KOENIG & BAUER

Metamor[e]phosis

Statement | **Third Quarter 2024**

we’re on it.

Index

Nine months and Q3 at a glance: Koenig & Bauer confirms its full-year operating guidance for 2024 with strong order intake and initial positive effects from the "Spotlight" focus programme

- Strong order position in the drupa year: increase of 18.9% in **Group-wide order intake** as of 30 September to €988.1m (previous year: €831.3m) – order intake in Q3 even stronger, increasing by 24.5% to €346.6m (previous year: €278.4m)
- As expected, **Group revenue** of €819.6m after nine months (previous year: €891.1m) down on the previous year in a persistently challenging market environment due to muted order intake in the third quarter of 2023. Sequential revenue growth continuing from quarter to quarter in 2024
- **Mixed picture in the segments after nine months:** while the Sheetfed and Special segments registered higher order intake, muted new orders in Q3 23 as a result of market conditions left traces on revenue. On the other hand, the Digital & Webfed segment recorded a slight rise in revenue, but no increase in demand
- Share of 33.7% in revenue from **service business** in the nine-month period (previous year: 29.7%)
- Non-operating special effects of €34.9m, including €10.5m **in connection with the drupa trade fair and €24.4m for the** "Spotlight" **focus programme, exerted pressure on earnings in the first nine months as expected;** operating EBIT 9M: €-20.7m (previous year: €-2.1m), operating EBIT of €4.2m in Q3, up on Q2 figure of €-14.7m as expected; **Group EBIT** of €-55.6m (previous year: €-2.1m), resulting in an EBIT margin of -6.8% (previous year: -0.2%)
- Improvement in **free cash flow** and **net working capital** as of 30 September
- At €1,080.0m as of 30 September, the **order backlog** was up 21.3% on the previous year's figure of €890.6m, marking the highest figure in the company's history. It also provides a solid basis for the final quarter, although a large part of the order backlog will not materialise until after 2024 and is spread unevenly across the segments
- At 1.21, the **book-to-bill ratio** after nine months is higher than the previous year's figure of 0.93
- Support from the historically high order backlog and strong order intake in Q4 23 in the Special segment point to a **strong final quarter**
- **Outlook for 2024:** operating EBIT at the lower end of the forecast range of €25 – 40m, revenue target of €1.3bn confirmed despite the persistently difficult market situation
- The **"Spotlight" focus programme** primarily aims at improving the cost position and is expected to include non-operating special effects of a total of €30 – 45m. Of this, an amount of €24.4m was included in Group earnings as of 30 September and mainly relates to adjustments to material and personnel expenses. The upper end of the corridor should be reached by the end of the year. Over 2024 as a whole, a positive EBIT effect of €15 – 20m has been budgeted under "Spotlight" (2025: €40 – 50m; 2026: €60 – 70m). "Spotlight" will make a significant contribution to the achievement of an EBIT target of around 6% in 2026 at the latest on Group revenue of roughly €1.5bn.

Group key figures

	1. - 3. Quarter			Third Quarter		
in €m	2023	**2024**	Change	2023	**2024**	Change
Order intake	831.3	**988.1**	18.9%	278.4	**346.6**	24.5%
Revenue	891.1	**819.6**	-8.0%	294.7	**287.6**	-2.4%
Earnings before interest and taxes (EBIT)	-2.1	**-55.6**	-2,547.6%	3.3	**-21.7**	-757.6%
EBIT margin	-0.2%	**-6.8%**		1.1%	**-7.5%**	
Operating EBIT	-2.1	**-20.7**	-885.7%	3.3	**4.2**	27.3%
Net group loss	-12.2	**-77.3**	-533.6%	-1.6	**-28.0**	-1,650.0%
Earnings per share in €	-0.75	**-4.69**	-525.3%	-0.10	**-1.70**	-1,600.0%
Free Cashflow	-74.7	**-35.8**	52.1%	-10.0	**-8.1**	19.0%

in €m	30.09.2023	**30.09.2024**	Veränderung
Order backlog	890.6	**1,080.0**	21.3%
Net Working Capital	349.3	**336.0**	-3.8%
Net financial position	-119.3	**-189.4**	-58.8%
Employees	5.765	**5.673**	-1.6%

in €m	31.12.2023	**30.09.2024**	Veränderung
Balance sheet total	1,427.1	**1,463.1**	2.5%
Equity	410.0	**331.7**	-19.1%
Equity ratio	28.7%	**22.7%**	

Business environment

In its latest forecast dated 22 October 2024, the International Monetary Fund (IMF) sees global growth as stable with inflation subsiding but warns of the risk of heightened political uncertainty. IMF chief economist Pierre-Olivier Gourinchas states that the global war on inflation has largely been won and forecasts a figure of 3.5% at the end of 2025, which will thus be below the average of 3.6% recorded between 2000 and 2019. Despite the global decline in inflation as an important milestone, the outlook is dominated by mounting downside risks. These include the escalation of regional conflicts, continued restrictive monetary policies, the possibility of rekindled volatility in financial markets with a negative impact on sovereign bond markets, a greater slowdown in growth in China and a further tightening of protectionist policies that would exacerbate trade tensions, reduce market efficiency and further disrupt supply chains.

At 3.2%, the IMF's forecast for global growth in 2024 remains unchanged over the April and July 2024 forecasts. The upward adjustment in the estimate for the United States was offset by downgraded forecasts for other advanced economies, particularly for the largest European countries. For Germany, the growth forecast was revised downwards by 0.2 percentage points over the July forecast. The emerging economies of Asia remain the main drivers of the global economy. In its autumn projection, the German government has scaled back its economic expectations for 2024 significantly and is forecasting a decline of 0.2% in output this year.

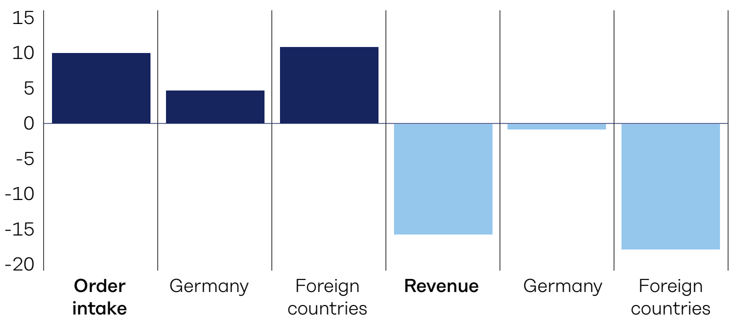
According to the German Mechanical and Plant Engineering Association (VDMA), plant and machinery orders fell by 8.4% in price-adjusted terms in the first nine months of 2024 compared to the corresponding period of the previous year. Machinery revenue fell by 7.5% year-on-year. At the same time, order intake in the printing press segment rose by 9.3% year-on-year in the first nine months of 2024. This was accompanied by a 14.6% decline in revenue over the previous year's figure.

IMF: Year-on-year gross

Country/region	2023	2024 Estimate	Deviation to July 2024
Global	3.3	3.2	0.0
Developed economies	1.7	1.8	0.1
Eurozone	0.4	0.8	-0.1
Germany	-0.3	0.0	-0.2
France	1.1	1.1	0.2
Italy	0.7	0.7	0.0
Spain	2.7	2.9	0.5
United Kingdom	0.3	1.1	0.4
United States	2.9	2.8	0.2
Japan	1.7	0.3	-0.4
Emerging markets and developing countries	4.4	4.2	-0.1
ASEAN*	4.0	4.5	0.1
Brazil	2.9	3.0	0.9
China	5.2	4.8	-0.2
India**	8.2	7.0	0.0
Russia	3.6	3.6	0.4

*) Indonesia, Malaysia, Philippines, Thailand, Vietnam.
**) Fiscal year from 1 April to 31 March
Source: IMF World Economic Outlook Update October 2024

VDMA: Order intake and revenue printing presses nine months 2024



% Change to previous year

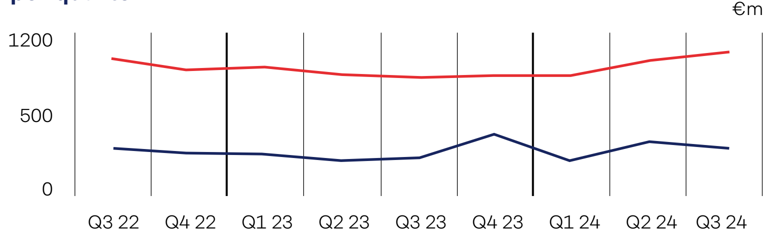
Earnings, finances and assets

Earnings

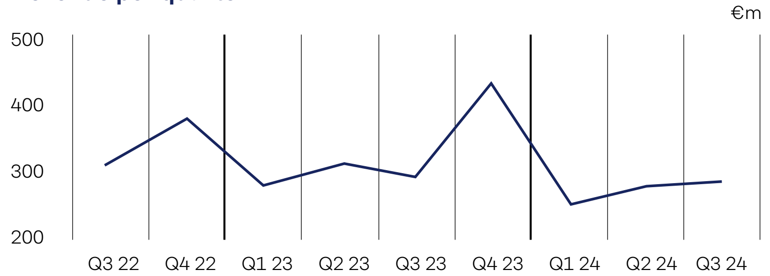
As expected, **order intake** in the drupa year was strong, increasing by 18.9% to €988.1m after nine months (previous year: €831.3m). At 24.5%, the increase was even more pronounced in Q3 and includes virtually all legally binding orders as well as a large part of the LOIs (approximately €250m) received during or in connection with drupa. Significant improvements were achieved in the Sheetfed and Special segments in particular, following a noticeable decline in order intake in the third quarter of 2023. Order intake in the Digital & Webfed segment fell short of the previous year's figure. Overall, order intake was significantly better than the industry average, which rose by 11.1% in the first nine months.

In a persistently challenging market environment, **Group revenue** came to €819.6m after the first nine months, thus falling 8.0% short of the same period in the previous year (previous year: €891.1m). This was particularly due to the reduced order intake in the Sheetfed segment in the third quarter of 2023 as well as a lower percentage of completion (POC) achieved in production in the Banknote Solutions business unit compared to the previous year. As a result, revenue was down on the previous year's figures in the Sheetfed and Special segments but was slightly higher in the Digital & Webfed segment compared with the same period of the previous year. However, revenue displayed a positive trend across the individual quarters, rising from quarter to quarter in 2024. Moreover, the proportion of revenue from service business widened to 33.7% after nine months (previous year: 29.7%). According to industry association VDMA, industry-wide revenue fell 14.6% short of the previous year in the nine-month period.

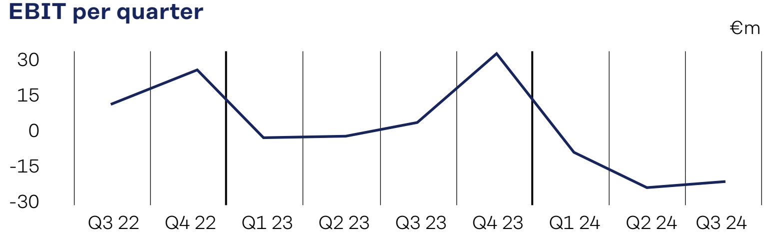
Order backlog Order intake per quarter



Revenue per quarter



EBIT per quarter



The **Group export ratio** shrank slightly from 87.3% to 86.4%, with the share of business falling to 28.0% in the rest of Europe (previous year: 30.4%), to 20.0% in Asia/Pacific (previous year: 23.1%) and to 10.7% in Latin America and Africa (previous year: 12.4%). The proportion of revenue accounted for by Germany (13.6%, previous year: 12.7%) and North America (27.7%, previous year: 21.5%) was up on the previous year. At €1,080.0m as of 30 September 2024, the order backlog was 21.3% higher than the previous year's figure of €890.6m, marking the highest figure in the company's history. It also provides a solid basis for the final quarter, although a large part of the order backlog will not materialise until after 2024 and is spread unevenly across the segments.

Gross profit fell by 22.2% to €187.3m in the period under review (previous year: €240.7m), resulting in a **gross margin** of 22.9% (previous year: 27.0%). Research and development expenses dropped by €1.0m to €44.6m (previous year: €45.6m). Selling expenses increased by €10.7m to €125.7m (previous year: €115.0m) primarily as a result of increased advertising costs, which mainly include expenses related to drupa. Administrative expenses

Group income statement

	1. - 3. Quarter		Third Quarter	
in €m	2023	**2024**	2023	**2024**
Revenue	891.1	819.6	294.7	287.6
Cost of sales	-650.4	-632.3	-213.9	-227.8
Gross profit	**240.7**	**187.3**	**80.8**	**59.8**
Research and development costs	-45.6	-44.6	-14.6	-16.6
Distribution costs	-115.0	-125.7	-36.4	-42.6
Administrative expenses	-78.9	-74.4	-25.8	-24.9
Other income and expenses	-3.2	1.2	-0.8	2.4
Other financial results	-0.1	0.6	0.1	0.2
Earnings before interest and taxes (EBIT)	**-2.1**	**-55.6**	**3.3**	**-21.7**
Special effects Spotlight	–	24.4	–	21.6
Expenses for drupa	–	10.5	–	4.3
Total	**–**	**34.9**	**–**	**25.9**
Operating EBIT	**-2.1**	**-20.7**	**3.3**	**4.2**
Interest result	-13.1	-19.8	-5.2	-7.1
Earnings before taxes (EBT)	**-15.2**	**-75.4**	**-1.9**	**-28.8**
Income tax expense	3.0	-1.9	0.3	0.8
Net loss	**-12.2**	**-77.3**	**-1.6**	**-28.0**
attributable to owners of the Parent	-12.4	-77.5	-1.7	-28.1
attributable to non-controlling interests	0.2	0.2	0.1	0.1
Earnings per share (in €, basic/dilutive)	**-0.75**	**-4.69**	**-0.10**	**-1.70**

fell by €4.5m to €74.4m (previous year: €78.9m). Net other income came to €1.8m, compared with net other expenses of €-3.3m in the previous year. Among other things, this was due to currency-translation effects. All told, this resulted in EBIT of €-55.6m (previous year: €-2.1m), equivalent to an **EBIT margin** of -6.8%, compared with -0.2% in the previous year. This was particularly due to the aforementioned decline in order intake in the third quarter of 2023, which also caused negative volume and mix effects (around €19.0m).

In addition, there was a non-operating special effect of €34.9m, including €10.5m in connection with the drupa trade fair and €24.4m for the “Spotlight” focus programme, which, as expected, weighed on earnings in the nine-month period. Accordingly, operating EBIT amounted to €-20.7m after nine months (previous year: €-2.1m). Operating EBIT in the third quarter came to €4.2m, thus exceeding, as expected, the figure of €-14.7m recorded in the second quarter.

At €-19.8m, net interest expense was higher than in the previous year (previous year: €-13.1m), mainly due to the higher interest rates charged by banks, resulting in **earnings before taxes** of €-75.4m (previous year: €-15.2m). After income taxes, the Group posted a **net loss** of €-77.3m as of 30 September 2024 (previous year: €-12.2m). This translates into proportionate **earnings per share** of €-4.69 (previous year: €-0.75).

Group cash flow statement

	1. - 3. Quarter		Third Quarter	
in €m	2023	**2024**	2023	**2024**
Earnings before taxes (EBT)	-15.2	-75.4	-1.9	-28.8
Non-cash transactions	45.7	38.2	15.2	13.7
Gross cash flow	**30.5**	**-37.2**	**13.3**	**-15.1**
Changes in inventories, receivables and other assets	-80.0	-26.1	-14.6	10.1
Changes in provisions and payables	9.3	60.7	6.0	3.0
Cash flows from operating activities	**-40.2**	**-2.6**	**4.7**	**-2.0**
Cash flows from investing activities	**-34.5**	**-33.2**	**-14.7**	**-6.1**
Free cash flow	**-74.7**	**-35.8**	**-10.0**	**-8.1**
Cash flows from financing activities	**31.1**	**36.6**	**25.5**	**-5.7**
Change in funds	**-43.6**	**0.8**		
Effect of changes in exchange rates	0.7	0.6		
Funds at beginning of period	132.2	96.4		
Funds at end of period	**89.3**	**97.8**		

Finances

Cash flow from operating activities amounted to €-2.6m (previous year: €-40.2m), mainly reflecting the slower increase in inventories compared to the same period in the previous year as well as a slower decline in receivables. Prepayments received grew at a greater pace than in the same period of the previous year. At €-33.2m, cash flow from investing activities was slightly up on the previous year's figure of €-34.5m. On balance, **free cash flow** improved to €-35.8m (previous year: €-74.7m). This was chiefly due to changes in **net working capital**, which stood at €336.0m as of 30 September 2024 (previous year: €349.3m). Cash flow from financing activities came to €36.6m (previous year: €31.1m) and was affected by changes in the syndicated loan. At the end of September 2024, cash and cash equivalents were valued at €97.8m (previous year: €89.3m). Adjusted for the bank liabilities of €287.2m, the net financial position **stood at €-189.4m (previous year: €-119.3m), compared to €-147.6m at the end of 2023.**

Assets

A total of €39.3m (previous year €35.2m) was spent on property, plant and equipment and intangible assets in connection with construction and IT projects in the period under review. Capital spending includes capitalised development costs of €9.4m (previous year: €4.3m). This was accompanied by depreciation and amortisation expense of €32.5m (previous year: €32.4m). All in all, intangible assets and property, plant and equipment increased slightly from €411.1m as of 31 December 2023 to €416.1m. With financial investments and other financial receivables down on the previous year and deferred tax assets slightly higher, **non-current assets** fell from €548.2m as of 31 December 2023 to €545.2m. **Current assets** increased by €39.0m compared with 31 December 2023. At the same time, inventories rose by €49.9m, other financial receivables by €4.3m and other assets by €4.0m. Trade receivables decreased by €21.2m from €156.2m to €135.0m. At €1,463.1m, the Group's **total assets** exceeded by €36.0m the figure of €1,427.1m recorded at the end of 2023. The net loss contributed significantly to a reduction in equity to €331.7m. Reflecting this, the equity ratio contracted to 22.7% (previous year: 27.2%; 31 December 2023: 28.7%). Provisions for retirement benefits dropped slightly from €104.8m as of the end of 2023 to €100.5m as of 30 September 2024 due to the increase in the discount rate for domestic retirement benefits from 3.41% as of 31 December 2023 to 3.44% as of 30 September 2024. **Non-current liabilities** rose by €56.7m, mainly due to increased financial liabilities. **Current liabilities** climbed by €57.6m, primarily as a result of the higher prepayments received.

Group balance sheet

in €m	31.12.2023	30.09.2024
Assets		
Non-current assets		
Intangible assets, property, plant and equipment	411.1	416.1
Investments and other financial receivables	25.2	18.2
Investments accounted for using the equity method	15.1	14.0
Other assets	3.6	2.6
Deferred tax assets	93.2	94.3
	548.2	**545.2**
Current assets		
Inventories	426.8	476.7
Trade receivables	156.2	135.0
Other financial receivables	41.3	45.6
Other assets	154.3	158.3
Securities	3.9	4.5
Cash and cash equivalents	96.4	97.8
	878.9	**917.9**
Balance sheet total	**1,427.1**	**1,463.1**

in €m	31.12.2023	30.09.2024
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	278.0	199.6
Equity attributable to owners of the Parent	**408.5**	**330.1**
Equity attributable to non-controlling interests	1.5	1.6
	410.0	**331.7**
Liabilities		
Non-current liabilities		
Pension provisions and similar obligations	104.8	100.5
Other provisions	37.0	36.3
Bank loans	191.2	251.0
Other financial payables	26.0	23.7
Other liabilities	5.4	5.7
Deferred tax liabilities	71.5	75.4
	435.9	**492.6**
Current liabilities		
Other provisions	89.7	96.0
Trade payables	79.3	79.3
Bank loans	52.8	36.2
Other financial payables	85.8	102.7
Other liabilities	273.6	324.6
	581.2	**638.8**
Balance sheet total	**1,427.1**	**1,463.1**

Segment performance

At €511.7m, order intake in the **Sheetfed segment** was up 12.6% on the previous year in the first nine months (previous year: €454.4m).
With order intake coming to €160.9m, Q3 2024 continued almost seamlessly at the strong level seen in the previous two quarters despite the fact that it is traditionally somewhat weaker in the third quarter due to the summer months. The time-delayed effect of the muted order intake in Q3 2023 caused a 12.2% decline in revenue to €466.4m in the nine-month reporting period (previous year: €531.4m). The third quarter saw a positive turnaround, with the revenue of €175.8m only 1.8% down on the previous year. With a book-to-bill ratio of 1.10 after nine months (previous year: 0.86), the order backlog fell to €454.6m (previous year: €505.9m). At €0.0m as of 30 September 2024, EBIT fell short of the previous year's figure of €12.1m and includes a non-operating special effect, including €7.8m in connection with the drupa trade fair.
Reflecting this, the EBIT margin came to 0.0% (previous year: 2.3%). Operating EBIT equalled €7.8m at the end of the first nine months.

The order intake of €107.3m (previous year: €132.9m) in the **Digital & Webfed segment** after nine months was not yet able to fully shake off the effects of the temporary weakness afflicting the market for corrugated board.
In Q3, a sequential improvement was achieved in order intake, which rose to €52.9m (Q1: €24.5m; Q2: €29.9m). The sales success of another RotaJET web-fed digital printing press also contributed to this. Revenue climbed by 10.9% in the 9-month reporting period to €113.4m (previous year: €102.3m) and by 18.3% in the third quarter to €38.1m. With a book-to-bill ratio of 0.95 (previous year: 1.30), the order backlog fell to €113.7m as of 30 September 2024 (previous year: €142.9m).
After the first nine months, EBIT amounted to €-37.2m (previous year: €-19.9m) and includes a non-operating special effect, including €0.4m in connection with the drupa trade fair and €12.4m for the "Spotlight" focus programme. Reflecting this, the EBIT margin came to -32.8% (previous year: -19.5%). Operating EBIT was €-24.4m at the end of the first nine months.

Business segments

	Revenue				EBIT				Capital investments			
	1. - 3. Quarter		Third Quarter		1. - 3. Quarter		Third Quarter		1. - 3. Quarter		Third Quarter	
in €m	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Segments												
Sheetfed	531.4	**466.4**	179.0	**175.8**	12.1	**–**	2.7	**8.4**	11.1	**17.7**	4.1	**2.0**
Digital & Webfed	102.3	**113.4**	32.2	**38.1**	-19.9	**-37.2**	-8.7	**-21.1**	2.1	**1.0**	0.7	**0.1**
Special	281.2	**259.1**	86.2	**78.7**	4.3	**-20.2**	5.5	**-7.1**	13.3	**7.4**	3.4	**1.2**
Reconciliation	-23.8	**-19.3**	-2.7	**-5.0**	1.4	**1.8**	3.8	**-1.9**	8.7	**13.2**	5.0	**4.3**
Group	**891.1**	**819.6**	**294.7**	**287.6**	**-2.1**	**-55.6**	**3.3**	**-21.7**	**35.2**	**39.3**	**13.2**	**7.6**

At €390.7m as of 30 September 2024, order intake in the **Special segment** was up 44.3% on the previous year's figure of €270.7m. Orders received by Coding (marking solutions for all industries) and Kammann (direct decoration of hollow bodies made of glass and plastic) were lower than in the previous year. On the other hand, orders received by MetalPrint (metal packaging) and Banknote Solutions (banknote and security printing) increased, as BNS was again awarded a contract by the Bureau of Engraving and Printing (BEP) in Washington, D.C., United States, for further banknote production machinery.

Revenue fell by 7.9% in the nine-month reporting period to €259.1m (previous year: €281.2m) and by 8.7% in Q3 to €78.7m (previous year: €86.2m). This was primarily due to the lower percentage of completion (POC) achieved in the execution of customer orders in the Banknote Solutions business unit compared with the previous year. Consequently, EBIT amounted to €-20.2m as of 30 September 2024 (previous year: €4.3m) and includes a non-operating special effect, including €0.1m for the drupa trade fair and €6.8m for the "Spotlight" focus programme. Accordingly, the EBIT margin came to -7.8% (previous year: 1.5%). Operating EBIT stood at €-13.3m after nine months. With a book-to-bill ratio of 1.51 (previous year: 0.96), order backlog increased by €267.2m to €510.1m as of 30 September 2024 (previous year: €242.9m). In the final quarter as well as next year, the segment will benefit from the high order backlog, which should underpin the budgeted increase in earnings.

Business segments – Operating EBIT

	Operating EBIT				thereof special effects Spotlight				thereof expenses for drupa			
	1. - 3. Quarter		Third Quarter		1. - 3. Quarter		Third Quarter		1. - 3. Quarter		Third Quarter	
in €m	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Segments												
Sheetfed	12.1	**7.8**	2.7	**11.8**	–	**–**	–	**–**	–	**7.8**	–	**3.4**
Digital & Webfed	-19.9	**-24.4**	-8.7	**-10.0**	–	**12.4**	–	**11.1**	–	**0.4**	–	**–**
Special	4.3	**-13.3**	5.5	**-1.4**	–	**6.8**	–	**5.7**	–	**0.1**	–	**–**
Reconciliation	1.4	**9.2**	3.8	**3.8**	–	**5.2**	–	**4.8**	–	**2.2**	–	**0.9**
Group	**-2.1**	**-20.7**	**3.3**	**4.2**	**–**	**24.4**	**–**	**21.6**	**–**	**10.5**	**–**	**4.3**

Risks and opportunities

There were no significant changes in the assessment of the risks and opportunities for the Koenig & Bauer Group in the period under review compared to the corresponding statements in the annual report for 2023.

The main risks facing our business and our risk management system are described in detail in the annual report for 2023 (from page 35). The main opportunities are described on page 45 of the annual report for 2023.

“Spotlight” focus programme

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

Announced in February 2024, the “Spotlight” programme seeks to prioritise initiatives and business models that boost earnings and financial strength, deprioritise initiatives that do not directly impact earnings and optimise the Group and segment organisation as well as the indirect cost structure to make processes even leaner and more customer-friendly. Accordingly, the Group-wide project portfolio is to be scaled back to focus on critical modernisation, digitisation, quality-cost and growth projects and initiatives. 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. To this end, Koenig & Bauer is working on the “D&W 2.0” optimisation and earnings-enhancement project as well as the “BNSx” excellence project under “Spotlight”.

With “Spotlight”, Koenig & Bauer is pursuing a clear plan aimed at leading the company out of the current challenging market phase and allaying the effects of rising costs caused by inflation-induced increases in personnel and material expenses. The “Spotlight” focus programme primarily aims at improving the cost position and is expected to include non-operating special effects totalling €30 – 45m. As of 30 September, an amount of €24.4m has been included in Group earnings and mainly relates to adjustments to material and personnel expenses. The upper end of the corridor should be reached by the end of the year. A positive EBIT effect of €15 – 20m is budgeted for the 2024 financial year. The company expects an annual positive EBIT effect of €40 – 50m in 2025 and €60 – 70m in 2026. The purpose of “Spotlight” is to keep the company on its trajectory towards achieving its EBIT target of roughly 6% on Group revenue of around €1.5bn in 2026 at the latest and strengthening operating EBIT in 2025.

Outlook

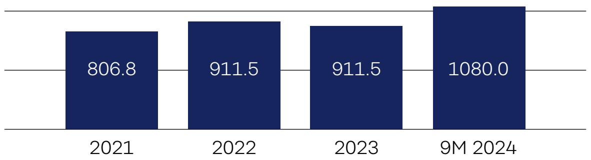
The forecast for 2024 and the medium-term targets were detailed in the ad hoc announcement of 25 July 2024.

They are subject to external influences, such as the risk of further setbacks or tightened restrictions compared to the current situation as a result of the war in Ukraine and the Middle East conflict, an unexpected rise in inflation as well as internal business performance. The Management Board has considered this in detail and expects a strong final quarter due to the normalisation of the company's business performance in the third quarter. This is reinforced by the historically strong order backlog and the contribution to operating profit expected to be made by the Special segment thanks to its above-average performance, which mainly results from the strong order intake in Q4 2023, as well as the harnessing of efficiency benefits under the "Spotlight" focus programme. There is slightly elevated uncertainty as to whether the assumed effects will emerge in full in the final quarter, depending, for example, on the period to which individual orders are allocated and successful installations.

Outlook for 2024: operating EBIT at the lower end of the forecast range, revenue target confirmed despite the persistently difficult market situation

Koenig & Bauer AG confirms that its operating earnings will come in at the lower end of the forecast range of €25 – 40m in 2024 and that it will achieve its revenue target of around €1.3bn despite the currently challenging market situation.

Overview order backlog Koenig & Bauer in €m



Among other things, the order intake in connection with drupa, the world's largest trade fair for the printing and graphics industry, produced an order backlog in the nine-month reporting period of €1,080.0m, marking the highest order backlog in the company's history. A large part of this order backlog will manifest itself after 2024 and be spread across the segments unevenly.

As previously announced, the "Spotlight" focus programme is being operationalised to ensure that the company remains on its trajectory towards achieving its EBIT target of roughly 6% on Group revenue of around €1.5bn in 2026 at the latest and strengthening its operating EBIT in 2025.

The "Spotlight" focus programme primarily aims at improving the cost position and is expected to include non-operating special effects totalling €30 – 45m. As of 30 September, an amount of €24.4m has been included in Group earnings and mainly relates to adjustments to material and personnel expenses. The upper end of the corridor should be reached by the end of the year. As expected, non-operating extraordinary expenses of approximately €10.5m, mainly in connection with the drupa trade fair, exerted pressure on earnings in the nine-month reporting period.

Adjusted for these one-off effects, Group EBIT will come to between €-15m and -30m. The Special and Digital & Webfed segments should make a disproportionately large contribution to both EBIT and revenue.

Medium-term targets

Economic volatility and geopolitical uncertainties have no impact on the medium-term targets, as the company's focus is on the packaging market, which is growing structurally and sustainably and is generally intact and resilient. In the medium term, the Group is looking for revenue of around €1.8bn and an EBIT margin of 8 – 9%.

A further medium-term objective is to reduce net working capital to a maximum of 25% of annual revenue.

Additional Information

Key financial dates

Annual Report 2024
26 March 2025

Statement on the 1st quarter 2025
6 May 2025

Koenig & Bauer Annual General Meeting
4 June 2025

Interim report on the 2nd quarter 2025
6 August 2025

Statement on the 3rd quarter 2025
5 November 2025

Subject to change.

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