Press release

# Koenig & Bauer continuing on its recovery trajectory with its figures for the first quarter of 2021 – strong order intake with double-digit growth in Sheetfed segment and improved earnings despite lower revenue

* 5.3% increase in order intake, particularly underpinned by double-digit growth in the Sheetfed segment
* Covid-19-induced decline of 7.8% in Group revenue – but better than the industry average of a 13.5% drop according to VDMA
* P24x efficiency programme spurring earnings, €8.1m improvement in EBIT despite lower revenue
* With a positive free cash flow of €22.1m, return to pre-Covid-19 net financial position

Würzburg, 04.05.2021
The Koenig & Bauer Group (“Koenig & Bauer”) entered 2021 on a strong note, posting a 5.3% increase in order intake over the previous year to €286.0m. This was particularly due to a double-digit increase in orders in the Sheetfed segment, of which around 60% can be attributed to the sharp growth in the more pandemic-resistant packaging printing market. This enabled Koenig & Bauer to additionally expand its position in the market for sheetfed offset presses for packaging printing.

As Dr Andreas Pleßke, the CEO of Koenig & Bauer AG, explains: This favourable order intake shows us that our customers’ spending reticence is beginning to dissipate in many areas. Nevertheless, some new investments are being postponed due to the uncertainty surrounding the Covid-19 pandemic. This mainly concerns digital decor and corrugated board printing as well as metal decorating, although we are still seeing noticeable interest on the part of our customers, and corrugated board printing, for example, is likely to experience a considerable boost over the next few years given the growth in e-commerce business. The end markets that we address and particularly also the structurally growing packaging printing segment, e.g. for food, cosmetics and pharmaceuticals, are fundamentally intact. In banknote printing, current market indicators such as the project pipeline and production figures point to a continuation of the robust business environment. Accordingly, we still see our proven broad product range as appropriate for achieving our goals and are convinced that we will strengthen and further expand our market position not only in the area of packaging printing.”

At €243m, Group revenue was 7.8% down on the previous year’s figure due to the impact of Covid-19. However, the decline in revenue was less pronounced than the 13.5% drop in industry-wide revenue from sales of printing presses registered by industry association VDMA. Service business accounted for about 29% of the Group’s revenue in the first quarter of 2021 against the backdrop of the pandemic. This means that the target of 30% for Group service business was almost reached, albeit on the basis of lower new press business than in the previous year.

Despite the lower Group revenue, earnings before interest and taxes (EBIT) reached -€8.9m, compared with -€170m in the same quarter of the previous year. The improvement of around €8.1m despite the negative volume and margin effects is mainly due to the P24x efficiency programme and reduced functional costs as well as the use of short-time work. As a result, the EBIT margin improved from -6.4% to -3.7% in the first quarter of 2021. Group net loss shrank from -€19.1m in the previous year to -€11.7m, translating into earning per share for the period of -€0.72 (previous year: -€1.16).

### Segments painting a mixed picture – Sheetfed with double-digit increase in order intake

The individual segments were affected to differing degrees by the fallout from the Covid-19 pandemic in the first quarter of 2021.

In the Sheetfed segment, order intake in particular was very favourable in the first quarter of 2021 thanks to growth in the orders for large-format sheetfed offset presses and parts of the post-press range for example, rising by 20.6% to €193.1m. More than 60% of the orders were attributable to the packaging printing market, which is also growing during the Covid 19 pandemic and, for example, includes folding cartons and labels. At €145.5m, revenue remained at the previous year’s level. The order backlog grew by 23.6% to €379.7m. EBIT climbed to -€3.1m (previous year: -€4.3m), translating into an EBIT margin of -2.1% (previous year: -2.9%).

Order intake in the Digital & Webfed segment was heavily impacted by the Covid-19 pandemic in the first quarter of 2021. Growth in flexo presses for flexible packaging was unable to make up for lower orders for web offset presses. Customers’ pandemic-related reluctance to invest in digital decor and corrugated board printing was also reflected in a 46.1% decline in order intake to €23.5m. The order backlog contracted from €99m to €60.6m. At €30.5m, revenue remained almost at the previous year’s low level and had a material impact on EBIT, which came to -€4.3m (previous year: -€5.6m). The EBIT margin improved to -14.1%, compared with -17.4% in the previous year.

At €73.4m, order intake in the Special segment was virtually unchanged over the previous year. Orders registered by Banknote Solutions (banknote and security printing) and Kammann (direct decoration of hollow bodies made of glass, plastic and metal) were higher. On the other hand, there was a decline in order intake at MetalPrint (metal packaging). With respect to Coding (coding solutions for all industries), new business remained stable compared with the same quarter of the previous year. The order backlog dropped to €237.5m in the quarter under review. Despite the €18.2m decline in revenue, EBIT improved from -€4.5m to -€3.9m, with the EBIT margin reaching -5.3%, compared with -4.9% in the previous year.

### Significant improvement in cash flow due reduction also in net working capital and lower net financial position against the backdrop of Covid-19

Both the cash flow from operating activities and free cash flow increased significantly over the same quarter of the previous year and also compared with the end of 2020. The cash flow from operating activities came to €27.8m, while free cash flow improved to €22.1m also due to the reduction in net working capital. Moreover, net financial debt was lowered significantly to €-26.0m (31 March 2020: €-40.7m; 31 December 2020: €-47.1m) despite the protracted global Covid-19 pandemic. With freely available funds of more than €250m and a slightly higher equity ratio of 26.0% as of 31 March 2021, the Group is financially well positioned.

Dr Stephen Kimmich, CFO of Koenig & Bauer AG: “The order backlog, which has again risen by around 7% compared with the end of the year to more than €670m, provides a solid basis for the growth that we are planning for the Koenig & Bauer Group in 2021. With the efficiency measures under P24x, we have also laid important foundations for improving our profitability. In the first quarter of 2021, we were again able to successfully implement further measures, and this should already allow us to break even at the EBIT level in 2021. After the completion of the four-year efficiency programme, we hope 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. In the first quarter of 2021, we came a further step closer to achieving this goal through active net working capital management.”

#### Photo:

With machines from Koenig & Bauer, the full diversity of printed products becomes visible - not just in packaging

#### Contact person for the press

Koenig & Bauer AG
Lena Landenberger
T +49 931 909-4085
M lena.landenberger@koenig-bauer.com

#### 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)