

Presseinformation / Press Release

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Koenig & Bauer reports on the 1st quarter of 2017

Good start to 2017 with strong new business

- **21% higher order intake**
- **Revenue at the previous year's level**
- **Rise in order backlog to €620m**
- **Increase in EBIT from €2.1m to €5m**
- **Innovative new products for metal decorating presented**
- **Guidance for 2017: revenue of up to €1.25bn and an EBIT margin of around 6%**

Würzburg. The Koenig & Bauer group commenced on a high note in 2017, the year in which it celebrates its 200th anniversary, with a 20.7% increase in order intake to €321.5m. At €259.1m, group revenue remained at the previous year's level, while order backlog widened by 6.4% to €619.9m. EBIT came to €5m, substantially exceeding the previous year's figure of €2.1m. The group net profit of €4.7m (2016: €1.6m) is equivalent to earnings per share of €0.30 (2016: €0.11).

“The clear focus on the growth markets of packaging, industrial and digital printing as well as the group-wide service initiative launched at the beginning of 2016 are increasingly paying off. We were able to widen the share of service business in group revenue from 24% in the previous year to 26% in the first quarter of 2017,” explained CFO Dr Mathias Dähn. “We also made good headway in the packaging markets. Our youngest subsidiary KBA-Iberica Die Cutters, which specialises in flatbed die-cutters, posted growth in order intake, revenue and EBIT,” said CEO Claus Bolza-Schünemann. “At the beginning of May, we presented two product innovations in our packaging printing busi-

ness with a high-performance printing solution for two-part beverage cans, a market which had previously not been addressed, and the world's first digital printing press for migration-free metal decorating.”

Double-digit percentage growth in order intake in all three segments

In the Sheetfed segment, more service business and a substantial increase in orders for medium-format presses caused order intake to rise by 12% to €152m. At €150m, revenue fell 3% short of the previous year's figure of €154.6m. In spite of better margins, EBIT of €4.6m was slightly below the previous year's figure of €5.7m due to the lower revenue as well as development expenses for new products.

The expanding flexo packaging activities have been assigned to the Digital & Web segment since the beginning of the year. The systems for flexible packaging, which is a market of the future, are also web printing presses. With order intake up 18.5% to €57.7m and revenue declining slightly to €30.4m, the order backlog rose from €95.5m to €103.5m. The optimisation of KBA-Flexotecnica (–€1.8m), high R&D expenses and the revenue shortfall left traces on the segment earnings of –€2.3m (2016: –€2.6m).

More orders in security printing and glass decorating caused new business in the Special segment to rise by 25.3% to €125.7m. Ahead of the METPACK trade exhibition at the beginning of May, metal decorating orders fell short of the good previous year as expected. Revenue rose by 2.6% to €87.8m (2016: €85.6m). Segment profit increased to €4.6m, up from €1m in the first quarter of 2016.

Solid balance sheet and financial profile

Higher inventories for the planned revenue growth over the next few quarters as well as increased receivables resulting from an accumulation of deliveries shortly before the end of the quarter exerted pressure on the cash flow from operating activities of –€14.9m. The free cash flow of –€44.4m was additionally burdened by the first payment instalment of €21.3m for the external funding of part of the pension provisions. With its funds of €159.5m, securities of €21.5m that can be liquidated at short notice as well as the high cash and guarantee facilities, Koenig & Bauer has a stable funding base. The equity

ratio rose slightly relative to the increased balance sheet total to 31.3% (end of 2016: 31.1%).

The group workforce increased by 111 over the previous year to 5,327 employees as of 31 March. In addition to specific recruiting in the expanding service segment and for new applications for the packaging and digital printing markets, 67 employees joined the group with the acquisition of KBA-Iberica Die Cutters.

Guidance for 2017

The management board expects group revenue to grow more dynamically over the further course of the year, leaving a positive effect on earnings. In the absence of any material deterioration in the underlying economic and political conditions impacting international business, group management expects to achieve organic growth to up to €1.25bn in group revenue and an EBIT margin of around 6% in 2017.

The quarterly report is available as a PDF file and can be downloaded at

<https://www.kba.com/en/investor-relations/financial-reports/>

Photo 1:

Driven by bespoke solutions including the networked printing factory (KBA 4.0), the proportion of service business in group revenue widened to 26% in the first quarter of 2017

Photo 2:

The newly developed metal decorating press CS MetalCan is targeted at the previously non-addressed market of two-part beverage cans, which is growing globally at 3% p.a.

Please note:

This press release contains forward-looking statements that are based on careful assumptions and projections made by the management of Koenig & Bauer AG. Although the management believes that these assumptions and estimates are correct, future actual performance and results may differ for numerous reasons beyond the Company's control. Such reasons may, for example, include changes in economic conditions, exchange rates and the situation in the graphic industry. Koenig & Bauer AG does not warrant or represent that future actual performance and results will be identical to the figures and statements presented in this press release.

Presseinformation / Press Release

Koenig & Bauer Group	31.03.2016 in €m	31.03.2017 in €m	Change
Revenue	258.8	259.1	+ 0.1%
Sheetfed	154.6	150.0	- 3.0%
Digital & Web	30.9	30.4	- 1.6%
Special	85.6	87.8	+ 2.6%
Reconciliation	-12.3	-9.1	
Order intake	266.3	321.5	+ 20.7%
Sheetfed	135.7	152.0	+ 12.0%
Digital & Web	48.7	57.7	+ 18.5%
Special	100.3	125.7	+ 25.3%
Reconciliation	-18.4	-13.9	
Order backlog	582.4	619.9	+ 6.4%
Sheetfed	264.0	239.5	- 9.3%
Digital & Web	95.5	103.5	+ 8.4%
Special	257.4	295.9	+ 15.0%
Reconciliation	-34.5	-19.0	
EBIT	2.1	5.0	
Sheetfed	5.7	4.6	
Digital & Web	-2.6	-2.3	
Special	1.0	4.6	
Reconciliation	-2.0	-1.9	
Earnings before taxes (EBT)	0.6	4.3	
Group profit	1.6	4.7	
Earnings per share in €	0.11	0.30	
Employees (31.03) including apprentices/students	5,216 298	5,327 281	