Press release

# With a solid order backlog of more than €630m Koenig & Bauer expects to achieve organic revenue growth of around 4% and break even at the EBIT level in 2021

* Covid-19-related declines in order intake and revenue in 2020
* Order intake and revenue significantly better than the industry average
* Despite the impact of the pandemic, there were clear signs of a recovery in operating profit after the deep traces left in Q1 2020
* Organic revenue growth of approx. 4% and break-even at the EBIT level projected for 2021
* Measures under the “P24x” efficiency programme successfully initiated, provisions exerting pressure on EBIT in 2020
* Medium-term targets confirmed: revenue of €1.3bn with an EBIT margin of at least 7%

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Würzburg, 24 March 2021
The Koenig & Bauer Group (“Koenig & Bauer”) achieved revenue of €1.0bn in 2020 (2019: €1.2bn) despite the challenges posed by the Covid-19 pandemic. The 17.4% decline in revenue reflects the measures adopted by governments worldwide in 2020 to halt the spread of the Covid-19 pandemic. Travel restrictions in particular hampered international sales activities as well as order and project execution. Service business accounted for about 30% of the Group’s revenue in 2020 against the backdrop of the pandemic. This means that the target of 30% was reached, albeit on the basis of lower new press business than in the previous year. The 14.6% decline in order intake to €975m (2019: €1.1bn) is also due to Covid-19-related constraints on global economic activity and customers’ reluctance to invest in view of reduced forward planning visibility.

However, the decline in Koenig & Bauer’s revenue and order intake in 2020 was much less pronounced than for the printing press industry as a whole (24.2% decline in revenue; 21.9% decline in order intake) according to figures released by industry association VDMA (German Machinery and Plant Manufacturers’ Association). Koenig & Bauer’s order backlog as of 31 December 2020 was valued at €632m, down 7.9% on the previous year (31 December 2019: €686m).

Earnings before interest and taxes (EBIT) amounted to €-68m in 2020, compared to €70m in the previous year. In addition to the Covid 19-related decline in revenue, EBIT was adversely affected by non-recurring expenses of €58m in connection with the expanded “P24x” efficiency programme announced in autumn 2020. However, non-recurring income from the successful outcome of a legal dispute (€4m) and from the sale of a real estate asset in Frankenthal (€5m) had a positive effect on EBIT. Adjusted for these non-recurring effects, EBIT came to €-19m in 2020. Despite the effects of the pandemic, a clear quarterly recovery emerged in EBIT: after €-17m in the first quarter, operating loss before exceptionals was only in the single digits (€-7m) in the second quarter. In the third quarter it came close to reaching the break-even threshold (€-1m), while in the final quarter a slightly positive EBIT before non-recurring effects of €6m was achieved.

After net interest expense of around €6m (2019: €6m), Koenig & Bauer achieved earnings before taxes (EBIT) of €-73m in 2020, compared with €64m in the previous year. Tax expense came to €30m in 2020 (previous year: €12m). The higher tax expense in the year under review is primarily due to impairments of deferred tax assets on unused tax losses, which were not considered to be recoverable for the purposes of the preparation of a new integrated five-year plan. The Group net loss of €103m (2019: Group net profit of €52m) translates into a loss per share of €6.27 (2019: earnings per share of €3.15).

Dr Andreas Pleßke, Chief Executive Officer of Koenig & Bauer AG, explains: “Looking at order intake, we can see that the Koenig & Bauer Group held up better in the difficult year of 2020 than our industry as a whole. Despite all due caution given the still very uncertain economic conditions, we take this as a sign that we are focusing on the right end and future markets with our range of presses and services. For example, corrugated-board printing could experience a significant boost in the coming years given the growth in e-commerce. Packaging printing for food, cosmetics and pharmaceutical products, for example, is also proving to be an intact and growing market. Koenig & Bauer has expanded its Radebeul facility, turning it into a global customer experience centre to demonstrate the performance of our presses to customers in these sectors as effectively as possible. The customer experience centre presents networked solutions for packaging production featuring innovative printing technology, flatbed and rotary die cutters, folding-box gluers and fully automated material flows. We are convinced that we will strengthen and further expand our market position not only in the area of packaging printing.”

### Covid-19 also leaving clear traces on the individual segments

At the level of the individual segments, the Covid 19-related burdens and the provisions recognised for the measures defined in the “P24x” efficiency programme were also clearly evident in the decline in order intake, revenue and EBIT in 2020.

That said, order intake in the Sheetfed segment declined by only a moderate 5.5%. In 2020, this segment achieved growth in medium- and large-format sheetfed offset presses and folding-box gluers, which were primarily ordered by customers in the packaging printing sector. In the fourth quarter, the Sheetfed segment recorded order intake of €178m, thus exceeding the previous year’s figure (Q4 2019: €166m).

In the final quarter of 2020, the Digital & Webfed segment successfully commissioned the first CorruFLEX system for the production of high-quality printed packaging at corrugated cardboard printing company THIMM’s plant in Romania. This means that all three Corru models for direct corrugated-board printing have now been successfully placed on the market.

In the Special segment, Banknote Solutions, Kammann and Coding reported lower order intake in 2020 in view of the effects of the coronavirus pandemic. MetalPrint, on the other hand, recorded an increase in order intake in 2020.

### Positive operating cash flow, solid equity base

The Koenig & Bauer Group’s cash flow from operating activities turned positive in 2020, coming to €12m (2019: €-8m). The decline in inventories was the main reason for this positive performance. Net working capital fell from €349m in the previous year to €344m. Free cash flow improved significantly from €-52m in the previous year to €-24m in 2020.

With an equity base of €342m (end of 2019: €433m), the Koenig & Bauer Group achieved a solid equity ratio of 25.9% (end of 2019: 30.6%).

### Slight organic revenue growth and break-even at the EBIT level expected for 2021

Despite the still limited forward visibility with respect to the impact of the Covid-19 pandemic on the Koenig & Bauer Group’s business environment and the travel restrictions currently in place in this connection, the Company anticipates slight growth in business in 2021. This projection assumes that progress made in vaccinations that also provide protection from the Covid-19 virus mutations will allow the restrictions to be lifted.

Against this backdrop, Koenig & Bauer projects slight organic revenue growth of around 4% to €1.07bn in 2021. On the earnings side, it expects to break even at the EBIT level in 2021 following the successful launch of the “P24x” efficiency programme and the planned savings effects.

Implementation of the “P24x” programme will leave traces on free cash flow in 2021, resulting in a negative free cash flow in the mid double-digit millions.

Dr Stephen Kimmich, CFO of Koenig & Bauer AG: “The order backlog of more than €630m provides solid underpinnings for our forecast for the Koenig & Bauer Group in 2021. With the efficiency measures under “P24x”, we have also laid important foundations for improving our profitability. In 2021, this should already allow us to break even at the EBIT level. After the completion of the four-year efficiency programme, we hope - as stated in autumn 2020 - to achieve revenue of €1.3bn and an EBIT margin of at least 7% and to reduce net working capital to a maximum of 25% of annual revenue.”

#### Photo 1:

Well equipped for the future: the Koenig & Bauer management team with Dr. Andreas Pleßke as the new board spokesman

#### Photo 2:

The new performance benchmark in industrial printing - the award-winning Rapida 106 X for packaging, commercial or label printing

#### Contact person for the press

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#### About Koenig & Bauer

Koenig & Bauer is the world’s oldest printing press manufacturer with the widest product range in the sector. For over 200 years, the company has been supporting printers by offering innovative technology, custom-fit processes and a wide range of services. The range encompasses printing solutions for banknotes and cardboard, foil, tin and glass packaging, books, displays, labelling, decors, magazines, advertising and newspaper. With sheetfed and web offset and flexo printing, waterless offset, steel engraving, simultaneous and screen printing or digital inkjet printing, Koenig & Bauer is at home and often a leader in almost all printing processes. In 2020, the 5,593 highly qualified employees worldwide generated annual revenue of €1.029bn.

Further information can be found at [www.koenig-bauer.com](http://www.koenig-bauer.com)