Press release

# Koenig & Bauer standing its ground in a gloomy economic environment in the first quarter of 2022

* New orders up 22.1%, rising to €349.1m (previous year: €286m)
* Revenue of €238.4m down a slight 2.1% on the previous year’s figure – proportion of service business higher in the first quarter of 2022
* Order intake and revenue substantially better than the industry average
* Business performance heavily impacted by the pandemic, supply chain bottlenecks and the related increase in the cost of materials and energy
* Despite challenging underlying conditions and a slight decline in revenues, improvement of €0.4m in EBIT to €-8.5m (previous year: €-8.9m); EBIT margin -3.6% (previous year: -3.7%)
* Savings of around €10m achieved from the P24x efficiency programme in Q1 2022
* Free cash flow impacted by changes in net working capital and high order backlog
* Increase in order backlog to €917.5m (previous year: €674.5m), providing a solid basis for the rest of 2022
* Full-year forecast for 2022 and medium-term targets confirmed

Würzburg, 5 May 2022
Despite the protracted Covid-19 pandemic, persistent supply chain bottlenecks and the resultant increase in the cost of materials and energy, which have been additionally amplified by the war of aggression in Ukraine, the Koenig & Bauer Group (“Koenig & Bauer”) entered 2022 on an upbeat note. In addition to the P24x efficiency programme and a sourcing and sales strategy adjusted to allow for the current procurement situation, this performance was largely underpinned by Koenig & Bauer’s range of products and solutions which is unique in the industry as it masters all industrial printing processes on almost any substrate – including corrugated board – and provides software, systems and services for end-to-end printing and finishing processes.

**Order intake and revenue substantially better than the industry average**
In the first quarter of 2022, order intake at the Koenig Bauer & Group came to €349.1m, 22.1% up on the already good figure of €286m reported in the previous year. This was significantly better than the industry average, which declined by 5.9%. At €238.4m, Group revenue was slightly down on the previous year by 2.1%. At 20.0%, however, the industry-wide decline in revenue was significantly greater. The proportion of service business, which is becoming increasingly digital, widened from 28.8% in the previous year to 33.9% in the first quarter of 2022. At €917.5m as of 31 March 2022, the order backlog was 36.0% higher than the previous year’s figure of €674.5m, increasing by 13.7% over the end of the previous year.

“Koenig & Bauer thus stood its ground in a gloomy economic environment in the first quarter of 2022”, says Dr Andreas Pleßke, Chief Executive Officer of Koenig & Bauer. “Our order intake, which rose by around 22%, shows that, contrary to the assessment of our industry association, the German Mechanical and Plant Engineering Association (VDMA), we have not yet experienced any general purchasing restraint on the part of nervous customers. Together with our historically high order backlog, we see ourselves favourably positioned for the rest of 2022.”

**EBIT improved despite challenging underlying conditions and a slight decline in revenues**
Koenig & Bauer’s earnings before interest and taxes (EBIT) reached €-8.5m (previous year: €-8.9m). The improvement of €0.4m over the same period of the previous year is mainly due to the P24x efficiency programme (roughly €10m) despite the lower use of short-time work (roughly €5m), negative volume and mix effects (roughly €1m) and negative other effects that also include impairments of receivables (roughly €4m). The increase in the cost of materials and energy (around €6m) was offset by the announced price increases. Consequently, the EBIT margin improved from -3.7% in the previous year to -3.6% in the first quarter of 2022. Net interest expense of €-2.4m (previous year:
€-2.4m) remained at the previous year’s level, resulting in earnings before taxes (EBT) of €-10.9m, i.e. an improvement over the figure of €-11.3m recorded in the first quarter of 2021. After income taxes, consolidated net loss shrank from €-11.7m in the same quarter of the previous year to €-10.5m as of 31 March 2022. This translates into earnings per share of €-0.64 (previous year: €-0.72).

**Free cash flow impacted by changes in net working capital and high order backlog**

Free cash flow amounted to €-30m (previous year: €22.1m). The decrease of €52.1m was mainly due to changes in net working capital in addition to heightened investing activities. Net working capital amounted to €308.6m, thus falling short of the previous year’s figure of €324.8m. Compared to the end of 2021, there was a slight increase of €11.5m, mainly due to the increase in inventories and other assets as a result of the good order situation. The net financial position amounted to €-27.8m (previous year: €-26m), compared to €2.9m at the end of 2021. Despite the slightly lower Group equity ratio of 27.9% (end of 2021: 28.7%), the company is financially well positioned thanks to this equity base and the freely available cash and cash equivalents of more than €250m.

**Double-digit increase in order intake in all segments – revenue painting a mixed picture**
In the **Sheetfed segment**, order intake in particular was very favourable, rising by 25.4% thanks to higher orders for sheetfed offset presses and the post-press range. Order intake climbed to €242.1m. Revenue came to €127.4m (previous year: €145.5m), down 12.4% on the same quarter of the previous year. With a book-to-bill ratio of 1.90 (previous year: 1.33), the order backlog increased to €556.3m at the end of the reporting period. At €-3.6m as of 31 March 2022, the loss at the EBIT level was slightly up on the previous year’s figure of €-3.1m. Accordingly, the EBIT margin reached -2.8% (previous year: -2.1%).

In the first quarter of 2022, order intake in the **Digital & Webfed segment** increased by 31.1% to €30.8m (previous year: €23.5m), mainly due to service business and demand for corrugated board presses. At €28m, revenue was 8.2% below the previous year’s figure of €30.5m. Order backlog increased by €30.7m to €91.3m (previous year: €60.6m). In addition to customers’ pandemic-related purchasing restraint, EBIT also came under pressure from start-up costs and spending on product enhancements, reaching €-6.1m (previous year: €-4.3m). Reflecting this, the EBIT margin came to
-21.8%, compared with -14.1% in the same quarter of the previous year.

At €81.7m, order intake in the **Special segment** as of 31 March 2022 was up 11.3% on the previous year’s figure of €73.4m. Orders for Banknote Solutions (banknote and security printing) and Coding (marking and coding solutions for all industries) were higher. On the other hand, orders received by MetalPrint (metal packaging) and Kammann (direct decoration of hollow bodies made of glass, plastic or metal) declined. Revenue climbed by 24.6% to €91.3m (previous year: €73.3m). Order backlog was also higher, rising to €268m (previous year: €237.5m). EBIT improved from €-3.9m to €-0.7m. The EBIT margin reached -0.8%, compared with -5.3% in the same quarter of the previous year.

**Koenig & Bauer’s sustainability goals are factoring in the current energy concerns**
The sustainability goals already achieved by Koenig & Bauer form a good starting point for intensive work on further projects to address the ongoing increase in energy costs and the prospect of an interruption to gas supplies. From 2024 at the latest, for example, it will be switching to largely carbon-neutral district heating using green energy at its Radebeul site. The supplier GETEC mainly relies on biomass from wood pellets and also on solar thermal energy for the provision of district heating. In addition to the photovoltaic systems installed at the sites in Radebeul and Mödling, Koenig & Bauer is also exploring further projects for expanding its in-house power generation capabilities. At the Lausanne site, there are plans to cover around 20.0% of the base-load electricity requirements via a photovoltaic system installed on the roof by the owner of the land. In Würzburg, the possibility for the site to cover its own electricity requirements by means of photovoltaic systems or other renewable energy sources is being considered. In addition, around 8% of the gas consumption at the company’s headquarters can be replaced by utilising the waste heat given off by the new melting furnace in the foundry.

### Full-year forecast for 2022 and medium-term targets confirmed

Conditions in the second quarter of 2022 are also subject to uncertainties, such as the protracted global Covid-19 pandemic, which, for example, has resulted in the closure of the port of Shanghai, the conflict between Russia and Ukraine, protracted delivery shortfalls and the related increase in the cost of materials, reduced transport capacities and higher energy costs. A reliable full-year forecast for 2022 is not possible on the date on which the quarterly statement was prepared. Accordingly, Koenig & Bauer continues to expect a slight year-on-year increase in Group revenue and the operating EBIT margin in 2022 and confirms 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.

Dr Stephen Kimmich, CFO of Koenig & Bauer AG: “Although we would all have wished for more forward visibility after the first quarter of 2022 in order to offer reliable details for our 2022 forecast, this should not distract us from we have achieved, given that in the first quarter we succeeded in fully absorbing the partially unpredictable material and energy costs of around €6m. Ongoing orders from our customers and the good progress we are making with our P24x efficiency programme are providing additional support. Consequently, we are firmly convinced that we will achieve our goals for 2022 and beyond.”

#### Photo 1:

With “un:boxing”, Koenig & Bauer is highlighting a phenomenon of our time that shows like no other the interwovenness 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

**Photo 2:**
The “Exceeding Print” strategy is also reflected in the new reporting approach: the sustainably produced corrugated cardboard folding box provides part of the modular structure of the report, to which the digital quarterly statement for the first quarter of 2022 has now also been added

#### Press contact:

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

#### 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)