

KOENIG & BAUER




un:boxing

H1 2022

Dr Andreas Pleßke, CEO | Dr Stephen Kimmich, CFO

29 July 2022, Würzburg

H1 at a glance.

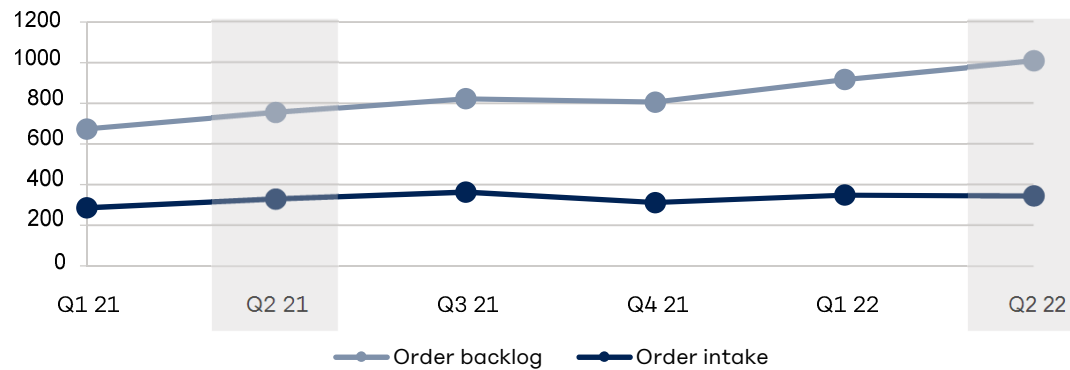
 <div data-bbox="580 378 675 471">1.</div> <div data-bbox="726 385 1159 499">Business performance at a glance.</div>	<ul style="list-style-type: none"> • Koenig & Bauer well positioned in many respects despite external uncertainties. • Business performance still heavily impacted by pandemic, supply bottlenecks and associated material and energy cost increases.
<div data-bbox="580 578 675 671">2.</div> <div data-bbox="726 585 1133 642">Figures H1 2022.</div>	<ul style="list-style-type: none"> • High order backlog and order intake. • Operating profit improvement achieved. • Share of inefficient production costs increased in the second quarter due to globally disrupted supply chains. • Share of service revenue increased compared to previous year.
<div data-bbox="580 763 675 856">3.</div> <div data-bbox="726 771 980 828">Segments.</div>	<ul style="list-style-type: none"> • Customers ordered more than in the previous year: approx. 22% in Sheetfed and approx. 46% in Digital & Webfed. • 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.
<div data-bbox="580 949 675 1042">4.</div> <div data-bbox="726 942 1095 1049">P24x efficiency programme.</div>	<ul style="list-style-type: none"> • P24x "on track" – approx. €22m 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.
<div data-bbox="580 1135 675 1228">5.</div> <div data-bbox="726 1142 1095 1249">Market Outlook & Forecast.</div>	<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 is well positioned despite all the external uncertainties.

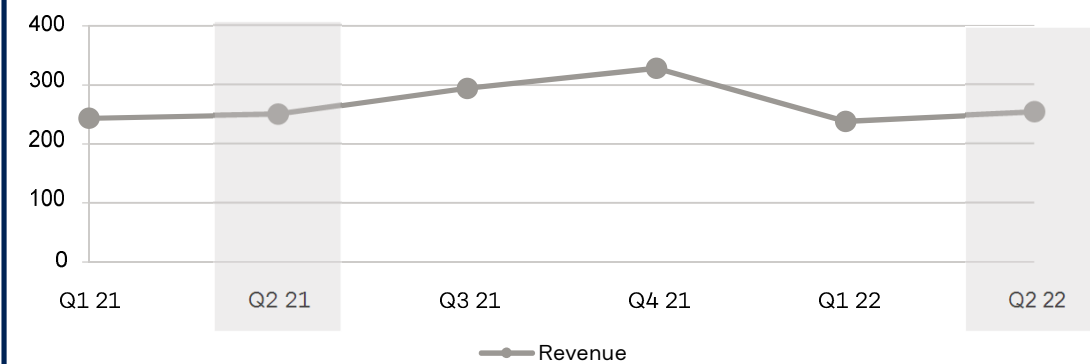
Order backlog and order intake

€m



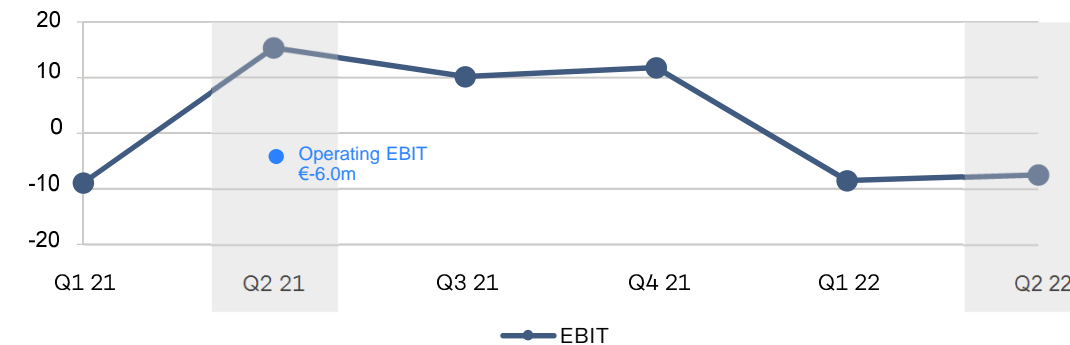
Revenue

€m



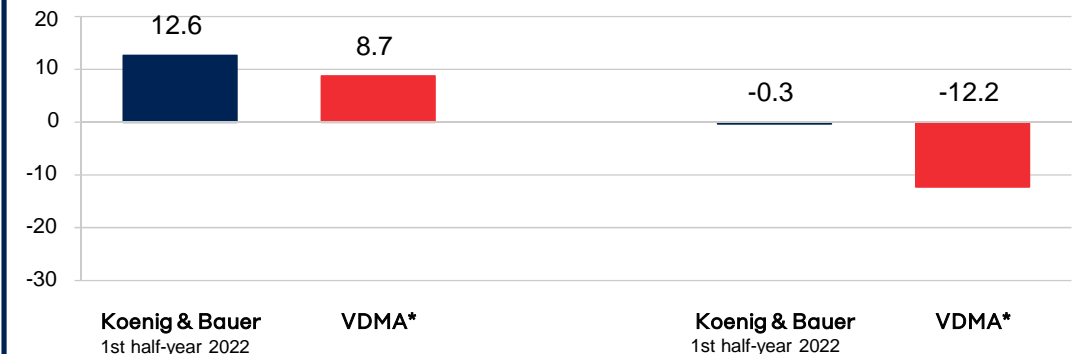
EBIT

€m



Order intake Change in %

Revenue Change in %



* VDMA database: Printing machinery sector, January to May 2022

1. Business performance at a glance.

Setting the strategic course in the growth market of corrugated board.

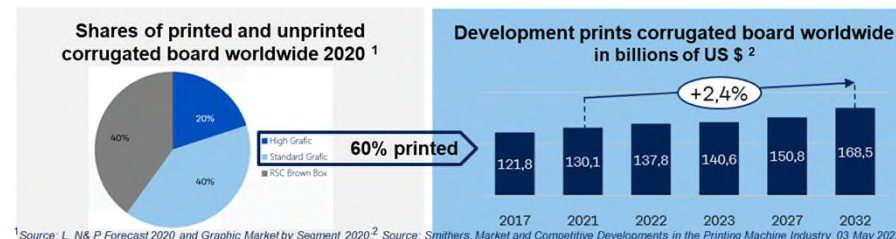


Initial Situation:

- Inorganic growth, especially in the attractive packaging market, is in Koenig & Bauer's DNA
- Corrugated board is as versatile as the goods and commodities packaged in and holds in terms of value the largest share of the overall packaging market
- The market for corrugated board, in which Koenig & Bauer is already active with various machines in both preprint and postprint, is proving to be a growth market with great potential
- Not least due to the megatrends of sustainability and e-commerce (primary and secondary packaging)

Goal: Expand the existing product portfolio and increase market share.

That's why we set out to find a partner:



1. Business performance at a glance.

We have found a strategic partner in the Celmacch Group S.r.l..



Celmacch Group S.r.l.

- Located in Desenzano, Italy
- Family owned and operated with over 40 years of experience in the corrugated market for Flexo High Board presses and Rotary die-cutters
- Around 50 employees and approx. €20m revenue in 2021 with high growth potential
- Well established in the market and already a supplier to multinational companies such as Smurfit Kappa, Saica and DS Smith.
- Capacity limits and lack of international sales and service organisation currently hamper growth



Goal: Capacity expansion combined with the development of further markets.
Combine the best of these two worlds and you get:

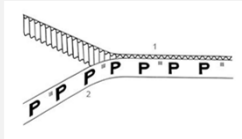
1. Business performance at a glance.

A portfolio that covers all format and price classes.



Complementary skills as a basis for success in order to develop together on the global market.

Preprint



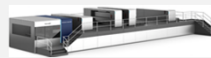
Printing digital:

HP Partnership:
HP Pagewide

Printing analogue:

- Flexotecnica
- Rapida

Printing and Finishing



Printing digital:

Koenig & Bauer DURST:
- CorruJET
- SPC

Printing analogue:

Digital & Webfed + Celmacch
Premium: Chroma Speed
Medium: Chroma High Tech
Entry: Chroma Smart



Printing and rotary die-cutting:

Digital & Webfed + Celmacch
Premium: ChromaCUT Speed
Medium: ChromaCUT High Tech
Entry: ChromaCUT Smart

Printing and flatbed die-cutting → under development
Koenig & Bauer + Celmacch + Iberica



Folding and gluing:

Koenig & Bauer Duran
- OMEGA Magnus for
Corrugated

→ Portfolio now has all price and performance classes

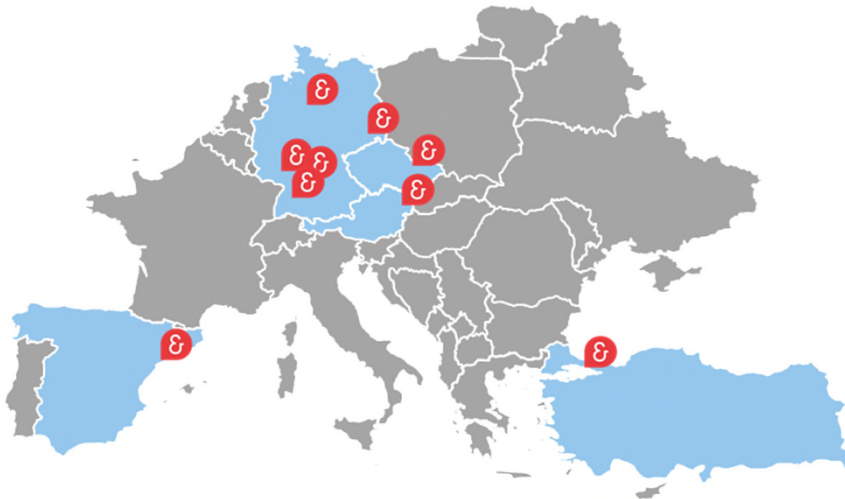
1. Business performance at a glance.

An internationally active sales and service organisation.



Complementary skills as a basis for success in order to develop together on the global market.

KOENIG & BAUER | CELMACCH



- In the future, Koenig & Bauer Celmach S.r.l will market the joint product range worldwide under the “Chroma” name and thus address the entire high-board market.
- Celmach will manage worldwide sales, building on its already established sales structures and complementing them with Koenig & Bauer's sales organisation
- Koenig & Bauer Würzburg will act as an extended workbench, providing assembly capacity for Chroma presses as and when required.
- Koenig & Bauer will manage worldwide service for Corrugated, using the existing service organisations of Koenig & Bauer and Celmach.

1. Business performance at a glance.

Koenig & Bauer makes itself independent of pipeline natural gas.

- Adaptation of the infrastructure before the heating period
- Complete substitution of process gas from the end of July 2022
- LPG, heating oil and district heating replace pipeline gas
- Production in all European plants largely secured, even after a possible Russian gas supply stop.



// Overarching goal:

Long-term independence from fossil fuels and maximum self-sufficiency. Particularly with a view to achieving the sustainability targets Koenig & Bauer has set itself and for maximum resilience to future fluctuations in the energy markets.

// Good to know:

As a consequence of a restricted gas supply, unforeseen fluctuations in the power grid cannot be ruled out either. Koenig & Bauer has therefore procured high-capacity mobile emergency power units (NEA) which can be deployed as required.

1. Business performance at a glance.

A role model for equal opportunities and commitment.



- Holiday care at Koenig & Bauer is exemplary model nationwide
- "Fanny Koenig Award" to honour and promote women in mechanical and plant engineering
- Koenig & Bauer (US/CA) supports TICCIT initiative (Trees Into Cartons, Cartons Into Trees)

// Fanny Koenig should serve as a role model for the pupils.

A strong female role model can have a lasting positive influence on the children's basic attitude.

Everyone has the opportunity to achieve something and to realise themselves – regardless of gender and origin.



// **Good to know:** The numerous activities and events offered include summer holiday care, excursions, swimming courses and the Children and Youth Day.

1. Business performance at a glance.

Early contract extension.



// Christoph Müller

Director of the Digital & Webfed segment



// Ralf Sammeck

Director of the Sheetfed segment, CDO

// Christoph Müller

will therefore remain a member of the Executive Board until 30 June 2026. He was first appointed in 2006 and is responsible for new developments in corrugated and digital printing as well as strategic partnerships such as with hp. The extension will ensure Celmacch's smooth integration into Koenig & Bauer's global sales and service network.

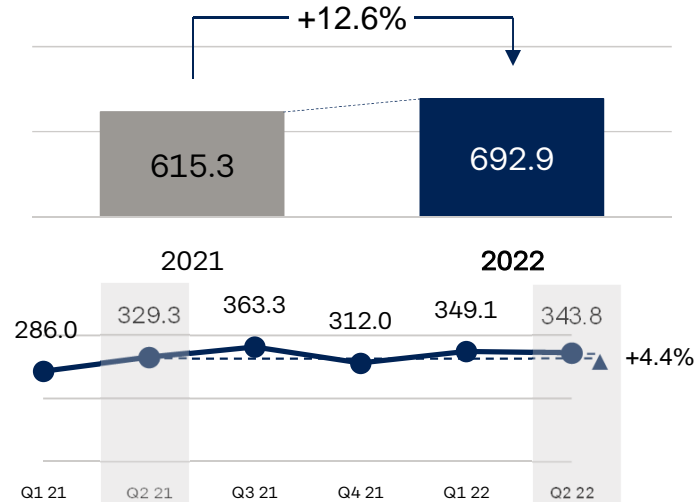
// Ralf Sammeck

has been a member of the Executive Board since 2007. He is responsible for digital transformation within the Group and, with his experience, will ensure that the Sheetfed division continues to expand its successful position in the growing packaging market and to drive forward digitisation even after drupa 2024. His contract will be extended by one year until 30 June 2025.

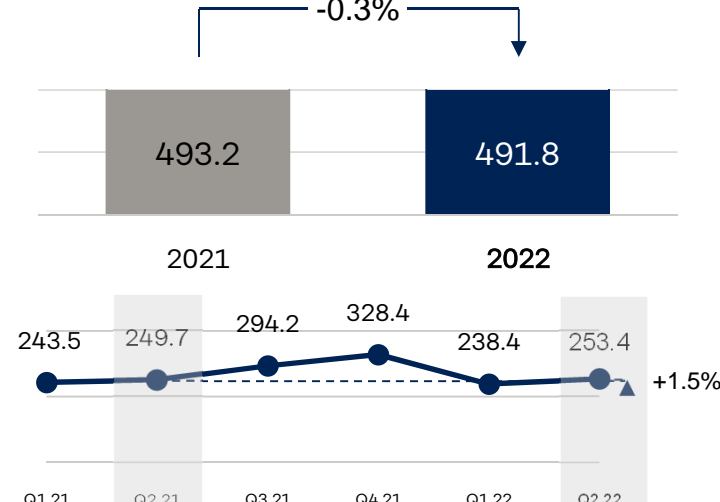
2. Figures H1 2022.

Business development in the group.

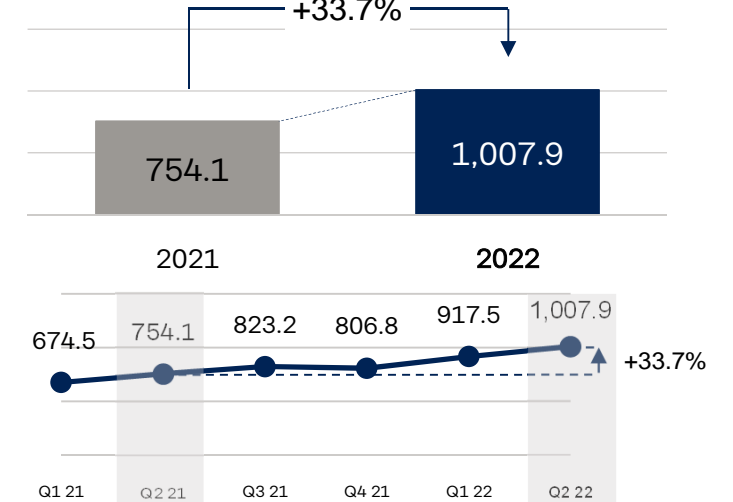
Order intake 01.01. - 30.06. €m



Revenue 01.01. - 30.06. €m



Order backlog 30.06. €m

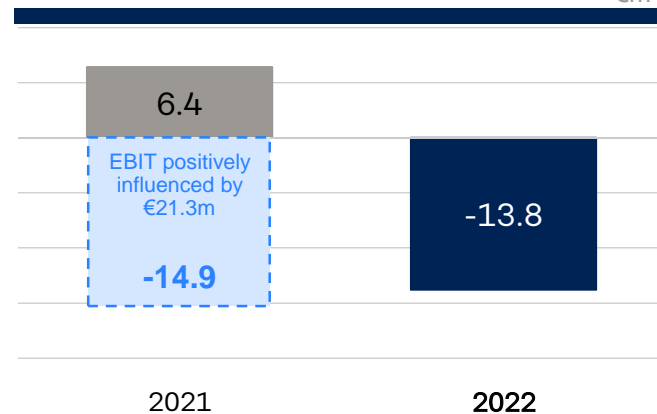


- Incoming orders exceeded the already good prior-year figure by 12.6%.
- Group revenue was slightly below the previous year and improved in the second quarter both sequentially and compared to the same quarter of the previous year. Share of service business in revenue increased from 30.4 % to 33.2 % in a half-year comparison.
- Order intake and revenue exceeded the industry average.
- The order backlog increased by 33.7% as of 30 June 2022 compared to the previous year and by 24.9% 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 H1 2022.

Business development in the group.

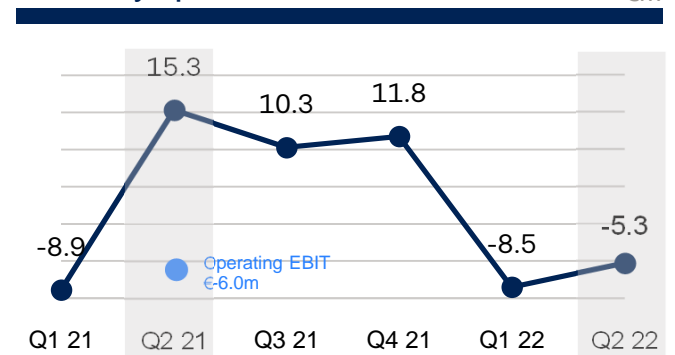
EBIT 01.01. - 30.06. €m



EBIT bridge Δ €20.2m

- Volume and mix effect (~€0.5m)
- + P24x Savings (~€22m)
- + Price increases (~€13m)
- Increase in material and energy cost (~€13m)
- Short-time work previous year (~€7m)
- Other effects (~€13m)

EBIT by quarters €m



- The savings effects of around €22m from the P24x efficiency programme had a positive impact.
- The result was strongly influenced by the pandemic, supply bottlenecks and the associated material and energy cost increases, which were offset by the announced price increases.
- However, the share of inefficient production costs due to the globally disrupted supply chains increased in Q2, which led to the increase in other effects. They also include receivable valuations and currency effects. The disrupted supply chains also lead to necessary extra work or rework on the plants and machines and weigh on productivity both in the plants and on-site at the customers.
- In total, the operating EBIT improved by €1.1m, which corresponds to an operating EBIT margin of -2.8% after -3.0% in the previous year.

2. Figures H1 2022.

Group income statement.

in €m	H1 2021	in % ¹	H1 2022	in % ¹	Δ in %
Revenue	493.2		491.8		-0.3
Cost of sales	-356.2	-72.2	-362.7	-73.7	-1.8
Gross profit	137.0	27.8	129.1	26.3	-5.8
Research and development costs	-21.7	-4.4	-27.2	-5.5	-25.3
Distribution costs	-62.8	-12.7	-65.4	-13.3	-4.1
Administrative costs	-47.2	-9.6	-48.2	-9.8	-2.1
Other income ./ expenses ./ Financial result	1.1	0.2	-2.1	-0.4	-290.9
Earnings before interest and taxes (EBIT)	6.4	1.3	-13.8	-2.8	-315.6
Interest results	-5.1	-1.0	-4.6	-0.9	+9.8
Earnings before taxes (EBT)	1.3	0.3	-18.4	-3.7	-1,515.4
Income tax expense	-0.2	-0.04	2.6	0.5	1,400.0
Net profit/loss	1.1	0.2	-15.8	-3.2	-1,536.4

- **Revenue** was almost at the same level as the previous year.
- **Gross profit** was €129.1m (previous year: €137.0m) due to the slight increase in cost of sales. Accordingly, the gross margin was 26.3% (previous year: 27.8%).
- **R&D costs** were €5.5m above the previous year's level.
- **Distribution and administrative costs** each increased slightly compared to the previous year.
- The balance of **sE and sA** was €-2.1m after €1.1m in the previous year.
- **EBIT** was positively influenced by €21.3m in the previous year. Operationally, a slight improvement of €1.1m was achieved. This corresponds to an operating **EBIT margin** of -2.8% after -3.0% in the previous year.
- **Interest result** of €-4.6m slightly below the previous year's level.
- **EBT** of €-18.4m after €1.3m in the previous year.
- Tax income of €2.6m.
- **Group result** of €-15.8m corresponds to pro rata **earnings per share** of €-0.98 (previous year: €0.05).

2. Figures H1 2022.

Group cash flow statement.

in €m	H1 2021	H1 2022
Earnings before taxes (EBT)	1.3	-18.4
Non-cash transactions	20.8	21.2
Gross cash flow	22.1	2.8
Changes in inventories, receivables, other assets	-4.3	-91.7
Changes in provisions and payables	8.7	59.4
Cash flows from operating activities	26.5	-29.5
Cash flows from investing activities	-12.2	-16.9
Free cash flow	14.3	-46.4
Cash flows from financing activities	-58.5	10.5
Change in funds	-44.2	-35.9
Effect of changes in exchange rates	1.4	2.7
Funds at beginning of period	137.8	129.5
Funds at end of period	95.0	96.3

- **Gross cash flow** at €2.8m.
- The **cash flow from operating activities** was €-29.5m, mainly due to the increase in inventories and other assets as well as advance payments received.
- The **cash flow from investing activities** was €-16.9m.
- The **free cash flow** was €-46.4m. In addition to the increase in investment activities, the change in net working capital contributed to the decrease of €60.7m.
- **Financing activities** resulted in a cash flow of €10.5m. In the previous year, the partial repayment of the syndicated loan was significantly higher than in the reporting period.
- **Cash and cash equivalents** amounted to €96.3m and there were more than €250m in freely available liquid funds.
- After deducting bank liabilities of €141.5m, the **net financial position** was €-45.2m (previous year: €-36.7m).

2. Figures H1 2022.

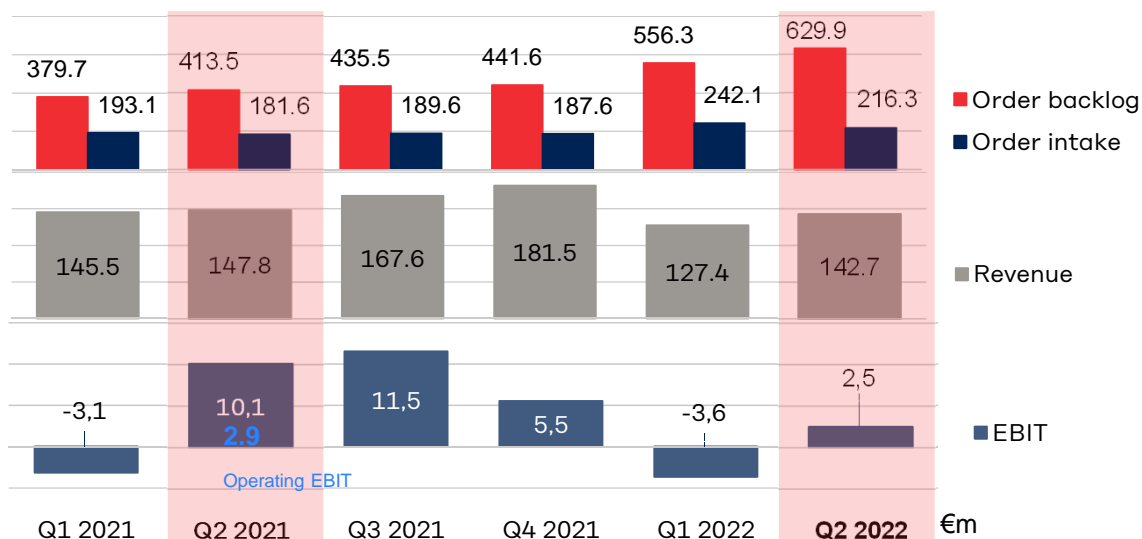
Group balance sheet.

Assets in €m		31.12.2021	30.06.2022	Equity and liabilities in €m		31.12.2021	30.06.2022
1.	Non-current assets			2.	Equity		
	Intangible assets, property, plant and equipment	387.3	386.4		Share capital	43.0	43.0
	Investments and other financial receivables	25.0	24.8		Share premium	87.5	87.5
	Other assets	3.0	2.3		Reserves	237.6	256.8
	Deferred tax assets	92.3	78.7		Equity attributable to non-controlling interests	1.3	1.4
		507.6	492.2			369.4	388.7
	Current assets			3.	Non-current liabilities		
	Inventories	331.6	406.5	4.	Pension provisions and similar obligations	140.8	87.7
	Trade receivables	94.7	83.1		Other provisions	47.9	45.7
	Other financial receivables	26.0	28.6		Bank loans and other financial payables	117.6	117.2
	Other assets	195.5	227.7		Other liabilities	9.9	10.1
	Securities	3.8	3.5		Deferred tax liabilities	68.5	62.6
	Cash and cash equivalents	129.5	96.3			384.7	323.3
		781.1	845.7	5.	Current liabilities		
		1,288.7	1,337.9		Other provisions	103.7	85.5
					Trade payables	64.9	74.5
					Bank loans and other financial payables	108.9	142.9
					Other liabilities	257.1	323.0
						534.6	625.9
						1,288.7	1,337.9

1. In the reporting period, €19.8m (previous year: €12.1m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalized development costs of €1.6m (previous year: €3.4m). The investments were offset by depreciation and amortization of €18.8m (previous year: €18.2m).
2. The increase in the discount rate for domestic pensions more than compensated for the half-year loss and contributed significantly to the increase in **equity**. Increase in equity ratio to 29.1% as at the reporting date (year-end 2021: 28.7%).
3. **Non-current liabilities** decreased by €61.4m.
4. **Pension provisions** decreased due to the increase in the discount rate for domestic pensions from 1.5% as at 31 December 2021 to 3.8% as at 30 June 2022.
5. In total, **current liabilities** increased by €91.3m.

3. Segmentreport. Sheetfed.

€m	H1 2021	in % ¹	H1 2022	in % ¹	Δ in %
Order backlog	413.5		629.9		+52.3
Order intake	374.7		458.4		+22.3
Revenue	293.3		270.1		-7.9
Earnings before interest and taxes (EBIT)	7.0	2.4	-1.1	-0.4	-115.7
Special effects	7.2				
Operating EBIT	-0.2		-1.1		

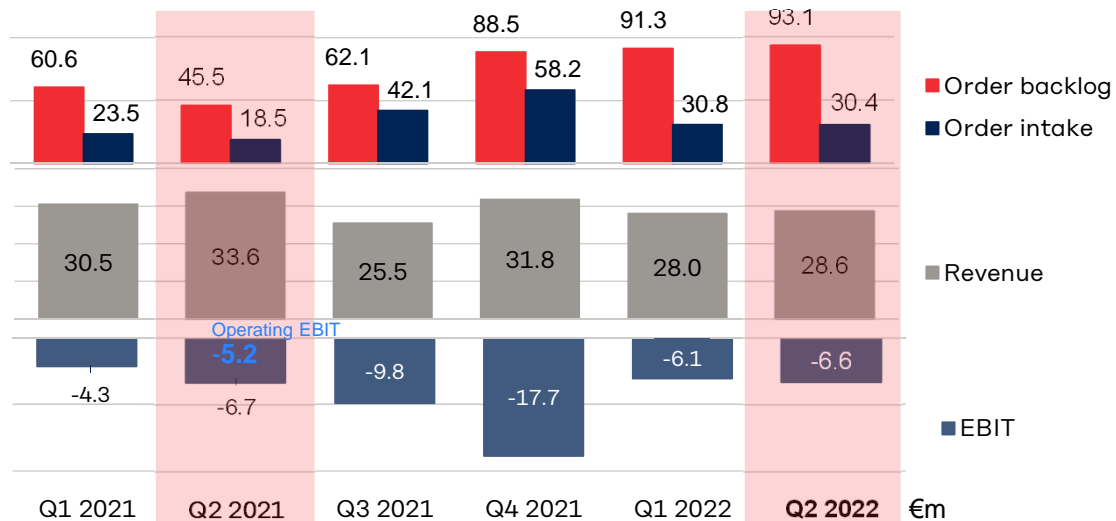


- High **order backlog** of 52.3% above the previous year provides a good starting point for the 2022 financial year. Corresponds to a book-to-bill ratio of 1.70 after 1.28 in the previous year.
- Another strong **order intake** with an increase of 22.3% – thanks to growth in sheetfed offset presses and the postpress family.
- **Revenue** was 7.9% below the previous year - but improved in the second quarter compared to the first quarter.
- **EBIT** was below the previous year's value, which was positively influenced by the adjustment of the P24x provision at €7.2m. Accordingly, the **EBIT margin** was -0.4% (previous year: 2.4%).

3. Segmentreport.

Digital & Webfed.

€m	H1 2021	in % ¹	H1 2022	in % ¹	Δ in %
Order backlog	45.5		93.1		+104.6
Order intake	42.0		61.2		+45.7
Revenue	64.1		56.6		-11.7
Earnings before interest and taxes (EBIT)	-11.0	-17.2	-12.7	-22.4	-15.5
Special effects	-1.5				
Operating EBIT	-9.5		-12.7		

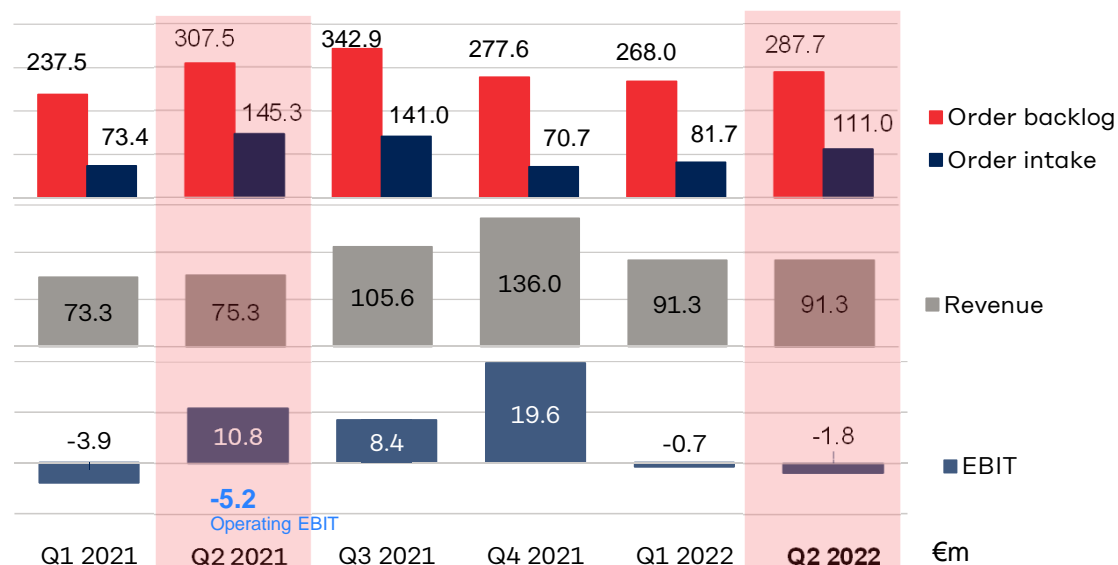


- The **order backlog** doubled to €93.1m.
- **Order intake** rose by 45.7% mainly due to increased demand for corrugated presses and the RotaJET digital web press, as well as service business.
- **Revenue** was slightly down on the previous year at €56.6m.
- **EBIT** was burdened by start-up costs and investments in product development in addition to the pandemic-related reluctance to purchase on the part of customers, and amounted to €-12.7m. The previous year's figure includes an adjustment of the restructuring provision for P24x and had a negative impact of € 1.5 m on the EBIT. The **EBIT margin** was therefore -22.4% (previous year: -17.2%).

3. Segmentreport.

Special.

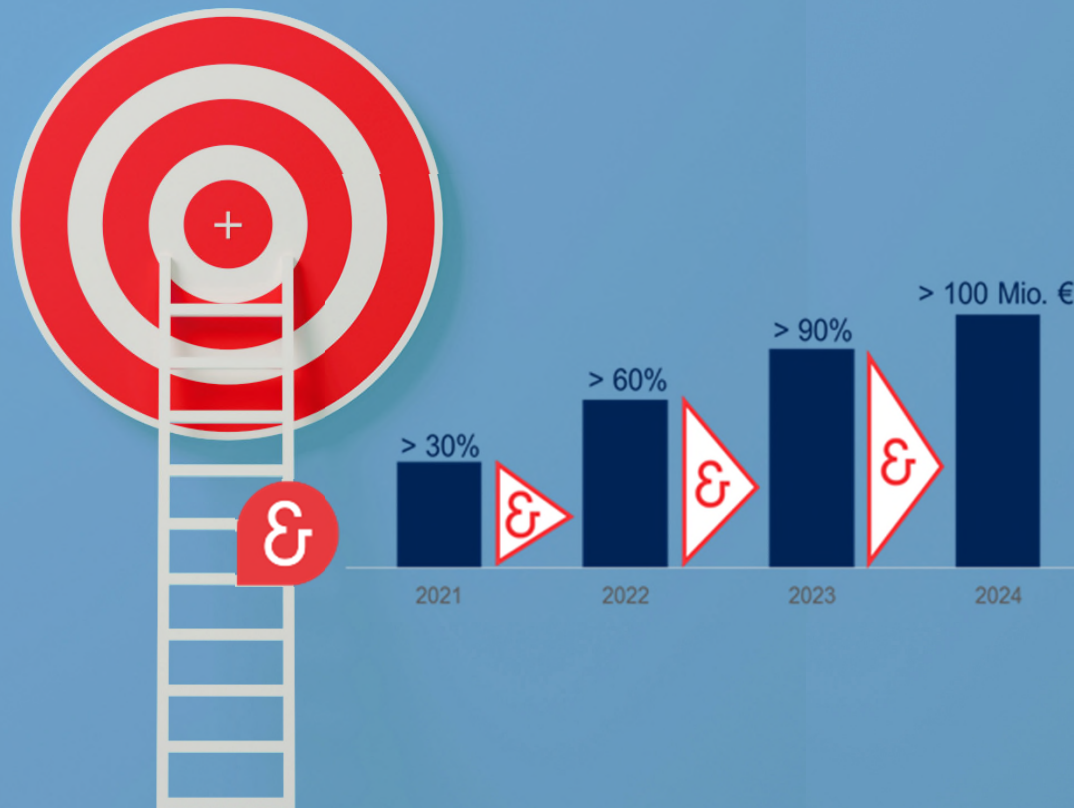
€m	H1 2021	in % ¹	H1 2022	in % ¹	Δ in %
Order backlog	307.5		287.7		-6.4
Order intake	218.7		192.7		-11.9
Revenue	148.6		182.6		+22.9
Earnings before interest and taxes (EBIT)	6.9	+4.6	-2.5	-1.4	-136.2
Special effects	16.0				
Operating EBIT	-9.1		-2.5		



- The **order backlog** as at 30 June 2022 was 6.4% below the previous year's value.
- **Order intake** decreased by 11.9%. Orders in Coding (coding solutions for all industries) increased. In contrast, order intake declined at Banknote Solutions (banknote and security printing), MetalPrint (metal packaging) and Kammann (direct decoration of hollow bodies made of glass, plastic and metal).
- **Revenue** increased by 22.9% to € 182.6m.
- **EBIT** was €-2.5m (previous year: €6.9m). The previous year's value was positively influenced by the adjustment of the P24x restructuring provision by €16.0 m. In comparison, a significant improvement in the operating EBIT was achieved. The **EBIT margin** was -1.4% after 4.6% in the first half of the previous year.

4. Efficiency programme P24x.

"On track" in the first half of 2022.



- The savings effects from P24x had a positive impact of around €22m on the Group's earnings development in the first half of the year.
- 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.

4. Market outlook & forecast.

Forecast for 2022 and medium-term targets confirmed.



- Second half of 2022 remains marked by major uncertainties.
- Developments in the globally disrupted supply chains are just as unpredictable as those in the geopolitical situation and high inflation in Europe and the USA, and could lead to a global economic slowdown in HY2. Added to this is the currently unpredictable pandemic course in the winter months.
- Slight year-on-year increase in Group operating revenue (2021: €1,115.8m) and operating EBIT margin (2021: 0.5%). EBIT in 2021 positively influenced by the adjustment of the restructuring provision (net €23m).
- Medium-term targets of €1.3 billion turnover and an EBIT margin of at least 7% still confirmed.

Note: The forecast estimates are based on the assumption that there are no further setbacks or intensified restrictions compared to the current state of the war in Ukraine, the energy supply, the globally disrupted supply chains as well as in the fight against the pandemic. The planned deliveries of the machinery and equipment for the second half of 2022 is a major challenge for Koenig & Bauer and will have to be reassessed if the global supply chain situation deteriorates further.

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, driving the transformation from a traditional press manufacturer to an agile technology group.

KOENIG & BAUER

Backup.



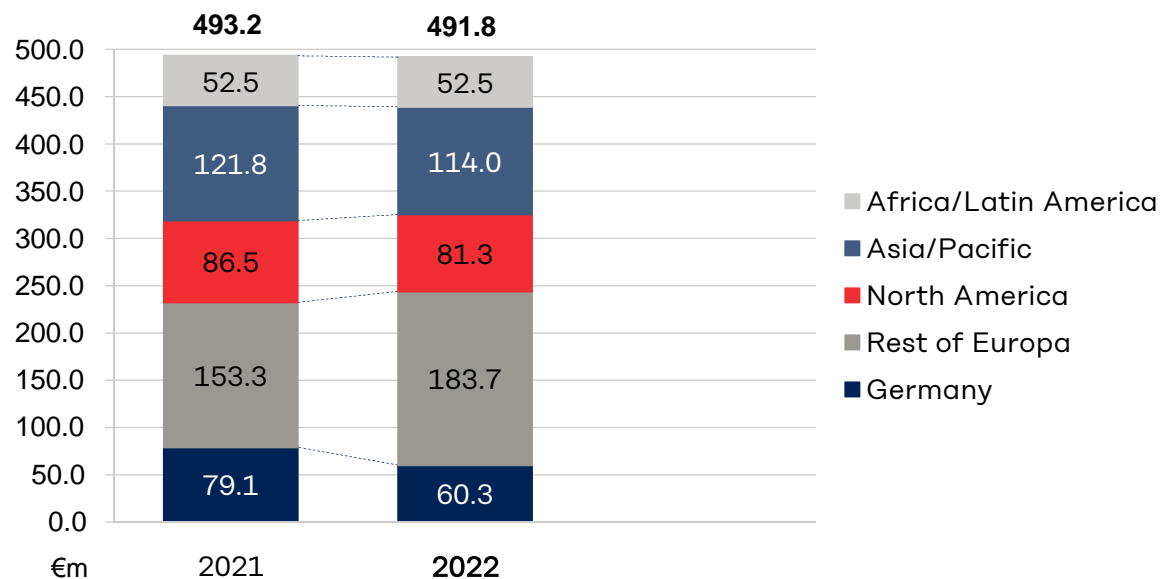
3. Segmentreport.

Group reconciliation.

in €m	H1 2021		H1 2022		Δ in %
Order backlog	-12.4		-2.8		+77.4
Order intake	-20.1		-19.4		+3.5
Revenue	-12.8		-17.5		-36.7
Earnings before interest and taxes (EBIT)	3.5		2.5		-28.6
Special effects	-0.4				
Operating EBIT	3.9				

3. Regionalreport. Group.

Revenue by Region 01.01. - 30.06.



- The **group export ratio** increased from 84.0% to 87.7%, with a significantly increased share in other European countries to 37.3%.
- The share of Latin America and Africa remained unchanged at 10.7%.
- The revenue shares in Germany with 12.3%, in North America with 16.5% and in the Asia/Pacific region with 23.2% were each below their previous year's values of 16.0%, 17.5% and 24.7%.

Koenig & Bauer – Financial calendar

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

www.koenig-bauer.com

we're on it.

25.07.2023