Press release

# Koenig & Bauer continues previous year’s growth path in the financial year 2023 and expects stable business in 2024

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**Würzburg, 27 March 2024 –** Koenig & Bauer AG (“Koenig & Bauer”, WKN: 719350 / ISIN: DE0007193500), a leading global technology provider of special printing applications with a particular focus on the packaging sector, remained on the previous year’s growth path in the financial year 2023.

“We continued on our path of steadily improving operating earnings in a persistently challenging market environment. Nevertheless, we are aware that Koenig & Bauer needs to be more profitable,” says Dr Andreas Pleßke, CEO of Koenig & Bauer, summing up the company’s business performance last year. Adds Dr Stephen Kimmich, Chief Financial Officer and Deputy Chief Executive Officer: “It is time to profitably leverage the results of the product and market initiatives of recent years, and this is what we are focusing on with “Spotlight”.

In addition to his existing duties as Chief Financial Officer and Deputy Chief Executive Officer, Dr Kimmich will also be assuming responsibility for the Special segment from 1 April 2024 following the reallocation of duties.

### Revenue and EBIT margin above the previous year

In 2023, Group revenue increased by 11.9% to €1,326.8m, reaching the upper end of the guidance of around €1.3bn. As in the previous year, almost 30% of revenue was generated by service business. The three segments contributed to the favourable business performance as follows: While Sheetfed revenue rose by 16.0%, Digital & Webfed posted an increase of 23.2%. In Special, revenue was down on the previous year by 0.8%. Overall, revenue was thus far above the industry average for printing presses, which declined by 1.0% in 2023 according to industry association VDMA. The final quarter again saw high revenue of €435.7m (previous year: €380.0m), allowing the company to remain on the growth trajectory that it had adopted in the first half of 2023, despite a more muted third quarter.

Notwithstanding the ongoing challenging global economic environment, which is additionally being exacerbated by a number of factors such as higher energy, material and personnel costs, Group earnings before interest and taxes (EBIT) reached €29.9m (previous year: €22.0m), translating into an EBIT margin of 2.3% (previous year: 1.9%). This places EBIT close to the middle of the forecast range of €25m to €35m, which had been adjusted on 8 November 2023. The segments contributed the following EBIT in the year under review: Sheetfed €29.8m, Digital & Webfed €–23.9m and Special €23.0m. The fourth quarter of 2023 showed its usual strength again with EBIT of €32.0m, which again marks a significant improvement compared to the same period in the previous year (€25.0m).

The improvement of €7.9m in operating earnings over the previous year despite the start-up and trailing costs in the Digital & Webfed segment and other effects is mainly attributable to the positive overall volume and mix effects as well as the ability to pass on the inflation-related higher material, energy and personnel costs through the announced price increases.

Net interest expense of €–16.9m was higher than in the previous year (previous year: €–8.8m), mainly due to the higher interest rates charged by banks, resulting in earnings before taxes of €13.0m (previous year: €13.2m). After income taxes of €10.2m (previous year: €2.1m), the Group posted net profit of €2.8m in 2023 (previous year: €11.1m). This translates into earnings per share of €0.16 (previous year: €0.63).

### Order intake slightly below the previous year’s historical high, but well above the industry average

At €1,287.9m, order intake was, as expected, down 3.1% on the previous year’s historically high figure of €1,329.3m. The following picture emerged in the segments: While Sheetfed order intake was down 25.5% on the extremely high figure recorded in the previous year, Digital & Webfed posted a slight increase of 9.9%. In Special, a significant increase of 37.1% was recorded. Overall, order intake in the Koenig & Bauer Group was thus far above the industry average for printing presses, which declined by 17% in 2023 according to industry association VDMA.

In total, the book-to-bill ratio reached 0.97 (previous year: 1.12), with the ratio of order intake to revenue in the fourth quarter of 2023 standing at 1.05, thus exceeding the previous year’s figure of 0.80. As planned, the order backlog contracted from €950.4m to €911.5m at the end of the year as a result of delivery completions and continues to serve as a solid basis for 2024.

**Segments: Strong order intake for Banknote Solutions in the Special segment**

Order intake in the **Special segment** increased by 37.1% to €538.8m at the end of the year (previous year: €392.9m). In the fourth quarter alone, order intake amounted to €268.1m, underpinned by an order in the Banknote Solutions business unit received from the United States Bureau of Engraving and Printing in Washington, D.C. At €413.7m as of 31 December 2023, revenue was slightly down on the previous year’s figure of €417.1m. However, EBIT came to €23.0m, thus almost reaching the previous year’s figure of €23.2m.

At €606.2m, order intake in the **Sheetfed segment** was below the extremely high figure of €813.5m recorded in the previous year following a sequential improvement in the fourth quarter. However, the previous year had been characterised by post-pandemic catch-up effects as well as greater stockpiling by customers and brand owners as a result of supply chain and material bottlenecks. After a strong final quarter, revenue increased by 16.0% to €779.8m (previous year: €672.2m). This performance is also reflected in EBIT, which climbed by 56.8% to €29.8m (previous year: €19.0m), thus further widening its positive contribution to earnings.

At €179.8m, the **Digital & Webfed** **segment** recorded a 9.9% increase in order intake (previous year: €163.6m). Revenue also climbed by 23.2% year-on-year to €172.3m (previous year: €139.8m), not least of all due to a successful final quarter. EBIT was impacted by start-up and trailing costs in the second and third quarters in particular in connection with the introduction of the new flexo, corrugated board and digital printing products, particularly in the second and third quarters, and amounted to €-23.9m after twelve months (previous year: €-19.3m).

### Focus on growth drivers and innovation through “spotlight”

With the “2023 Growth Offensive” adopted in 2018, which aimed to proactively exploit the market opportunities arising in digital printing, corrugated board, cardboard packaging and flexible packaging printing in particular, as well as in the postpress sector in the interests of sustainable profitable growth, Koenig & Bauer has significantly driven forward its transformation from a printing press manufacturer to a technology company. The company is thus headed in the right direction. However, external and internal factors are resulting in heightened complexity and rising costs. For this reason, the Management Board launched at the end of 2023 the “Spotlight” focus programme, which aims to prioritise initiatives and business models that boost earnings and financial strength, deprioritise initiatives that do not directly impact earnings and optimise the Group and segment organisation as well as the indirect cost structure to make processes even leaner and more customer-friendly. Under the leadership of CEO Dr Andreas Pleßke, the measures will for the most part be identified, implemented and finalised in 2024 for the most part, although the full-year effect will not be felt until 2025.

### Outlook for 2024: Operative EBIT margin and revenue stable at the previous year’s level

Koenig & Bauer continues to face a challenging macroeconomic environment in 2024. Even so, the Management Board expects the EBIT margin and revenue to remain stable at the previous year’s level in 2024. Accordingly, it projects operating earnings of between €25m and €40m and revenue of around €1.3bn. However, Group EBIT for 2024 will be burdened by up to €10m as a result of spending on drupa, the world’s largest trade fair for the printing and graphics industry, which will be taking place in Düsseldorf from the end of May until the beginning of June, resulting in Group EBIT of between €15m and €30m after this one-off effect.

The Special and Digital & Webfed segments should make a disproportionately large contribution to both EBIT and revenue. By contrast, the Sheetfed segment is expected to account for a disproportionately small proportion of earnings and revenue in the first half of 2024. The decline in incoming orders in the third quarter of 2023 will lead to a headwind for sales and EBIT in the first half of 2024. Our guidance for the full year 2024 is based on a recovery in incoming orders, which we have seen since the fourth quarter of 2023.

Given the persistently muted economic situation, the company projects an EBIT margin of 6 - 7% in 2026 at the latest, accompanied by Group revenue of €1.5bn. In the medium term, it is looking for revenue of around €1.8bn and an EBIT margin of 8 - 9%.

### High exhibitor and visitor participation as well as investment impulses expected at the world’s leading trade fair drupa after an eight-year break

Much has changed since drupa was last able to welcome guests from all over the world eight years ago. But one thing seems to have remained the same: the high participation of exhibitors from all over the world, something that will also attract international visitors and stimulate investment. Printing today and in the future is sustainable, digital and modular – in the interests of greater agility, profitability and efficiency – thus offering greater possibilities. At the drupa stand, Koenig & Bauer will be presenting an end-to-end packaging workflow – in the form of daily live shows. You will be able to experience the latest innovations in digitization and modularization up close, when, for example, real-time press data is made available through the cloud or AI additionally enhances the productivity of our presses based on sensor, press and order data.

At the packaging touchpoint, we will be showing you how packaging is conquering the metaverse, while at the sustainability touchpoint we will be displaying an energy management system for reducing and optimizing energy requirements in ongoing production.

Koenig & Bauer has the right solutions. Our printing technologies, including offset, digital, flexographic and special printing, cover almost all substrates. This creates greater opportunities for offering customers the best solutions available.

As Dr Andreas Pleßke explains, “As the chairman of the drupa committee, I am expecting a spectacular trade fair with countless highlights. In my role as CEO of Koenig & Bauer, I look forward to presenting our latest products and digitalisation and sustainability innovations to visitors.” Adds Dr Stephen Kimmich: “drupa will also provide impressive proof of Koenig & Bauer’s future viability for our investors.”

### Future dividend policy with a payout ratio of 15 to 35% resolved

In view of the earnings performance in 2023 and the persistently challenging global economic market environment, the Management Board and the Supervisory Board will be proposing at the Annual General Meeting that the net profit generated by the holding company Koenig & Bauer AG be retained and that a dividend be omitted for the 2023 financial year. However, as Koenig & Bauer attaches great importance to ensuring an appropriate participation of its shareholders in the company’s success, a future dividend policy has been adopted which, subject to profitable business performance during the year, aims to distribute a dividend of 15 - 35% of consolidated earnings, with a minimum dividend of €0.30 per share.

The 2023 Annual Report is available [here] as a PDF file.

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**About Koenig & Bauer**

Based in Würzburg (Germany), Koenig & Bauer is a global printing press manufacturer. It 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 5,500 people work across the Group. Koenig & Bauer produces at eleven locations in Europe and maintains a worldwide sales and service network. It reported full-year revenue of roughly €1.3bn in 2023.

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