**Press Release**

**Koenig & Bauer exceeds EBIT forecast for 2021 on the basis of its preliminary figures**

* Group earnings before interest and taxes (EBIT) of around €29m for 2021
* EBIT margin of roughly 2.6% exceeding company’s own forecast of 2.0%
* P24x efficiency programme taking effect with gross savings of around €46m in 2021
* 8.5% increase in revenue to roughly €1,116m within the forecast range of €1,100 - 1,135m
* Good order situation: 32% increase in orders to around €1,291m
* Medium-term targets confirmed: EBIT margin of more than 7.0% on revenue of €1.3bn

Koenig & Bauer AG, Würzburg (“Koenig & Bauer”, WKN: 719 350 / ISIN: DE0007193500) has announced on the basis of its preliminary and as yet unaudited figures that it has exceeded its own forecast for preliminary Group earnings before interest and taxes (EBIT) for 2021.

Despite the ongoing pandemic in 2021 and a challenging procurement environment, EBIT of around €29m was achieved through the acceleration of the savings effects in the P24x efficiency programme and the more efficient implementation of the related personnel measures. This was also due to a high earnings contribution from the Special segment in the fourth quarter in particular. At around 2.6%, the EBIT margin thus exceeded the company’s own forecast of 2.0% for 2021. EBIT improved by around €96m from €-67.9m in the previous year.
The previous year had included exceptionals of a net €-49m, while an adjustment of around €23m to the P24x restructuring provisions was recognised in the year under review. In the final quarter, Group EBIT of around €12m was recorded, almost twice as much as in the same quarter of the previous year (€6.2m).

What in some cases was an explosive rise in raw material and energy prices led to higher material costs in a high single-digit million euro range in 2021, which it was only possible to absorb with a delayed effect and partially by means of price increases during the year.

The gross savings from the P24x efficiency programme came to around €31m after nine months, reaching roughly €46m at the end of 2021. Announced at the end of September 2020, the programme aims to achieve rising annual cost savings in the order of more than €100m by 2024; gross savings of more than 30% had been budgeted for 2021.

“This demonstrates that we have made good progress with our efficiency programme despite the ongoing pandemic situation and a challenging procurement environment. This is our road back to the planned group growth in the medium term. To this end, we are focusing on packaging and a portfolio strategy in attractive markets, on synergistic effects in production and on the further development of our service business to improve our customers’ total cost of ownership,” says Dr Andreas Pleßke, Koenig & Bauer AG’s Chief Executive Officer.

**Improved operating earnings in the individual segments**
Compared to the other segments in the Koenig & Bauer Group, the **Sheetfed segment** tends to be early-cyclical due to its shorter production and supply chains. As a result, the improvement in operating earnings during the year had already started to emerge in the fourth quarter of 2020 and increased sequentially. EBIT rose year-on-year by around €52m to roughly €24m and was positively impacted by the adjustment of the restructuring provisions for P24x by around €9m.At the same time, however, the segment was also more affected than the other segments by procurement constraints and the associated production complexities as a result of the challenging supply chain situation and energy prices as well as new travel and contact restrictions as a result of the new virus variants in the final quarter. In addition, the segment result in the fourth quarter was impacted, among other things, by non-recurring charges on receivables and the machine design change which are not expected to recur in 2022.Despite the continued noticeable interest in the innovative solutions for corrugated board and digital printing in **Digital & Webfed**, the segment was still impacted by start-up costs and investments in further product development in addition to the customers’ pandemic-related purchasing restraint in 2021. At around €-33m, EBIT was around €7m down on the previous year’s figure of €-25.5m. In total, the adjustment of the restructuring provisions for P24x had a negative impact of around €6m on the segment result. By contrast, the **Special segment** recorded an increasing contribution to earnings from the second quarter of 2021 and especially in the final quarter. EBIT increased from €-31.8m in the previous year to around €35m in the year under review and was positively influenced by the adjustment of around €18m to the P24x restructuring provisions. Revenue recognition due to the advanced stage of completion reached by some standard aggregates as a result of the application of the percentage-of-completion (POC) accounting method in banknote and security printing contributed to the increase in earnings, especially in the fourth quarter.

**8.5% increase in revenue to roughly €1,116m in 2021 within the forecast range**
Group revenue reached the forecast range of €1,100 - 1,135m in 2021, coming to around € 1,116m. This corresponds to an increase of around 8.5% compared to the previous year (€1,028.6m). In the fourth quarter alone, revenue rose very significantly from €264.1m in the same quarter of the previous year to around €328m, underpinned in particular by the Sheetfed and Special segments. Order intake stood at around €1,291m at the end of the year, up roughly 32% on the previous year (€974.7m). In the final quarter, customer orders were worth some €312m, almost 19.0% more than in the same quarter of the previous year.

The order backlog was valued at around €807m at the end of 2021, equivalent to an increase of around 28.0% compared to the previous year.

**Medium-term targets confirmed: EBIT margin of more than 7.0% on revenue of €1.3bn**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 full-year revenue, which is to be achieved after the completion of the P24x efficiency programme. As Pleßke adds: “Adopted in December 2021, our Exceeding Print strategy, which, as the name suggests, goes beyond the “printing process”, will also contribute to this. We are deliberately focusing on the three strategic fields of action in order to become even more sustainable, more digital and more modular.”

The company plans to publish its forecast for 2022 together with the presentation of its audited annual financial statements and the annual report for 2021 no later than on March 30, 2022, also in view of the current developments in the Ukraine crisis and, resulting from this, the high level of uncertainty over the impact on the global economy. Koenig & Bauer will be holding a conference call (in English) for analysts and investors on 30 March 2022. The conference call will be available on the website later.

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**About Koenig & Bauer**

Koenig & Bauer is the oldest printing press manufacturer in the world with the broadest product range in the industry. For more than 200 years, the company has been supporting printers with innovative technology, tailor-made processes and a wide array of services. The portfolio ranges from banknotes, board, film, metal and glass packaging, and includes book, display, coding, decor, magazine, advertising and newspaper printing. Sheetfed and webfed offset and flexo printing, waterless offset, intaglio, simultaneous perfecting and screen printing or digital inkjet – Koenig & Bauer is at home in virtually all printing processes and is the market leader in many of them. In the financial year 2020, the 5,593 highly qualified employees worldwide generated annual sales of €1.029 billion.

Further information can be found at www.koenig-bauer.com

Table showing preliminary figures for 2021\*

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 December 2020 | 31 December 2021 | Change % |
| **Revenue** | **1,028.6** | **1,116** | **8.5%** |
| Sheetfed | 555.6 | 642 | 15.6% |
| Digital & Webfed | 128.9 | 121 | -6.1% |
| Special | 377.3 | 390 | 3.4% |
| Reconciliation  | -33.2 | -38 | -14.5% |
|  |  |  |  |
| **Order intake** | **974.7** | **1,291** | **32.5%** |
| Sheetfed | 594.6 | 752 | 26.5% |
| Digital & Webfed | 109.0 | 142 | 30.3% |
| Special | 306.1 | 430 | 40.5% |
| Reconciliation  | -35.0 | -34 | 2.8% |
|  |  |  |  |
| **Order backlog** | **632.0** | **807** | **27.7%** |
| Sheetfed | 332.1 | 442 | 33.1% |
| Digital & Webfed | 67.6 | 88 | 30.2% |
| Special | 237.4 | 278 | 17.1% |
| Reconciliation  | -5.1 | -1 | 80.4% |
|  |  |  |  |
| **EBIT** | **-67.9** | **28** | **141.2%** |
| Sheetfed | -27.8 | 24 | 186.3% |
| Digital & Webfed | -25.5 | -32 | -25.5% |
| Special | -31.8 | 35 | 210% |
| Reconciliation  | 17.2 | 2 | -88.4% |
|  |  |  |  |

Note: In individual cases, rounding effects may mean that the figures do not add up exactly to the total indicated and that percentages do not exactly result from the figures shown.

\*The figures for the fourth quarter 2021 and full-year 2021 contained in this document are preliminary and have not yet been approved by the Supervisory Board or audited by an external auditor. All preliminary figures have been rounded to the closest million.