Press release

# Koenig & Bauer on track for profitable growth with a strong third quarter and robust demand in turbulent economic environment

* Increase in revenue in the third quarter compared to the previous year as well as sequentially in the course of the year, underpinned by the Sheetfed and Digital & Webfed segments
* Strong sequential improvement in earnings with EBIT of around €11m in the third quarter despite negative external factors
* Solid customer demand in the third quarter boosting order intake cumulatively by around 5% over the previous year’s high level
* Koenig & Bauer opening up new business areas with digital and sustainable solutions
* Full-year forecast for 2022 reaffirmed and rendered more precise, medium-term targets confirmed

Würzburg, 8 November 2022
Driven by a strong third quarter, the Koenig & Bauer Group (“Koenig & Bauer”) is on a growth trajectory despite the turbulent economic environment. Like many manufacturing companies, Koenig & Bauer is still caught between high order backlogs on the one hand and many adverse factors mainly on the supply side on the other. “Our flexibility and creativity – including in conjunction with our suppliers – are having an impact, as we have learned to deal more effectively with the exceptional situation over the past few months,” says Dr Andreas Pleßke, Chief Executive Officer of Koenig & Bauer, commenting on the growth in revenue and earnings, adding that “following the strong order intake in the first half of 2022, customer demand is still very solid and we are pleased to be able to tap new areas of business with the latest digital and sustainable solutions, thus offering our customers added value”.

**Revenue spurred by growth in the Sheetfed and Digital & Webfed segments**
Group revenue rose by 6.7% year-on-year to €313.9m between July and September 2022. Sequentially, growth was even stronger, with revenue climbing by 31.7% compared to Q1 and by 23.9% compared to Q2. The Sheetfed and Digital & Webfed segments in particular contributed to this performance with their product and solution offerings. At €805.7m, cumulative Group revenue exceeded the previous year’s figure by 2.3%. The share of revenue attributable to service business widened to 32.2% (previous year: 29.9%).

**Strong improvement in earnings in the course of the year despite negative external factors**In terms of earnings, Koenig & Bauer achieved EBIT of €10.8m in the third quarter (previous year: €10.3m). This improvement is particularly evident in a comparison with the first quarter, in which EBIT stood at €-8.5m, and the second quarter with EBIT of €-5.3m. Cumulatively, this resulted in EBIT of
€-3.0m (previous year: €16.7m). The previous year’s figure had on balance been boosted by roughly €21.3m thanks to the more efficient implementation of the personnel measures under P24x. Accordingly, operating earnings rose by €1.6m.
The improvement at the operating level over the first nine months of 2021 is mainly due to the P24x efficiency programme (roughly €24m) despite the lower use of short-time work in the previous year, positive volume and mix effects (roughly €5m) and other negative effects (roughly €13m). The effects of higher cost of materials and energy (around €24m) were not fully offset by the announced price increases (roughly €18m). This is primarily due to the time lag between price increases and price peaks in the third quarter, 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 remeasured 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.
After income taxes, the Group posted a net loss of €11.0m as of 30 September 2022 (previous year: net profit of €5.5m). This translates into earnings per share of €-0.70 (previous year: €0.31). Given the Group equity ratio of 28.5% (end of 2021: 28.7%), Koenig & Bauer is financially well-positioned thanks to this equity base and the freely available cash and cash equivalents of more than €250m.

**Solid customer demand in the third quarter boosting order intake cumulatively by around 5% over the previous year’s high level**
In the first nine months of 2022, order intake at the Koenig Bauer & Group came to €1,025.9m, 4.8% up on the already good figure of €978.6m reported in the previous year. At €333.0m, customer demand also remained solid in the third quarter.
Accordingly, order backlog increased by 24.8% over the previous year to €1,027.0m as of 30 September 2022, providing a solid basis for the fourth quarter of 2022 and beyond.

**Koenig & Bauer opening up new business areas with digital and sustainable solutions**
The new cross-group digital unit, headed by Sandra Wagner, Vice President Digitalisation at Koenig & Bauer, coordinates and supports the development, implementation and market launch of digital products and services – from the seed idea through to market launch. “We are focusing on our customers, supporting them with digital solutions wherever they can become even more profitable,” says Wagner. At the beginning of October, the digital unit launched an industry-specific solution for integrated energy management, a digital product that combines the two “sustainability” and “digital” components of the “Exceeding Print” corporate strategy. Together with its global customers, Koenig & Bauer not only exerts a major influence on the world of printing and packaging, but also has a responsibility for the sustainable structuring of production processes. The three components of the energy management product – the automated collection of measurement data, the visualization of the results and the definition of measures on this basis, combined with professional energy consulting – enable more efficient production to be achieved. As a rule, VisuEnergy X allows sustainable energy savings of an average of 7 to 10 percent to be achieved from the very first year. Koenig & Bauer sells energy management on a subscription basis as a software-as-a-service (SaaS) solution. The market launch is commencing with immediate effect in Germany, Switzerland and Austria in a preliminary step and will be followed by a global roll-out in early 2023. The system is eligible for funding in Germany by the Federal Office of Economics and Export Control (BAFA).

**Full-year forecast for 2022 reaffirmed and rendered more precise**
“In a turbulent economic environment, Koenig & Bauer demonstrated in the third quarter that it is on track for profitable growth and can manage all challenges well,” explains Dr Stephen Kimmich, CFO of the company. In view of this and due to the shorter planning horizon compared to the beginning of the year, the full-year forecast for 2022 has been confirmed and rendered more precise as follows.

Koenig & Bauer 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. 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%). 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 reaffirms 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. Dr Stephen Kimmich, CFO of Koenig & Bauer adds: “Despite all the external uncertainties, we see ourselves as being well positioned and expect to be able to report satisfactory customer demand and capacity utilisation in the fourth quarter of 2022.

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.

The summarised figures for the first nine months of the year and Q3 2022 can be found [here](https://investors.koenig-bauer.com/de/).

#### Photo:

With “un:boxing”, Koenig & Bauer is highlighting a phenomenon of our time that shows like no other the interconnectedness of the digital and analogue world: a product ordered online is unpacked while the camera is running – the video is uploaded, consumed, shared and liked.

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#### About Koenig & Bauer

#### Based in Würzburg (Germany), Koenig & Bauer AG is a global printing press manufacturer. The company produces presses and software solutions for the entire printing and finishing process, primarily in the area of packaging. Koenig & Bauer systems can print almost all substrates, including banknotes, cardboard, corrugated cardboard, foil, tin and glass packaging, books, displays, labelling, decors, magazines, advertising and newsprint. With a history spanning more than 200 years, Koenig & Bauer is the world’s oldest printing press manufacturer and today masters almost all printing processes. Around 5,400 people work across the Group. Koenig & Bauer produces at ten locations in Europe and maintains a worldwide sales and service network. It reported revenue of €1.116bn in 2021.

For more information, visit [www.koenig-bauer.com](file:///%5C%5CW9%5CZFI%5CBerichte%5CQuartalsbericht%5C2022%5CQB%20I%5CPresseinformation%5Cwww.koenig-bauer.com)