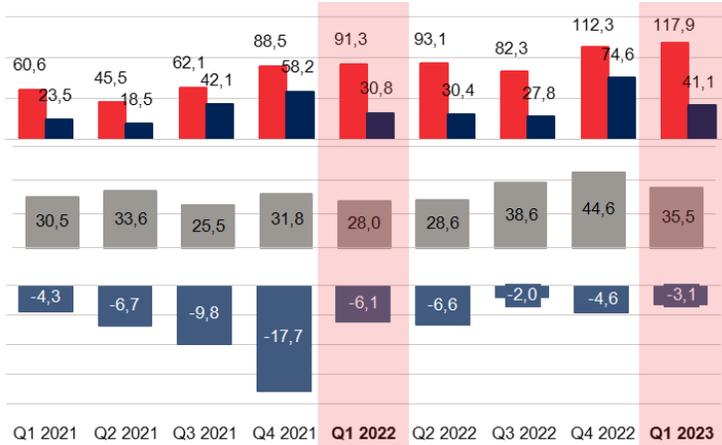
in €m	Q1 2022	in % ¹	Q1 2023	in % ¹	Δ in %
Order backlog	556,3		600,7		+8,0
Order intake	242,1		175,1		-27,7
Revenue	127,4		157,3		+23,5
Earnings before interest and taxes (EBIT)	-3,6	-2,8	-0,7	-0,4	+80,6



Digital & Webfed

€m

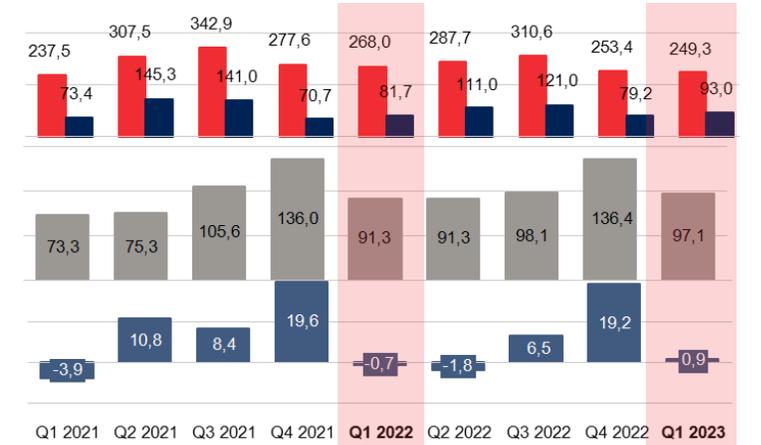
in €m	Q1 2022	in % ¹	Q1 2023	in % ¹	Δ in %
Order backlog	91,3		117,9		+29,1
Order intake	30,8		41,1		+33,4
Revenue	28,0		35,5		+26,8
Earnings before interest and taxes (EBIT)	-6,1	-21,8	-3,1	-8,7	+49,2



Special

€m

in €m	Q1 2022	in % ¹	Q1 2023	in % ¹	Δ in %
Order backlog	268,0		249,3		-7,0
Order intake	81,7		93,0		+13,8
Revenue	91,3		97,1		+6,4
Earnings before interest and taxes (EBIT)	-0,7	-0,8	0,9	0,9	+228,6



■ Order backlog ■ Order intake ■ Revenue ■ EBIT

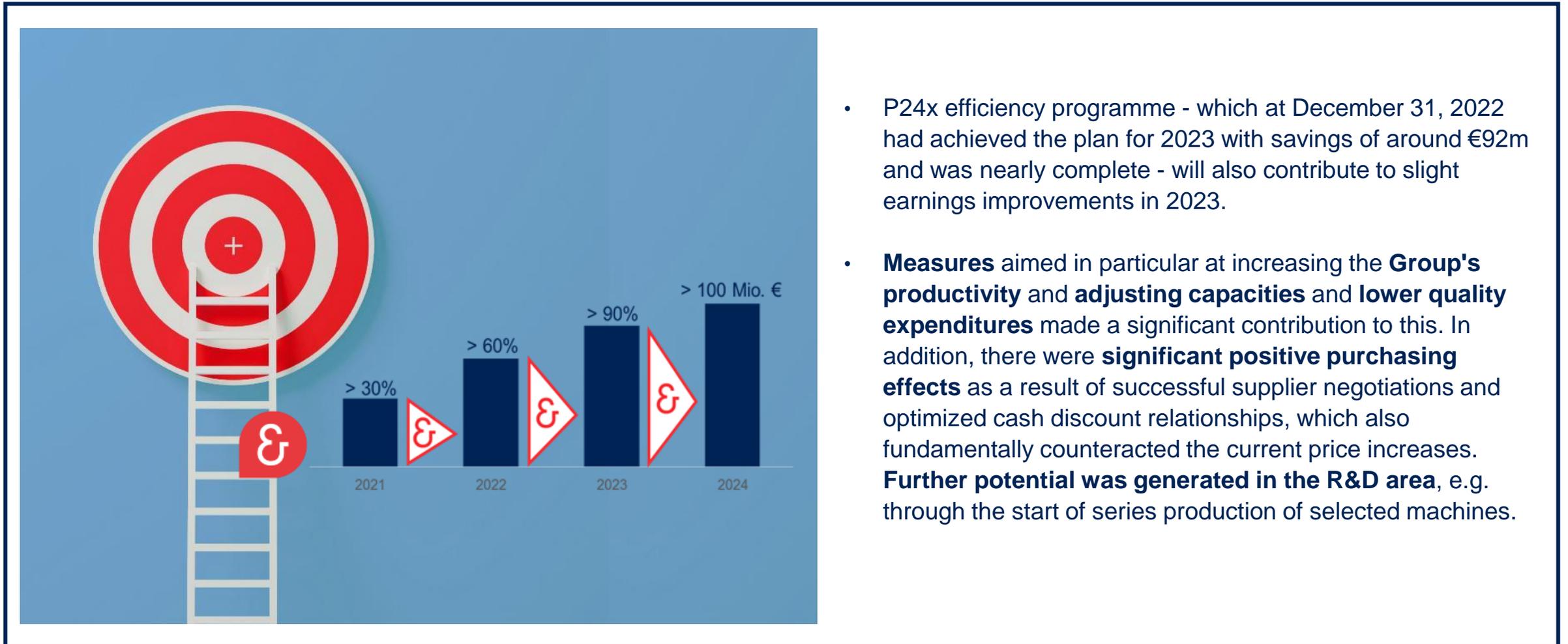
4. Forecast.

Medium-term targets also adjusted for inflation effects.



4. P24x efficiency programme.

Nearly completed.



- P24x efficiency programme - which at December 31, 2022 had achieved the plan for 2023 with savings of around €92m and was nearly complete - will also contribute to slight earnings improvements in 2023.
- **Measures** aimed in particular at increasing the **Group's productivity** and **adjusting capacities** and **lower quality expenditures** made a significant contribution to this. In addition, there were **significant positive purchasing effects** as a result of successful supplier negotiations and optimized cash discount relationships, which also fundamentally counteracted the current price increases. **Further potential was generated in the R&D area**, e.g. through the start of series production of selected machines.

5. Key messages.

From tradition to innovation.

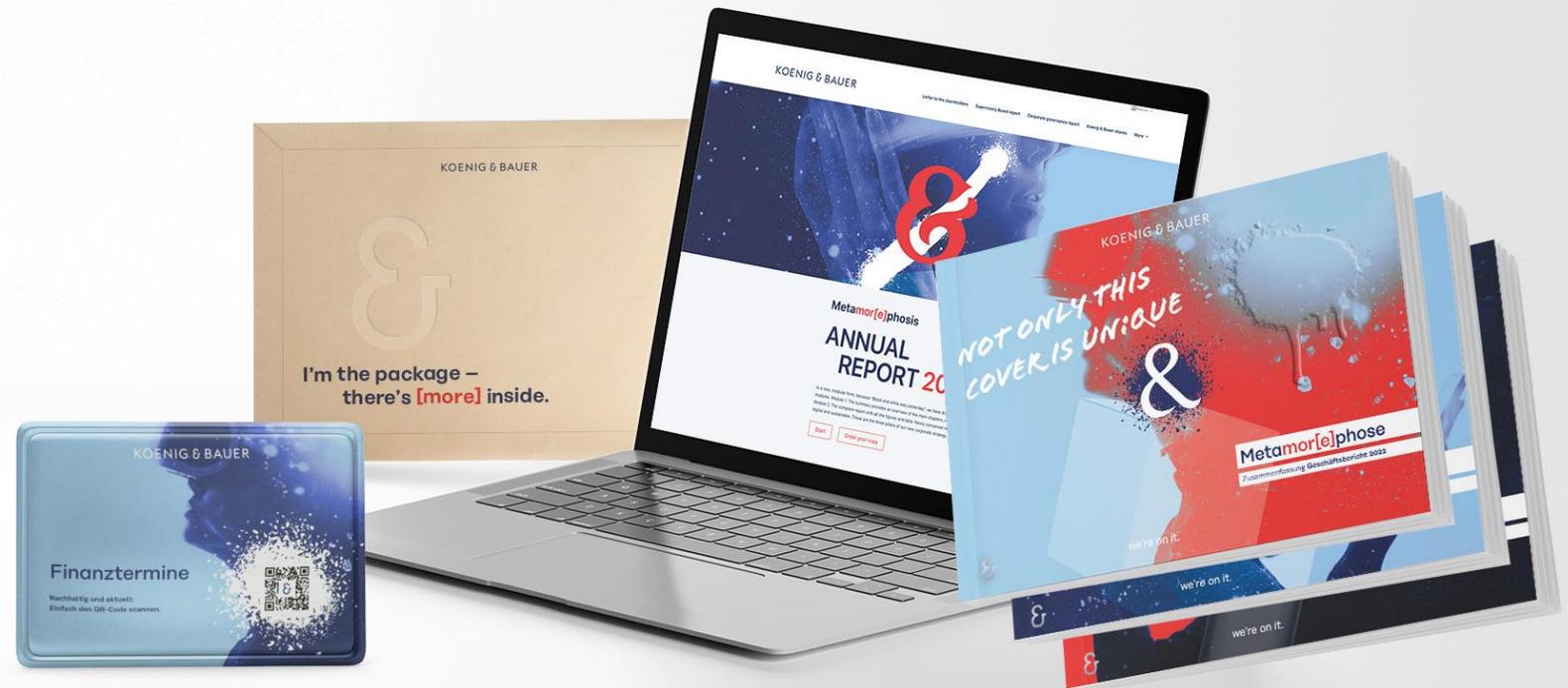


Metamor[e]phosis

- **Is in our DNA.**
- **For us, this means speed and flexibility** and we have proven this again in Q1 2023. We have an answer for our multinational customers with our industrial digital printing solutions so that they can offer products in the growing area of packaging printing but also in letterpress printing in response to changing customer needs.
- These **fundamental changes** require the **company to constantly adapt to new circumstances**, as we see, for example, in the current high global inflation and its impact on the economy. In other words, a metamorphosis with a sense of proportion and understanding.
- Whereas Koenig & Bauer was previously a focused, successful mechanical engineering company, we **initiated the change** to an **agile, fast and flexible technology group** some time ago. Our partnership with Google as the number one cloud provider for industry solutions to become a holistic solution provider is one of many steps in this process.

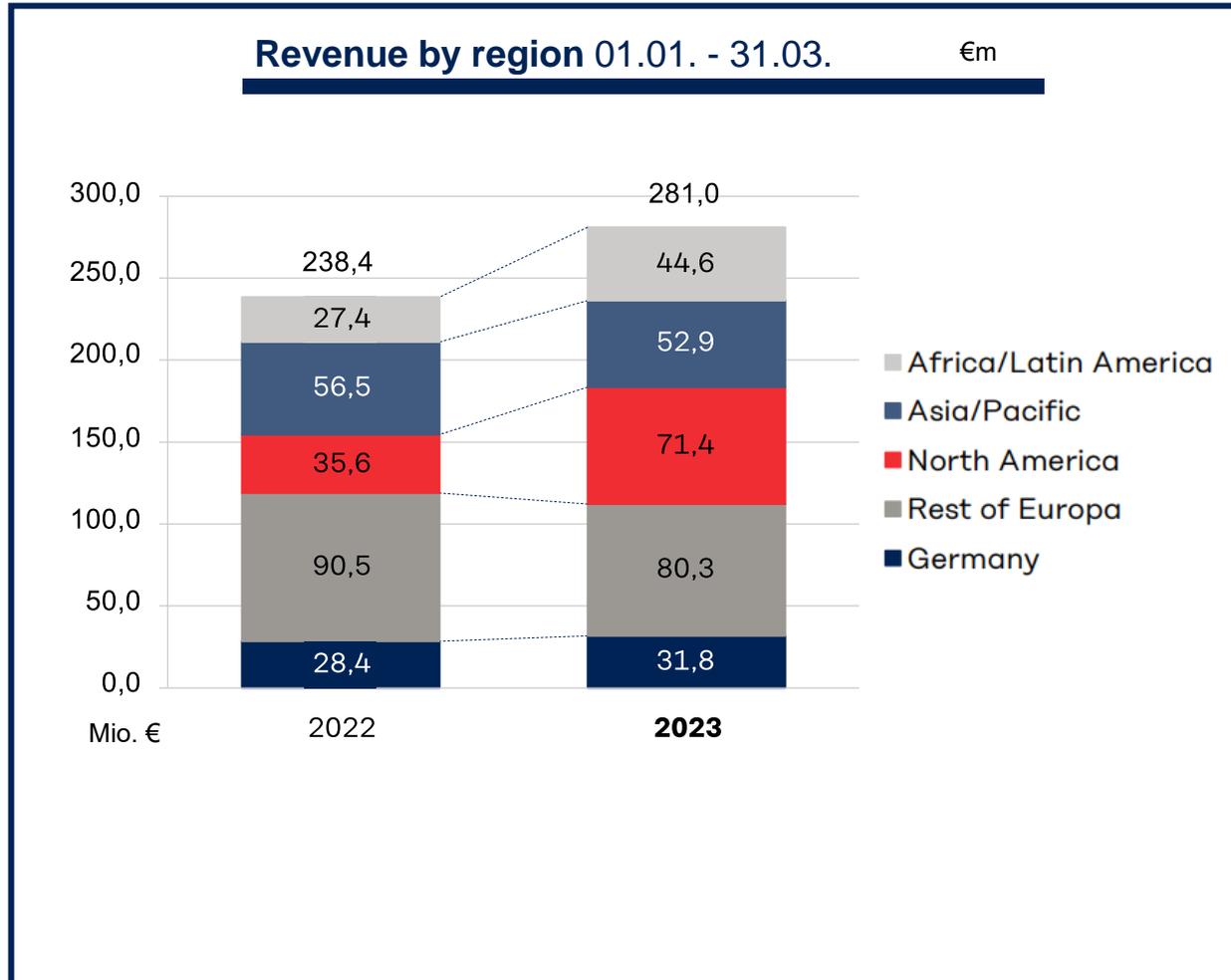
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Backup.



3. Regional Report Figures Q1 2023.

Group.



- The **Group export ratio** widened from 88.1% to 88.7%, with the proportion of business coming from North America growing substantially to 25.4% (previous year: 14.9%) and the share of Latin American and African business expanding to 16.0% (previous year: 11.5%).
- The share of revenue coming from Germany remained almost unchanged at 11.3% (previous year: 11.9%). The share of revenue coming from Europe excluding Germany (28.5%) and Asia/Pacific (18.8%) was down on the previous year (38.0% and 23.7%, respectively).

3. Segment report.

Group reconciliation.

in €m	Q1 2022		Q1 2023	Δ in %
Order backlog	1,9		0,9	42,1
Order intake	-5,5		-8,0	45,5
Revenue	-8,3		-8,9	7,2
Earnings before interest and taxes (EBIT)	1,9		-0,3	-115,8

Koenig & Bauer – Financial calendar



16 June 2023 Koenig & Bauer Annual General Meeting

28 July 2023 Report on the 2nd quarter of 2023

8 Nov 2023 Statement on the 3rd quarter of 2023

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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.

Koenig & Bauer AG

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we're on it.