

KOENIG & BAUER

**Conference Call**

**Q1 Results 2020**

**7 May 2020**

Claus Bolza-Schünemann, CEO  
Dr Stephen Kimmich, CFO

we're on it.

# Agenda

## Highlights in Q1 2020 and current main focus

Business performance in Q1 2020

Guidance for 2020

# Highlights in Q1 2020

- CorruCUT pilot machine now producing corrugated packaging in two shifts at the Klingele plant in Delmenhorst near Bremen
- Order from corrugated board printer Thimm Packaging Systems for a CorruFLEX is particularly gratifying
- Interprint ordered third RotaJET for digital decor printing, a total of six RotaJET machines have already been sold to the decor industry
- In times of the coronavirus pandemic: good capacity utilisation of packaging printers for food, beverages, pharmaceuticals and online trade
- Packaging sector and its suppliers classified by the authorities as system relevant
- Comprehensive services such as remote maintenance pay off and also modern communication channels for efficient customer service

# Current main focus: corona crisis management

Economic consequences of the corona crisis pose major challenges for Koenig & Bauer

- Health and safety of our employees, customers and suppliers is our top priority
- Rapid and decisive implementation of a comprehensive action plan
- Use of the professional project organisation set up for the Performance 2024 programme
- Mobile work as much as possible
- In production, assembly and service, formation of employee groups with appropriate isolation via differentiated shift and break schedules
- Action plan focuses on cost and investment discipline as well as securing liquidity
- Reliable customer care and support

# Agenda

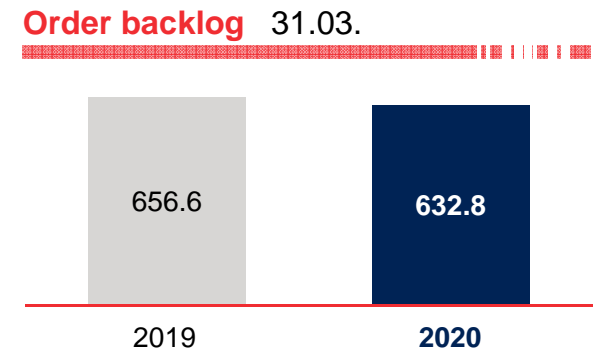
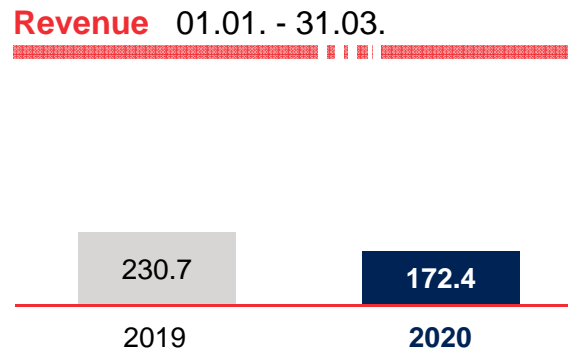
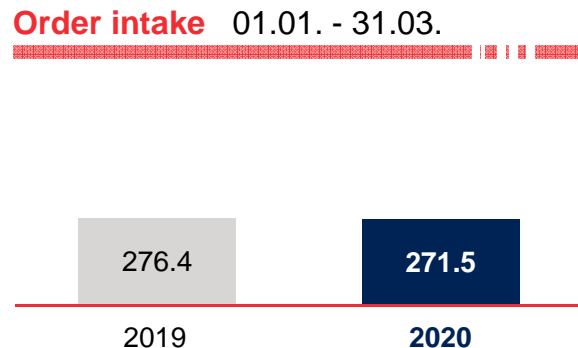
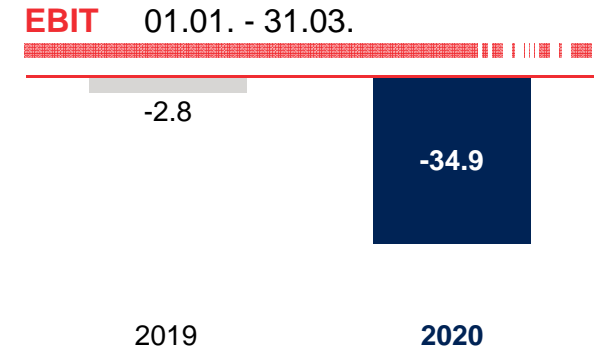
Highlights in Q1 2020 and current main focus

**Business performance in Q1 2020**

Guidance for 2020

# Group performance in Q1

- Solid order intake of €271.5m, slightly below prior year
- Pandemic-related revenue decline by 25.3% to €172.4m
- EBIT of -€34.9m hit by low revenue, cost savings from short-time work effective from Q2
- Order backlog of €632.8m at an average level, 3.6% below prior year



# Group income statement

in €m	Q1 2019	Q1 2020
Revenue	230.7	172.4
Cost of sales	-167.4	-128.5
<b>Gross profit</b>	<b>63.3</b>	<b>43.9</b>
<b>Gross margin</b>	<b>27.4%</b>	<b>25.5%</b>
Research and development costs	-11.2	-10.6
Distribution costs	-32.8	-35.8
Administrative expenses	-22.2	-30.7
Other income ./ expenses	0.1	-1.7
<b>Earnings before interest and taxes (EBIT)</b>	<b>-2.8</b>	<b>-34.9</b>
Interest result	-1.3	-1.3
<b>Earnings before taxes (EBT)</b>	<b>-4.1</b>	<b>-36.2</b>
Income tax	-0.8	-0.4
<b>Net loss</b>	<b>-4.9</b>	<b>-36.6</b>
<b>EPS in €</b>	<b>-0.30</b>	<b>-2.22</b>

# Group cash flow statement

in €m	Q1 2019	Q1 2020
Earnings before taxes	-4.1	-36.2
Non-cash transactions	8.9	12.0
<b>Gross cash flow</b>	<b>4.8</b>	<b>-24.2</b>
Changes in inventories, receivables, other assets	-17.5	-17.8
Changes in provisions and payables	-17.9	27.0
<b>Cash flows from operating activities</b>	<b>-30.6</b>	<b>-15.0</b>
<b>Cash flows from investing activities</b>	<b>-20.6</b>	<b>-16.3</b>
<b>Free cash flow</b>	<b>-51.2</b>	<b>-31.3</b>
<b>Cash flows from financing activities</b>	<b>-10.5</b>	<b>-0.4</b>
<b>Change in funds</b>	<b>-61.7</b>	<b>-31.7</b>
Effect of changes in exchange rates	0.5	-
Funds at beginning of period	142.0	191.0
<b>Funds at end of period</b>	<b>80.8</b>	<b>159.3</b>



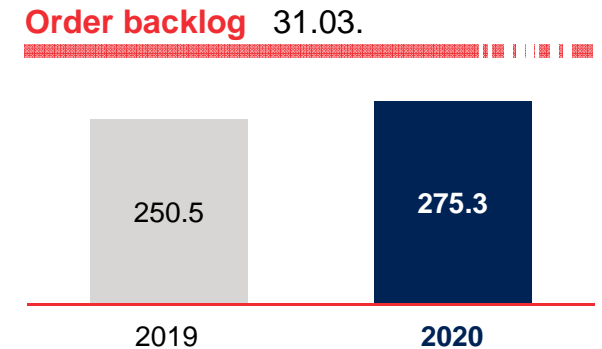
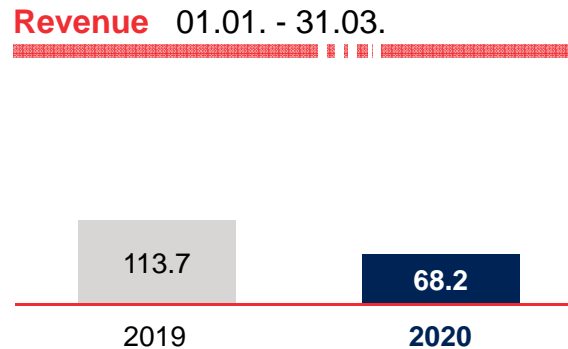
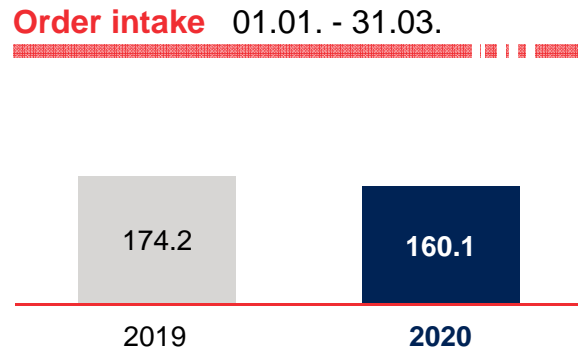
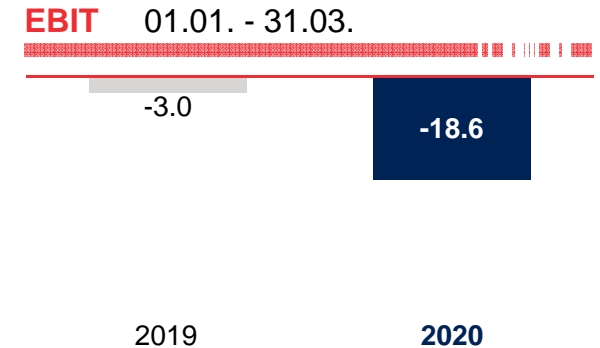
# Group balance sheet

Assets in €m	31.12.2019	31.03.2020
<b>Non-current assets</b>		
Intangible assets and property, plant and equipment	361.0	365.1
Investments/other financial receivables	22.5	23.5
Other assets	0.9	0.9
Deferred tax assets	106.4	103.5
	<b>490.8</b>	<b>493.0</b>
<b>Current assets</b>		
Inventories	292.6	346.5
Trade receivables	140.6	106.0
Other financial receivables	15.5	18.7
Other assets	207.8	204.1
Securities	4.8	3.4
Cash and cash equivalents	191.0	159.3
	<b>852.3</b>	<b>838.0</b>
	<b>1,343.1</b>	<b>1,331.0</b>

Equity and liabilities in €m	31.12.2019	31.03.2020
<b>Equity</b>		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	328.7	297.6
Equity attrib. to non-controlling interests	1.2	1.2
	<b>460.4</b>	<b>429.3</b>
<b>Non-current liabilities</b>		
Pension provisions	165.5	153.5
Other provisions	23.7	23.2
Bank loans/other financial payables	32.2	31.0
Other liabilities	6.3	6.0
Deferred tax liabilities	53.2	52.4
	<b>280.9</b>	<b>266.1</b>
<b>Current liabilities</b>		
Other provisions	90.0	87.4
Trade payables	110.0	81.4
Bank loans/other financial payables	271.9	288.1
Other liabilities	129.9	178.7
	<b>601.8</b>	<b>635.6</b>
	<b>1,343.1</b>	<b>1,331.0</b>

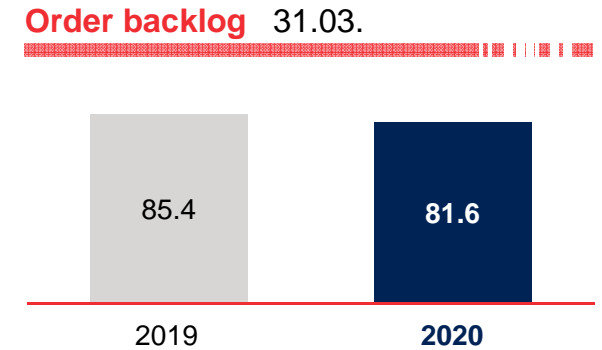
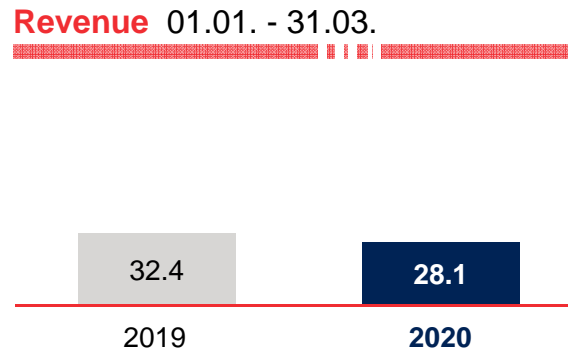
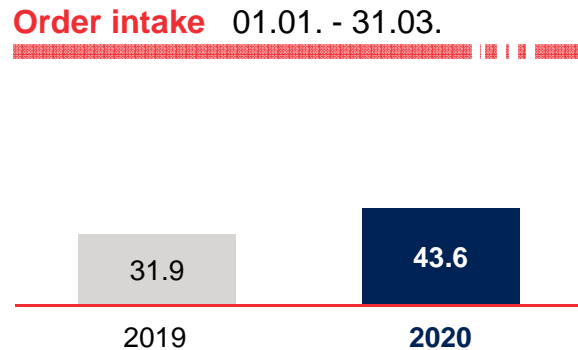
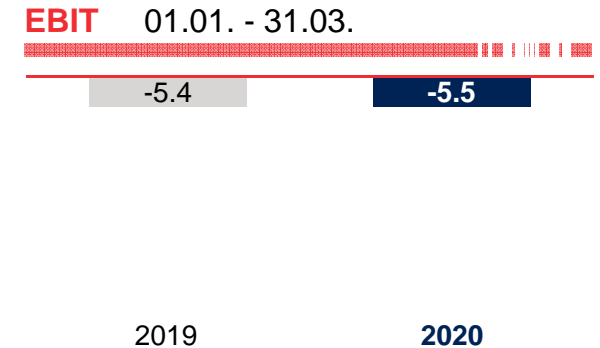
# Sheetfed performance in Q1

- Robust order intake of €160.1m
- 40% decline in revenue due to pandemic-driven delivery delays
- EBIT of -€18.6m due to revenue shortfall
- With book-to-bill ratio of 2.35, order backlog increases to €275.3m, good basis for catching up on revenue



# Digital & Web performance in Q1

- Order intake significantly higher than prior year due to follow-up orders in corrugated board and digital decor printing
- Revenue below prior year due to Corona-related constraints at Italian subsidiary Flexotecnica
- EBIT slightly below prior year
- Order backlog of €81.6m



# Special performance in Q1

- Order intake decreased by 8.6% due to fewer orders in security printing, coding and direct glass decorating, stable orders in metal decorating
- 13% less revenue
- EBIT of -€7.6m after profit of €2.1m in the previous year
- Order backlog of €279.6m, high prior-year figure influenced by major order in security printing

**Order intake** 01.01. - 31.03.



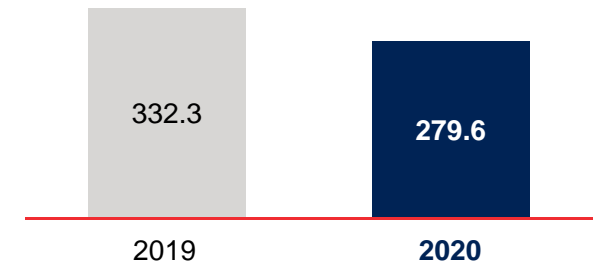
**Revenue** 01.01. - 31.03.



**EBIT** 01.01. - 31.03.



**Order backlog** 31.03.



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# Guidance for 2020

- Great uncertainties about the severity and duration of the coronavirus pandemic and the success of health and economic policies in different countries
- Investment reluctance among our customers due to uncertainty about further developments
- Impact on revenue and earnings in the 2020 financial year cannot yet be quantified, cost savings from short-time work and other measures effective from Q2
- Planning for 2020 is no longer achievable due to the drastic, already apparent effects
- Corona crisis management has the highest priority to master today's challenges and to be prepared for the period after the coronavirus pandemic
- In addition to the Performance 2024 efficiency programme, the strategic focus on packaging printing and digital services is to be stepped up again afterwards

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## Disclaimer:

The projections contained in this presentation 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. KBA therefore accepts no liability for transactions based upon these projections.

Koenig & Bauer AG

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