

KOENIG & BAUER



un:boxing


9 months and Q3 2022

Dr Andreas Pleßke, CEO | Dr Stephen Kimmich, CFO

08 November 2022, Würzburg

we're on it.

Nine months and Q3 at a glance.

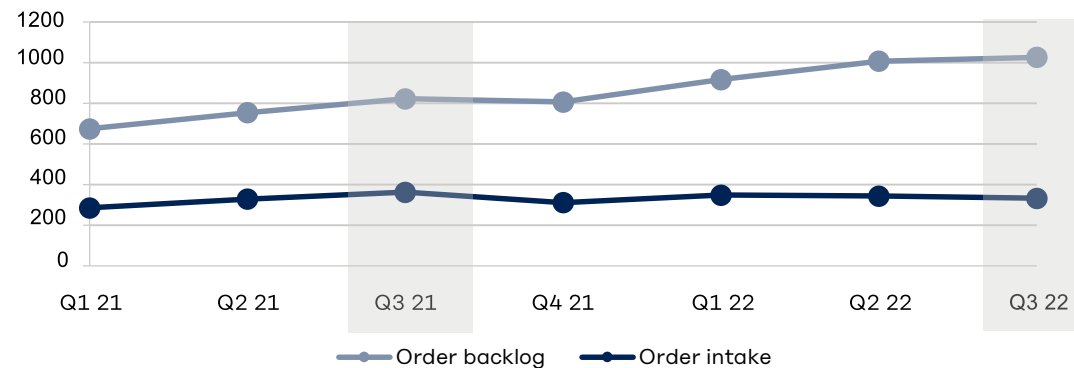
	Business performance at a glance.	<ul style="list-style-type: none">• Koenig & Bauer on track for profitable growth with a strong third quarter and robust demand in turbulent economic environment.• Business performance still heavily impacted by pandemic, supply bottlenecks and associated material and energy cost increases.
	Figures 9M 2022.	<ul style="list-style-type: none">• Q3 turnover increases both year-on-year and over the course of the year.• Strong improvement in earnings during the year with €10.8m EBIT achieved in Q3; after 9 months, operating earnings improved by €1.6m.• Share of service revenue increased compared to previous year.
	Segments.	<ul style="list-style-type: none">• Significant increase in sales in Q3 in the Sheetfed and Digital & Webfed segments.• On the earnings side, the segments reacted differently to the pandemic situation as well as the supply bottlenecks and the associated increase in material and energy costs.
	P24x efficiency programme.	<ul style="list-style-type: none">• P24x "on track" - around €24m in 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.
	Market Outlook & Forecast.	<ul style="list-style-type: none">• Fundamentally intact end markets with different growth opportunities.• Forecast 2022 confirmed and concretised to operating turnover of €1,160 - 1,190m and operating EBIT of € 15 - 20m. Medium-term targets confirmed; with the forecast for 2023 - which represents another important step towards achieving the medium-term targets - the medium-term targets issued in 2020 are also adjusted for inflation effects.

1. Business performance at a glance.

Profitable earnings improvement achieved in Q3, robust order situation.

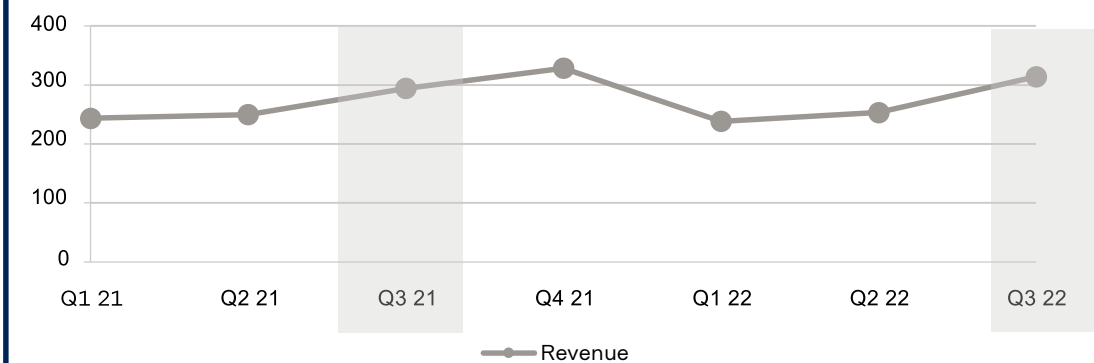
Order backlog and order intake

€m



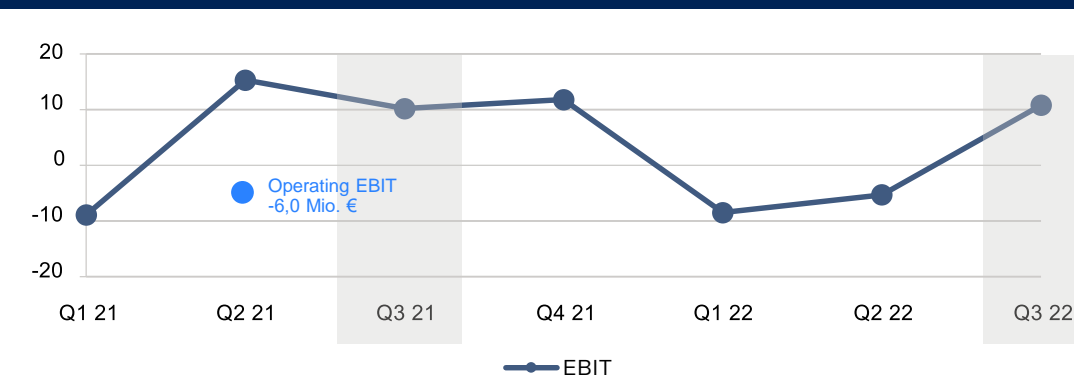
Revenue

€m



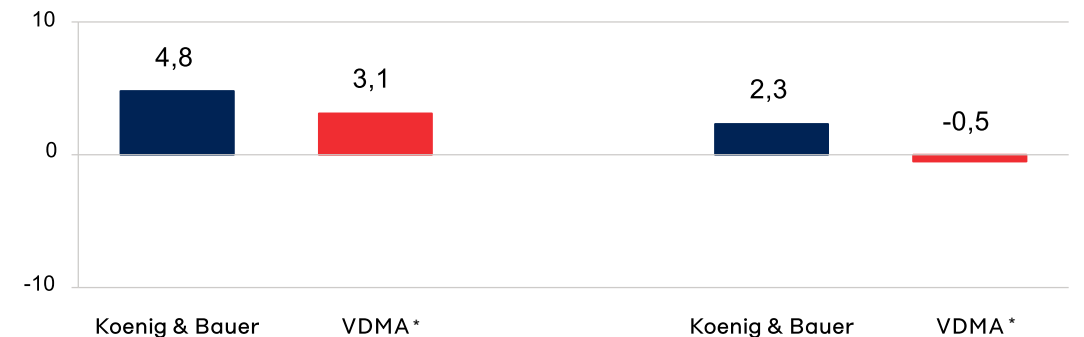
EBIT

€m



9M-order intake Change in %

9M-revenue Change in %



* VDMA data basis: Printing machinery sector, January to September 2022

1. Business performance at a glance.

Clear focus on the growth market of corrugated board.

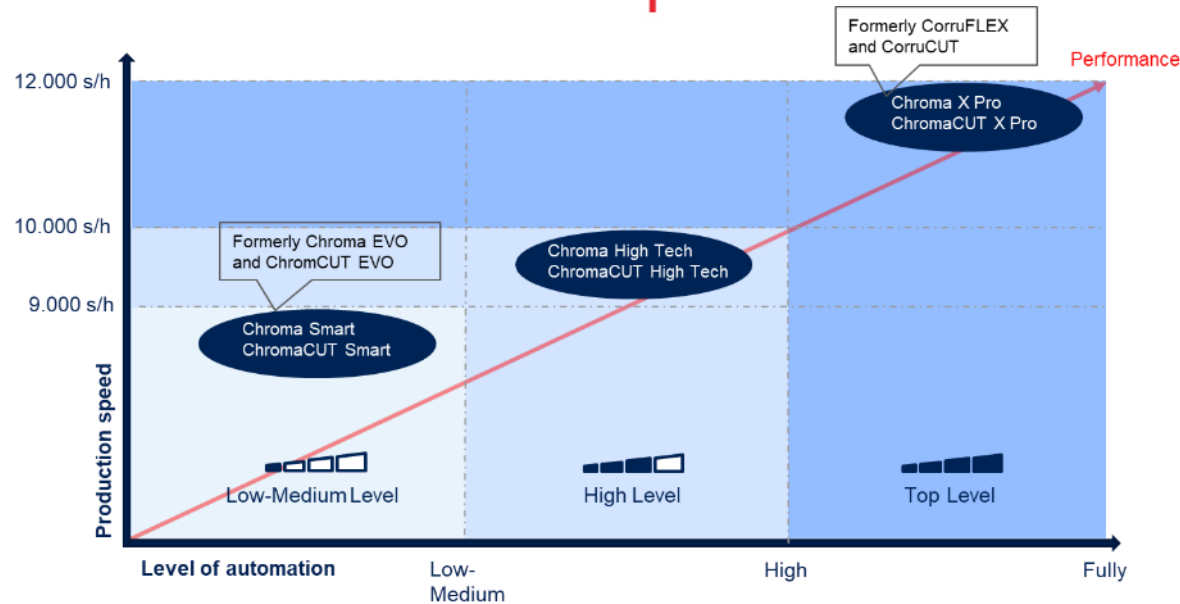
// Signing | 22 July

Announcement of partnership & acquisition of 49% of the Italian Celmacch Group S.r.l. by the German Koenig & Bauer AG

// Closing | 16 September

after clearance for foreign direct investment (FDI) in Italy

KOENIG & BAUER | CELMACCH



1. Business performance at a glance.

Clear focus on the growth market of corrugated board.

// Campaign launch | from 16 September

With interviews in international trade journals, worldwide advertising campaign and specialist podcast appearance with Dan Brunton.



<https://www.youtube.com/watch?v=LKbOqTV03j0>



1. Business performance at a glance.

Clear focus on the growth market of corrugated board.

// First joint trade fair appearance | 19 - 21 September

At Corrugated Week 2022 in San Antonio, USA, the two companies presented themselves for the first time as Koenig & Bauer Celmacch.

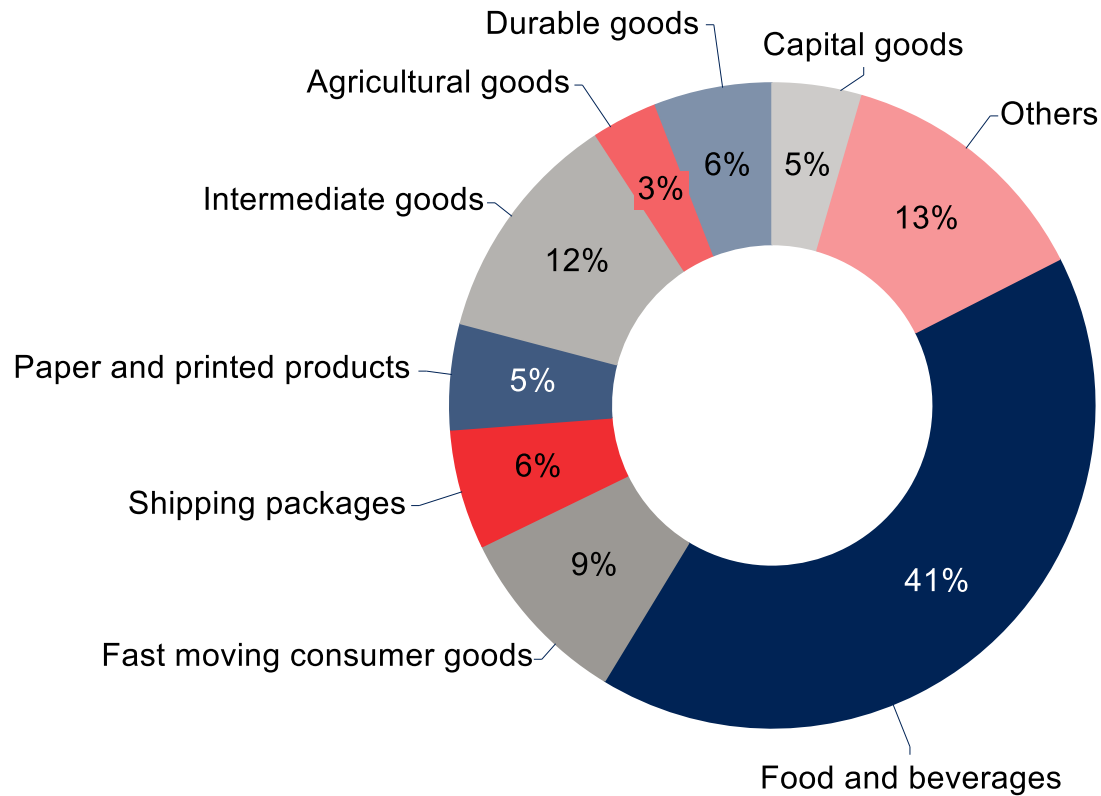


...more to come!

1. Business performance at a glance.

Clear focus on the growth market of corrugated board.

Share of important customer industries in corrugated board sales 2021



Source: VDW | Reference: VDW membership

// Corrugated board not only for e-commerce packaging

It is used much more widely and in a variety of ways and fulfils the most diverse requirement profiles of various industries as well as stationary and online trade.



1. Business performance at a glance.

Koenig & Bauer presents Green Dot Award 2022.



With the Green Dot Award Koenig & Bauer wants to honour a visionary leader with outstanding ideas who has already made innovative contributions to sustainable printing in a special way.

// Andres Kull, CEO of Kroonpress in Tartu, Estonia

// Frauke Oeding-Blumenberg, Managing Director oeding print, Braunschweig, Germany

// Fabrice Peltier, packaging eco-design expert, Combloux, France



1. Business performance at a glance.

Koenig & Bauer takes a major step towards greater sustainability.



// Koenig & Bauer takes responsibility for climate protection

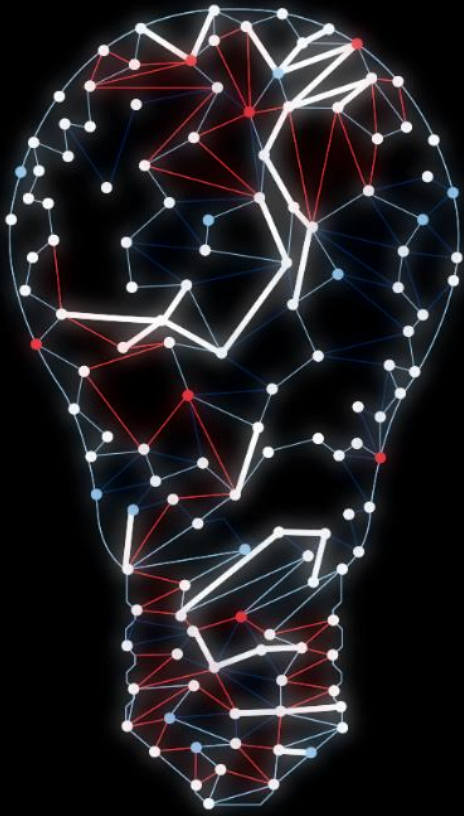
// Focus on energy self-sufficiency and improved eco-balance through electricity from own green sources

// First photovoltaic system at Würzburg plant generates around 200,000 kWh of electricity annually

// Further photovoltaic and solar thermal systems about to come on stream

1. Business performance at a glance.

Koenig & Bauer presents energy management system for maximum energy efficiency.



// Why energy management?

Rising energy costs, sustainability targets and strict legal requirements make energy a decisive competitive factor. The path to greater energy efficiency is a major challenge, but at the same time a great opportunity to significantly reduce production costs. For this, it is worth taking a detailed look at the energy requirements of each production site - from production to building technology.

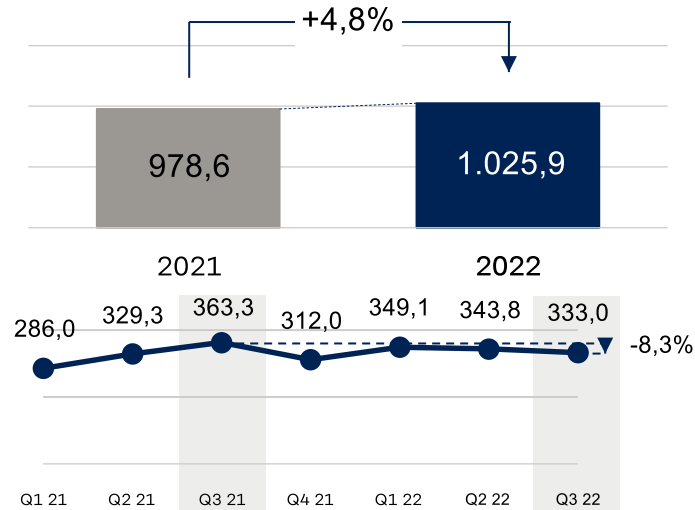
Digitalisation offers new opportunities to realise maximum energy efficiency.

By establishing successful energy management, a considerable amount of energy can be saved in the production process.

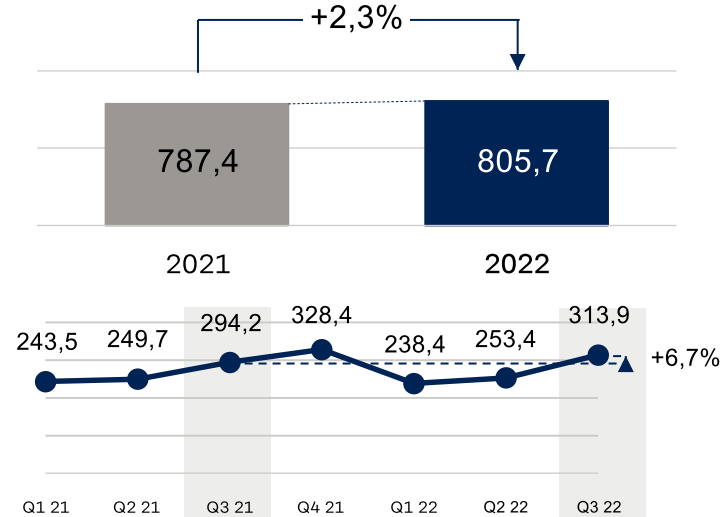
2. Figures 9M and Q3 2022.

Business development in the group.

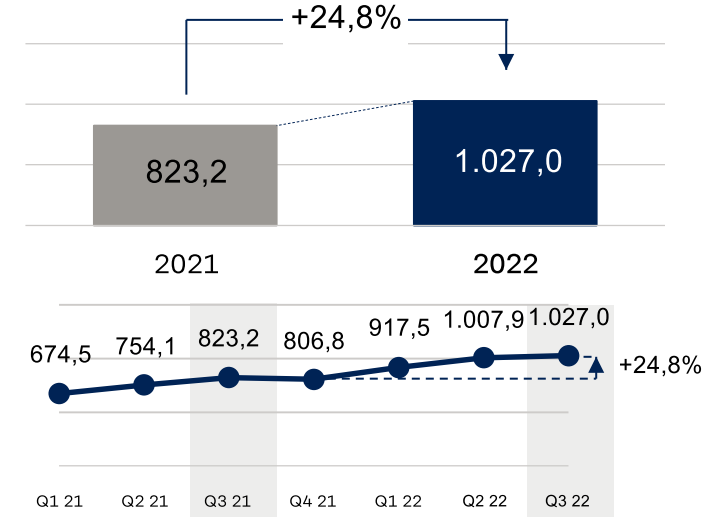
Order intake 01.01. - 30.09. €m



Revenue 01.01. - 30.09. €m



Order backlog 30.09. €m



- As of 30 September, the accumulated order intake exceeded the already good previous year's value by 4.8 %; sequentially, there was a return to a robust order intake level.
- Cumulative Group turnover increased by 2.3% compared to the previous year. The sequential recovery in the current year continued in Q3; the previous year's quarterly value was also exceeded by 6.7%. The share of the service business in turnover rose from 29.9% to 32.2% after nine months.
- The order book increased by 24.8% year-on-year at 30 September and by 27.3% at year-end 2021. At the same time, it serves as a solid base for the rest of the 2022 financial year and beyond.

2. Figures 9M and Q3 2022.

Business development in the group – FX effects

EUR/USD - Euro exchange rate (Euro / Dollar)



External turnover	
Exchange rate gain	
Forward exchange transaction	
Leasing liabilities	
Foreign exchange loss	

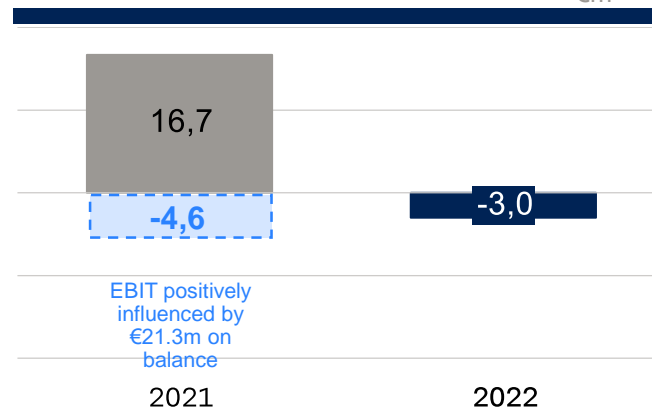


- Currency effects have no significant impact on Koenig & Bauer Group sales, also due to active "hedging", and are therefore not reported as before.

2. Figures 9M and Q3 2022.

Business development in the group.

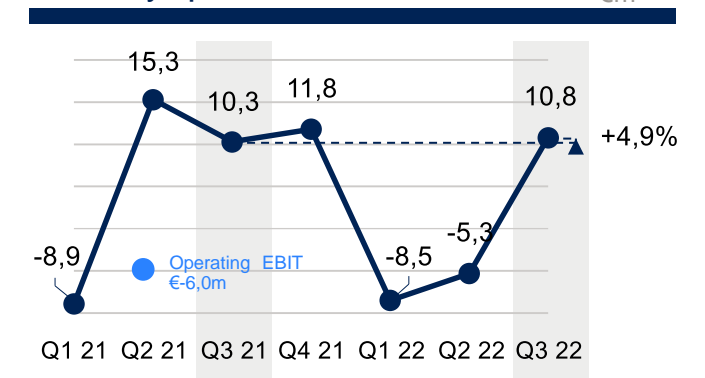
EBIT 01.01. - 30.09. €m



EBIT bridge $\Delta 1,6$ €m

- + Volume and mix effect (~€5m)
- + P24x Savings (~€24m)
- + Price increases (~€18m)
- Increase in material and energy cost (~€24m)
- Short-time work previous year (€8m)
- Other effects (~€13m)

EBIT by quarters €m



- In total, the operating EBIT improved by €1.6m, which corresponds to an operating EBIT margin of - 0.4 % after - 0.6 % in the previous year; the sequential improvement in results in the current year continued in Q3, and the previous year's quarterly value was also exceeded by 4.9 %.
- Savings effects of around €24m from the P24x efficiency programme had a positive impact.
- The result was strongly influenced by the pandemic, supply bottlenecks and the associated increase in material and energy costs. The latter could not be fully offset by the announced price increases. This is mainly due to the time lag between price increases and the price peaks in Q3, for example, in energy costs and electronic components.
- On a positive note, the proportion of other effects did not increase any further compared to the first half of 2022. In addition to impairments of receivables and currency-translation effects, they also include necessary additional or retro work on systems and presses due to supply chain disruptions and exert strain on productivity at the plants and on site at the customers.

2. Figures 9M and Q3 2022.

Group income statement.

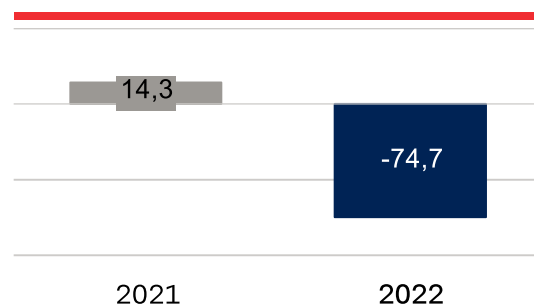
in €m	9M 2021	in % ¹	9M 2022	in % ¹	Δ in %
Revenue	787,4		805,7		2,3
Cost of sales	-572,9	-72,8	-587,0	-72,9	-2,5
Gross profit	214,5	27,2	218,7	27,1	2,0
Research and development costs	-33,2	-4,2	-40,1	-5,0	-20,8
Distribution costs	-92,7	-11,8	-102,5	-12,7	-10,6
Administrative costs	-71,3	-9,1	-72,1	-8,9	-1,1
Other income ./ expenses ./ Financial result	-0,6	-0,1	-7,0	-0,9	-1.066,7
Earnings before interest and taxes (EBIT)	16,7	2,1	-3,0	-0,4	-118,0
Interest results	-7,9	-1,0	-6,1	-0,8	22,8
Earnings before taxes (EBT)	8,8	1,1	-9,1	-1,1	-203,4
Income tax expense	-3,3	-0,4	-1,9	-0,2	42,4
Net profit/loss	5,5	0,7	-11,0	-1,4	-300,0

- **Revenues** increased by €18.3m compared to the previous year.
- **Gross profit** was €218.7m (previous year: €214.5m) due to the slight increase in cost of sales. Accordingly, the gross margin was 27.1 % (previous year: 27.2 %).
- **R&D costs** were €6.9m above the previous year's level.
- **Distribution and administrative costs** both increased compared to the previous year.
- The balance of **sE and sA** was €-7.0m after €-0.6m in the previous year, mainly due to exchange rate effects.
- **EBIT** was positively influenced by €21.3m in the previous year. Operationally, a slight improvement of €1.6m was achieved. This corresponds to an operating EBIT margin of -0.4% after -0.6% in the previous year.
- **EBT** of €-9.1m after €8.8m in the previous year.
- Declining tax expense after nine months.
- **Group result** of €-11.0m corresponds to pro rata **earnings per share** of €-0.70 (previous year: €0.31).

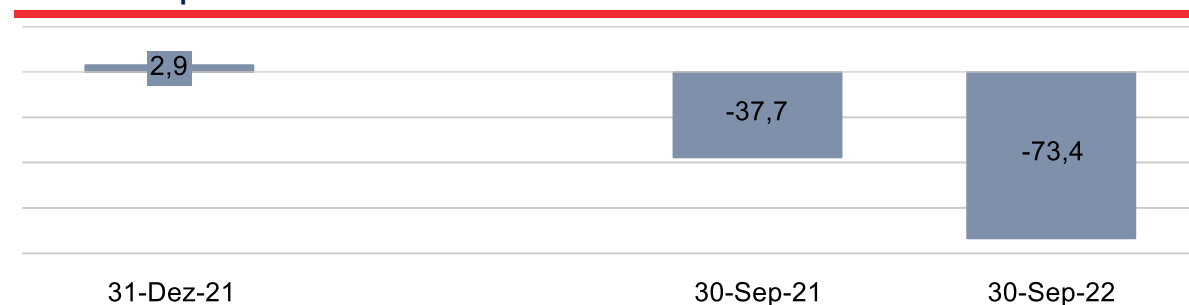
2. Figures 9M and Q3 2022.

Financial and Net Assets Position.

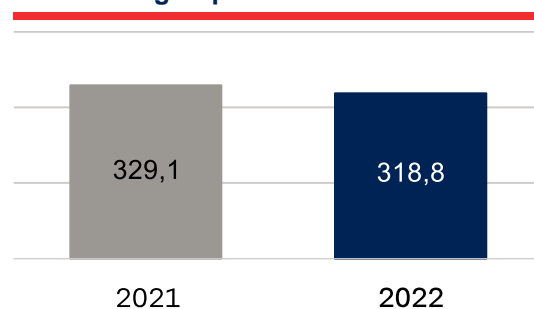
Free Cashflow 01.01. - 30.09. €m



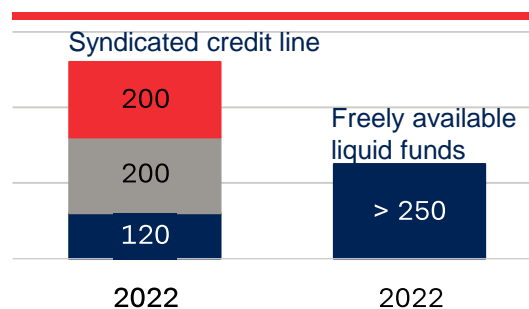
Net financial position



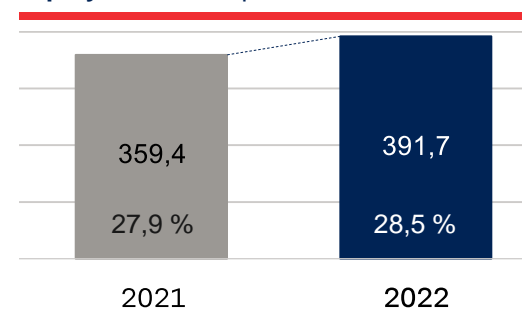
Net Working Capital 01.01. - 30.09. €m



Financial instruments



Equity as at 30 September



Development of the net financial position in 2022 mainly characterised by:

- Working capital: in particular by building up inventories of raw materials in order to avoid supply bottlenecks.
- Investments made, mainly to adapt infrastructure to gas and energy development, and
- Acquisition of shares in Celmacch

Gearing (ratio of net debt to equity) of 18.7% after 10.5% in the same period last year.

2. Figures 9M and Q3 2022.

Group cash flow statement.

in €m	9M 2021	9M 2022
Earnings before taxes (EBT)	8,8	-9,1
Non-cash transactions	32,9	32,7
Gross cash flow	41,7	23,6
Changes in inventories, receivables, other assets	-25,0	-113,5
Changes in provisions and payables	16,6	58,9
Cash flows from operating activities	33,3	-31,0
Cash flows from investing activities	-19,0	-43,7
Free cash flow	14,3	-74,7
Cash flows from financing activities	-60,5	27,5
Change in funds	-46,2	-47,2
Effect of changes in exchange rates	3,0	5,7
Funds at beginning of period	137,8	129,5
Funds at end of period	94,6	88,0

- **Gross cash flow** was €23.6m.
- **Cash flow from operating activities** was €-31.0m, mainly due to the increase in inventories and trade receivables as well as advance payments received.
- The **cash flow from investing activities**, which also includes the acquisition of shares in Celmacch, was €-43.7m.
- The **free cash flow** was €-74.7m. In addition to the increase in investing activities, the change in net working capital contributed to the decline of €89.0m.
- **Financing activities** resulted in a cash flow of €27.5m. 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 €88.0m and there were more than €250m in freely available liquid funds.
- After deducting bank liabilities of €161.4m, the **net financial position** was €-73.4m (previous year: €-37.7m).

2. Figures 9M and Q3 2022.

Group balance sheet.

in €m	31.12.2021	30.09.2022
Assets		
Non-current assets		
1. Intangible assets, property, plant and equipment	387.3	385.8
Investments and other financial receivables	25.0	24.6
Investments accounted for using the equity method	–	14.8
Other assets	3.0	2.1
Deferred tax assets	92.3	79.0
	507.6	506.3
Current assets		
Inventories	331.6	434.8
Trade receivables	94.7	112.7
Other financial receivables	26.0	34.7
Other assets	195.5	193.0
Securities	3.8	3.6
Cash and cash equivalents	129.5	88.0
	781.1	866.8
Balance sheet total	1,288.7	1,373.1

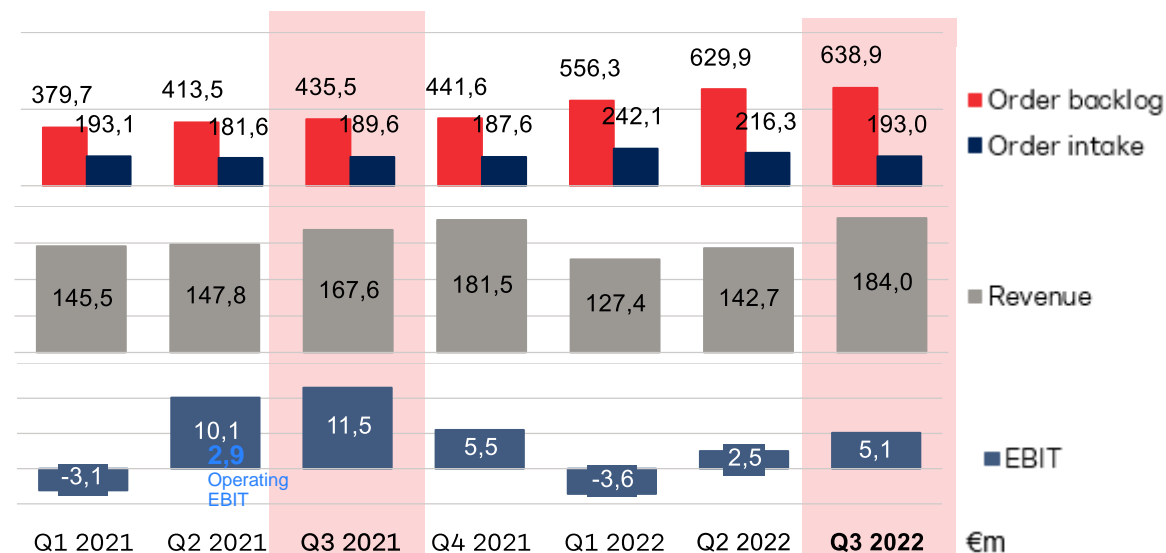
in €m	31.12.2021	30.09.2022
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	237.6	259.9
Equity attributable to owners of the Parent	368.1	390.4
Equity attributable to non-controlling interests	1.3	1.3
	369.4	391.7
Liabilities		
Non-current liabilities		
Pension provisions and similar obligations	140.8	87.8
Other provisions	47.9	41.5
Bank loans	92.4	91.6
Other financial payables	25.2	24.9
Other liabilities	9.9	10.0
Deferred tax liabilities	68.5	64.8
	384.7	320.6
Current liabilities		
Other provisions	103.7	91.9
Trade payables	64.9	69.0
Bank loans	34.2	69.8
Other financial payables	74.7	96.4
Other liabilities	257.1	333.7
	534.6	660.8
Balance sheet total	1,288.7	1,373.1

- In the reporting period, €28.7m (previous year: €19.3m) was invested in **property, plant and equipment and intangible assets** for construction and IT projects. The investment volume includes capitalised development costs of €3.0m (previous year: €4.4m). The investments were offset by depreciation and amortisation of €28.9m (previous year: €27.6m).
- The increase in the discount rate for domestic pensions more than compensated for the 9M loss and contributed to the stabilisation of **equity**. Decrease in the equity ratio to 28.5% as at the reporting date (year-end 2021: 28.7%).
- Non-current liabilities** decreased by €64.1m.
- Pension provisions** decreased due to the increase in the discount rate for domestic pensions from 1.5% as at 31 December 2021 to 3.9% as at 30 September 2022.
- In total, **current liabilities** increased by €126.2m.

3. Segmentreport 9M and Q3 2022.

Sheetfed.

€m	9M 2021	in % ¹	9M 2022	in % ¹	Δ in %
Order backlog	435,5		638,9		+ 46,7
Order intake	564,3		651,4		+ 15,4
Revenue	460,9		454,1		- 1,5
Earnings before interest and taxes (EBIT)	18,5	4,0	4,0	0,9	- 78,4
Special effects	7,2				
Operating EBIT	11,3		4,0		

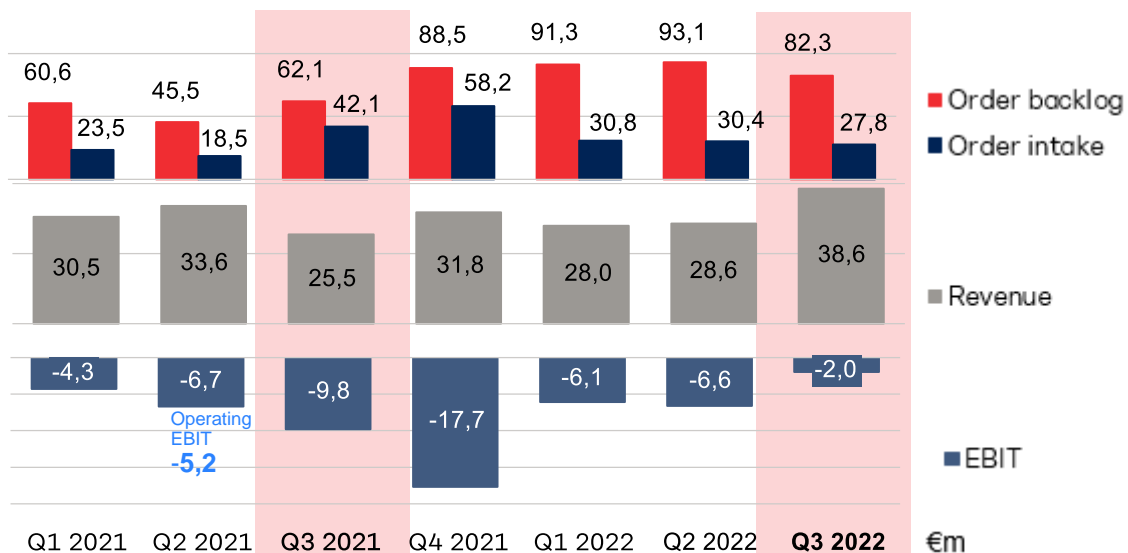


- High **order backlog** of €203.4m above the previous year - provides a good starting point for the 2022 financial year. Corresponds to a book-to-bill ratio of 1.43 (previous year: 1.22).
- Another **strong order intake** with a plus of €87.1m - thanks to growth in sheetfed offset presses and the postpress family.
- Cumulative **sales** were still €6.8m below the previous year's figure - but improved sequentially and were 9.8% higher than in the same quarter last year.
- **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 0.9 % (previous year: 4.0 %). EBIT recovered sequentially over the course of the year.

3. Segmentreport 9M and Q3 2022.

Digital & Webfed.

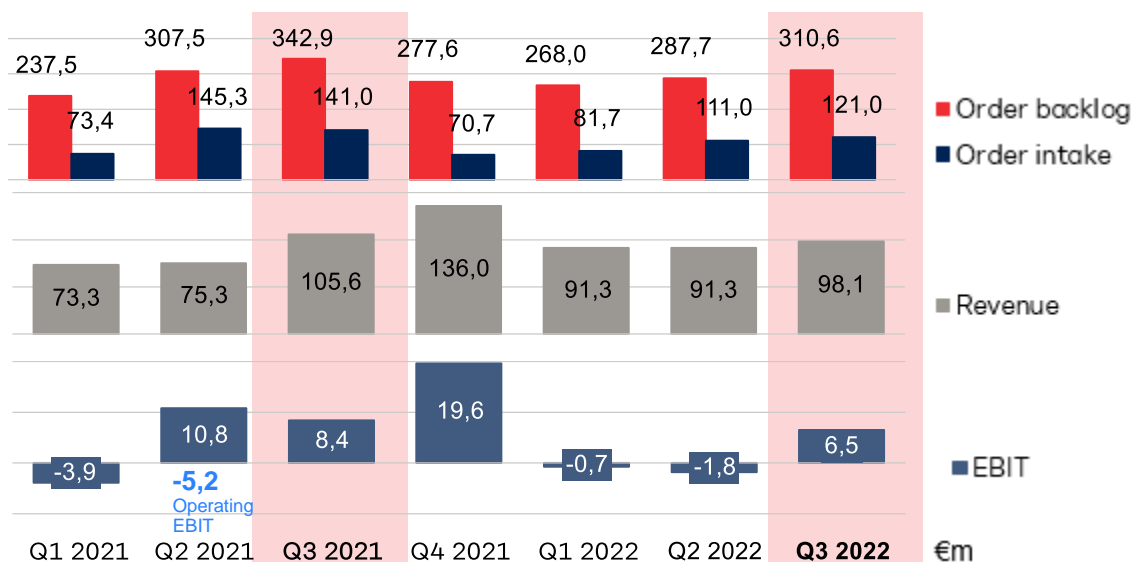
€m	9M 2021	in % ¹	9M 2022	in % ¹	Δ in %
Order backlog	62,1		82,3		+ 32,5
Order intake	84,1		89,0		+ 5,8
Revenue	89,6		95,2		+ 6,3
Earnings before interest and taxes (EBIT)	- 20,8	-23,2	- 14,7	- 15,4	+ 29,3
Special effects	- 1,5				
Operating EBIT	- 19,3		- 14,7		



- The **order backlog** increased by €20.2m.
- **Incoming orders** rose by €4.9m mainly due to increased demand for corrugated presses and the RotaJET digital web press, as well as service business.
- Cumulative **sales** increased by €5.6m and reached a strong quarter in Q3 at €38.6m.
- **EBIT** was impacted by start-up costs and investments in product development, in addition to the pandemic-related reluctance to purchase on the part of customers, and totalled €-14.7m.
The previous year's figure includes an adjustment of the restructuring provision for P24x and had a negative impact of €1.5m on the EBIT. The **EBIT margin** was thus -15.4 % (previous year: -23.2 %).
A significant improvement in EBIT was achieved in the third quarter.

3. Segmentreport 9M and Q3 2022. Special.

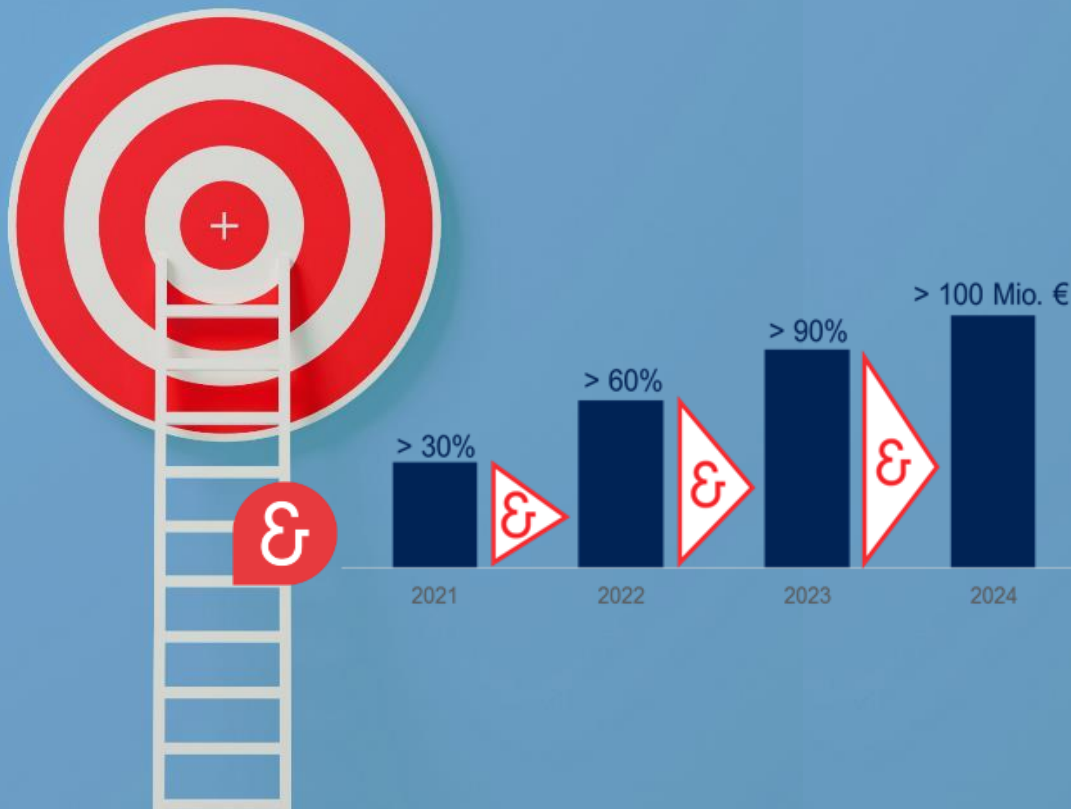
€m	9M 2021	in % ¹	9M 2022	in % ¹	Δ in %
Order backlog	342,9		310,6		- 9,4
Order intake	359,7		313,7		- 12,8
Revenue	254,2		280,7		+ 10,4
Earnings before interest and taxes (EBIT)	15,3	+ 6,0	+ 4,0	+ 1,4	- 73,9
Special effects	16,0				
Operating EBIT	- 0,7		+ 4,0		



- The **order backlog** decreased by €32.3m.
- **Incoming orders** were €46.0m behind the previous year's value. Orders increased at Coding (coding solutions for all industries) and Kammann (direct decoration of hollow bodies made of glass, plastic and metal). In contrast, orders at Banknote Solutions (banknote and security printing) and MetalPrint (metal packaging) were down.
- **Turnover** increased by €26.5m to €280.7m.
- **EBIT** was €4.0m (previous year: €15.3m). The previous year's value was positively influenced by the adjustment of the P24x restructuring provision by €16.0m. In comparison, a significant improvement in the operating EBIT was achieved. The **EBIT margin** was 1.4 % after 6.0 % in the same period of the previous year. A significant increase in EBIT was achieved in the third quarter.

4. Efficiency programme P24x.

Still "on track" after nine months.



- The savings effects from P24x had a positive impact of around €24m on the Group's earnings performance in the first nine months.
- 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.

5. Market outlook & forecast.

Full-year forecast for 2022 confirms and rendered more precise.



- Until now, Koenig & Bauer had been anticipating a slight increase over the previous year in Group operating revenue (2021: €1,115.8m) and the operating EBIT margin (2021: 0.5%).
- It now expects to report operating EBIT of between €15m and €20m and an operating EBIT margin of between 1.3% and 1.7% on Group revenue of between €1,160m and €1,190m. EBIT in the previous year had been boosted by the more efficient implementation of the personnel measures under P24x and the resultant adjustments to restructuring provisions (net €23m).
- The Koenig & Bauer Group confirms the medium-term targets announced in 2020, to which the “Exceeding Print” strategy is also contributing.
- With the release of the guidance for 2023 – which marks a further important step towards achieving the medium-term objectives – the medium-term objectives announced in 2020 will also be adjusted to take account of inflation effects.

Note: This forecast assumes that there are no further setbacks or tightened restrictions compared with the current situation as a result of the war in Ukraine, the availability of energy supplies, the disruptions to global supply chains and the efforts to contain the pandemic. The planned delivery of our presses and systems for the fourth quarter of 2022 poses a major challenge for Koenig & Bauer and must be reassessed if the global supply chain situation continues to deteriorate.

KOENIG & BAUER

Backup.



3. Segmentreport 9M and Q3 2022.

Group reconciliation.

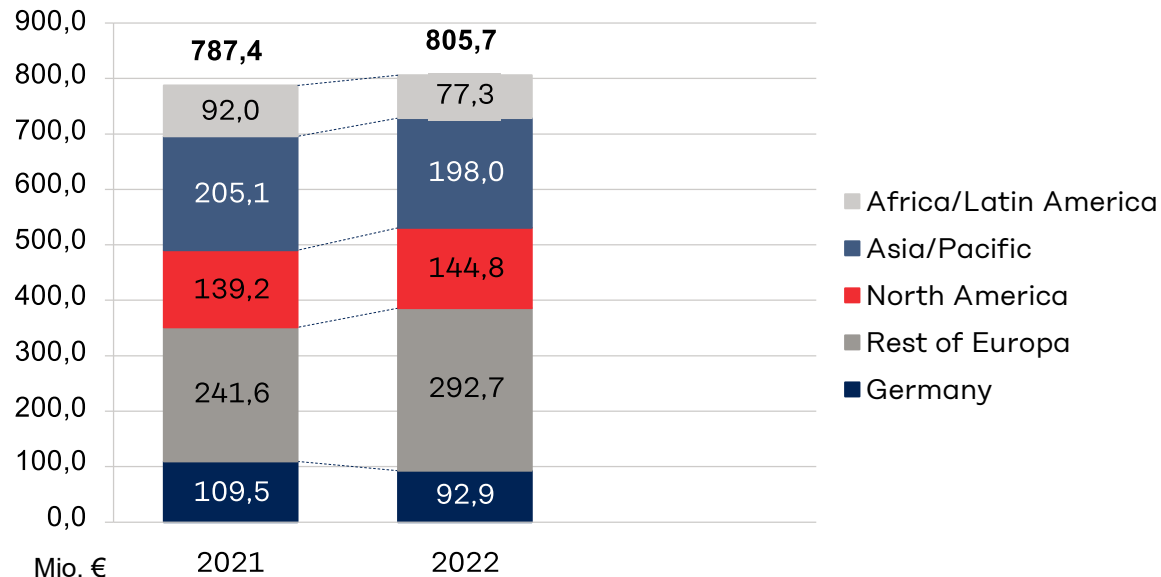
in €m	9M 2021		9M 2022		Δ in %
Order backlog	-17,3		- 4,8		+72,3
Order intake	-29,5		- 28,2		+4,4
Revenue	-17,3		- 24,3		- 40,5
Earnings before interest and taxes (EBIT)	3,7		3,7		-

in €m	Q3 2021		Q3 2022		Δ in %
Order backlog	-17,3		- 4,8		+ 72,3
Order intake	-9,4		- 8,8		+ 6,4
Revenue	-4,5		- 6,8		- 51,1
Earnings before interest and taxes (EBIT)	0,2		1,2		+ 500,0

3. Regionalreport 9M and Q3 2022.

Group.

Revenue by Region 01.01. - 30.09.



- The **Group's export ratio** increased from 86.1% to 88.5%, with the share of exports to other European countries rising significantly to 36.3% (previous year: 30.7%) and the share of exports to North America increasing to 18.0% (previous year: 17.7%).
- The shares of sales in Germany, at 11.5%, in the Asia/Pacific region, at 24.6%, and in Latin America and Africa, at 9.6%, were all below their prior-year levels of 13.9%, 26.0% and 11.7%, respectively.

Koenig & Bauer – Financial calendar

8 Nov. 2022	Statement on 3rd quarter 2022
29 March 2023	Annual Report 2022
4 May 2023	Statement on 1st quarter 2023
16 June 2023	Koenig & Bauer Annual General Meeting
28 July 2023	Report on 2nd quarter 2023
8 Nov. 2023	Statement on 3rd quarter 2023



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.

05/11/2023