

KOENIG & BAUER

Conference Call

Performance 2024 Programme

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we're on it.

Performance 2024 programme

Strengthening the operating profitability and position as leading supplier in the growing packaging market as well as in industrial, security printing and postpress

- Clear commitment to continuing the previous portfolio strategy, addressed end markets are fundamentally intact
- Continued focus on the growing packaging market
- Research and development expenses remain unaffected, continuing and accelerating all innovation processes, product and process developments
- With a comprehensive package of measures, annual cost savings of over €100m should increasingly be achieved until 2024
- Corresponding one-off costs in the mid double-digit million range will be recognised as expenses via a provision in the group income statement of the 2020 financial year

Performance 2024 programme

An overview of the package of measures (1/2)

- Change of the supply chain organisation by adapting the group-wide structures, processes of procurement and production in one organisation as well as innovative approaches to parts and component optimisation
- Adjustment of cost and personnel structures as well as improvement of productivity through process streamlining and standardisation
- In development and construction, increase in effectiveness and efficiency through product, process and organisational optimisations such as design-to-cost projects
- Continuation and acceleration of the development of new products for the areas of packaging in sheetfed and web-fed printing with analogue and digital printing technology, hollow container decorating and solutions for postpress and banknote production

Performance 2024 programme

An overview of the package of measures (2/2)

- Reduction of administration costs with further bundling of tasks as shared services, adaption of sales and service structures
- Optimisation of the production and assembly sites including the group-internal bundling, relocation and realignment of production and assemblies
- All these measures will affect between 700 and 900 jobs in the group in the short and medium-term
- Adjustments will be discussed and negotiated with the employee representatives and social partners in the coming months
- In addition to the necessary socially responsible cutbacks, the goal is to achieve a medium-term return to the planned group growth through innovative methods

Medium-term targets

- After completion of the programme, the Koenig & Bauer group should achieve a revenue level of around €1.3bn
- On the earnings side, after implementing the approved cost and structural adjustments, we are still aiming for a return on sales of at least 7% in the medium-term
- On the working capital side, the target is to lower the working capital requirements to an average level of 25% of annual revenue

Outlook 2020

- The short and medium-term measures of the Performance 2024 programme will take effect from 2021 to 2024
- For 2020, the worsening international course of the Covid-19 pandemic is expected to have a negative impact on business performance in Q3 and Q4
- In addition, the intended introduction of a new internal guideline for revenue accounting in the Sheetfed segment in 2020 will cause a one-off balance sheet shift of €40-60m revenue and €9-12m EBIT to 2021

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Disclaimer:

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Koenig & Bauer AG

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