Press release

# Koenig & Bauer reporting its figures for the first quarter of 2024 and announcing further details of the “Spotlight” focus programme

* **As expected, Group revenue of €253.2m and EBIT of €-10.2m lower than in the previous year in a challenging market environment**

### Sheetfed with an encouraging sequential improvement in order intake, Digital & Webfed with a slight increase in revenue, Special set to benefit from a very high order backlog as the year continues

### “Spotlight” focus programme particularly aims at enhancing earnings and efficiency in the Digital & Webfed and Special segments and requires governance adjustments

### Further “Spotlight” measures are planned for Group-wide projects and at the Holding

### Outlook for 2024 confirmed: operating EBIT margin and revenue stable at the previous year’s level; “Spotlight” will also help the Group achieve its EBIT margin target of 6–7% by 2026 on Group revenue of €1.5bn

Würzburg, 7 May 2024
As expected, 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, entered 2024 on a cautious note in an extremely challenging market environment. With the release of further details of the previously announced “Spotlight” focus programme, Koenig & Bauer is following a clear plan to lead the company out of the current market phase stronger and is also aiming to secure the company's targets of achieving an EBIT margin of 6 – 7% on Group revenue of €1.5bn by 2026.
“Against the backdrop of the many geo-economic uncertainties, we find ourselves in a challenging environment. Under the “Spotlight” focus programme, Koenig & Bauer is working on measures to enhance revenue in profitable areas and on efforts to restructure areas that are currently not profitable,” said CEO Dr Andreas Pleßke, adding that “a lot also depends on the impetus generated during and after the world’s leading trade fair drupa, which is taking place again for the first time after an eight-year hiatus. We are agile, fast and flexible in adapting to changing conditions. We have proven this in the past, and this extraordinary ability has been firmly entrenched in our company’s DNA for more than 200 years.”

### Group revenue and EBIT in the first quarter of 2024 down below previous year as expected

Group revenue came to €253.2m in the first quarter of 2024, thus falling 9.9% short of the same period in the previous year. This was particularly due to reduced order intake in the Sheetfed segment in the third quarter of 2023 as well as a lower percentage of completion (POC) achieved in production in the Banknote Solutions business unit compared to the previous year. As a result, revenue was down on the previous year’s figures in the Sheetfed and Special segments but was slightly higher in the Digital & Webfed segment compared with the same period of the previous year.

Gross profit fell by 13.0% to €66.9m in the period under review, resulting in a gross margin of 26.4% (previous year: 27.4%). Earnings before interest and taxes (EBIT) fell by €7.0m to €-10.2m (previous year: €-3.2m), yielding an EBIT margin of -4.0% (previous year: -1.1%). This was particularly due to the aforementioned decline in order intake in the third quarter of 2023, which also led to negative volume and mix effects (around €10.5m). Both margin effects (around €2.0m) and functional cost effects (around €2.0m) improved.

After net interest expense of €-6.6m, earnings before taxes (EBT) came to €-16.8m. After income taxes of €0.2m, the Group thus posted a net loss of €-16.6m in the first quarter of 2024. This translates into proportionate earnings per share of €-1.01 (previous year: €-0.34).

At €242.9m as of 31 March 2024, order intake was 19.4% below the previous year’s figure, in line with expectations. As forecast, the Sheetfed segment in particular saw a further sequential improvement following the muted order intake in the third quarter of 2023. Order intake in the Digital & Webfed segment reflected the current temporary weakness in the market for corrugated board. Following the orders received in the Banknote Solutions business unit in the fourth quarter of 2023 from the United States Bureau of Engraving and Printing, order intake in the Special segment was significantly lower. Together with the high order backlog in the Sheetfed segment, these orders resulted in an overall strong Group order backlog of €901.2m at the end of the period. This will provide a solid basis for future performance as 2024 continues. The overall book-to-bill ratio stood at 0.96 in the first quarter of 2024, just below the previous year’s figure of 1.07.

**Sheetfed with an encouraging sequential improvement in order intake, Digital & Webfed with a slight increase in revenue, Special set to benefit from a very high order backlog as the year continues**After a weak third quarter in 2023 (€112.3m) and an increase in the fourth quarter of 2023 to €151.8m, the **Sheetfed segment** was again able to improve its order intake sequentially, reaching €171.7m in the first quarter of 2024 and thus almost matching the figure reported in the first quarter of the previous year (previous year: €175.1m). Reflecting the muted order situation in the third quarter of 2023, revenue came to €141.2m (previous year: €157.3m), resulting in EBIT of €-0.3m (previous year: €-0.7m).
Following a strong fourth quarter, order intake in the **Special segment** fell short of the previous year by 41.8%, coming to €54.1m. These heavy fluctuations in order intake are due to government and big-ticket printing press business. Revenue fell by 17.0% year-on-year to €80.6m, primarily due to the lower percentage of completion (POC) achieved in production for customer orders in the Banknote Solutions business unit compared with the previous year. Consequently, EBIT amounted to €-5.6m (previous year: €0.9m). As the year continues, the segment will benefit from the high order backlog of €352.0m (previous year: €249.3m), which should underpin the planned increase in earnings.
The order intake of €24.5m (previous year: €41.1m) in the **Digital & Webfed** segment reflects the current temporary weakness in the market for corrugated board, which is also being affected by merger talks between the world’s largest packaging companies. At the beginning of April, the European Competition Authority cleared the merger between the Irish Smurfit Kappa Group and WestRock Company, United States. Even so, at €38.0m (previous year: €35.5m), revenue was slightly higher than in the previous year. EBIT amounted to €-6.4m after the first three months (previous year: €-3.1m).

Commenting on this, Dr Stephen Kimmich, Chief Financial Officer of Koenig & Bauer AG, Deputy Chief Executive Officer and responsible for the Special segment on the Management Board, said: “Our performance in the first quarter of 2024 shows that we need to achieve more. With “Spotlight”,
we are therefore developing comprehensive measures to drive forward the most important initiatives, projects and technologies that boost earnings and financial strength. This focus will hone our profile both internally and externally and also unleash the revenue and earnings potential that we require as we move forward.”

**Koenig & Bauer announcing further details of its “Spotlight” focus programme**
Announced in February 2024, the “Spotlight” programme seeks 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. Accordingly, the Group-wide project portfolio is to be scaled back to focus on critical modernisation, digitisation, quality-cost and growth projects and initiatives. There is a particular need for action in the Digital & Webfed and Special segments to harness the strong potential for improving earnings that they offer. To this end, Koenig & Bauer is working on the “D&W 2.0” optimisation and earnings-enhancement project as well as the “BNSx” excellence project under “Spotlight”.

### With “D&W 2.0”, Koenig & Bauer addressing the ongoing loss situation in the Digital & Webfed segment

With the “**D&W 2.0”** optimisation and earnings-enhancement project, the company is addressing the ongoing loss situation in the Digital & Webfed segment by reviewing organizational, structural, and operational measures to safeguard earnings opportunities in the growth markets for flexible packaging, digital printing, and corrugated board. The main focus is on eliminating trailing and start-up costs for new product launches in the digital and corrugated board sector as well as on streamlining and reconfiguring value-adding and non-value-adding structures and processes in the segment. Systematic implementation of “D&W 2.0” is being driven forward directly at the Management Board level and requires governance adjustments at the segment level. The CEO, Dr Andreas Pleßke, will be overseeing the “D&W 2.0” optimisation and earnings-enhancement project. As the Management Board member responsible for Digital & Webfed, Christoph Müller, will concentrate to a greater extent on sales, service and strategic partnerships.

### “BNSx” excellence project in the Special segment

In his additional role as the Management Board member responsible for the Special segment, which he assumed on 1 April 2024, Dr Stephen Kimmich, Chief Financial Officer and Deputy Chief Executive Officer, will lead the “BNSx” efficiency and earnings-enhancement project as a further key component of the “Spotlight” project. The focus is on implementing packages of measures to increase profitability and earnings in order to return the Special segment to its original above-average performance in the long term. Following the completion of major R&D projects, the **“BNSx”** project with the Koenig & Bauer Group's clear commitment to the banknote market aims to optimise the operational value-creation structures at the site in Mödling (Austria) and the overall responsibility of the business unit in Lausanne (Switzerland), as well as various support and specialist functions in Würzburg. In addition, further measures are to be adopted to accelerate the successful market launch of the technologies developed in the Special segment over the past five years and to scale these accordingly.

### Further “Spotlight” measures are planned for Group-wide projects and at the Holding

By re-prioritizing **Group-wide projects and initiatives**, the Group expects to generate savings in external services, for example. Internal resources that become available are being allocated to projects and initiatives that are critical to operations and have an impact on earnings. At the **Holding**, there are plans toaddress the inflation-induced increases in personnel and material costs by adopting a package of efficiency measures and to generally optimise central administrative structures.

**Sheetfed segment: focus on successful go-to-market strategy for products in the packaging workflow at the world’s leading trade fair drupa**
At the world’s largest industry trade fair drupa (28 May – 7 June 2024, in Düsseldorf), the Sheetfed segment will be showcasing a wide range of technical innovations for the end-to-end packaging workflow – from prepress to printing and from punching to folding-box bonding. All the presses presented at drupa – a Rapida 106 X, the VariJET 106 digital folding-box printing press, a CutPRO X 106 rotary die-cutter, a CutPRO Q 106 SB flat-bed die-cutter and an Omega Alius 90 folding-box gluer – come equipped with the latest features. These boost performance by at least 20% compared to earlier generations, thus setting the benchmarks in folding-box production once again. Presented to the general public here for the first time, digital innovations in the packaging workflow will also play a central role. With the sequential recovery in order intake in the Sheetfed segment since the third quarter of 2023 and the roll-out of these new features, Koenig & Bauer expects a significant improvement in earnings in the second half of 2024 as well as in 2025.

**“Spotlight” focus programme also aimed at underpinning the Group’s targets**
With the release of further details of the previously announced “Spotlight” focus programme, Koenig & Bauer is following a clear plan to lead the company out of the current market phase in a stronger position, despite rising costs as a result of delayed inflation-related increases in personnel and material costs. Koenig & Bauer expects to see significant impetus in the market and in customer investments during and after drupa in June 2024 after an eight-year hiatus. The “Spotlight” focus programme is to be scaled accordingly on the basis of real post-drupa effects. The members of the Management Board responsible for the individual segments will be finalising the specific details for implementing the projects and measures described above. With “Spotlight”, Koenig & Bauer is also aiming to secure the company’s targets of achieving an EBIT margin of 6 – 7% on Group revenue of €1.5bn by 2026.

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

Even though the market environment remains challenging for Koenig & Bauer in 2024, 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 the improvement in 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 order intake in the third quarter of 2023 will exert pressure on revenue and EBIT in the first half of 2024. Our full-year guidance for 2024 assumes that order intake will continue the recovery emerging in 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%.

[Figures at a glance](https://www.koenig-bauer.com/fileadmin/user_upload/04_Unternehmen/Investor_Relations/Berichte/Berichte_2023/Figures_at_a_glance_Q1_2023.pdf)

The statement on the first quarter of 2024 is available as a PDF file [here].

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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 5,700 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)