

# KOENIG & BAUER

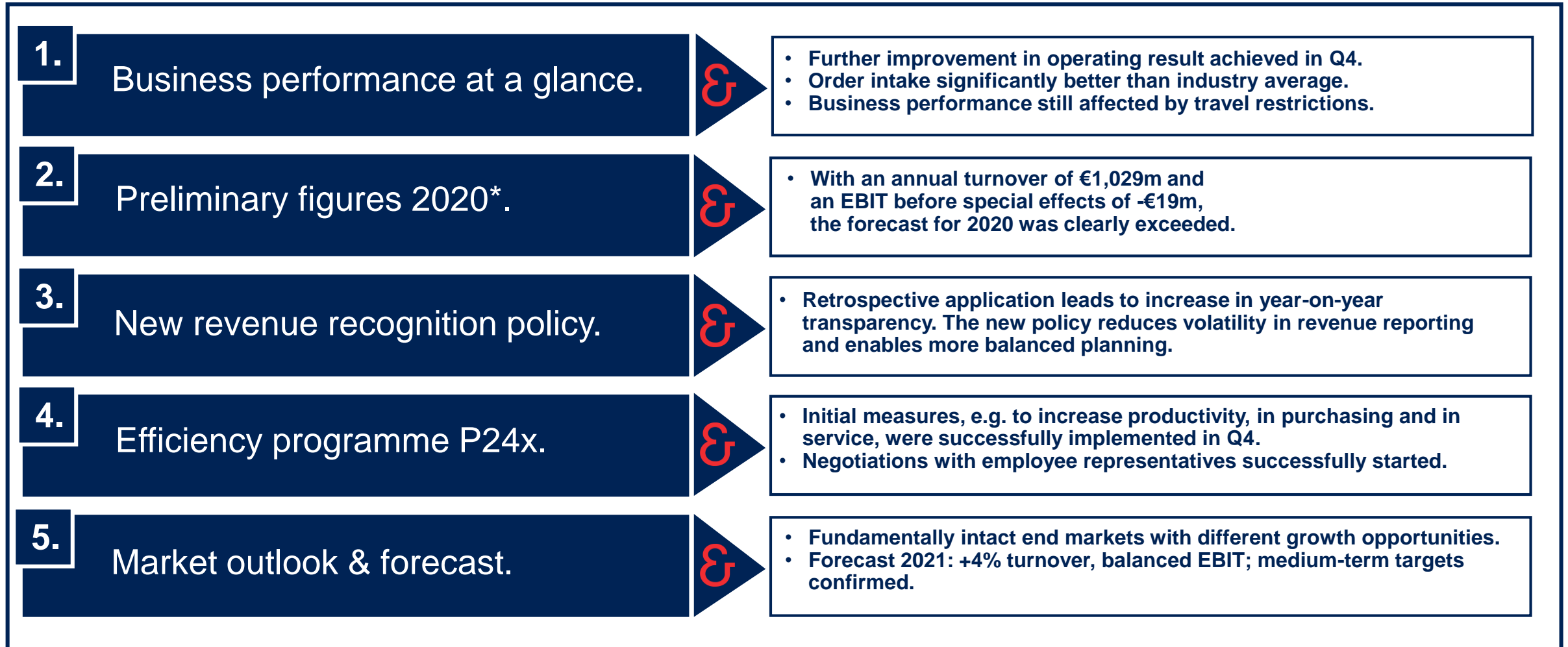
## Koenig & Bauer Preliminary figures 2020

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26 February 2021, Würzburg

we're on it.

26/02/2021

# Koenig & Bauer at a glance.



# 1. Business performance at a glance.

Preliminary figures for the full year 2020 and Q4 2020\*.



- Further improvement of the operating result in Q4 in a challenging environment with a still tense global economic situation. Despite the effects of the pandemic, we were able to achieve clear recovery trends in EBIT before special effects – starting with a heavily affected Q1: In Q2, the minus was only in single digits, in Q3 we were almost "break-even" and in Q4 even slightly positive.
- Covid-19 pandemic (virus mutations) and the delayed start of the vaccination campaigns continue to burden business development; travel restrictions in particular hamper the worldwide deployment of our fitters and service technicians.
- Despite the continued noticeable interest in our innovative printing, finishing and postpress solutions, customers are postponing new investments in light of the current economic uncertainty.
- Due to the retrospective application of the revenue recognition policy, turnover in 2020 was € 1.029m, EBIT was -€68m and EBIT before special effects was around -€19m.
- Turnover thus clearly exceeded the guidance of € 900-950m; accordingly, EBIT before special effects also exceeded the guidance of a negative EBIT before special effects in the mid double-digit million range.

# 1. Business performance at a glance.

Preliminary figures for the full year 2020 and Q4 2020\*.

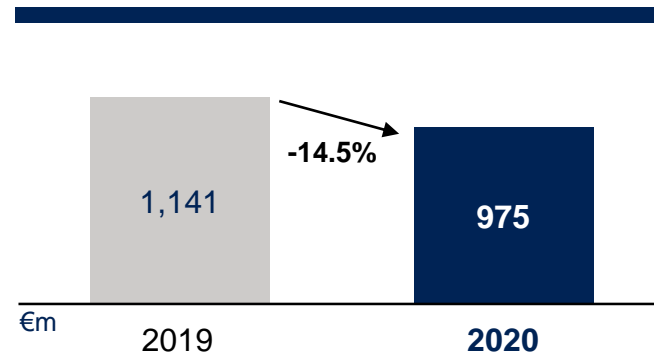


- At €975m, order intake for 2020 was around 14.5% down on the prior-year figure, but significantly better than the -21.9% 12-month order intake for printing presses published by the German Engineering Federation (VDMA)
- According to preliminary figures, order intake in the Sheetfed segment in particular developed very positively in the medium- and large-format sheetfed offset and folding carton gluers segments. Overall, the decline in the Sheetfed segment of -5.4% was significantly better than the industry average.
- In the Digital & Webfed segment order intake was burdened primarily by lower orders in the offset web press business and in flexible packaging printing – sales successes for RotaJET presses and HP machines.
- In the Special segment, fewer orders in security, identification and direct glass printing led to a decline in sales - in contrast, new business in metal decorating increased.
- The service business comprises more than 30% of the Group and has remained stable in terms of turnover and results even during the crisis.

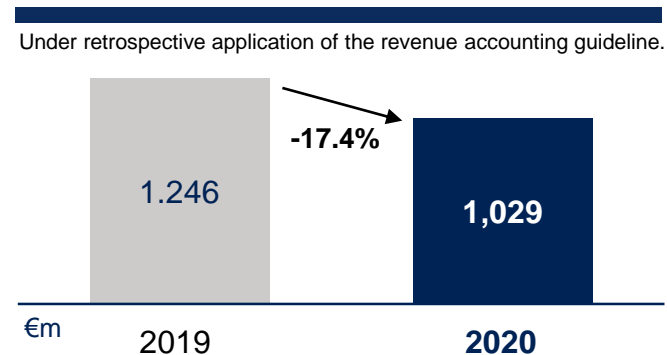
## 2. Preliminary figures for 2020 and Q4 2020\*.

Business development in the group.

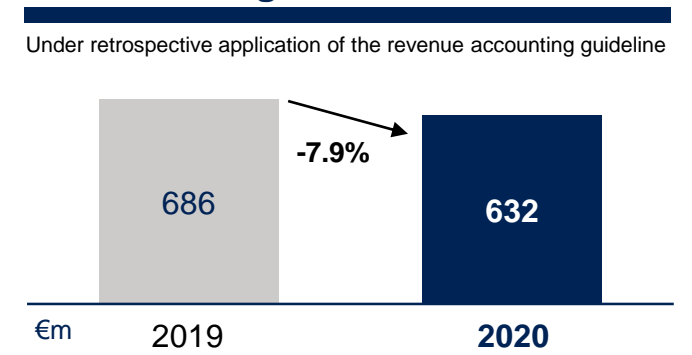
### Order intake 01.01. - 31.12.



### Revenue 01.01. - 31.12.



### Order backlog 31.12.



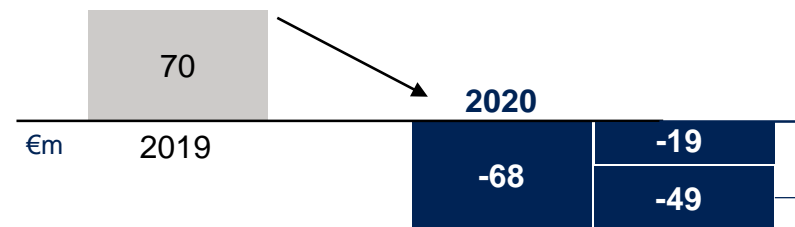
- The 14.5% decline in order intake was less severe than the 21.9% drop in new orders for printing presses published by the VDMA.
- This also applies to the decline in sales, which at 17.4% was less pronounced than the 24.2% drop in sales of printing presses according to VDMA.
- 632 million in orders on hand as of 31.12.2020 as a solid basis for the 2021 financial year.

## 2. Preliminary figures for 2020 and Q4 2020\*.

### Earnings development in the group.

#### EBIT 01.01. - 31.12.

Under retrospective application of the revenue accounting guideline



#### Special items

- One-off income from the successful outcome of a legal proceeding (€4m) in Q2
- One-off expenses in connection with the efficiency programme "P24x" (-€58m) in Q3
- One-off income from the property sale in Frankenthal (€5m) in Q3



- The decline in EBIT is mainly due to the Covid-pandemic and the associated decrease in turnover. It also includes special effects of around -€49m.
- Accordingly, EBIT before special effects was around -€19m and thus significantly exceeded our forecast.

## 2. Preliminary figures for 2020 and Q4 2020\*.

### Development in the segments.

€m	Sheetfed			Digital & Webfed			Special			Überleitung		Konzern		
	2019	2020	Δ	2019	2020	Δ	2019	2020	Δ	2019	2020	2019	2020	Δ
<b>Order intake</b>	629	<b>595</b>	-5,4%	144	<b>109</b>	-24,3%	408	<b>306</b>	-25,0%	-40	<b>-35</b>	1.141	<b>975</b>	-14,5%
<b>Revenue</b>	639	<b>556</b>	-12,9%	159	<b>129</b>	-18,9%	495	<b>377</b>	-23,8%	-47	<b>-33</b>	1.246	<b>1.029</b>	-17,4%
<b>EBIT</b>	19	<b>-28</b>		-15	<b>-25</b>		51	<b>-32</b>		15	<b>17</b>	70	<b>-68</b>	-138

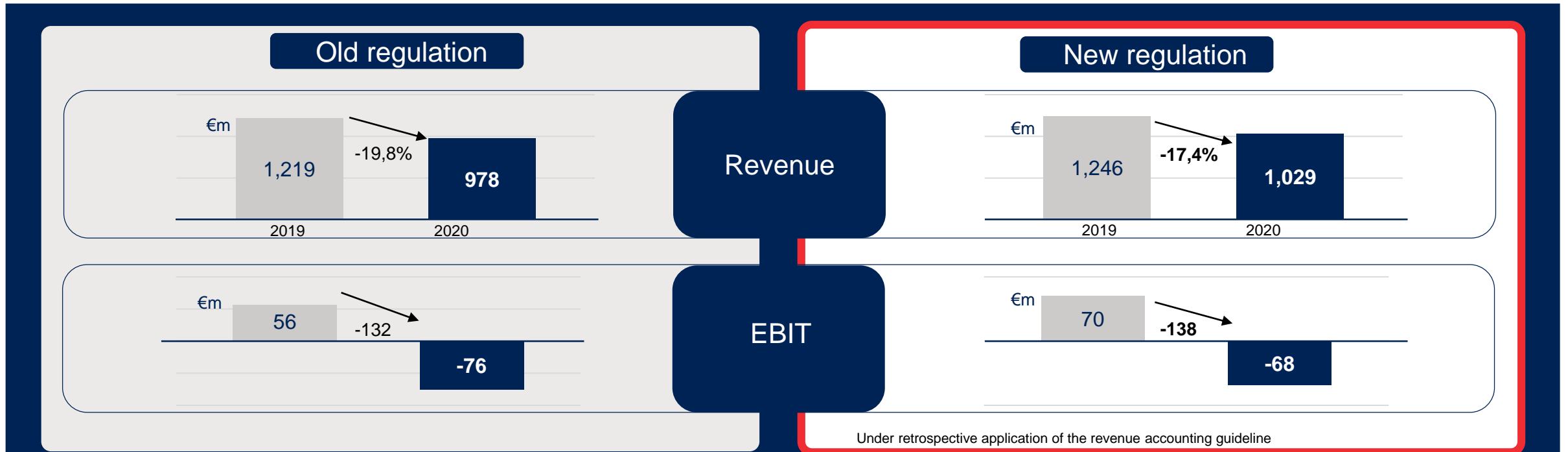
Under retrospective application of the revenue accounting guideline



- The Sheetfed segment achieved a robust order intake – strong order intake in sheetfed offset medium and large format and folding carton gluers.
- In the **Digital & Webfed segment** mainly declines in order intake due to lower orders in the offset web press business and in flexible packaging printing - sales successes in RotaJET presses and HP presses.
- In the **Special segment**, fewer orders in security, identification and direct glass printing led to a decline in sales – in contrast, new business in metal decorating increased.

### 3. New revenue recognition policy.

Comparison of the old and new regulations.



#### New version of the revenue recognition policy for non-customised projects

- old: Depending on the customer contract, revenue was recognised at different points in time (e.g. at delivery, at commissioning, etc.).
- new: Sales are predominantly booked at the time of commissioning.

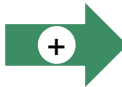
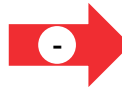
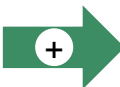
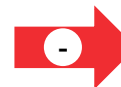
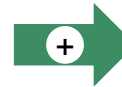
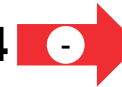


**Targets:**

- Reduction of volatility in revenue recognition
- More balanced planning



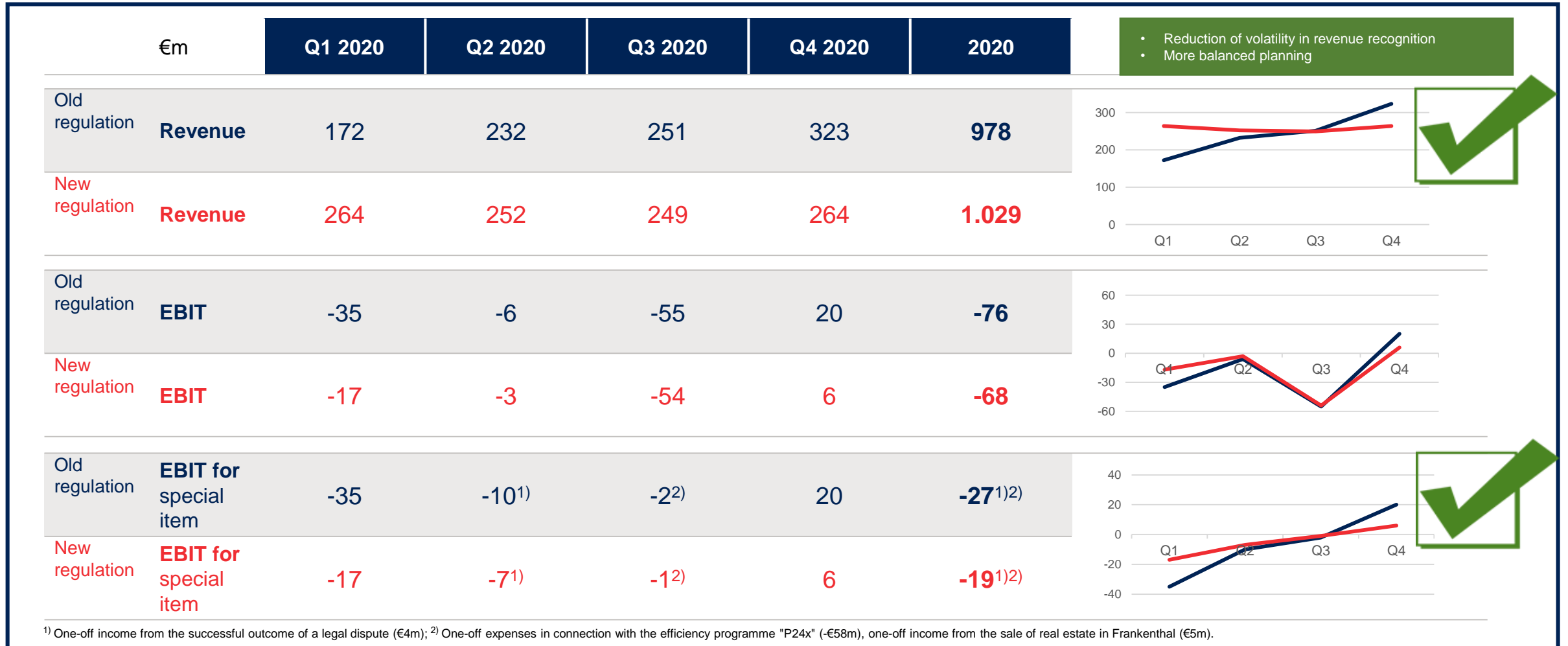
### 3. New revenue recognition policy.

Presentation of the shifts in revenue and EBIT.

	Old regulation	New regulation	Old regulation	New regulation
€m	2019	2019	2020	2020
<b>Revenue</b>	1,219	1,246	978	1,029
Shift in revenue revenue recognition policy		 $\Sigma 27$  171      144		 $\Sigma 51$  144      93
<b>EBIT</b>	56	70	-76	-68
Shift in EBIT revenue recognition policy		 $\Sigma 14$  40      26		 $\Sigma 8$  26      18

### 3. New revenue recognition policy.

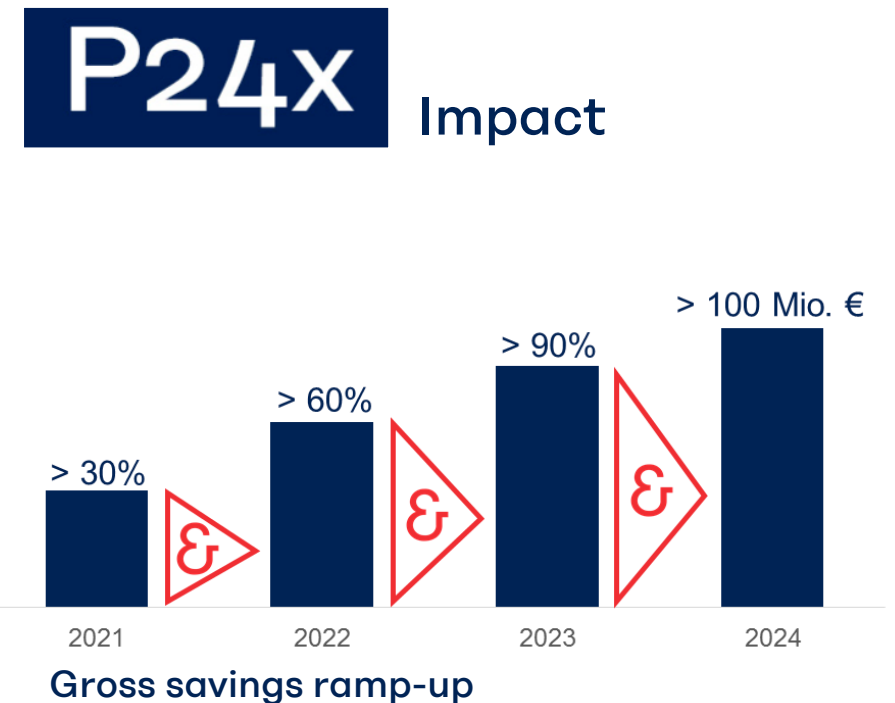
Earnings development in the group.



## 4. Efficiency programme P24x.

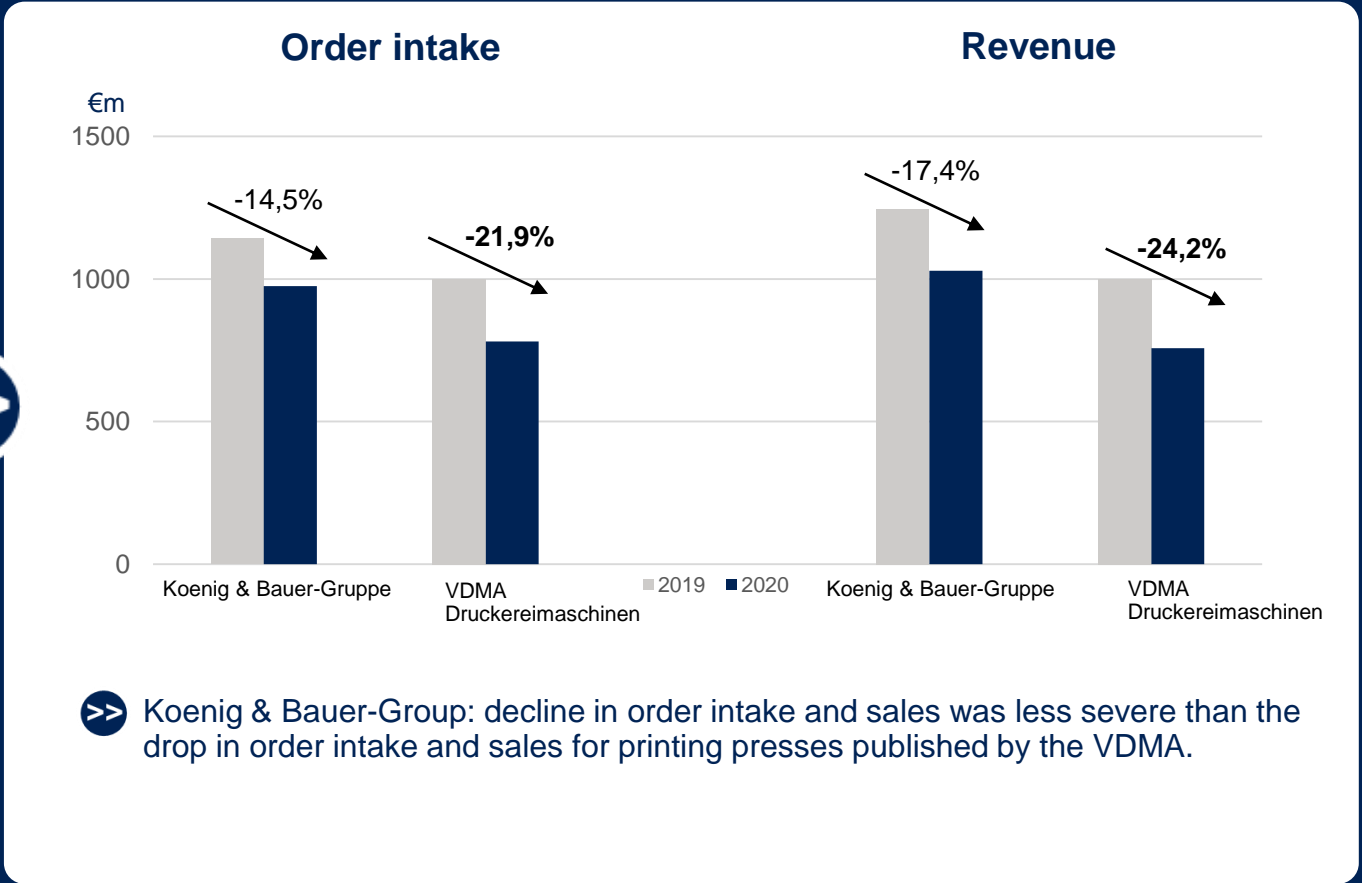
First measures successfully launched in Q4.

- The already adopted efficiency programme P24 was expanded in Q3 2020 also due to the covid-pandemic, hence P24x. One-off costs of €58m expensed in Q3 2020 through creation of a provision.
- Annual cost savings increasing to over €100m by 2024:
  - ~60% of measures will be installed in 2021, with full-year effect in 2022
  - ~30% of measures will be installed in 2022, with full-year effect in 2023
- The efficiency programme aims at savings in purchasing, productivity increases, cost optimisation of administration, sales and service as well as location concepts.
- 700 to 900 jobs affected in the short and medium term; negotiations with employee representatives have started successfully
- **Measures from Q4 2020 already yield >10% of the savings effects:**
  - **Productivity:** Due to already implemented productivity increases and adjustment of capacities as well as lower quality expenses
  - **Purchasing:** Successful supplier dialogues and optimised cash discounts
  - **R&D and service:** Merging of design and service departments of several business units



# 5. Market outlook & forecast.

Sequential improvement in order intake and turnover.



➤➤ Koenig & Bauer-Group: decline in order intake and sales was less severe than the drop in order intake and sales for printing presses published by the VDMA.

Under retrospective application of the revenue accounting guideline.

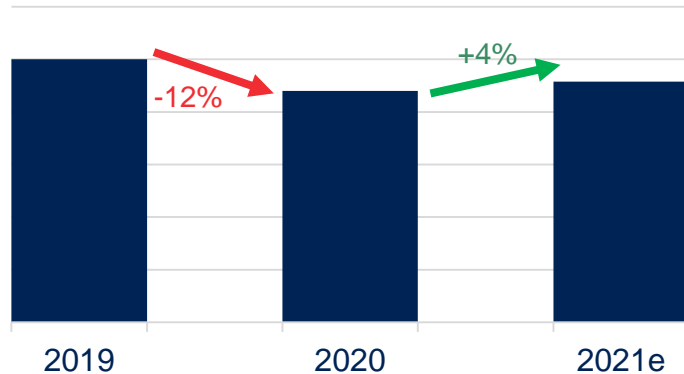
\*The fourth quarter 2020 and full year 2020 results contained in this document are preliminary and have not yet been approved by the Supervisory Board or audited by an external auditor. All preliminary figures have been rounded to the nearest million.

# 5. Market outlook & forecast.

## Forecast for 2021 and medium-term targets.

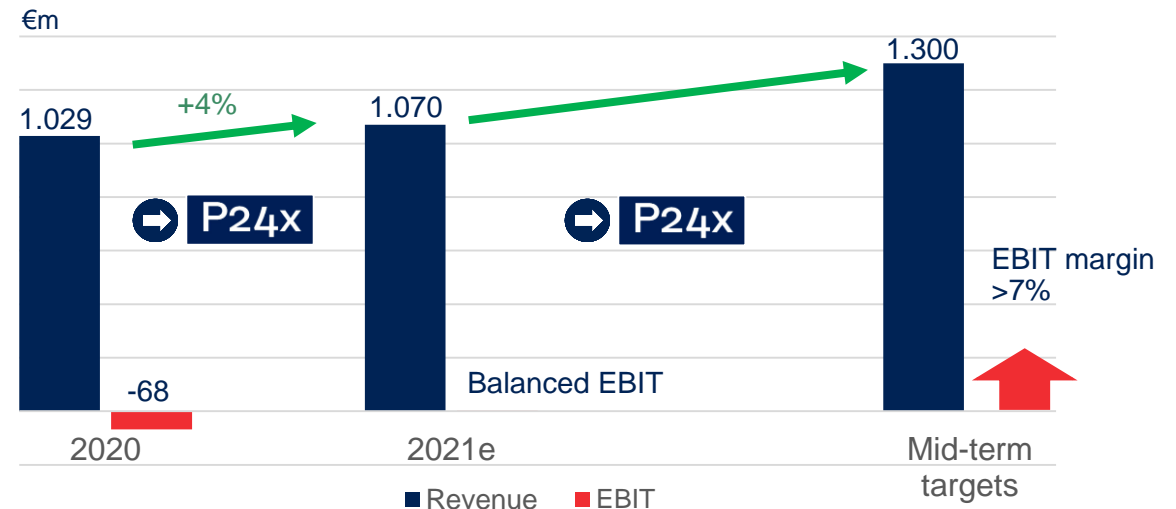
### VDMA guidance

Production in mechanical and plant engineering



- >> 2020 stands for the worst result since the financial crisis, with production down by almost 25%.
- >> Despite a increase of 4%, VDMA does not expect the mechanical engineering sector in Germany to be able to reach its 2019 production level again as early as 2021. The decline of 12% in 2020 was too high for this, and the start of 2021 was again marked by drastic restrictions in some areas of the economy.

### Koenig & Bauer-Gruppe: Guidance



- >> This forecast is under the assumption that there will be a lifting of Covid-19 restrictions due to advances in vaccination, which include Covid-19 viral mutations. The 2020 order intake, which declined less compared to the industry as a whole, is considered a solid starting point for the new financial year under the current Covid-19 framework.
- >> Renewed travel restrictions – also due to the emergence of Covid-19 virus mutations – continue to weigh on the first quarter of 2021.

Under retrospective application of the revenue accounting guideline.

# Koenig & Bauer – Key Investment Highlights.



- Fundamentally intact end markets with different growth opportunities; in particular, the growing market for packaging is proving very stable in the Covid pandemic.
- Covid pandemic to some extent as an accelerator of trends in the growing market for packaging printing: e-commerce, rise of household packaging.
- Financially well positioned: Group equity ratio of more than 25 % and more than € 250m cash and cash equivalents available; Active net working capital management.
- P24x on track with focus on increasing operating profitability through efficiency gains and scaling the group.

# Koenig & Bauer – Financial calendar

24 March 2021



Annual Report 2020

4 May 2021



Interim report on 1st quarter 2021

11 May 2021



Koenig & Bauer Annual General Meeting

29 July 2021



Interim report on 2nd quarter 2021

28 Oct. 2021



Interim report on 3rd quarter 2021



# KOENIG & BAUER

## 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.

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