

KOENIG & BAUER

We print
your world.

Q1 2021

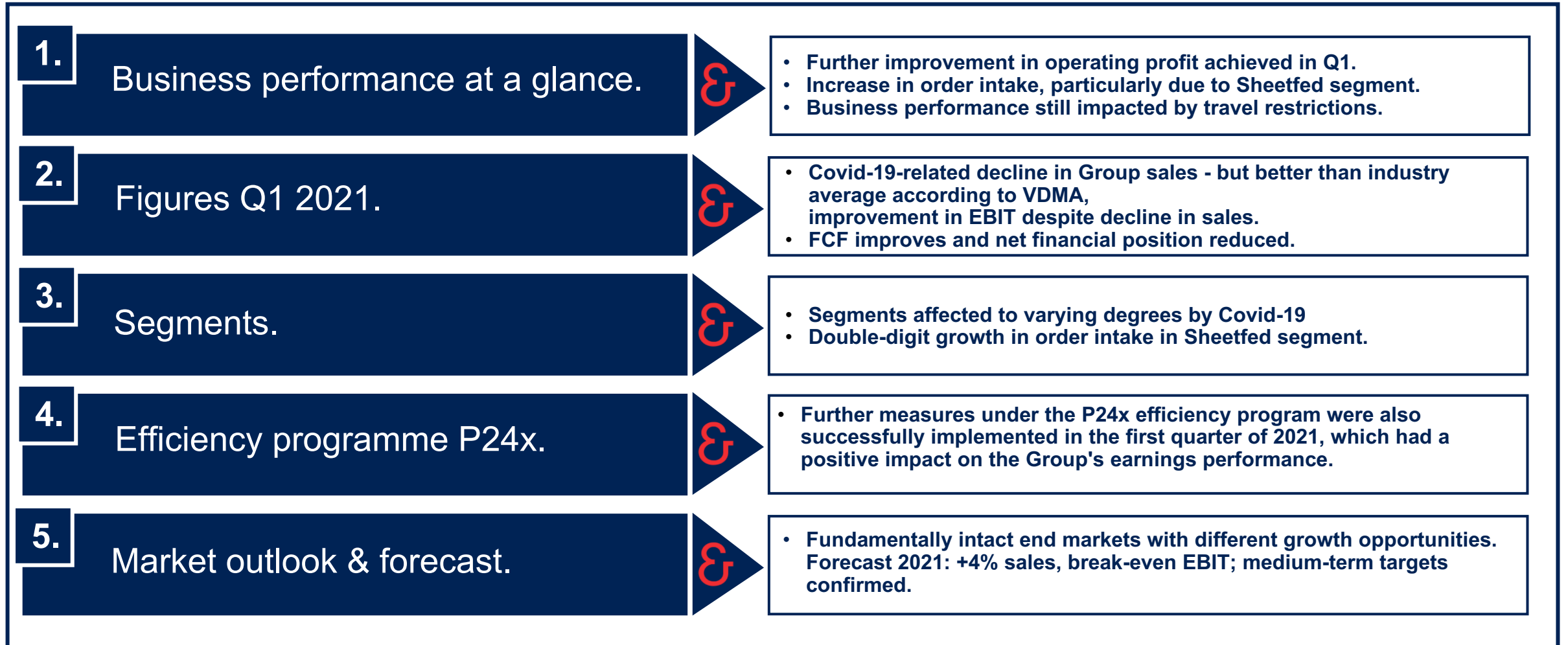
Dr. Andreas Pleßke, CEO | Dr. Stephen Kimmich, CFO

04 May 2021, Würzburg

we're on it.



Koenig & Bauer at a glance.



1. Business performance at a glance.

First Quarter 2021.

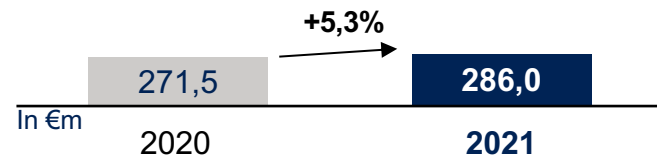


- 5.3% increase in incoming orders to €286.0 million - particularly due to double-digit growth in the Sheetfed segment - of which around 60% is attributable to the packaging printing market, which is growing strongly and is more resistant to pandemics. This enabled Koenig & Bauer to further expand its market position with sheetfed offset presses in packaging printing.
- Covid-19-related decline in Group sales of 7.8% to €243.5m - but better than the industry average with a drop of 13.5% for printing presses according to VDMA.
- Efficiency program P24x has a positive impact on earnings development; despite decline in sales, EBIT improves by €8.1m to -€8.9m.
- Net loss increases to -€11.7m as of March 31, 2021.
- Free cash flow improved by €53.4m to €22.1m.
- Despite persistent Covid 19 situation worldwide, net financial position significantly reduced to -€26.0m.
- Order backlog increased by around 7% compared to year-end to €674.5m and serves as a solid basis for the rest of fiscal 2021.
- Planned organic sales growth of around 4% with balanced EBIT for 2021 and medium-term targets of €1.3 billion sales with an EBIT margin of at least 7% confirmed.

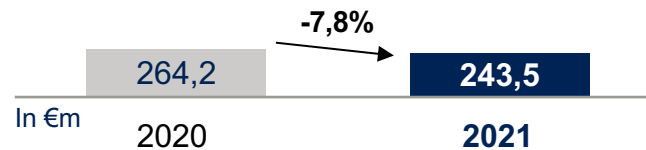
2. Figures first Quarter 2021.

Business development in the group.

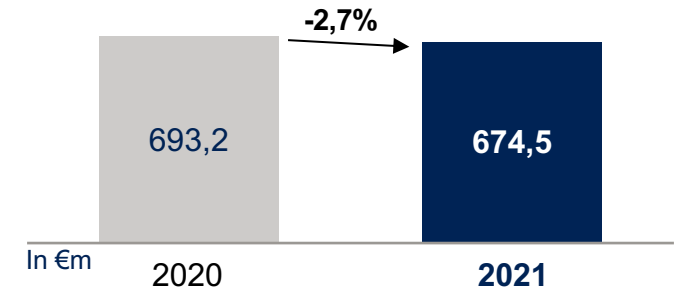
Order Intake 01.01. - 31.03.



Revenue 01.01. - 31.03.



Order backlog 31.3.

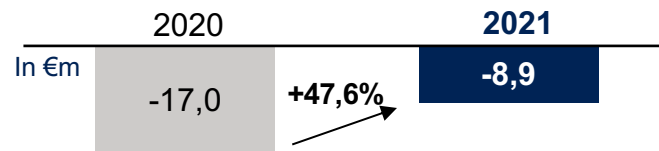


- Despite a reluctance to invest, particularly in new market segments due to the global covid 19 pandemic, incoming orders were 5.3% up on the previous year.
- At 7.8%, the drop in sales was less pronounced than the 13.5% decline in printing presses according to the VDMA.
- The order backlog declined slightly by around 3% compared to the prior-year quarter, but increased by 6.7% compared to the end of the year and serves as a solid basis for the rest of fiscal 2021.

2. Figures first Quarter 2021.

Business development in the group.

EBIT 01.01. - 31.03.



EBIT- bridge Δ €8.1m

- Volume and product mix (approx. €7m)
- + P24x (approx. €10m)
- + Short-time work (approx. €5m)



- Despite lower sales compared to the previous year, the earnings situation in the Group developed more positively
- Despite a negative volume and margin effect in Q1, the €8.1m improvement in EBIT to €8.9m is mainly attributable to the P24x efficiency program, lower functional costs and the use of short-time working.

2. Figures first Quarter 2021.

Group income statement.

in €m	Q1 2020 ¹	in % ²	Q1 2021	in % ²	Δ in%
Revenue	264.2		243.5		-7.8
Cost of sales	-202.4	76.6	-187.4	77.0	7.4
Gross profit	61.8	23.4	56.1	23.0	-9.2
Research and development costs	-10.6	4.0	-11.3	4.6	6.6
Distribution costs	-35.8	13.6	-30.6	1.6	-14.5
Administrative expenses	-30.7	11.6	-22.4	9.2	-27.0
Other income ./ expenses	-1.7	0.6	-0.7	0.3	-58.8
Earnings before interest and taxes (EBIT)	-17.0	6.4	-8.9	3.7	47.6
Interest result	-1.3	0.5	-2.4	1.0	-84.6
Earnings before taxes (EBT)	-18.3	6.9	-11.3	4.6	+38.3
Income tax	-0.8	0.3	-0.4	0.2	+50.0
Net profit/loss	-19.1	7.2	-11.7	4.8	+38.7

- **Sales** down ~€21m year-on-year due to pandemic; decline in sales of 7.8% less severe than the 13.5% decline reported by VDMA.
- Due to Covid 19 pandemic, volume and product mix, **gross profit** was €56.1m despite lower cost of sales. Gross margin at 23.0 % (PY 23.4 %).
- In addition to capitalized development costs of € 1.0 million (previous year: € 4.5 million), R&D expenses of €11.3m were slightly above the level of the previous year.
- Decrease in distribution costs and administrative expenses.
- Balance of **other income and other expenses** was -€0.7m, compared to -€1.7m in the previous year.
- **EBIT** improvement of €8.1m despite volume and margin effect mainly due to P24x efficiency program and reduced functional costs and use of short-time work. **EBIT margin** improves from -6.4% to -3.7%.
- **Interest result** of -€2.4m slightly above prior-year level.
- **EBT** of -€11.3m improved by 38.3% compared to prior-year quarter.
- Slight decline in **tax expense** in reporting quarter.
- At -€11.7m, **net loss** in Q1 improved by 38.7% compared with the prior-year quarter and correspond to pro rata earnings per share of -€0.72 (prior-year quarter: -€1.16).

2. Figures first Quarter 2021.

Group cash flow statement.

in €m	Q1 2020 ¹	Q1 2021
Earnings before taxes	-18.3	-11.3
Non-cash transactions	12.0	9.7
Gross cash flow	-6.3	-1.6
Changes in inventories, receivables, other assets	26.6	-3.2
Changes in provisions and payables	-35.3	32.6
Cash flows from operating activities	-15.0	27.8
Cash flows from investing activities	-16.3	-5.7
Free cash flow	-31.3	22.1
Cash flows from financing activities	-0.4	-42.6
Change in funds	-31.7	-20.5
Effect of changes in exchange rates	-	1.9
Funds at beginning of period	191.0	137.8
Funds at end of period	159.3	119.2

- **Gross cashflow** improves from -€6.3m to -€1.6m in the first quarter.
- **Cash flow from operating activities** improved significantly from -€15.0m in the previous year to € 27.8m in the reporting period.
- **Cash flow from investing activities** decreased to -€5.7m (March 31, 2020: -€16.3m).
- **Free cash flow** improved from -€31.3m in the previous year to €22.1m. In addition to the decline in investing activities, the reduction in net working capital from €344m as of December 31, 2020 to €324.8m as of March 31, 2021 contributed significantly to the €53.4m increase.
- **Financing activities** resulted in a cash flow of -€42.6m (March 31, 2020: -€0.4m) due to the partial repayment of the syndicated loan in the amount of €40m.
- At the end of March 2021, **cash and cash equivalents** of €119.2m were available (Dec. 31, 2020: €159.3m).
- After deducting liabilities to banks of €145.2m, **net financial debt** improved to -€26m (previous year: -€ 40.7m).

2. Figures first Quarter 2021.

Group balance sheet.

Assets in €m		31.12.2020	31.03.2021
Non-current assets			
1.	Intangible assets and property, plant and equipment	392.3	388.2
	Investments/other financial receivables	22.3	22.3
	Other assets	3.4	3.3
	Deferred tax assets	91.7	87.0
		509.7	500.8
Current assets			
	Inventories	357.6	362.7
	Trade receivables	91.9	85.1
	Other financial receivables	23.4	21.7
	Other assets	197.9	203.6
	Securities	2.8	3.1
	Cash and cash equivalents	137.8	119.2
		811.4	795.4
		1,321.1	1,296.2

Equity and liabilities in €m		31.12.2020	31.03.2021
Equity			
	Share capital	43.0	43.0
	Share premium	87.5	87.5
	Reserves	210.3	205.0
	Equity attrib. to non-controlling interests	1.4	1.4
		342.2	336.9
Non-current liabilities			
	Pension provisions	165.6	153.9
	Other provisions	40.3	40.0
	Bank loans/other financial payables	169.6	164.5
	Other liabilities	9.9	10.2
	Deferred tax liabilities	68.6	66.4
		454.0	435.0
Current liabilities			
	Other provisions	124.8	122.8
	Trade payables	59.2	56.6
	Bank loans/other financial payables	111.3	93.9
	Other liabilities	229.6	251.0
		524.9	524.3
		1,321.1	1,296.2

1. In the reporting quarter, €5m (March 31, 2020: €13.8m) was invested in property, plant and equipment and intangible assets for construction and IT projects. The investment volume includes capitalized development costs of €1m. Capital expenditure was offset by depreciation and amortization of €8.9m, which was on a par with the previous year.
2. The quarterly loss contributed significantly to the reduction in equity from €342.2m to €336.9m. The increase in the discount rate for domestic pensions had a counteracting effect. The equity ratio increased slightly to 26.0% as of the reporting date (Dec. 31, 2020: 25.9%).
3. Pension provisions decreased from €165.6m to €153.9m as of March 31, 2021 due to the increase in the discount rate for domestic pensions from 0.9% as of December 31, 2020 to 1.5% as of March 31, 2021.

3. Segmentreport.

Sheetfed.

in €m	Q1 2020 ¹	in % ²	Q1 2021	in % ²	Δ in %
Order backlog	307.3		379.7		+23.6
Order intake	160.1		193.1		+20.6
Revenue	145.9		145.5		-0.3
Earnings before interest and taxes (EBIT)	-4.3	-2.9	-3.1	-2,1	+27.9



- **Order backlog** up 23.6 % on the previous year - provides an excellent starting point for the rest of the financial year 2021. Corresponds to a book-to-bill ratio of 1.33.
- **Strong order intake** - thanks to growth e.g. in large format and parts of the postpress family. More than 60% of orders are attributable to the packaging printing market (folding cartons and labels), which is growing strongly and is more resistant to pandemics.
- **Sales** almost at previous year's level.
- **EBIT** recovered slightly to -€3.1m as of March 31, 2021 (previous year: -€4.3m). Accordingly, the EBIT margin was -2.1 % (previous year: -2.9 %).



3. Segmentreport.

Digital & Webfed.

in €m	Q1 2020 ¹	in % ²	Q1 2021	in % ²	Δ in %
Order backlog	99.0		60.6		-38.8
Order intake	43.6		23.5		-46.1
Revenue	32.1		30.5		-5.0
Earnings before interest and taxes (EBIT)	-5.6	-17.4	-4.3	-14.1	+23.2



- **Order backlog** decreased by 38.8% from €99min the previous year to €60.6m.
- Decline in **order intake** to €23.5m due to Covid-19 impact. Growth in flexo presses for flexible packaging could not offset lower orders for web offset presses. The pandemic-related reluctance to invest in digital decor and corrugated printing also led to a 46.1% decline.
- At €30.5m, **sales** were almost at the same low level as the previous year.
- The low level of sales had a significant impact on **EBIT** of -€4.3m (previous year: -€5.6m). The **EBIT margin** improved and was -14.1 % compared to -17.4 % in the previous year.



3. Segmentreport. Special.

in €m	Q1 2020 ¹	in % ²	Q1 2021	in % ²	Δ in %
Order backlog	290.6		237.5		-18.3
Order intake	73.5		73.4		-0.1
Revenue	91.5		73.3		-19.9
Earnings before interest and taxes (EBIT)	-4.5	-4.9	-3.9	-5.3	+13.3



- **Order backlog** down 18.3% compared to prior-year quarter.
- At €73.4m, **incoming orders** were almost on a par with the previous year's figure of €73.5m. Orders increased at Banknote Solutions (banknote and security printing) and at Kammann (direct decoration of hollow bodies made of glass, plastic, and metal). By contrast, order intake at MetalPrint (metal packaging) was down. At Coding (coding solutions for all sectors), new business was stable compared to the prior-year quarter.
- **Sales** decreased by €18.2m to €73.3m (previous year: €91.5m).
- **EBIT** improved from -€4.5m to -€3.9m. The EBIT margin was -5.3%, compared with -4.9% in the previous year.

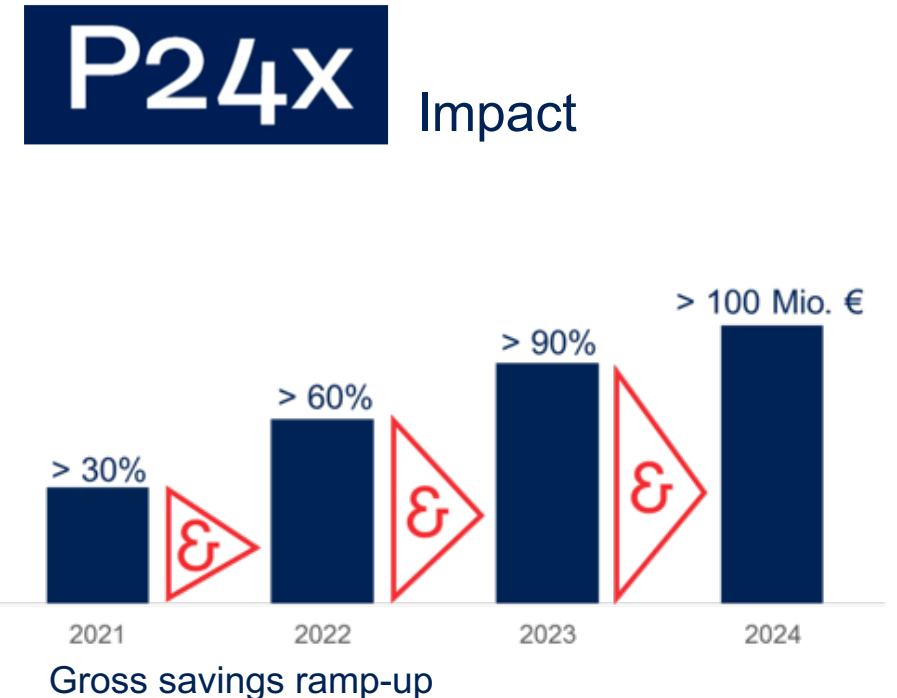


11 ¹ Prior-year figures adjusted.
² In % to sales revenue.

4. Efficiency programme P24x.

Further improvement in the first quarter eitere Verbesserung im ersten

- The already adopted efficiency programme P24 was expanded in Q3 2020 also due to the covid-pandemic, hence P24x.
One-off costs of €58m expensed in Q3 2020 through creation of a provision.
- Annual cost savings increasing to over €100m by 2024:
 - ~60% of measures will be installed in 2021, with full-year effect in 2022.
 - ~30% of measures will be installed in 2022, with full-year effect in 2023.
- The efficiency programme aims at savings in purchasing, productivity increases, cost optimisation of administration, sales and service as well as location concepts.
- 700 to 900 jobs affected in the short and medium term; negotiations with employee representatives have started successfully.
- Further measures under the P24x efficiency program were also successfully implemented in the first quarter of 2021, which had a positive impact on the Group's earnings performance.

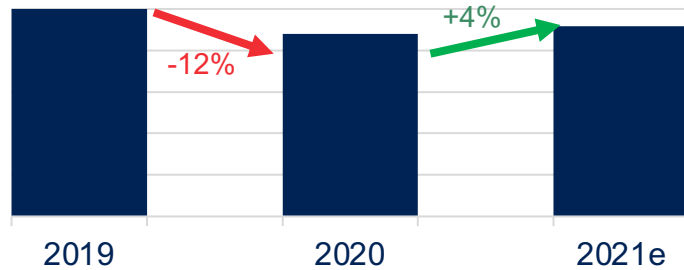


5. Market outlook & forecast.

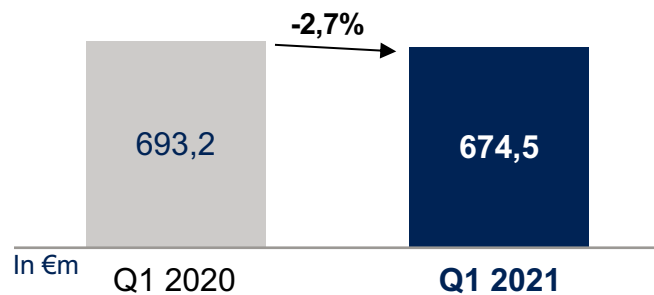
Forecast for 2021 and medium-term targets.

VDMA guidance

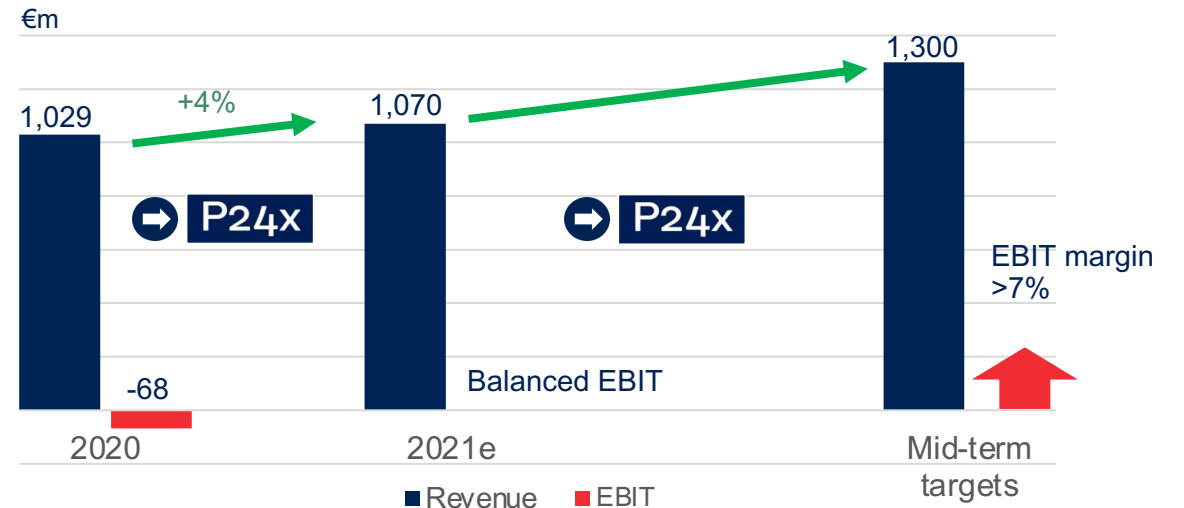
Production in mechanical and plant engineering



Order backlog - solid basis




Koenig & Bauer-Gruppe: Guidance



- >> This forecast is under the assumption that there will be a lifting of Covid-19 restrictions due to advances in vaccination, which include Covid-19 viral mutations. The 2020 order intake, which declined less compared to the industry as a whole, is considered a solid starting point for the new financial year under the current Covid-19 framework.
- >> Renewed travel restrictions – also due to the emergence of Covid-19 virus mutations – continue to weigh on the first quarter of 2021.

Koenig & Bauer – Key Investment Highlights.



- Fundamentally intact end markets with different growth opportunities; in particular, the growing market for packaging is proving very stable in the Covid pandemic.
- Covid pandemic to some extent as an accelerator of trends in the growing market for packaging printing: e-commerce, rise of household packaging.
- Financially well positioned: Group equity ratio of more than 25 % and more than € 250m cash and cash equivalents available; Active net working capital management.
- P24x on track with focus on increasing operating profitability through efficiency gains and scaling the group.

KOENIG & BAUER

Wichtiger Hinweis:

Diese Präsentation enthält in die Zukunft gerichtete Aussagen, die auf fundierten Annahmen und Hochrechnungen der Unternehmensleitung der Koenig & Bauer AG beruhen. Auch wenn die Unternehmensleitung der Ansicht ist, dass diese Annahmen und Schätzungen zutreffend sind, können die künftige tatsächliche Entwicklung und die künftigen tatsächlichen Ergebnisse davon aufgrund vielfältiger, vom Unternehmen nicht beeinflussbarer Faktoren abweichen. Zu diesen Faktoren können beispielsweise die Veränderung der Wirtschaftslage, der Wechselkurse sowie Veränderungen innerhalb der grafischen Branche gehören. Der Ausblick beinhaltet keine bedeutsamen Portfolioeffekte und -einflüsse bezogen auf rechtliche und behördliche Angelegenheiten. Er ist zudem in Abhängigkeit von fortlaufendem Ertragswachstum und ohne disruptive kurzzeitige Veränderungen am Markt. Die Koenig & Bauer AG übernimmt keine Gewährleistung und keine Haftung dafür, dass die künftige Entwicklung und die künftig tatsächlich erzielten Ergebnisse mit den in dieser Präsentation enthaltenen Zahlen und Aussagen identisch sein werden.

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Koenig & Bauer – Financial calendar

11 May 2021



Koenig & Bauer Annual General Meeting

29 July 2021



Interim report on 2nd quarter 2021

28 Oct. 2021



Interim report on 3rd quarter 2021

