

## Press Release

### First quarter of 2018 in line with expectations

**Koenig & Bauer on track to meet targets for 2018: revenue growth of around 4% and an EBIT margin of around 7%**

- Order intake lower due to the previous year's substantial security press project
- Well filled project pipeline in all business fields
- Revenue and EBIT below prior year due to stronger concentration of deliveries in H2
- Service revenue up
- Increase in order backlog to €648.5m with a book-to-bill ratio of 1.15
- Increase in equity ratio to 37.9%
- Net liquidity including securities of €103.7m

Würzburg, 3 May 2018

After fully achieving and even exceeding its guidance last year thanks to strong revenue and earnings performance in the fourth quarter, the Koenig & Bauer group remains on track to meet its targets for 2018, underpinned by a high order backlog and a well filled project pipeline. In addition to good group-wide capacity utilisation, the progress that has been made in the projects for achieving further EBIT gains by 2021 is providing a solid basis. Service revenue climbed from €67.4m in the previous year to €71.8m in the first quarter of 2018.

At €250.9m, group order intake in the first three months of 2018 was down on the previous year's figure of €321.5m, which had been influenced by a major security project. CEO Claus Bolza-Schünemann: "Alongside our expansionary service business, we made further progress in the flourishing packaging printing. With our customer-centric solutions, we were able to increase order intake in cardboard and film printing, metal decorating, marking and coding printing. As expected, demand for digital printing presses was subdued." Group revenue (€217.3m) and EBIT (–€1.9m) were down on the previous year (€259.1m and €5m, respectively) in Q1. CFO Mathias Dähn: "Due to the delivery dates requested by our customers, press installations in 2018 will be concentrating on the second half of the year and particularly Q4 to an even greater extent than last year."

#### **Order gains in packaging printing**

Order intake in the Sheetfed segment, which is dominated by packaging printing, rose by 5.3%. Ralf Sammeck, the management board member responsible for this segment: "After widening our share of the global market across all format classes in 2017, we expanded our market leadership in large formats in Q1 2018." Sheetfed EBIT was down on the previous year due to the delivery-related decline in revenue. Despite the growth in new business for flexible packaging, Digital & Web order intake fell short of the previous year as fewer orders were received for digital and newspaper web presses. With revenue up slightly, EBIT came under pressure from the low revenue level and R&D expenses as well as expenses on future growth. Despite the significant growth in metal decorating and marking and

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coding, order intake in the Special segment fell short of the previous year, which had included a large order for a security printing press. CEO Claus Bolza-Schünemann: "With a good project pipeline in security printing, the booking of the usually large orders is not spread evenly over the individual quarters." EBIT in the Special segment was also slightly lower than in the previous year due to the delivery-related decline in revenue.

## **Balance sheet strengthened substantially**

Cash flows from operating activities rose substantially over the previous year (–€14.9m) to €20.3m. The free cash flow was burdened by the final payment instalment of €34.8m for the external funding of a part of the pension provisions. CFO Mathias Dähn: "Following the transfer of our reinsurance claims against the insurer to the beneficiary active employees, we netted the financial receivables against the pension provisions. This reduced the balance sheet total by €59.9m, causing the equity ratio to rise to 37.9%."

## **Group targets for 2018: revenue growth of around 4% and an EBIT margin of around 7%**

Looking ahead over the next few quarters, the management board expects a positive order development thanks to the ongoing expansion of the service business, growing demand in the packaging markets and expected new orders in security printing alongside the high order backlog. CFO Mathias Dähn: "The significantly increasing revenue momentum in the second half of the year together with further progress made by the cost-cutting projects in security printing, purchasing and production will lead to a clear improvement in group earnings. In the absence of any material deterioration in global economic and political conditions for our international business, we expect to achieve organic growth of around 4% in group revenue and an EBIT margin of around 7% in 2018. This will put us on track to achieving our EBIT margin target of 9% and an organic revenue growth rate of around 4% p.a. by 2021."

## **Progress made in projects for additional profitable growth**

Koenig & Bauer is working intensively on further applications in packaging, digital and industrial printing to achieve additional profitable growth beyond its medium-term goals. CFO Mathias Dähn: "One focus is the large and significantly growing market for analogue direct printing on corrugated board, for which we have developed the CorruFLEX and CorruCUT sheetfed flexo presses, both of which have a number of unique features. An important milestone was reached with the first CorruCUT order from the renowned pilot customer Klingele. After the completion of initial testing at our new demonstration centre in Würzburg, the CorruCUT will be installed on the first customer's premises at the beginning of 2019. As a globally leading supplier of presses for 3-piece can decorating, we want to expand our profile by entering the 2-piece can market. The newly developed CS MetalCan offers users decisive advantages. Following two contract signings at the end of last year, we will be commencing intensive field-testing shortly with the target of sales launch at the end of 2018."

### **Photo 1:**

Koenig & Bauer was able to increase service revenue with proactive offerings such as analyses for optimising processes and boosting efficiency of the customer installations

### **Photo 2:**

The higher orders for large-format presses contributed to the 5.3% increase in order intake in the Sheetfed segment

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## About Koenig & Bauer

The Koenig & Bauer Group is a customer-centric partner to the international printing industry with annual revenue of €1.2bn and 5,600 employees. We are the global market and technology leader in security printing and in important packaging printing markets. Throughout its 200-year history, it has been driven by innovation and technological progress. Systematically oriented to meeting customer requirements, our high-tech printing presses and systems permit highly efficient printing, refining and processing. Our services cover a wide range of customer-oriented offerings including networked printing under the “Koenig & Bauer 4.0” label. With its solid balance sheet and high financial strength together with its focus on packaging, digital and industrial printing, Koenig & Bauer is on a profitable growth trajectory.

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

## Disclaimer:

The projections contained in this press release were founded on data available at the time of issue. While management believes them to be accurate, the impact of external factors beyond its control, such as changes in the economy, exchange rates and in our industry, may give rise to a different outcome from that projected. The outlook contains no meaningful portfolio effects and influences relating to legal and official matters. It also depends on ongoing earnings growth and the absence of disruptive temporary market changes. Koenig & Bauer therefore accepts no liability for transactions based upon these projections.

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Koenig & Bauer Group	31.03.2017 in €m	31.03.2018 in €m	Change
<b>Revenue</b>	<b>259.1</b>	<b>217.3</b>	<b>- 16.1 %</b>
Sheetfed	150.0	116.8	- 22.1 %
Digital & Web	30.4	31.5	+ 3.6 %
Special	87.8	76.8	- 12.5 %
Reconciliation	-9.1	-7.8	
<b>Order intake</b>	<b>321.5</b>	<b>250.9</b>	<b>- 22.0 %</b>
Sheetfed	152.0	160.1	+ 5.3 %
Digital & Web	57.7	45.8	- 20.6 %
Special	125.7	59.4	- 52.7 %
Reconciliation	-13.9	-14.4	
<b>Order backlog</b>	<b>619.9</b>	<b>648.5</b>	<b>+ 4.6 %</b>
Sheetfed	239.5	276.8	+ 15.6 %
Digital & Web	103.5	75.8	- 26.8 %
Special	295.9	315.3	+ 6.6 %
Reconciliation	-19.0	-19.4	
<b>EBIT</b>	<b>5.0</b>	<b>-1.9</b>	
Sheetfed	4.6	0.5	
Digital & Web	-2.3	-3.9	
Special	4.6	3.6	
Reconciliation	-1.9	-2.1	
<b>Earnings before taxes (EBT)</b>	<b>4.3</b>	<b>-2.9</b>	
<b>Net profit/loss</b>	<b>4.7</b>	<b>-2.3</b>	
<b>Earnings per share in €</b>	<b>0.30</b>	<b>-0.15</b>	
<b>Cash flows from operating activities</b>	<b>-14.9</b>	<b>20.3</b>	
<b>Balance sheet total</b>	<b>1,100.7</b>	<b>1,089.3</b>	
<b>Equity</b>	<b>344.0</b>	<b>412.4</b>	
<b>Employees (31 March)</b>	<b>5,327</b>	<b>5,604</b>	
thereof apprentices/students	281	271	