Press release

# Koenig & Bauer well positioned in the first half of 2022 despite all the external uncertainties

* New orders up roughly 13% to €692.9m in the first half of the year
* Strategic merger of a leading manufacturer in the growth market of corrugated board
* Early renewal of the contracts for Management Board members Müller and Sammeck
* Independence from pipeline gas being stepped up to achieve maximum self-sufficiency
* At €491.8m, revenue almost completely unchanged over the previous year with a sequential improvement by quarter
* Business performance still heavily impacted by the pandemic, supply chain bottlenecks and the related increase in the cost of materials and energy
* Operating earnings improved despite increase in inefficient production costs
* Savings of around €22m achieved under the P24x efficiency programme in the first half of the year
* Full-year forecast for 2022 and medium-term goals reaffirmed

Würzburg, 29 July 2022   
The Koenig & Bauer Group (“Koenig & Bauer”) can look back on a challenging first half of 2022. The current operating environment is one of the most difficult in Europe’s recent history. Almost all manufacturing companies are caught between high customer demands on the one hand and a long list of adverse factors mainly on the supply side on the other. “Despite all the current uncertainties and temporary effects, we are well positioned in multiple respects and are continuing to strategically align our business model along the growing market for packaging”, says Dr Andreas Pleßke, Chief Executive Officer of Koenig & Bauer, adding that “our end markets, which primarily address the food, beverage, pharmaceutical, and cosmetics sectors, are healthy”.

**Order intake boosted by growth in the Sheetfed and Digital & Webfed segments**  
Customers ordered around 13% more in the first half of 2022 than in the already good period of the previous year. This performance was particularly underpinned by the increase of around 22% in orders in the Sheetfed segment and of around 46% in the Digital & Webfed segment. At €692.9m, order intake was once again above the industry-wide average for printing presses in the first five months, rising by just under 5%. At around €1bn, Koenig & Bauer’s order backlog as of 30 June is one of the highest in the company’s recent history. The customers’ investment decisions are thus showing that Koenig & Bauer has done a good job in recent years and that the decision to focus on products and solutions on the structurally growing market for packaging is paying off.   
  
Koenig & Bauer is systematically pursuing this path and has now joined forces with Celmacch Group S.r.l., a leading manufacturer of high board line flexographic printing presses and rotary die cutters for the corrugated board industry. Koenig & Bauer already addresses the corrugated cardboard market, which accounts for the greatest proportion of the total market for packaging in terms of value, with CorruCUT and CorruFLEX. Looking forward, Celmacch will trade under the name Koenig & Bauer Celmacch and the joint product family will cover all price and performance classes in this market segment under the name “Chroma”. Christoph Müller, the member of the Management Board responsible for the Digital & Webfed segment, comments: “The success of this merger is based on complementary skills to actively leverage opportunities for growth in the corrugated cardboard market.”

**Early renewal by the Supervisory Board of contracts to ensure continuity on the Management Board**   
In this context, Christoph Müller’s contract has been renewed ahead of schedule, meaning that he will remain on the Management Board until 30 June 2026, after being initially appointed in 2006. He is responsible for new developments in corrugated board and digital printing as well as strategic partnerships, such as with hp. This renewal will ensure the smooth integration of Celmacch within Koenig & Bauer’s global sales and service network. Ralf Sammeck has been a member of the Management Board since 2007. He is responsible for the digital transformation within the Group and, with his experience, will ensure that the Sheetfed segment continues to expand its successful position in the growing packaging market and to drive forward digitisation even after drupa 2024. His contract has been renewed by a further year until 30 June 2025.

**Independence from pipeline gas being stepped up to achieve maximum self-sufficiency**  
Continuity and independence – these are two characteristics that are paying off twice in the current situation given the list of adverse factors: geopolitical uncertainties, an impending gas supply freeze and the disruption to global supply chains. Over the last few months, Koenig & Bauer has been working on reducing its reliance on pipeline gas ahead of an imminent gas shortage. This means that the process gas previously required for production can be completely substituted from the end of July 2022. In addition, supplies of fuel for heating energy will be modified at the main production sites by the beginning of September. Unforeseen fluctuations in the power grid cannot be ruled out as a consequence of limited gas supplies. Koenig & Bauer is also prepared for this scenario and, with the measures taken, sees its own production in all European plants as very largely secured, even in the event of a possible Russian gas supply freeze.

**Operating earnings improved despite increase in inefficient production costs resulting from disruptions to global supply chains**  
At €491.8m at the end of the first six months, Group revenue was virtually unchanged over the previous year and well above the industry average, which revealed a decline of around 13% after the first five months. In terms of the individual quarters, revenue in the second quarter was higher than in the same quarter of the previous year as well as the first quarter of 2022. With respect to earnings, the higher cost of materials and energy was almost completely offset by the price increases that had been announced. However, the proportion of inefficient production costs widened in the second quarter due to worldwide disruptions to supply chains. They are also necessitating additional or retro work on systems and presses and exerting strain on productivity at the plants and on site at the customers. The central purchasing system introduced under the P24x efficiency programme is also paying off given the disrupted global supply chains. Generally speaking, successful progress was made with the P24x programme in the first half of the year, resulting in savings of around €22m. At €-13.8m, Group earnings before interest and taxes (EBIT) were still in negative territory. The previous year's figure of €6.4m had been boosted by an amount of €21.3m resulting from the more efficient implementation of the P24x personnel measures and stood at €-14.9m in operating terms. Accordingly, operating EBIT improved by €1.1m, corresponding to an operating EBIT margin of -2.8%, compared with -3.0% in the previous year. After income taxes, the Group posted a net loss of €-15.8m as of 30 June 2022 (previous year: net profit of €1.1m). This translates into earnings per share of €-0.98 (previous year: €0.05). Given the Group equity ratio of 29.1% (end of 2021: 28.7%), Koenig & Bauer is financially well positioned thanks to this equity base and the freely available cash and cash equivalents of more than €250m.

**Full-year forecast for 2022 and medium-term goals reaffirmed**  
The second half of the year continues to be marked by great uncertainties. The global disruptions to supply chains are just as unpredictable as the geopolitical situation and high inflation in Europe and the United States and could place a damper on the global economy in the second half of the year. This is exacerbated by the currently unknown course of the pandemic in the winter months. The planned delivery of our presses and systems for the second half of 2022 poses a major challenge and must be reassessed if the global supply chain situation continues to deteriorate. Accordingly, it is still not possible to provide a reliable full-year forecast for 2022 as of the date on which the report on the first half of the year was completed; Koenig & Bauer continues to anticipate a slight year-on-year increase in Group operating revenue and the operating EBIT margin in 2022 and confirms its medium-term targets.  
  
Dr Stephen Kimmich, CFO of Koenig & Bauer: “Despite all the external uncertainties, we feel well positioned to achieve our goals for 2022 as a basis for reaching our medium-term goals.”

The summarised figures for the first half of the year and Q2 2022 can be found [here](https://investors.koenig-bauer.com/en/index/).

#### Photo:

With “un:boxing”, Koenig & Bauer is highlighting a phenomenon of our time that shows like no other the interwovenness of the digital and analogue world: a product ordered online is unpacked while the camera is running – the video is uploaded, consumed, shared and liked.

#### Press contact:

Koenig & Bauer AG  
Lena Landenberger  
T +49 931 909-4085  
M [lena.landenberger@koenig-bauer.com](mailto:lena.landenberger@koenig-bauer.com)

#### About Koenig & Bauer

#### Based in Würzburg (Germany), Koenig & Bauer AG is a global printing press manufacturer. The company produces presses and software solutions for the entire printing and finishing process, primarily in the area of packaging. Koenig & Bauer systems can print almost all substrates, including banknotes, cardboard, corrugated cardboard, foil, tin and glass packaging, books, displays, labelling, decors, magazines, advertising and newsprint. With a history spanning more than 200 years, Koenig & Bauer is the world’s oldest printing press manufacturer and today masters almost all printing processes. Around 5,400 people work across the Group. Koenig & Bauer produces at ten locations in Europe and maintains a worldwide sales and service network. It reported revenue of €1.116bn in 2021.

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