Press Release

## Koenig & Bauer with 10.2% higher order intake

Growth offensive 2023 has particularly high priority

* Order gains in service and packaging and security printing
* Well filled project pipeline in all business fields
* 6.2% growth in revenue
* Full capacity utilisation thanks to high order backlog
* Q1 earnings close to last year’s level despite growth expenses
* Equity ratio of 37.5%
* Guidance for 2019: revenue growth of around 4% and an EBIT margin of around 6% in the group

Würzburg, 3 May 2019
2019 started well for the Koenig & Bauer group, posting a double-digit increase in order intake in the first quarter year-over-year to €276.4m. This strong growth, which exceeded the industry average, was underpinned by significantly more orders for services and for folding carton, direct glass and security printing presses. At €230.7m, revenue exceeded the previous year's figure by 6.2%. EBIT was still slightly in negative territory due to the low revenue level, coming to –€2.8m despite high market-entry and growth-related expenses, and was thus not far off the previous year’s figure of –€1.9m. At –€4.9m, group net earnings in the first quarter of 2019 translate into earnings per share of –€0.30.

### Strong order intake in Sheetfed

In addition to good service orders, the substantially higher orders for packaging printing presses caused order intake in the Sheetfed segment to rise by 12.4% to €173.5m. Revenue increased slightly by 1.8% to €113m. The good order backlog of €250.5m ensures continued high capacity utilisation. At –€3.1m, EBIT was below the previous year’s figure (€0.4m) due to the product mix and the costs arising in connection with the Print China trade fair.

### Growth expenses burden Digital & Web earnings

Despite the strong growth in service business, orders in Digital & Web came to €31.9m, thus falling short of the previous year’s figure of €45.2m due to lower orders for newspaper and flexible packaging printing presses. At €32.4m, revenue remained at the prior year’s level. The previous year’s figure of €32.5m had been spurred by high service revenue due to large press relocations. At –€5.6m (–€4.5m in the previous year), EBIT was burdened by market-entry and growth-related expenses. At €85.4m, order backlog and capacity utilisation are at a high level.

### Significant order and revenue growth in Special

More orders for services and presses for security printing and direct glass decorating caused order intake in the Special segment to rise by 37.7% to €80m. Revenue climbed by 20.8% to €92.8m. At €331.7m, the order backlog at the end of March was 6.2% higher than it had been twelve months earlier. Following a segment profit of €3.8m in the previous year, EBIT came to €2m in the first quarter of 2019.

### Solid balance sheet and financial profile

Despite substantially lower receivables and higher customer prepayments, the increase in inventories for revenue growth in future quarters as well as high investments for construction and IT projects left traces on the cash flow. In addition, we made a part payment of CHF20m to the Swiss Office of the Attorney General within the framework of the agreed skimming of profits following the completion of the self-disclosure proceedings in connection with shortcomings in corruption prevention at the Swiss subsidiary KBA-NotaSys SA. Together with its internal liquidity, the syndicated long-term credit facilities give Koenig & Bauer a strong and stable financial basis. The equity ratio stood at 37.5% at the end of March 2019.

### Guidance for 2019

CFO Mathias Dähn: “The order backlog, which rose to €656.6m as of 31 March 2019, gives us good forward visibility through to autumn 2019 and, in security printing with its good order situation, until 2020. With contract signings exceeding our expectations and reaching a figure in the mid double-digit millions of euros, the Print China trade fair held in mid-April was very successful. On the strength of the good order and project situation ensuring full capacity utilisation across the entire group as well as the further progress made in our group projects for boosting earnings by €70m compared to 2016, we are confident to achieve organic growth of around 4% in revenue and an EBIT margin of around 6% in 2019 in the group. We are attaching particularly high priority to our growth offensive 2023, the cumulative costs of which we expect to reach around €50m for 2019 to 2021, with a heavier load in the first year. The resulting margin impact is already included in our 2019 earnings target.”

### Mid-term targets until 2023

CEO Claus Bolza-Schünemann: “With our growth offensive 2023, we want to actively exploit the currently available market opportunities in the cardboard, corrugated board, flexible packaging, 2-piece can, marking and coding, glass direct and decor printing as well as in postpress to achieve sustained profitable growth. The impact of volatile security printing will be reduced by higher packaging share of group revenue. For web offset presses for newspaper and commercial printing, we expect a further decline particularly in service business. With all our initiatives and projects, we are targeting to increase group revenue to around €1.5bn with an EBIT margin of between 7 % and 10% until 2023. All three segments are to contribute to the growth in revenue and earnings. Our further targets include a dividend ratio of 15 - 35% of group net profit, an equity ratio of over 45%, a target corridor for net working capital of 20 - 25% of revenue, and a share of 30% in total revenue for service business.”

#### Photo 1:

The comprehensive range of classic and new, data-based services as well as the Koenig & Bauer 4.0 digitisation concept contributed to the double-digit increase in order intake

#### Photo 2:

Additional order boost from the very successful Print China trade fair in mid-April

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About Koenig & Bauer
The Koenig & Bauer group is a customer-centric partner to the international printing industry with annual revenue of over €1.2bn and 5,700 employees. The group is the global market and technology leader in security printing and in growing packaging printing markets. Throughout its 201-year history, it has been driven by innovation and technological progress. Systematically oriented to meeting customer requirements, its high-tech printing presses and systems permit highly efficient printing, finishing and postpress processing. Its services cover a wide range of customer-oriented offerings including networked printing. With its strong balance sheet and financial power, Koenig & Bauer is on a profitable and sustainable growth trajectory.

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

Disclaimer:
The projections contained in this press release were founded on data available at the time of issue. While management believes them to be accurate, the impact of external factors beyond its control, such as changes in the economy, exchange rates and in our industry, may give rise to a different outcome from that projected. The outlook contains no meaningful portfolio effects and influences relating to legal and official matters. It also depends on ongoing earnings growth and the absence of disruptive temporary market changes. Koenig & Bauer therefore accepts no liability for transactions based upon these projections.

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| Koenig & Bauer group | 31.03.2018in €m | 31.03.2019in €m | Change |
| Revenue**Sheetfed****Digital & Web**SpecialReconciliation | **217.3111.032.576.8-3.0** | **230.7**113.032.492.8-7.5 | **+ 6.2 %**+ 1.8 %- 0.3 %+ 20.8 % |
| Order intake**Sheetfed****Digital & Web**SpecialReconciliation | **250.9**154.345.258.1-6.7 | **276.4**173.531.980.0-9.0 | **+ 10.2 %**+ 12.4 %- 29.4 %+ 37.7 % |
| Order backlog**Sheetfed****Digital & Web**SpecialReconciliation | **648.5**274.975.2312.2-13.8 | **656.6**250.585.4331.7-11.0 | **+ 1.2 %**- 8.9 %+ 13.6 %+ 6.2 % |
| EBIT**Sheetfed****Digital & Web**SpecialReconciliation | **-1.9**0.4-4.53.8-1.6 | **-2.8**-3.1-5.62.03.9 |  |
| Earnings before taxes (EBT) | **-2.9** | **-4.1** |  |
| Net loss | **-2.3** | **-4.9** |  |
| Earnings per share in € | **-0.15** | **-0.30** |  |
| Cash flows from operatingactivities | **20.3** | **-30.6** |  |
| Balance sheet total (prior year: 31.12.) | **1,178.3** | **1,175.8** |  |
| Equity (prior year: 31.12.) | **453.4** | **441.4** |  |
| Employeesthereof apprentices/trainees | **5,604**271 | **5,706**270 |  |