Press release

# Koenig & Bauer continues on the path to recovery during the first nine months with a strong third quarter 2021

* Order intake up 56.2% in Q3: significant increase in the Special and Sheetfed segments as well as preliminary signs of a recovery in Digital & Webfed
* Revenue up 18.2% in Q3 with a book-to-bill ratio of 1.24 and a historically high order backlog of €823.2m
* Another strategic milestone reached: world premiere of the VariJET digital press following the already successful market launch of the CorruCUT and RotaJET
* P24x efficiency programme reaches planned savings target for 2021 after nine months, underpinning the increase in EBIT to €10.3m in Q3
* Increase of €76.4m in free cash flow to €14.3m, taking Koenig & Bauer back to its pre-pandemic net financial position
* Forecast for 2021: 2% EBIT margin on revenue of €1,100 – 1,135m and medium-term targets confirmed

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Würzburg, 28.10.2021
The Koenig & Bauer Group (“Koenig & Bauer”) remained on track for a recovery in its business in the first nine months of 2021. Customer orders rose by 37.3% to €978.6m during this period. This performance was particularly underpinned by the increase of around 54.0% in the Special segment. Orders were up on the previous year in all parts of this segment, especially driven by securities business. This shows that the banknote has retained its rightful place as a means of payment, especially in the pandemic, and will also remain relevant in the virtual world. Order intake was also up in the Sheetfed segment again, rising by 35.5%, with the sharply expansionary and more pandemic-resistant packaging printing market accounting for the bulk of this growth. This shows that our customers’ spending reticence is beginning to fade in many areas. Nevertheless, some new investments are being postponed due to the uncertainty surrounding the Covid-19 pandemic. In the first nine months of 2021, this mainly relates to order intake in the Digital & Webfed segment, although there were tentative signs of a recovery in incoming orders in the third quarter, as a total of five CorruCUT presses were successfully marketed to beta and new customers as of the end of July 2021. The presses are designed for highly efficient production of rotary die-cut boxes made of corrugated board with the highest flexo postprint quality.

All told, customer orders rose by 56.2% year-on-year in the third quarter, thus outpacing the sector average (June – August: 39.8%).

### Good revenue growth in the third quarter, accompanied by a book-to-bill ratio of 1.24 and a historically high order backlog

Cumulative revenue for the first nine months was up year-on-year for the first time in 2021, increasing by 3.0% to €787.4m. It maintained this momentum in the third quarter and reached €294.2m, which corresponds to a year-on-year increase of 18.2%. Industry association VDMA reported a 7.9% year-on-year increase in printing press revenue for the period from June to August. The book-to-bill ratio (ratio of incoming orders to revenues) was 1.24 in the third quarter and thus consistently above 1.0 in sequential terms, reflecting the company’s good business performance. Order backlog thus reached a historically high €823.2 million as of 30 September 2021.

### Another strategic milestone reached: world premiere of the VariJET digital press following the previously successful market launch of the CorruCUT and RotaJET

In mid-October, the company was able to combine the best of both worlds in the Sheetfed segment with the world premiere of the Koenig & Bauer Durst VariJET 106. This is because, with an output of 5,500 sheets per hour, the B1 press combines digital inkjet and classic offset printing. It features the basic technologies specifically required for automated, efficient, food-compliant printing systems and offers the shortest response times, variant diversity as well as individualization and enables efficient short-run printing capabilities. In this way, it is addressing growing customer demand for sustainability and focusing on the ability to meet brand-name companies’ requirements with respect to multichannel communications, including e-commerce. The beta test is to commence under the guidance of Koenig & Bauer and Durst in the coming weeks. The first VariJET 106 units are expected to be installed at customer sites in Europe and America in the second half of 2022. The target groups are folding carton manufacturers for the pharmaceutical, cosmetics, tobacco and food industries.

*As Dr. Andreas Pleßke, Chief Executive Officer of Koenig & Bauer AG, explains: “Our customers’ decisions to opt for a VariJET, RotaJET or CorruCut, for example, show that our focus on growth markets such as digital folding-box, beverage-carton and decor printing as well as corrugated printing is paying off. More than ever before, our customers’ purchasing decisions are being guided by efforts to optimise their “total cost of process.”*

This approach not only takes into account the acquisition costs but also includes all aspects of subsequent use, including upstream and downstream value-chain processes. In addition to reducing the consumption of resources, this includes the more efficient production of varying run sizes for test packaging and new campaigns by brand owner.

In addition, the pandemic has proven to be a catalyst for many megatrends: thus, for example, gross e-commerce revenue increased by 14.6% to €83.3bn in 2020. Consumers bought significantly more everyday necessities, such as food, drugstore products and medicines, via online channels. And according to industry association BEVH, this trend will not be reversed and provides clear evidence that the end markets addressed by Koenig & Bauer, such as the corrugated and packaging printing market, are fundamentally intact and offer growth potential even in the face of a pandemic.

*Pleßke adds: “However, we do not only see the pandemic as an enabler for e-commerce as it has also accelerated a paradigm shift in sustainability away from ‘growth at any price’ towards a more mindful ‘use of resources’. This shows that megatrends are not one-dimensional but have a multifaceted and complex impact and that their effects can also be mutually reinforcing. This applies to our customers as well as to our own company and is also reflected in the progress that we are making in our sustainability initiative.”*

As a participant in the UN Global Compact, the world’s largest sustainability initiative, Koenig & Bauer is actively supporting the implementation of the United Nations’ 17 Sustainable Development Goals (SDGs) and has identified seven areas of attention as the basis for its strategic sustainability initiatives. In particular, the Group’s diverse sustainability activities are targeted at the following SDGs: “3 - Good health and well-being”, “4 - Quality education”, “5 - Gender equality”, “8 - Decent work and economic growth”, “12 - Responsible consumption and production”, “13 - Climate action” and “17 - Partnerships for the goals”.

### P24x efficiency programme reaches planned savings target for 2021 after nine months and underpins increase in EBIT to €10.3m in Q3

The favourable revenue performance is also reflected in earnings. Thus, EBIT came to €16.7m, up from €-74.1m in the previous year. Consequently, the EBIT margin improved from -9.7% to 2.1% after nine months. In the third quarter, EBIT came to €10.3m, marking an increase of €64.6m over the same quarter of the previous year. Despite reduced short-time work and the exceptional income arising in the previous year, Koenig & Bauer was able to replace the cost-reduction effects from the use of short-time work in the previous year with long-term and sustainable measures under P24x in addition to the adjustment to the P24x provisions, positive volume and mix effects and further savings derived from P24x. This was achieved through pragmatic cooperation with employee representatives at the relevant sites in the light of the Company’s interests. The savings effects from P24x were around €31m after nine months. Accordingly, the gross savings target of more than 30% for 2021 had already been achieved at the end of the first nine months. Group net profit rose from €-86.9m in the previous year to €5.5m as of 30 September 2021. translating into earnings per share of €0.31 (30 September 2020: €-5.28).

### Increase of €76.4m in free cash flow to €14.3m, taking Koenig & Bauer back to its pre-pandemic net financial position

Both cash flow from operating activities and free cash flow increased significantly in the first nine months of 2021 in cumulative terms. Cash flow from operating activities improved by €81.1m from €-47.8m in the previous year to €33.3m, while free cash flow climbed from €-62.1m in the previous year to €14.3m. The increase of €76.4m was materially underpinned by the reduction in net working capital from €344.0m as of 31 December 2020 to €329.1m as of 30 September 2021. In addition, net debt in the first nine months of 2021 was reduced year-on-year to €-37.7m (30 September 2020: €-77.9m). With freely available funds of more than €250m and a consolidated equity ratio of 27.9%, the company is financially well positioned.

### Forecast for 2021: 2% EBIT margin on revenue of €1,100 – 1,135m and medium-term targets confirmed

Despite the still limited forward visibility with respect to the impact of the Covid-19 pandemic on the Koenig & Bauer Group’s business environment, the company anticipates slight growth in its business in 2021. This forecast assumes that there are no further setbacks or tightened restrictions compared with the current measures for containing the pandemic. In addition, supply-chain constraints and, as a knock-on effect, higher material prices are continuing to exert pressure. *Dr Stephen Kimmich, CFO of Koenig & Bauer AG “The increase in EBIT and the reduction in net working capital, which also contributed to an improvement in free cash flow and the net financial position, confirm that we are still headed in the right direction after the first nine months. Despite a challenging environment, we see the strong order intake and order backlog as providing a solid basis and reaffirm our forecast for 2021: 2% EBIT margin with organic revenue growth of 7-10%, equivalent to €1,100-1,135 million. We are confident that this will give us the impetus needed for an upbeat start to 2022.”* Our industry association also recently confirmed its production forecast for 2021 of 10 % in real terms. The VDMA economists assume that even higher growth would have been possible without material bottlenecks and continue to expect a further production increase of 5 % in real terms for 2022.

The Koenig & Bauer Group also reaffirms its medium-term targets of revenue of €1.3bn, an EBIT margin of at least 7% and a reduction in net working capital to a maximum of 25% of annual revenue, which is to be achieved after the completion of the P24x efficiency programme.

#### Photo 1:

The CorruCUT is designed for the highly productive production of rotary die-cut boxes from corrugated board with the highest flexo postprint quality

#### Photo 2:

The VariJET 106 combines digital inkjet and classic offset printing and thus the best of both worlds

#### Photo3:

Koenig & Bauer is a participant in the UN Global Compact initiative and actively supports the implementation of the SDGs

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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)