Press release

# Koenig & Bauer significantly improved in 2021 – due to current uncertainties, forecasting for 2022 remains challenging

* Good order situation: 32.4% increase in customer orders for printing presses and services, resulting in a 27.7% rise in orders on hand to €806.8m
* 8.5% increase in revenue to €1,115.8m – also thanks to strong closing quarter
* Order intake and revenue outpacing the industry average
* Despite the challenging underlying conditions, EBIT of €28.5m, after €-67.9m in the previous year, translating into an EBIT margin of 2.6%
* P24x efficiency programme taking effect with gross savings of around €46m in 2021
* Increase of €80.4m in free cash flow to €56.3m, taking Koenig & Bauer back to its pre-pandemic net financial position
* Due to current uncertainties, forecasting for 2022 remains challenging: slight year-on-year increase in Group revenue and operating EBIT margin expected
* “Exceeding Print” strategy going beyond “printing” and also reflected in the new structure of the annual report
* Medium-term targets confirmed: revenue of €1.3bn with an EBIT margin of at least 7%

Würzburg, 30 March 2022
Despite challenging underlying conditions such as supply chain constraints and the associated increases in material and energy prices, as well as the ongoing Covid-19 pandemic, the Koenig & Bauer Group (“Koenig & Bauer”) improved significantly over the previous year in 2021. In addition to the P24x efficiency programme, this performance was largely underpinned by Koenig & Bauer’s unique range of products and solutions as the group masters all industrial printing processes on almost all substrates – including corrugated board – and provides software, systems and services for end-to-end printing and finishing processes. It primarily addresses the structurally growing market for packaging that is not only pandemic-resistant but also offers growth opportunities in view of the boom in e-commerce business and the rising demand for household-size food packaging. In banknote and security printing, the projects currently in the pipeline point to a continuation of the robust business performance in this segment. Service business, which is becoming increasingly digital, accounted for around 30% of group revenue in the year under review, with revenue and earnings continuing to grow.

### Significant improvement over the previous year

At the end of December 2021, Koenig & Bauer had an order backlog worth €806.8m, which was also high compared to earlier years, reflecting the 32.4% year-on-year increase in customer orders for printing presses and services. Accordingly, order intake came to €1,290.6m, up from €974.7m in the previous year. Revenue climbed by a total of 8.5 % to €1,115.8m. In this way, Koenig & Bauer was able to exceed the VDMA industry-wide average of 22.5% and 4.9%, respectively, for order intake and revenue in the printing press sector. This particularly also applies to the fourth quarter, which was comparatively weak across the industry as a whole due to procurement difficulties. With an increase of 19.1% in order intake, Koenig & Bauer exceeded the industry average of 7.1% and, with revenue growth of 24.3%, far exceeded the negative industry-wide trend of -1.8% (year-on-year figures in all cases).

Koenig & Bauer’s earnings before interest and taxes (EBIT) amounted to €28.5m (2020: €-67.9m). The improvement of €96.4m over the previous year is mainly due to the more efficient implementation of the P24x personnel measures despite the lower use of short-time work, positive volume and mix effects in spite of the increase in the cost of materials in the high single-digit million euros and the cumulative non-recurring effects arising in the previous year. This is also reflected in the adjustment of the restructuring provisions for the efficiency programme (roughly €23m net) and the P24x savings effects (roughly €46m). Consequently, the EBIT margin improved from -6.6% to 2.6% in 2021. In the fourth quarter, EBIT of €11.8m (previous year: €6.2m) was achieved, thus marking a further sequential improvement in earnings in the year under review.

The interest result of €-9.5m led to earnings before taxes (EBT) of €19.0m, compared with €-73.5m in the previous year. Income taxes came to €4.5m. At €14.5m (previous year: €-103.1m), group net profit translates into earnings per share of €0.83 in 2021 (previous year: €-6.27).

**Increased free cash flow ensuring return to pre-pandemic net financial position**Koenig & Bauer also succeeded in reducing its net working capital by €46.9m to €297.1m. This also contributed to an improvement in free cash flow and the net financial position. Free cash flow increased significantly by €80.4m to €56.3m. Adjusted for bank liabilities of €126.6m, net financial debt improved substantially by €50.0m to €2.9m. The group equity ratio widened from 25.9% to 28.7%. With this equity base and freely available cash and cash equivalents of more than €250m, the company is financially well positioned.

As Dr Andreas Pleßke, Chief Executive Officer of Koenig & Bauer, explains: “2021 was both a positive and a challenging year for Koenig & Bauer – but together we managed to achieve our annual revenue forecast and to exceed our EBIT target. In addition, we outperformed the industry as a whole. Despite all due caution given the still very uncertain economic outlook, we take this as a sign that we have done a very good job in recent years and that our decision to focus on growth markets, such as conventional and digital packaging printing, is paying off."

**Gradual improvement in segment operating earnings underpinning success**
At the level of the individual segments, the recovery was particularly evident from the first quarter with strong order intake in the Sheetfed segment. This was followed in June by MetalPrint, which is part of the Special segment and registered one of the best order intakes in its history. Securities business, which forms part the Special segment, also bounced back in the third quarter with strong order intake. 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. Starting in the third quarter, the Digital & Webfed segment showed signs of recovery, which strengthened in the fourth quarter. A total of five CorruCUT presses were successfully marketed. The presses are designed for the highly efficient production of rotary die-cut boxes made of corrugated board with the highest Flexo postprint quality. A further breakthrough was achieved in the fourth quarter with the sale of two high-performance digital printing presses for the packaging market. Unique worldwide, the RotaJET is one of the most powerful digital printing systems on the market. With this system, a wide variety of different substrates, from thin printing paper to solid cardboard, can be digitally printed. Packaging, decorations, posters, leaflets, folding boxes, books and coffee bags – almost anything can be printed with the RotaJET. This means that the versatility of RotaJET, which until now has been targeted at the decorative sector, is now also available in the packaging market. Further progress was made in digital printing in the Sheetfed segment with the world premiere of the VariJET 106 from Koenig & Bauer Durst in mid-October. It combines digital printing with the proven modules of the Rapida platform and was developed specifically for automated, efficient, food-safe printing systems. It offers the shortest makeready times, many different variants and scope for individualisation and enables efficient printing of short runs.

**“Exceeding Print” corporate strategy – focus on existing strengths**
The resolute continuation of the P24x initiatives will be gradually transferred to the new group strategy. Koenig & Bauer is driving forward its transformation from a traditional mechanical engineering company into an agile technology group by focusing on its existing strengths of sustainability, modularity and digitisation. The path that the company has already embarked on is leading it to greater digitisation and modularity, resulting in additional economic success in its core markets, especially packaging printing. Printing processes are using less material and energy, thus becoming more sustainable. In addition, Koenig & Bauer is driving forward its agenda for sustainability as the greatest challenge facing the packaging industry in the future and setting itself further committed goals in this area.

As Pleßke adds, “Aware as we are of our responsibility, we have chosen a sustainable corrugated cardboard box for our first “Annual Report Summary” under the motto “This box was once a newspaper”. In response to the growing transparency and digitalisation requirements, we have divided the report into two modules. You can view the full report complete with all figures and data via your mobile device by scanning the corresponding QR code or by going to annualreport.koenig-bauer.com and ordering a copy if necessary.”

As the name suggests, “Exceeding Print” goes beyond “printing” and describes Koenig & Bauer’s future activities. The business models for packaging printing are evolving at high speed and the company assumes that many of its future customers currently do not yet even exist. Koenig & Bauer will be developing solutions to address the numerous new requirements. More than ever before, customers’ purchasing decisions are being guided by efforts to optimise their total cost of process. In this way, Koenig & Bauer sees itself as the trusted advisor for its customers and a pioneer of change and innovation in the printing industry.

### Due to current uncertainties, forecasting for 2022 remains challenging

2022 will be another year of transformation in view of the currently unforeseeable consequences of the war in Ukraine and the sanctions imposed on Russia and Belarus as a result, the ongoing Covid-19 pandemic and the protracted supply chain constraints. Accordingly, Koenig & Bauer anticipates a slight year-on-year increase in Group revenue and the operating EBIT margin in 2022. At the date on which the consolidated financial statements were completed, a reliable assessment of the full impact of the aforementioned risks was not possible due to the prevailing uncertainties, meaning that no forecast for 2022 was possible.

The first few months of 2022 continue to be dominated worldwide by the Covid-19 pandemic, the conflict between Russia and Ukraine, protracted delivery shortfalls and the related increase in the cost of materials, reduced transport capacity and higher energy costs. As a consequence of this and due to the relatively muted conditions in the sector during the fourth quarter of 2021, industry association VDMA has scaled back its previous full-year forecast for 2022 for real production growth in the German mechanical and plant engineering sector from 7% to 4%.

Dr Stephen Kimmich, CFO of Koenig & Bauer AG: “As soon as the situation permits, we will endeavour to provide a reliable and detailed 2022 forecast. Despite all the adversities, we as a team proved last year that we do an excellent job and not only achieved our goals for 2021, but also slightly exceeded them. We are being buoyed by our good order situation – including in those areas that were previously more exposed to our customers’ spending restraint due to the uncertainties resulting from the Covid 19 pandemic – as well as the good progress we are achieving with our efficiency programme. Even though the procurement situation will continue to pose major challenges for us in 2022 and the increase in raw material and energy prices will also result in higher material costs this year, we are firmly convinced that we will achieve our goals for 2022 and beyond.”

**Medium-term goals confirmed**
Koenig & Bauer 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.

#### Photo 1:

Well positioned for the future with “Exceeding Print”: Koenig & Bauer’s Management Board.

#### Photo 2:

The “Exceeding Print” strategy is also reflected in the new approach to the annual report: the sustainably produced corrugated cardboard folding box provides part of the modular structure of the report and is complemented by a digital annual report.

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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 2021, the 5,397 highly qualified employees worldwide generated annual revenue of roughly €1.116bn.

For more information, visit [www.koenig-bauer.com](http://www.koenig-bauer.com)