

KOENIG & BAUER

un:boxing


Q1 2022

Dr Andreas Pleßke, CEO | Dr Stephen Kimmich, CFO

05 May 2022, Würzburg



Q1 at a glance.

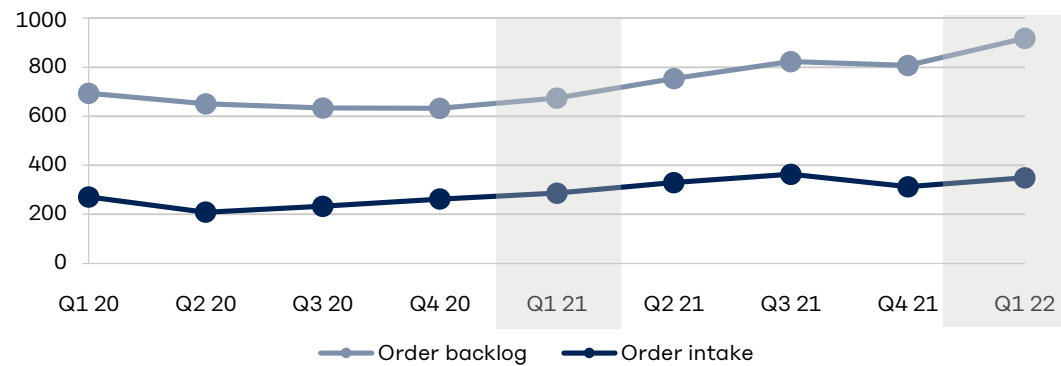
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|---|----|-----------------------------------|--|
|  | 1. | Business performance at a glance. | <ul style="list-style-type: none">• Koenig & Bauer holds its own in a gloomy economic climate.• Business performance heavily impacted by pandemic, supply bottlenecks and associated material and energy cost increases. |
| | 2. | Figures first quarter 2022. | <ul style="list-style-type: none">• High order backlog and order intake.• Despite a slight decline in turnover, EBIT improved by 4.5%.• Share of service revenue increased compared to previous year. |
| | 3. | Segments. | <ul style="list-style-type: none">• Double-digit order intake in all segments.• Special segment with good sales growth.• On the earnings side, the segments reacted differently to the pandemic situation as well as the supply bottlenecks and the associated material and energy cost increases. |
| | 5. | P24x efficiency programme. | <ul style="list-style-type: none">• P24x "on track,, – around €10m savings achieved, which had a positive impact on earnings development.• Savings effects from the use of short-time work in the previous year replaced by long-term and sustainable measures. |
| | 6. | Market Outlook & Forecast. | <ul style="list-style-type: none">• Fundamentally intact end markets with different growth opportunities.• Forecast 2022: slight year-on-year increase in revenue and operating EBIT margin expected – more precise forecast currently not possible; medium-term targets confirmed. |
| | | | |

1. Business performance at a glance.

Koenig & Bauer holds its own in a gloomy economic environment.

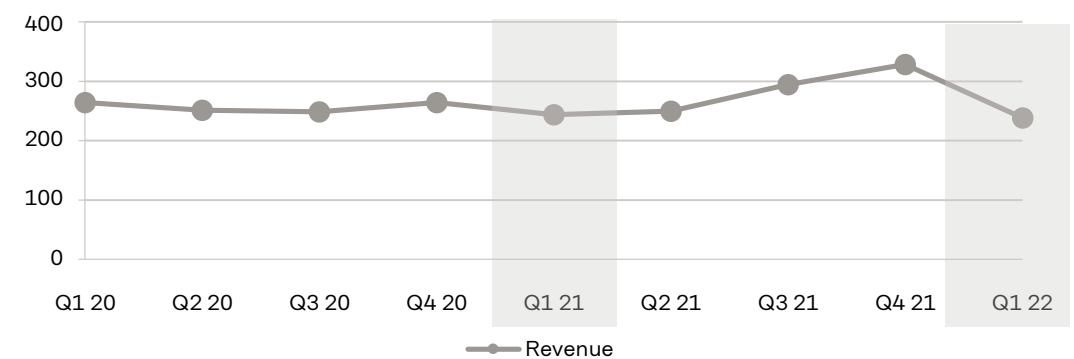
Order backlog and order intake

€m



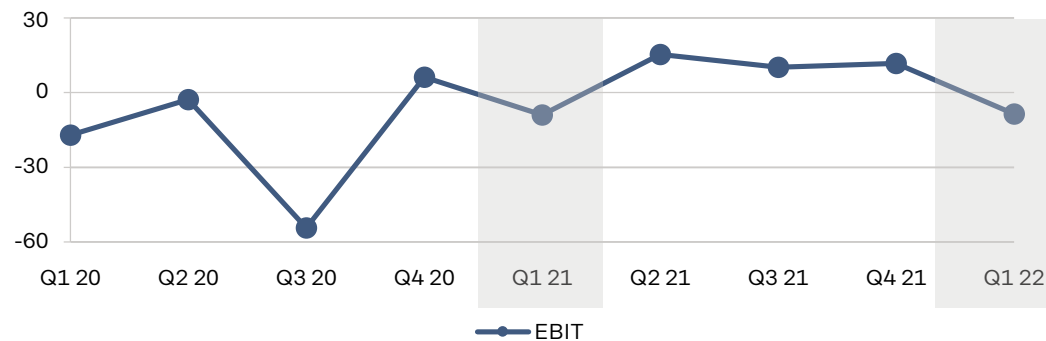
Revenue

€m



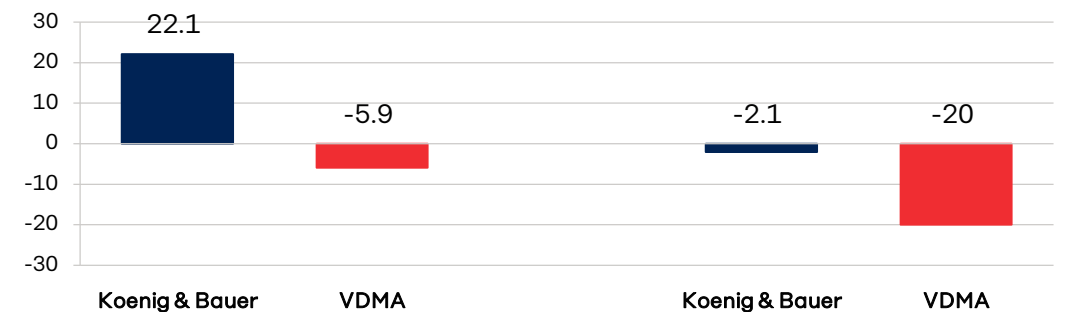
EBIT

€m



Order intake Change in %

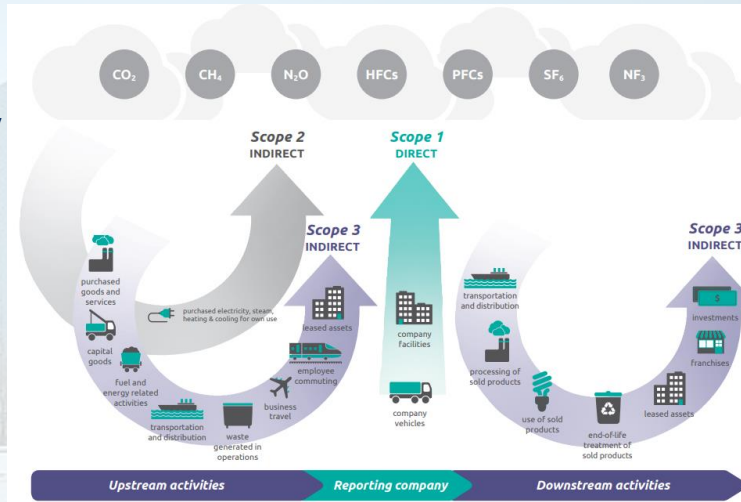
Revenue Change in %



1. Business performance at a glance.

Koenig & Bauer is on track with its sustainability goals.

- Production to be CO₂-neutral by 2030
- Complete conversion of electricity procurement to renewable energy sources will reduce scope 1 and scope 2 CO₂ emissions by around 60% in 2021 compared to the baseline year 2019
- In parallel, the Group is working intensively on further projects to improve the CO₂ balance



Analysis of Scope 3 emissions carried out:

The **downstream side** with product use is the strongest Scope 3 emissions driver at around 90%. Accordingly, reducing the energy consumption of products by increasing their energy efficiency, expanding digital services such as artificial intelligence for optimal press utilisation and the "climate-neutral print production" service offer have a high priority.

On the **upstream side**, the strategic orientation of purchasing towards materials with the smallest possible CO₂ footprint and the increasingly climate-friendly transport of materials, finished products and service parts are further levers for reducing Scope 3 CO₂ emissions.



1. Business performance at a glance.

Production planning in the print shop 4.0.

Agile detailed planning with the Job Optimiser from Koenig & Bauer

- Advanced Planning System for Print 4.0
- Optimisation of costs, makeready and throughput times, deadline compliance and press utilisation through intelligent sequence planning
- Maximum planning reliability and transparency
- Simple and intuitive operation
- Fast MIS/MES integration thanks to modern interfaces



Intelligent production planning is indispensable for modern printers today, because customers are demanding ever more product variety, fast delivery and lower prices. Agile planning and flexible processes are essential on the road to Print Shop 4.0 in order to be able to respond to changing customer requirements at short notice and secure a competitive edge in the market.

1. Business performance at a glance.

Koenig & Bauer Iberica plans production expansion with new assembly processes.



Relocation to new site on the outskirts of Barcelona:

- Introduction of new assembly processes to expand production
- Good accessibility due to proximity to the airport
- More space for demonstration and training purposes

The **multi-talent**
in packaging

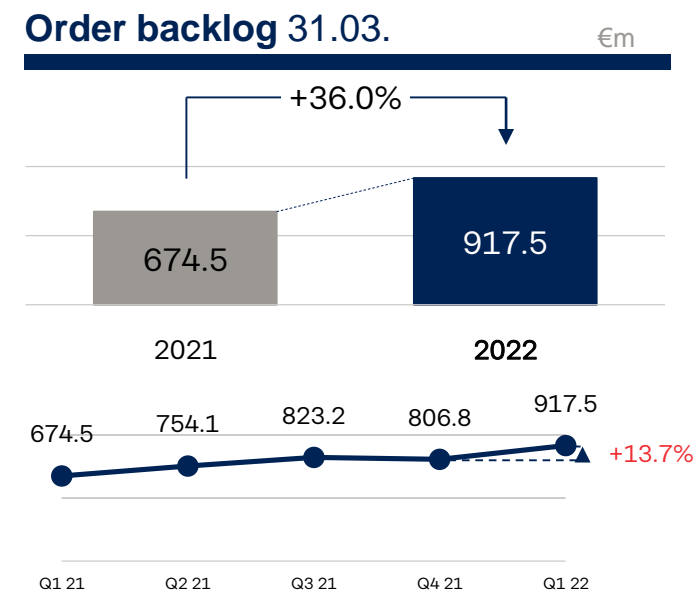
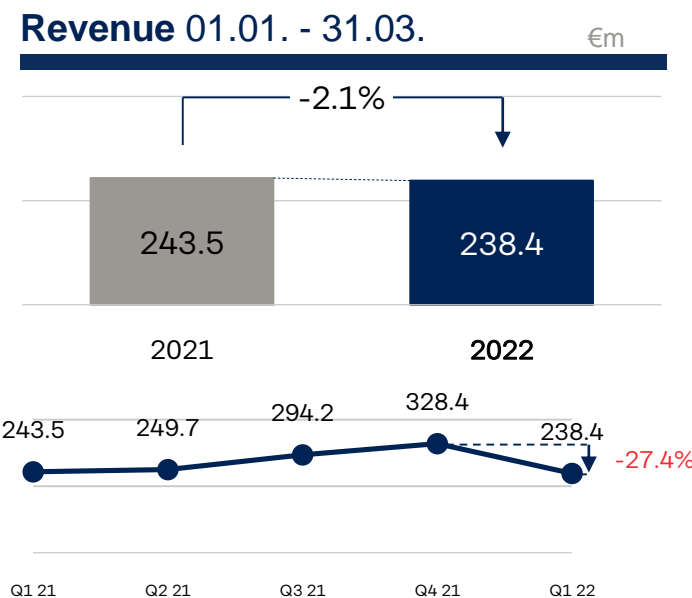
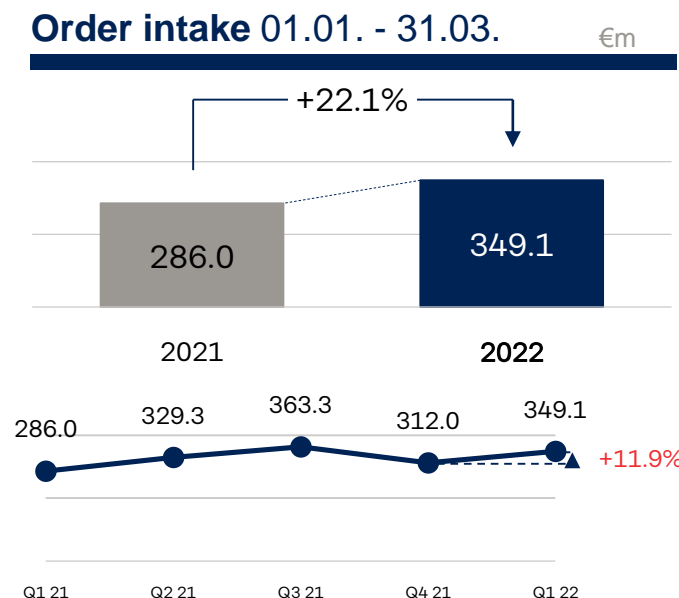


Koenig & Bauer Iberica is responsible for the development, production, sales and service of medium- and large-format flatbed die-cutters for carton and corrugated packaging.



2. Figures first Quarter 2022.

Business development in the group.

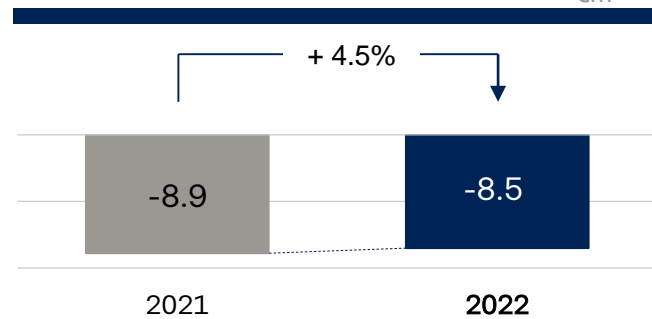


- Incoming orders exceeded the already good prior-year figure by 22.1% and also increased compared with the final quarter.
- Group turnover was slightly below the previous year and the strong final quarter 2021. The service share of sales increased from 28.8% in the previous year to 33.9%.
- Order intake and turnover exceeded the industry average.
- The order backlog increased by 36.0% as of 31 March 2022 compared to the previous year and by 13.7% at the end of 2021. At the same time, it serves as a solid basis for the rest of the 2022 financial year.

2. Figures first Quarter 2022.

Business development in the group.

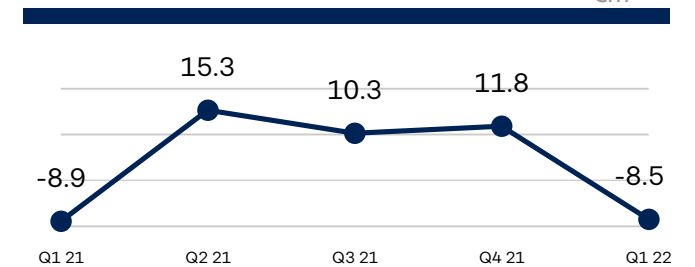
EBIT 01.01. - 31.03. €m



EBIT-bridge Δ €0.4m

- Short-time work previous year (~€5m)
- Volume and mix effect (~€1m)
- Other effects (~€4m)
- Material and energy management (~€6m)
- + Price increases (~€6m)
- + P24x savings (~€10m)

EBIT 01.01. - 31.03. €m



- The result was strongly influenced by the pandemic, supply bottlenecks and the associated material and energy cost increases.
- We were able to compensate for the latter with the announced price increases.
- Other effects also include valuations of receivables.
- The savings effects from the P24x efficiency programme had a positive impact.
- Overall, EBIT improved by 4.5%, bringing the EBIT margin to -3.6% after -3.7% in the previous year.

2. Figures first Quarter 2022.

Group income statement.

| in €m | Q1 2021 | in % ¹ | Q1 2022 | in % ¹ | Δ in % |
|--|--------------|-------------------|--------------|-------------------|-------------|
| Revenue | 243.5 | | 238.4 | | -2.1 |
| Cost of sales | -187.4 | -77.0 | -176.2 | -73.9 | 6.0 |
| Gross profit | 56.1 | 23.0 | 62.2 | 26.1 | 10.9 |
| Research and development costs | -11.3 | -4.6 | -14.0 | -5.9 | -23.9 |
| Distribution costs | -30.6 | -12.6 | -31.6 | -13.3 | -3.3 |
| Administrative costs | -22.4 | -9.2 | -22.8 | -9.6 | -1.8 |
| Other income ./ expenses ./ Financial result | -0.7 | -0.3 | -2.3 | -1.0 | -228.6 |
| Earnings before interest and taxes (EBIT) | -8.9 | -3.7 | -8.5 | -3.6 | 4.5 |
| Interest results | -2.4 | -1.0 | -2.4 | -1.0 | 0.0 |
| Earnings before taxes (EBT) | -11.3 | -4.6 | -10.9 | -4.6 | 3.5 |
| Income tax expense | -0.4 | -0.2 | 0.4 | 0.2 | 200.0 |
| Net loss | -11.7 | -4.8 | -10.5 | -4.4 | 10.3 |

- **Revenue** decreased by €5.1m compared to the same period last year.
- **Gross profit** increased by 10.9% compared to the previous year, also as a result of the lower cost of sales. Accordingly, the gross margin was 26.1% (2021: 23%).
- **R&D expenses** of €14m were above the previous year's level.
- **Selling and administrative expenses** each increased slightly compared to the previous year.
- The balance of **sE** and **sA** was €-2.3m after €-0.7m in the previous year.
- **EBIT** improved by €0.4m compared to the previous year. Accordingly, the EBIT margin was -3.6% after -3.7% in the previous year.
- **Interest result** of €-2.4m at the previous year's level.
- **EBT** of €-10.9m improved by €0.4m compared to the previous year.
- Tax income at €0.4m.
- **Group result** improved by €1.2m and corresponds to a pro rata **earnings per share** of €-0.64 (previous year: €-0.72).

2. Figures first Quarter 2022.

Group cash flow statement.

| in €m | 2021 | 2022 |
|---|--------------|--------------|
| Earnings before taxes (EBT) | -11.3 | -10.9 |
| Non-cash transactions | 9.7 | 10.1 |
| Gross cash flow | -1.6 | -0.8 |
| Changes in inventories, receivables, other assets | -3.2 | -56.6 |
| Changes in provisions and payables | 32.6 | 38.1 |
| Cash flows from operating activities | 27.8 | -19.3 |
| Cash flows from investing activities | -5.7 | -10.7 |
| Free cash flow | 22.1 | -30.0 |
| Cash flows from financing activities | -42.6 | -6.9 |
| Change in funds | -20.5 | -36.9 |
| Effect of changes in exchange rates | 1.9 | 1.5 |
| Funds at beginning of period | 137.8 | 129.5 |
| Funds at end of period | 119.2 | 94.1 |

- **Gross cash flow** at €-0.8m.
- The **cash flow from operating activities** was €-19.3m, mainly due to the increase in inventories and other assets.
- The **cash flow from investing activities** was €-10.7m.
- The **free cash flow** of €-30m was below the previous year's value. In addition to the increase in investment activities, the change in net working capital contributed to the decrease of €52.1m.
- **Financing activities** resulted in a cash flow of €-6.9m. The previous year's value is due to the partial repayment of the syndicated loan.
- **Cash and cash equivalents** amounted to €94.1m and there were more than €250m in freely available liquid funds.
- After deducting bank liabilities of €121.9m, the **net financial position** was €-27.8m after €2.9m at the end of the financial year 2021.

2. Figures first Quarter 2022.

Group balance sheet.

| Assets in €m | | | Equity and liabilities in €m | | |
|---|------------|------------|--|------------|------------|
| | 31.12.2021 | 31.03.2022 | | 31.12.2021 | 31.03.2022 |
| 1. Non-current assets | | | 2. Equity | | |
| Intangible assets | 387.3 | 388.5 | Share capital | 43.0 | 43.0 |
| Investments and other financial receivables | 25.0 | 24.6 | Share premium | 87.5 | 87.5 |
| Other assets | 3.0 | 2.8 | Reserves | 237.6 | 232.7 |
| Deferred tax assets | 92.3 | 85.2 | Equity attributable to non-controlling interests | 1.3 | 1.4 |
| | 507.6 | 501.1 | | 369.4 | 364.6 |
| Current assets | | | 3. Non-current liabilities | | |
| Inventories | 331.6 | 368.7 | 4. Pension provisions and similar obligations | 140.8 | 129.8 |
| Trade receivables | 94.7 | 93.4 | Other provisions | 47.9 | 46.8 |
| Other financial receivables | 26.0 | 27.6 | Bank loans and other financial payables | 117.6 | 117.4 |
| Other assets | 195.5 | 218.0 | Other liabilities | 9.9 | 10.0 |
| Securities | 3.8 | 3.7 | Deferred tax liabilities | 68.5 | 64.7 |
| Cash and cash equivalents | 129.5 | 94.1 | | 384.7 | 368.7 |
| | 781.1 | 805.5 | 5. Current liabilities | | |
| | 1,288.7 | 1,306.6 | Other provisions | 103.7 | 99.8 |
| | | | Trade payables | 64.9 | 67.8 |
| | | | Bank loans and other financial payables | 108.9 | 120.3 |
| | | | Other liabilities | 257.1 | 285.4 |
| | | | | 534.6 | 573.3 |
| | | | | 1,288.7 | 1,306.6 |

1. In the reporting period, €10.9m (previous year: €5m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalised development costs of €0.9m (previous year: €1m). The investments were offset by depreciation of €9.6m (previous year: €8.9m).

2. The negative consolidated result of €-10.5m contributed significantly to the decline in equity to €364.6m and the equity ratio to 27.9% (31.12.2021: 28.7%).

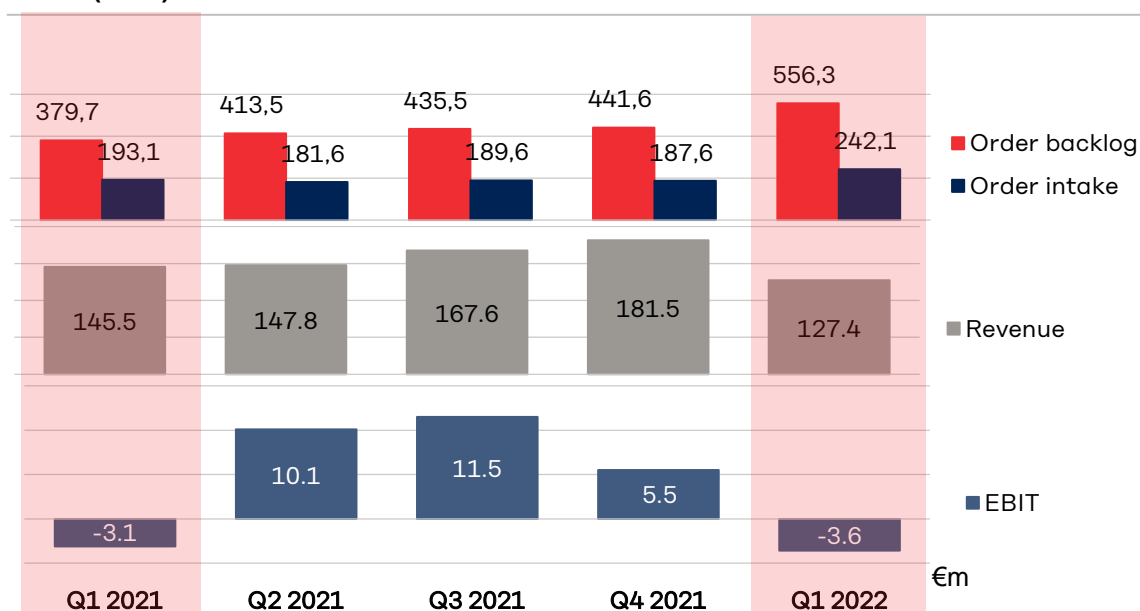
3. **Non-current liabilities** decreased by €16m.

4. **Pension provisions** decreased due to the increase in the discount rate for domestic pensions from 1.5% as at 31 December 2021 to 2.2% as at 31 March 2022.

5. In total, **current liabilities** increased by €38.7m.

3. Segmentreport. Sheetfed.

| €m | Q1 2021 | in % ¹ | Q1 2022 | in % ¹ | Δ in % |
|--|--------------|-------------------|--------------|-------------------|--------------|
| Order backlog | 379.7 | | 556.3 | | +46.5 |
| Order intake | 193.1 | | 242.1 | | +25.4 |
| Revenue | 145.5 | | 127.4 | | -12.4 |
| Earnings before interest and taxes (EBIT) | -3.1 | -2.1 | -3.6 | -2.8 | -16.1 |

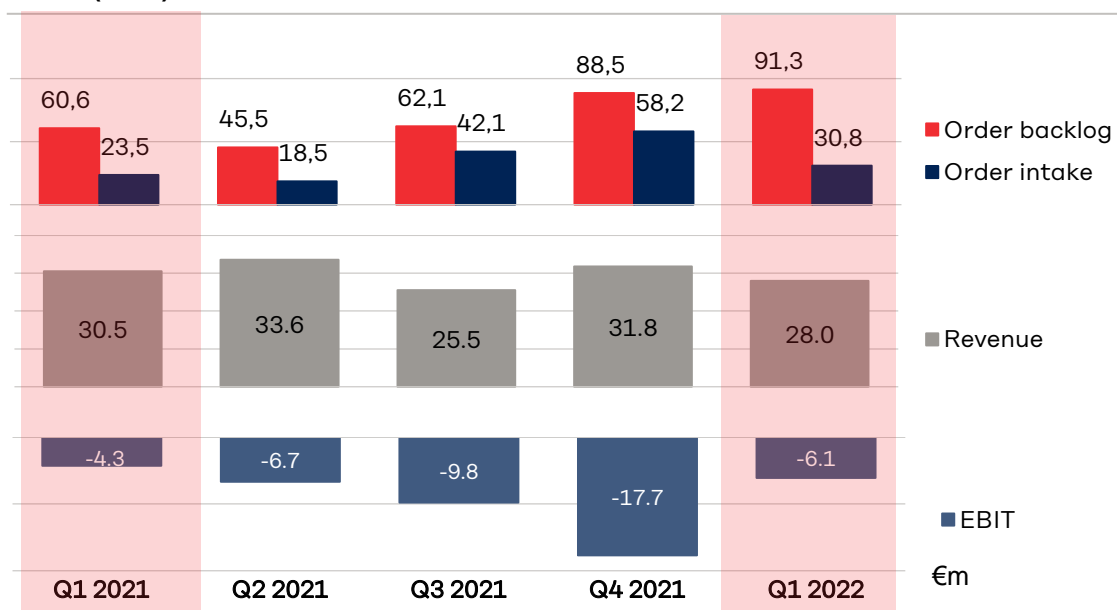


- High **order backlog** of 46.5% above the previous year provides a good starting point for the 2022 financial year. Corresponds to a book-to-bill ratio of 1.90 after 1.33 in the previous year.
- Another strong **order intake** with an increase of 25.4% – thanks to growth in sheetfed offset presses and the postpress family.
- **Revenue** fell by 12.4%.
- **EBIT** was €0.5m lower than in the previous year, which corresponds to an **EBIT margin** of -2.8% (previous year: -2.1%).

3. Segmentreport.

Digital & Webfed.

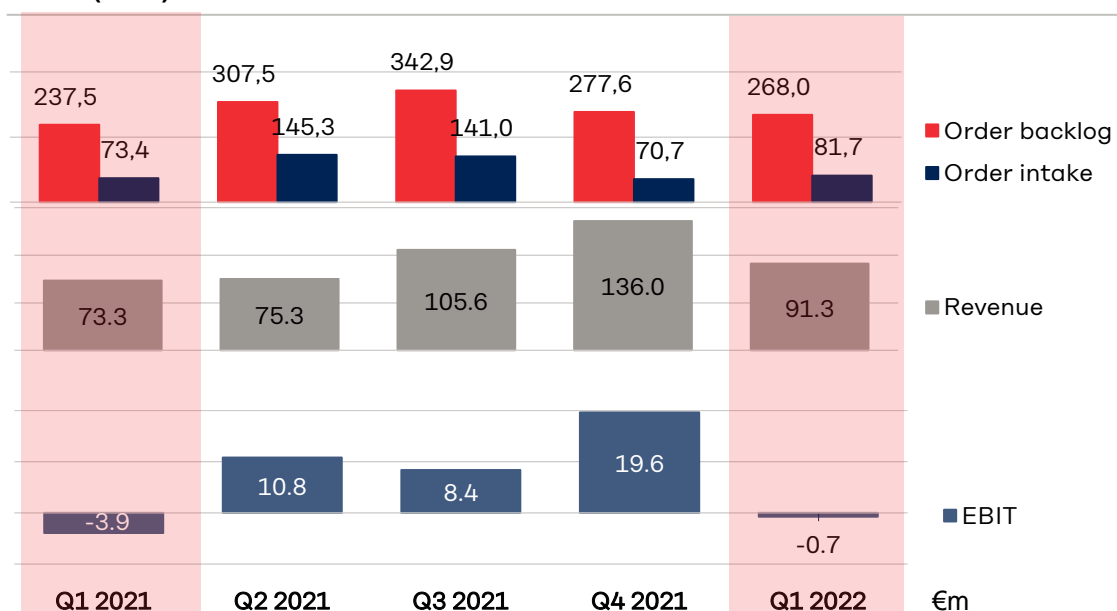
| €m | Q1 2021 | in % ¹ | Q1 2022 | in % ¹ | Δ in % |
|--|-------------|-------------------|-------------|-------------------|--------------|
| Order backlog | 60.6 | | 91.3 | | +50.7 |
| Order intake | 23.5 | | 30.8 | | +31.1 |
| Revenue | 30.5 | | 28.0 | | -8.2 |
| Earnings before interest and taxes (EBIT) | -4.3 | -14.1 | -6.1 | -21.8 | -41.9 |



- The **order backlog** increased by 50.7% to €91.3m as at 31 March.
- **Order intake** increased by 31.1% mainly due to the service business and demand for corrugators.
- **Revenue** was slightly below the previous year at €28m.
- **EBIT** was burdened by start-up costs and investments in product development in addition to the pandemic-related purchasing restraints of customers and amounted to €-6.1m, which corresponds to an **EBIT margin** of -21.8% after -14.1% in the previous year.

3. Segmentreport. Special.

| €m | Q1 2021 | in % ¹ | Q1 2022 | in % ¹ | Δ in % |
|--|-------------|-------------------|-------------|-------------------|--------------|
| Order backlog | 237.5 | | 268.0 | | +12.8 |
| Order intake | 73.4 | | 81.7 | | +11.3 |
| Revenue | 73.3 | | 91.3 | | +24.6 |
| Earnings before interest and taxes (EBIT) | -3.9 | -5.3 | -0.7 | -0.8 | +82.1 |

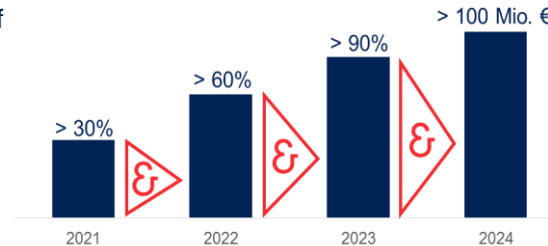


- The **order backlog** as of 31 March 2022 was 12.8% above the previous year's value.
- **Order intake** increased by 11.3%. Orders increased at Banknote Solutions (banknote and security printing) and at Coding (coding solutions for all industries). In contrast, order intake at MetalPrint (metal packaging) and Kammann (direct decoration of hollow bodies made of glass, plastic and metal) declined.
- After €73.3m in the previous year, **revenue** increased by 24.6% to €91.3m.
- **EBIT** improved by €3.2m in the reporting period, resulting in an EBIT margin of -0.8% after -5.3% in the previous year.

4. Efficiency programme P24x.

"On track" in the first quarter of 2022.

- The savings effects from P24x had a positive impact of around €10m on the Group's earnings development.
- It was possible to replace the savings effects from the use of short-time work in the previous year with long-term and sustainable measures within the framework of P24x.



Highlights of the efficiency programme:

// Change of the supply chain organisation by adapting Group-wide structures, processes of procurement and production in one organisation as well as innovative approaches to parts and component optimisation.

// Cost reduction of administration with further bundling of tasks as shared services, adaptation of sales and service structures

// Optimisation of the production and assembly plants including Group-internal bundling, relocation and realignment of production and assembly.



P24x Workstreams Installation status:

~60%

of the **measures** were installed in **2021**, with full annual effect in 2022.

~30%

on track to do in **2022**

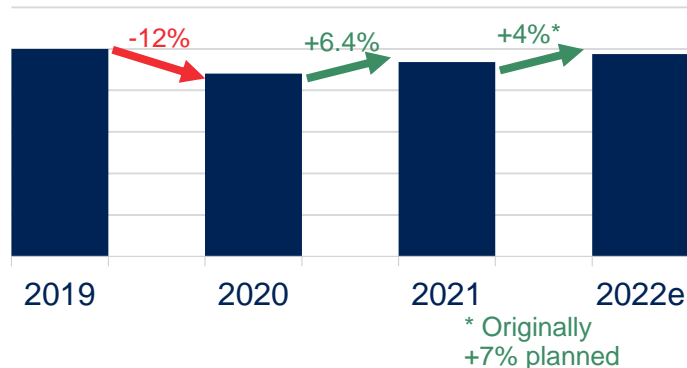
of the **measures** will be installed in **2022**, with full annual effect in 2023.

5. Market outlook & forecast.

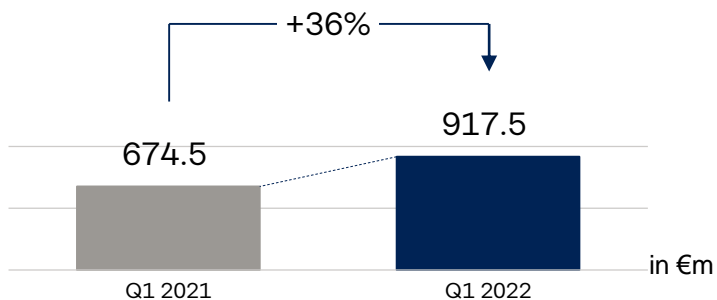
Forecast for 2022 and medium-term targets confirmed.

VDMA Forecast

Production in mechanical and plant engineering

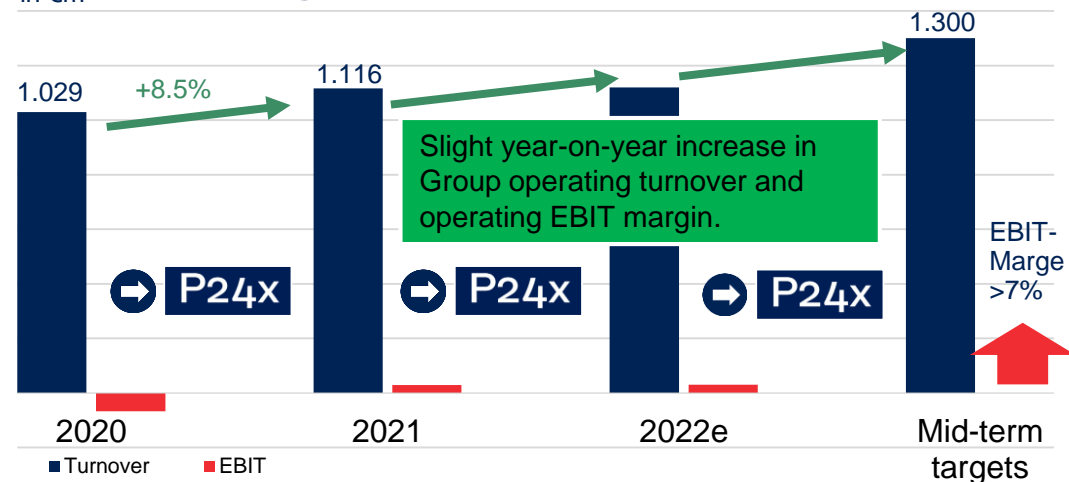


Order backlog – solid basis



Koenig & Bauer-Gruppe: Forecast

in €m



>> The estimates are based on the assumption that no further setbacks or intensified restrictions compared with the current situation arise from the Ukraine-Russia crisis, the resulting war and the sanctions imposed on Russia and Belarus as a result, and the fight against the pandemic. In addition, supply chain bottlenecks and the associated material price increases as well as increased energy costs continue to burden the Company and are not foreseeable due to the limited forward visibility with regard to the effects of the Russia-Ukraine conflict.

>> Medium-term targets of €1.3 billion turnover and an EBIT margin of at least 7% confirmed.

Koenig & Bauer – Key messages.



- P24x "on track" - around 60% of the planned measures were implemented in 2021, which had a positive impact on earnings development.
- Our "Exceeding-Print" strategy goes beyond "print" and describes our future actions: We will become more sustainable, more digital and more modular.
- Packaging printing business models are evolving at a rapid pace. We assume that the majority of our future customers are not even established yet.
- We will develop solutions for the multitude of new requirements, because for our customers the optimisation of their "total cost of process" is more than ever the focus of their purchasing decisions.
- We see ourselves as a "trusted advisor" for our customers and a pioneer of change and innovation in the printing industry and driving forward the transformation from a traditional press manufacturer to an agile technology group.

KOENIG & BAUER

Backup.



3. Segmentreport.

Group reconciliation.

| in €m | Q1 2021 | | Q1 2022 | | Δ in % |
|--|-------------|--|-------------|--|--------------|
| Order backlog | -3.3 | | 1.9 | | +157.6 |
| Order intake | -4.0 | | -5.5 | | -37.5 |
| Revenue | -5.8 | | -8.3 | | -43.1 |
| Earnings before interest and taxes (EBIT) | 2.4 | | 1.9 | | -20.8 |

Koenig & Bauer – Financial calendar

24 May 2022



Koenig & Bauer Annual General Meeting

29 July 2022



Interim report on 2nd quarter 2022

8 Nov 2022



Statement on 3rd quarter 2022



KOENIG & BAUER

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.

01.06.2023