

KOENIG & BAUER

Conference Call

H1 Results 2020

29 July 2019

Claus Bolza-Schünemann, CEO
Dr Stephen Kimmich, CFO

we're on it.

Agenda

Highlights in H1 2020

Business performance in H1 2020

Outlook

Highlights in H1 2020

- First fully virtual trade fair Koenig & Bauer LIVE from 16 to 25 June a complete success
- Presentation of product innovations, digital applications and new service solutions in daily streams
- Presentation of new Rapida generation and new CutPRO die-cutter family as well as a live virtual demonstration of an end-to-end packaging workflow were particular highlights
- Further items featured the various parts of our broad range such as digital solutions for packaging and decor printing
- With the Rapida 106 X, a new high-performance sheetfed offset press for the medium-format launched featuring many innovations and a new design
- Flagship of our Sheetfed segment received two prestigious awards for its modern design: the iF Design Award and the Red Dot Design Award

Agenda

Highlights in H1 2020

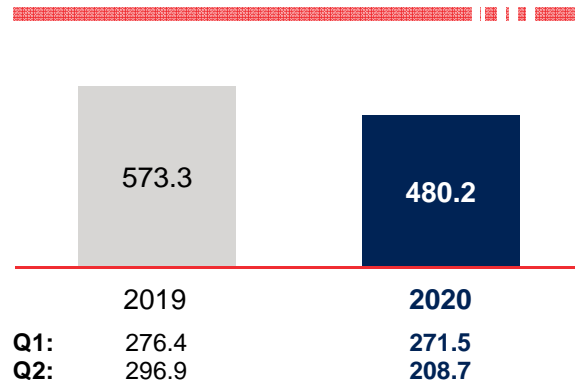
Business performance in H1 2020

Outlook

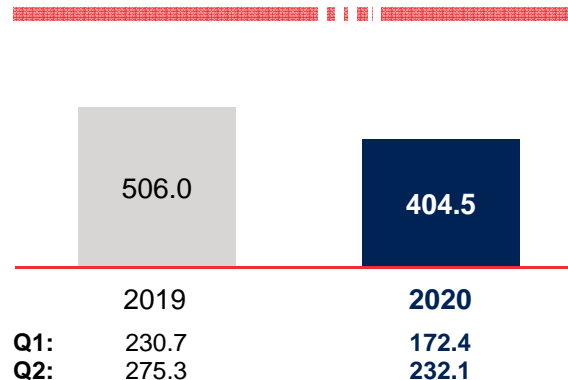
Group performance in H1

- Corona-related travel bans, lockdowns and other restrictions affect deliveries of our presses as well as the worldwide deployment of our assembly staff and service technicians
- General investment restraint on the part of many customers in the corona crisis
- Order intake 16.2% below prior year, significantly better than industry trend (minus 35.6%)
- Delivery and pandemic-related revenue decline by 20.1%
- Order backlog 14.2% higher than at the beginning of this year, but 10.1% lower than at the end of June 2019

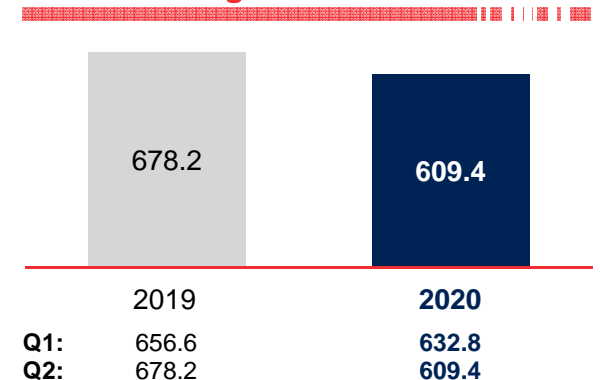
Order intake 01.01. - 30.06.



Revenue 01.01. - 30.06.



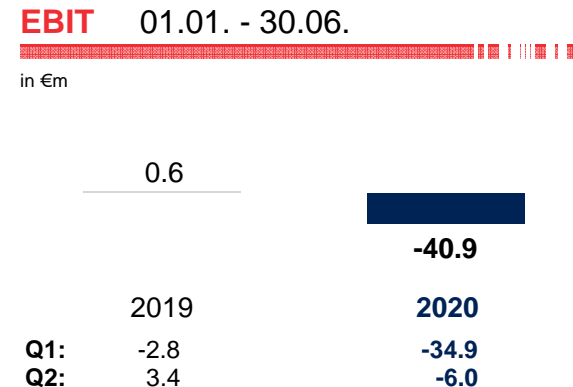
Order backlog 30.06.



Group earnings performance in H1

- Earnings significantly impacted by low revenue
- On the cost side, massively counteracted with short-time working from 1 April 2020 and other measures
- EBIT improved substantially from –€34.9m in Q1 to –€6m in Q2
- One-off income of €4.2m following the successful resolution of a legal dispute contributed to this improvement

	H1 2019	H1 2020
Gross margin	26.5%	24.5%
Net earnings	-€2.4m	-€44.2m
EPS	-€0.15	-€2.68



Group income statement

in €m	H1 2019	H1 2020
Revenue	506.0	404.5
Cost of sales	-371.9	-305.4
Gross profit	134.1	99.1
Gross margin	26.5%	24.5%
Research and development costs	-22.5	-21.1
Distribution costs	-68.1	-61.0
Administrative expenses	-43.6	-55.9
Other income ./ expenses	0.7	-2.0
Earnings before interest and taxes (EBIT)	0.6	-40.9
Interest result	-2.6	-2.0
Earnings before taxes (EBT)	-2.0	-42.9
Income tax	-0.4	-1.3
Net loss	-2.4	-44.2
EPS in €	-0.15	-2.68

Group cash flow statement

in €m	H1 2019	H1 2020
Earnings before taxes	-2.0	-42.9
Non-cash transactions	17.8	20.8
Gross cash flow	15.8	-22.1
Changes in inventories, receivables, other assets	-78.9	-31.7
Changes in provisions and payables	-33.4	-14.8
Cash flows from operating activities	-96.5	-68.6
Cash flows from investing activities	-38.7	-20.4
Free cash flow	-135.2	-89.0
Cash flows from financing activities	67.2	23.3
Change in funds	-68.0	-65.7
Effect of changes in exchange rates	-	-0.9
Funds at beginning of period	142.0	191.0
Funds at end of period	74.0	124.4

Group balance sheet

Assets in €m	31.12.2019	30.06.2020
Non-current assets		
Intangible assets and property, plant and equipment	361.0	361.9
Investments/other financial receivables	22.5	23.5
Other assets	0.9	0.9
Deferred tax assets	106.4	103.3
	490.8	489.6
Current assets		
Inventories	292.6	341.5
Trade receivables	140.6	102.4
Other financial receivables	15.5	25.7
Other assets	207.8	213.9
Securities	4.8	2.7
Cash and cash equivalents	191.0	124.4
	852.3	810.6
	1,343.1	1,300.2

Equity and liabilities in €m	31.12.2019	30.06.2020
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	328.7	287.4
Equity attrib. to non-controlling interests	1.2	1.2
	460.4	419.1
Non-current liabilities		
Pension provisions	165.5	159.2
Other provisions	23.7	23.6
Bank loans/other financial payables	32.2	29.3
Other liabilities	6.3	5.9
Deferred tax liabilities	53.2	51.8
	280.9	269.8
Current liabilities		
Other provisions	90.0	77.1
Trade payables	110.0	57.3
Bank loans/other financial payables	271.9	303.1
Other liabilities	129.9	173.8
	601.8	611.3
	1,343.1	1,300.2

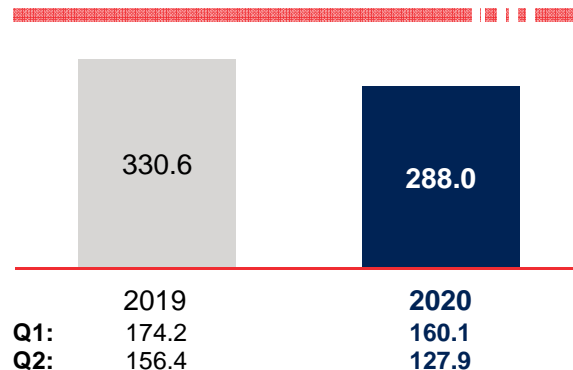
Sheetfed performance in H1

- Substantial gains with large-format sheetfed offset presses and folder gluers
- Lower orders for medium and half-format presses
- Order intake 12.9% and revenue 20.6% below the previous year, order backlog rose to €265.9m with book-to-bill ratio of 1.4
- EBIT of -€17.4m due to revenue shortfall

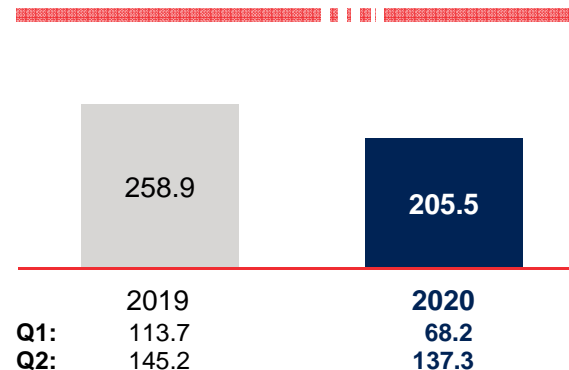
EBIT 01.01. - 30.06.

	2019	2020
Q1:	-3.0	-18.6
Q2:	1.7	1.2
	-1.3	-17.4

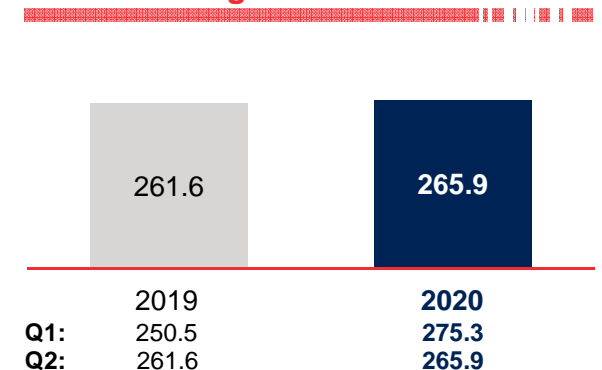
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Order backlog 30.06.

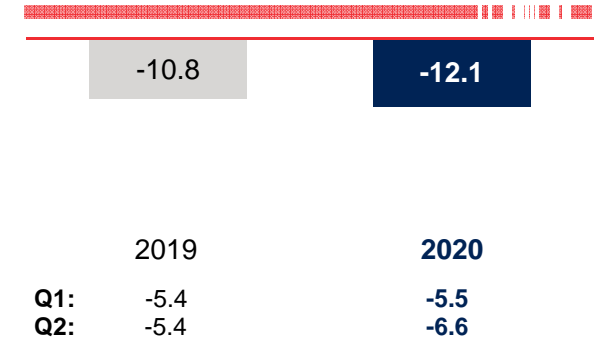


Group figures as per IFRS in €m

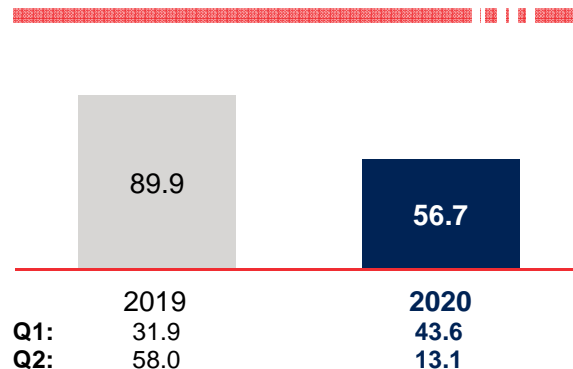
Digital & Web performance in H1

- Order intake burdened by lower orders in the web offset press business and for flexible packaging printing
- Revenue below prior year due to Corona-related constraints at Italian subsidiary Flexotecnica and shrinking service business with web offset presses
- Order backlog of €71.2m
- Lower revenue had a significant impact on the EBIT

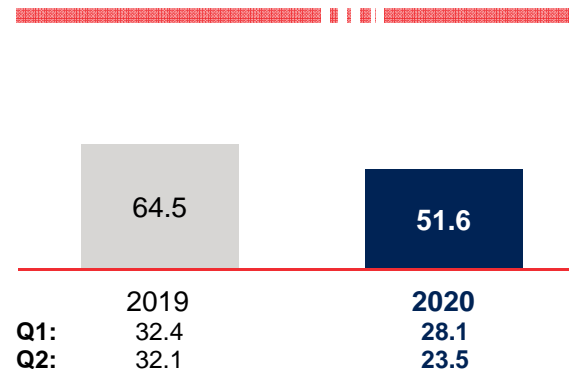
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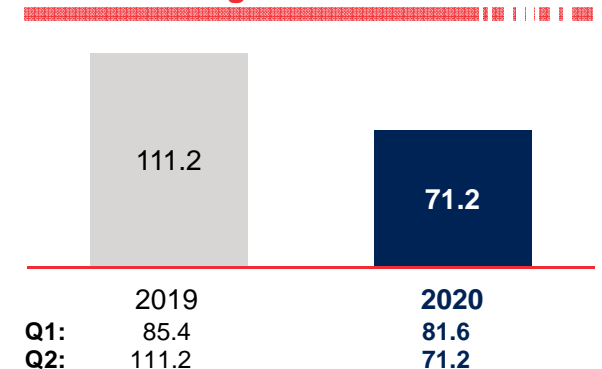
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Order backlog 30.06.

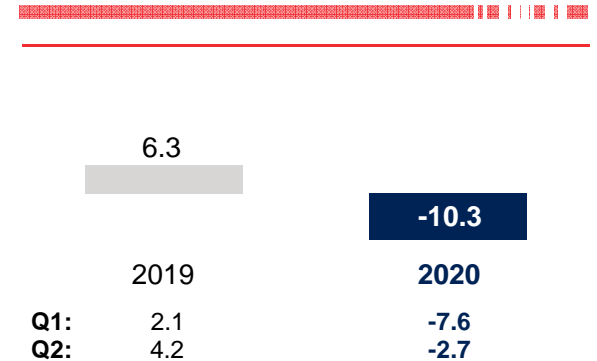


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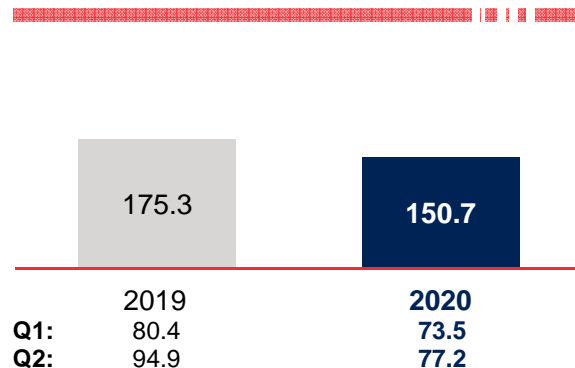
Special performance in H1

- Order intake decreased by 14% due to fewer orders in security printing, coding and direct glass decorating, increased new business in metal decorating
- 21.9% less revenue
- Order backlog of €278.1m
- Revenue-related negative EBIT of -€10.3m after profit of €6.3m in the previous year

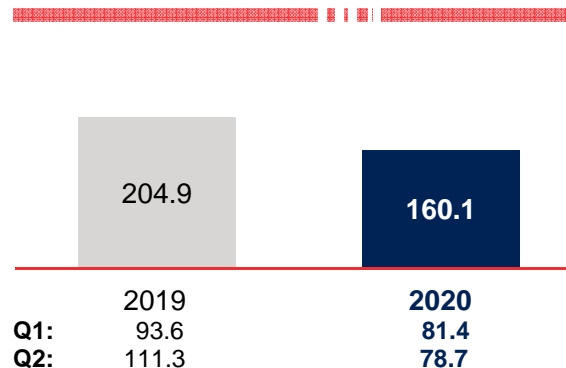
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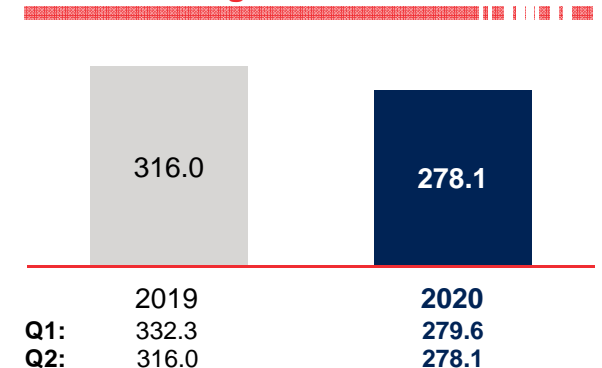
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Order backlog 30.06.



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- Further global economic development uncertain due to great uncertainties surrounding the severity and duration of the coronavirus pandemic and the success of health, economic and monetary policies
- Given these uncertain underlying conditions, it is currently not yet possible to issue any revenue and earnings guidance for 2020 for our Group
- With corona crisis management, we master today's challenges and prepare the Group for the time after the pandemic
- Intensive work on the Performance 2024 efficiency programme to increase operating profitability and performance of the Group
- Improvements in working capital and cash flow are at the top of the agenda alongside the strategic focus on packaging printing and digital services

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Disclaimer:

The projections contained in this presentation were founded on data available at the time of issue. 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. The outlook contains no meaningful portfolio effects and influences relating to legal and official matters. It also depends on ongoing earnings growth and the absence of disruptive temporary market changes. KBA therefore accepts no liability for transactions based upon these projections.

Koenig & Bauer AG

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