Press release

# Koenig & Bauer achieves revenue of more than €1bn in 2020 – slight organic revenue growth and balanced EBIT expected in 2021

Würzburg, 25.02.2021  
Koenig & Bauer AG, Würzburg (“Koenig & Bauer”, WKN: 719 350 / ISIN: DE0007193500) announces that on the basis of its preliminary and as yet unaudited figures it achieved group revenue of €1,029m and preliminary consolidated earnings before interest and taxes (EBIT) of -€68m in the 2020 financial year. Adjusted for special items, preliminary consolidated EBIT stands at -€19m.

This means that Group revenue is significantly above the forecast issued for the 2020 financial year, which had indicated a figure of between €900 and 950m. Adjusted EBIT was also better than the forecast negative EBIT before special items of a figure in the mid-double-digit millions.

The reason for the higher revenue and the corresponding effect on EBIT is the adjustment to the group’s internal revenue recognition policy. In the course of preparing the consolidated financial statements, the company decided, after consultation with its new auditors, to retrospectively apply the group’s revised revenue recognition policy, which had previously been announced on 28 September 2020. The change also applies retroactively to the previous year’s figures, with the result that revenue from earlier periods, including the corresponding EBIT effects, are shifted into the future.

Under the revised revenue recognition policy, revenue from new printing presses is predominantly not recognised until the presses are placed in operation. “We expect to reduce volatility in revenue recognition of our new printing press business with the new accounting policy. This should also permit more balanced budgeting in the future. The retrospective adjustment gives us improved transparency and comparability with previous years,” says Dr Stephen Kimmich, CFO at Koenig & Bauer AG.

As a result of the adjustments, Group revenue increased by around €51m net and consolidated EBIT by around €8m in 2020. The table below shows the impact of the change in the revenue recognition policy on selected Group key figures:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| € m | 2019 old | 2019 new | 2020 old | 2020 new |
| Revenue | 1,219 | 1,246 | 978 | 1,029 |
| EBIT | %& | 70 | -76 | -68 |

In addition to the aforementioned positive effect from the changes to revenue recognition (+€8m), reported consolidated EBIT for the 2020 financial year includes other non-recurring effects that have already been communicated: exceptional expenses in connection with the “P24x” efficiency programme (-€58m) and exceptional income from the successful outcome of a legal dispute (€4m) and from the sale of real estate in Frankenthal (€5m).

### Slight organic revenue growth and balanced EBIT expected for 2021

On the basis of its preliminary figures, Koenig & Bauer registered a full-year order intake of around €975m in the 2020 financial year, 14.5% lower than in 2019 (€1,141m). The decline was thus less pronounced than the 21.9% drop in order intake for printing presses published by industry association VDMA. Order intake in the fourth quarter came to €262m, continuing the recovery that had emerged in the second half of 2020.

Despite the still limited forward visibility with respect to the Covid-19 pandemic on the Koenig & Bauer Group’s business environment and the travel restrictions currently in place due to the pandemic, the company anticipates slight growth in business in 2021. This projection is based on the assumption that progress made in vaccinations that also provide protection from the covid-19 virus mutations will lead to a lifting of Covid-19 restrictions. The lower decline in order intake in 2020 compared to the industry as a whole is seen as a solid starting point for the new financial year under the prevailing Covid-19 conditions.

Against this backdrop, Koenig & Bauer projects slight organic revenue growth of around 4% to €1,070m in 2021. On the earnings side, it expects to break even at the EBIT level in 2021 following the successful launch of the P24x efficiency programme and the planned savings effects. That said, the reimposed travel restrictions – not least of all due to the emergence of mutations of the Covid-19 virus – will continue to exert pressure in the first quarter of 2021.

As forecast, the implementation of the P24x programme will leave traces on free cash flow in 2021, resulting in a negative free cash flow in the mid double-digit millions.

Koenig & Bauer confirms its medium-term targets of revenue of €1.3bn, an EBIT margin of at least 7% and a reduction in net working capital to a maximum of 25% of annual revenue, which is to be achieved after the completion of the P24x efficiency programme.

### P24x efficiency programme successfully launched

Announced at the end of September 2020, the “P24” efficiency programme aims to achieve increasing annual cost savings in the order of more than €100m by 2024 – while continuing and accelerating all innovation processes as well as new process and product developments. In the fourth quarter of 2020, preliminary activities to implement the efficiency programme were successfully launched and particularly focused on purchasing and process consolidation across individual business units.

The current focus is on the staff layoffs defined under P24x. In the short and medium term this will affect 700 to 900 jobs in the Koenig & Bauer Group. In this connection, the company is in negotiations with employee representatives on the specific and, as far as possible, socially acceptable form that the layoffs are to take.

After implementing the measures planned for 2021, Koenig & Bauer anticipates that a good 60% of the total cost savings will take effect in 2022. Following the completion of the measures planned for 2022 under the efficiency programme, some 90% of the total targeted cost savings should be noticeable in 2023.

“P24x is our road back to the planned group growth in the medium term. We are focusing on packaging and a portfolio strategy in attractive markets, on strong research and development, on synergistic effects in production and on the further development of our service business to improve our customers’ total cost of ownership,” says Dr Andreas Pleßke, spokesman for Koenig & Bauer’s Management Board.

Koenig & Bauer will be publishing its audited financial statements and annual report for 2020 on 24 March 2021.

#### Contact person for the press

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

#### About Koenig & Bauer

Koenig & Bauer is the oldest printing press manufacturer in the world with the broadest product range in the industry. For more than 200 years, the company has been supporting printers with innovative technology, tailor-made processes and a wide array of services. The portfolio ranges from banknotes, via board, film, metal and glass packaging, through to book, display, coding, decor, magazine, advertising and newspaper printing. Sheetfed and webfed offset and flexo printing, waterless offset, intaglio, simultaneous perfecting and screen printing or digital inkjet – Koenig & Bauer is at home in virtually all printing processes and is the market leader in many of them. In the financial year 2019, the approximately 5,800 highly qualified employees worldwide generated annual sales of more than EUR 1.2 billion.

Further information can be found at [www.koenig-bauer.com](http://www.koenig-bauer.com)