
# Group Interim Report
## First Half-Year 2015

Koenig & Bauer Group

## KBA Group in Figures

| 01.01. - 30.06.<br>in €m | 2014 | **2015** |
|---|---|---|
| Order intake | 456.0 | **607.5** |
| Revenue | 517.8 | **426.9** |
| Order backlog at 30.06. | 498.7 | **597.9** |
| Export level in % | 83.4 | **84.9** |
| Earnings before interest and taxes (EBIT) | 3.8 | **–8.3** |
| Earnings before taxes (EBT) | –0.1 | **–10.8** |
| Net loss | –3.4 | **–9.3** |
| Balance sheet total at 30.06. (prior year: 31.12.) | 1,014.7 | **991.3** |
| Equity at 30.06. (prior year: 31.12.) | 227.2 | **226.5** |
| Investment in intangible assets, property, plant and equipment | 12.7 | **12.3** |
| Depreciation on intangible assets, property, plant and equipment | 13.9 | **14.6** |
| Payroll at 30.06. | 6,110 | **5,266** |
| - thereof apprentices/trainees | 355 | **334** |
| Cash flows from operating activities | –33.7 | **–28.9** |
| Earnings per share in € | –0.20 | **–0.55** |

**Title photo**
More than 1,000 print experts from over 30 countries attended the UV open house at the KBA site in Radebeul in June 2015 when the new medium-format Rapida 105 PRO was unveiled

## Letter to Shareholders

At the AGM on 21 May a large majority of you, esteemed shareholders, approved the legal realignment of Koenig & Bauer AG as a holding together with the spinning-off of autonomously operating companies. On 1 July 2015 the new structure was brought to life with the entry of the spin-offs in the Commercial Register and implementation from 1 January 2015 retrospectively. The new Group reporting breakdown introduced in the interim report on the first quarter with the segments Sheetfed Solutions, Digital & Web Solutions and Special Solutions follows this restructuring.

In the second quarter of 2015 we made further progress in achieving our targets. Order intake developed extremely well within the Group figures. At €607.5m it was up 33.2% year-on-year (€456m). Market success in our sheetfed segment which surpassed our expectations made the largest contribution. On 30 June order backlog was some €180m higher than at the beginning of the year. A smaller increase in new orders is expected in the following quarters given the order-driven high level of capacity utilisation and longer lead times.

After six months sales still remained significantly below the previous year (2014: €517.8m) at €426.9m and thus proportionally behind our annual target of over €1bn. As announced in the last interim report, in 2015 far more than 50% of revenue will be generated in the second-half of the year, as has frequently occurred in the past. This is not only the case for our more profitable special presses, but also for our volume business with sheetfed presses and the project business in our Digital & Web segment.

Although our cost base has been substantially reduced by Fit@All, the lag in sales impacted on earnings. In the second quarter Group profit before taxes came to €6.9m, improving our EBT from –€17.7m after three months to –€10.8m at the mid-year mark. We are particularly pleased with the major improvements in earnings in Sheetfed and Digital & Web.

Despite the shortfall in earnings at half-time compared to 2014 (–€0.1m), with catching-up in mind we continue to target an EBT margin of up to 2% of sales for the whole year. Compared to 2014 we anticipate a considerable improvement to earnings towards the end of the year in our Sheetfed and Digital & Web segments. In light of upcoming security press deliveries, profit in our Special Solutions segment is expected to also improve greatly by then. Our Fit@All restructuring programme is almost complete. At some sites there will be small adjustments over the coming months without any new impacts on earnings.

Greater transparency and market focus on the basis of clear targets expected from the new business units is already noticeable. Therefore, we are confident that we will be able to deploy the capital available in an even more targeted manner in the future. Our main goal remains to make further progress with the company and achieve appropriate returns on the capital invested.

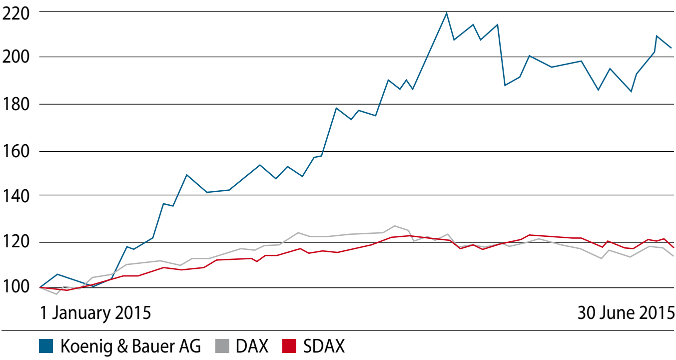
Claus Bolza-Schünemann
President and CEO of Koenig & Bauer AG

# KBA Shares

Following the share price rally persisting since the beginning of the year due to the ECB's expansive monetary policy, the DAX reached a new all-time high of 12,390.80 points on 10 April. Continuing uncertainty surrounding Greece remaining in the eurozone, slower growth in China and turbulence on the Chinese stock markets led to share price setbacks in June. Nevertheless, the DAX and SDAX ended the first half-year with a plus of 11.6% and 19.4% respectively. At €20.22 the KBA share price more than doubled over the same period. After a low of €9.89 at the start of the year, Koenig & Bauer share prices profited above the average from the stock market rise given noticeable success from the realignment and strengthening of Corporate Governance. Following an upturn to €21.70 on 27 April, Group figures for the first quarter which fell short of some investors' expectations led to a temporary dip in share price to €18.28. After returning to the SDAX on 22 June, KBA shares again surpassed the €20-mark and daily prices of over €23 in July again reached the level at the end of 2007 for the first time.

**Koenig & Bauer shares**

in %



# Group Management Report

## Market and Industry Environment

Reduced economic momentum in China, continuing unrest on the financial markets due to the never-ending topic concerning Greece, the abundance of regional economic issues and political conflicts dampened the economic climate for the German engineering industry in the first half-year. Meanwhile the German Machinery and Plant Manufacturer's Association (VDMA) expects no further growth in 2015 for the industry also given statistical effects. With this in mind, demand for printing equipment in the first six months has increased substantially despite large fluctuations in individual regions and segments. Orders were up 12% on the previous year in real terms. According to current order intake statistics issued by the VDMA, printing and papermaking technology has been able to position itself in the top group of the branches following a lengthy hiatus.

## Business Performance

In the first half-year 2015 **Group order intake** rose above average thanks to our strong footing in several segments within the growing packaging market and more orders for special, digital and newspaper presses. Compared to the previous year (€456m) new orders were up 33.2% to €607.5m. The biggest increase came from our Sheetfed Solutions segment, nevertheless Digital & Web Solutions and Special Solutions also made a contribution.

At €426.9m half-year **Group revenue** was down 17.6% on 2014 due to the accumulation of deliveries in the second-half of the year. The prior-year figure that was some €90m higher at €517.8m was the result of an especially strong second quarter with large security press revenues. The deliveries scheduled for 2015 in the cyclical security market will predominantly take place in the fourth quarter. They will enhance the expected substantial increase in sales of sheetfed, web and special presses for other applications.

The export level rose to 84.9% compared to the previous year (83.4%) as fewer web presses were delivered to Germany. At €126.6m deliveries to other parts of Europe were also significantly down on last year's figure. The proportion generated in this region came to 29.7% (2014: 40.4%). In contrast, business in North America was up from €52m to €70.9m boosted by growing market success with sheetfed offset and flexo presses. Its contribution to Group sales rose from 10% to 16.6%. The same is true of sales market Asia and the Pacific. Revenue of €125.2m corresponds to a regional share of 29.3%

compared to 24.3% the previous year. The figure for Latin America and Africa was €39.9m or 9.3% (2014: 8.7%) of the total.

At €597.9m **Group order backlog** on 30 June was around 20% higher than the previous year (2014: €498.7m) and 43.3% higher than at the beginning of this year.

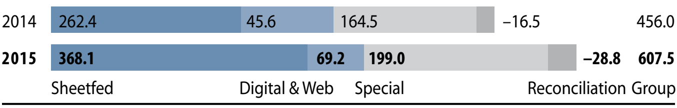
## Earnings, Finances and Assets

### Earnings

A considerable improvement in earnings in our sheetfed segment and substantial savings in the digital & web segment had a positive impact on Group **earnings**. On the other hand, revenue which was still below target after six months and the lower-margin product mix dampened the earnings upturn in the first half-year. Our **gross profit margin** shrank from 27.3% to 24.2%. At €26.9m R&D costs remained at a similar level to 2014. Distribution costs fell from €66.5m to €61.5m. In contrast, administration expenses climbed to €37.9m (2014: €36.4m) driven by legal and consulting expenses associated with the realignment. Currency effects with opposing impacts on cost of sales, distribution and administrative expenses contributed to a clearly positive balance from other operating income and expenses of €14.8m (2014: –€7.6m). To sum up, **EBIT** stood at –€8.3m compared to +€3.8m the previous year. At –€2.5m our interest result was up on the prior-year figure of –€3.9m. A pre-tax profit of €6.9m in the second quarter greatly improved our **pre-tax loss** to –€10.8m after six months compared to –€17.7m at the end of the first quarter. After tax deductions, **Group results** to 30 June were –€9.3m (2014: –€3.4m). This corresponds to **earnings per share** of –€0.55 compared to –€0.20 in 2014.

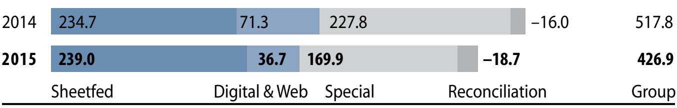
**Group order intake**

in €m




**Group revenue**

in €m



### Finances

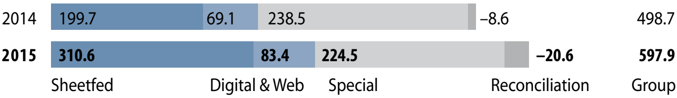
Despite lower trade payables (–€13m) and redundancy payments of more than €15m, **cash flows from operating activities** increased from –€33.7m in 2014 to –€28.9m. This was mainly due to reduced receivables (–€31m) and a rise in customer prepayments(+€24.8m). Although inventories for the upcoming sales catch-up were €20.4m higher than at the end of 2014, we were able to reduce working capital by €100m in the last twelve months. The **free cash flow** improved greatly to –€25.2m following –€43m the year before. **Funds** at the end of June stood at €191.6m (31.12.2014: €207.6m). Less bank loans of €18.8m, net liquidity was solid at €172.8m. Equity of €226.5m represented 22.8% of the balance sheet total.

### Assets

The **Group balance sheet total** at 30 June 2015 was down €23.4m on last year's closing figure to €991.3m (€1,014.7m). The major reason for this was a €19.8m decrease in current assets caused by a drop in receivables and lower funds despite higher inventories. We invested €12.3m in intangible assets, property, plant and equipment, and depreciation totalled €14.6m (2014: €13.9m). Non-current assets sank from €278.8m to €275.2m.

**Group order backlog**

in €m




**Group net loss**

in €m

## Segment Performance

In the first-half of 2015 order intake in our **Sheetfed Solutions** segment was up 40.3% on the previous year (€262.4m) to €368.1m. The segment has been especially successful at acquiring new customers compared to other companies in the industry. This increase in order intake was mainly due to strong demand from the packaging sector and considerable success with extensively automated presses for publication and commercial printing. Additionally, the number of contracts concluded at Print China in April significantly exceeded expectations. Sales in our sheetfed segment were up 1.8% to €239m compared to 2014 (€234.7m) and are expected to increase more strongly in the second-half of this year. At the end of the first half-year 2015 order backlog came in at €310.6m (2014: €199.7m). This was a plus of 55.5% and the highest figure since 2007. Progress made with regard to costs led to a massive earnings improvement from a loss of €8.4m in 2014 to a profit of €3.8m in 2015. A slight price increase for our highly automated presses also contributed to this rise.

New contracts for digital and newspaper presses drove order intake in our **Digital & Web Solutions** segment up from €45.6m in 2014 to €69.2m. Nevertheless, at €36.7m revenue remained significantly below the previous year's figure of €71.3m given low order backlog at the start of the year and weak sales in the first quarter. At €83.4m order backlog at the end of the second quarter stood well above the corresponding figure from 2014 (€69.1m). With a segment loss of €0.2m we almost achieved the turnaround in the second quarter due

**Geographical breakdown of revenue**

| in % | 2014 | 2015 |
|---|---|---|
| Germany | 16.6 | 15.1 |
| Rest of Europe | 40.4 | 29.7 |
| North America | 10.0 | 16.6 |
| Asia/Pacific | 24.3 | 29.3 |
| Africa/Latin America | 8.7 | 9.3 |

to improved capacity utilisation and lower costs following another capacity reduction in March 2015. In the first quarter the loss still came to €8.7m. In total, the segment posted a loss of €8.9m for the first half-year (2014: –€11.5m). We anticipate an incremental improvement to earnings in the following quarters triggered by higher sales and more effective savings.

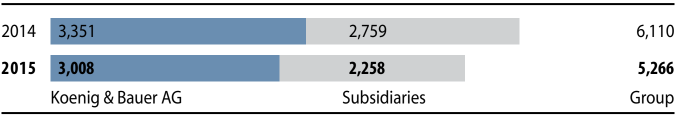
In the **Special Solutions** segment growing success in the field of flexible packaging and more orders for metal-decorating, security printing and coding systems boosted the total volume of incoming orders by 21% to €199m (2014: €164.5m). At €169.9m sales in this segment were distinctly lower than the previous year (2014: €227.8m) that benefitted from large security press orders. We expect a significant rise in revenue of banknote and metal-decorating systems in the third and fourth quarter in particular. At the end of the first half-year order backlog stood at €224.5m (2014: €238.5m). Segment profit fell to €3.6m compared to the prior-year figure of €33.9m which was boosted by large security press projects.

Given holding functions and inter-segment supply relationships, in terms of figures there are deviations between those accumulated for the segments and the Group, which are shown under reconciliation in the segment reporting.

## Research and Development

Towards the end of the second quarter KBA-Sheetfed unveiled a new sheetfed offset press, a rotary die-cutter for packaging printing and new UV curing processes with economic and ecological benefits. These were presented as part of a three-day open-house event which welcomed 1,000 visiting print experts from over 30 countries. Within the new business field of decorative printing KBA-Digital & Web won a contract for a further inkjet web press, the first with a web width of 2.25m. Product and process innovations are a key prerequisite in all business units for winning new customers and economic success.

**Payroll at 30 June**



With this in mind, new developments in analogue and digital printing and the associated production environment for the industry's leading trade show, Drupa 2016, are increasingly dictating our R&D activities.

## Human Resources

Group payroll on 30 June 2015 fell to 5,266 compared to 6,110 twelve months ago. Excluding apprentices, trainees, employees exempted from their duties and staff on phased retirement schemes the Group workforce sank by 786 to 4,599 compared to 2014 (5,385). As mentioned in previous reports, this total is expected to fall to around 4,500 at the end of 2015 following the completion of our Group restructuring programme. With a training rate of 6.3% securing the next generation of skilled workers remains a high priority.

## Risk Management

Risks facing the corporate development of the KBA Group are described on pages 50 to 54 of the Group financial statements for 2014. In the first six months of the present year there have been no significant changes in the risk profile detailed there. Our restructuring programme Fit@All is almost finished. Deferred deliveries at the expense of our planned revenue cannot be ruled out given the higher than expected growth in new press orders in parallel to the restructuring of our production network and postponements on the customer's side. The Group realignment has reduced our dependency on shrinking markets and it is aimed at achieving a robust, sustainable margin level. We will consistently push forward with the transformation of our product portfolio into the growing packaging and digital printing markets, and expand our service business. At the same time our strong market position in security and folding carton printing and metal decorating will be secured. KBA's solid balance sheet and financial base limit the potential for risks. Despite ongoing economic and political uncertainties, we perceive no risks that could pose an existential threat to the Group.

## Outlook

The economic and political environment for the mechanical engineering industry and German export business remains volatile. Both positive and negative effects for the global economic and investment climate might arise in the second-half of 2015 from the results of negotiations on a third aid package for Greece, stock market turbulence in China, various conflicts and the international somewhat heterogeneous monetary policy.

The KBA Group kicks off the next few months with considerably fuller order books and capacities than in the past year. Completing the raft of existing orders on time and reducing the significantly longer delivery times in some areas will pose a substantial challenge in the third and fourth quarters. This is especially true of our Sheetfed Solutions business unit which is operating at a very high level of capacity utilisation. It contributes to around half of Group sales. As demand remains strong in this segment special measures have been introduced to increase production output. Additionally, in light of the current workload earnings-related pricing has priority over winning further market shares given the raft of unique features and concrete user benefits delivered by our sheetfed offset presses.

In the first half-year capacities at KBA-Digital & Web in Würzburg have been sustainably adjusted to the severely shrunken web offset market. Higher order intake in the first six months compared to the previous year for digital and conventional web presses currently contributes to the sound level of capacity utilisation in this segment. New markets, such as decorative and packaging digital printing, are gaining in importance compared to commercial and publication printing which dominated in the past. We expect the turnaround in quarterly results also for this segment in the course of the year.

KBA-NotaSys, KBA-MetalPrint and KBA-Flexotecnica consolidated in the special press segment are now pursuing further interesting customer projects following a rise in order intake in the first half-year. They will need to greatly increase sales over the next six months in order to achieve targets.

Despite intensive efforts to spread our workload evenly over the entire business year, in 2015 far more than 50% of our planned Group sales of over €1bn will fall in the third and fourth quarter. At the same time the product mix to be delivered will be more profitable than in the first half-year. Overall, we remain confident that an EBT margin of up to 2% of sales can be achieved.

The implementation of our Fit@All programme will be completed by the end of 2015. The management board currently does not expect any special items to impact on earnings from upcoming measures beyond the provisions made. Sustainable profitability in all business fields remains our main goal for 2016.

## Group Balance Sheet

**Assets**

| in €m | 31.12.2014 | **30.06.2015** |
|---|---|---|
| **Non-current assets** | | |
| Intangible assets, property, plant and equipment | 228.7 | 224.8 |
| Investments and other financial receivables | 14.8 | 15.3 |
| Other assets | 0.1 | 0.2 |
| Deferred tax assets | 35.2 | 34.9 |
| | **278.8** | **275.2** |
| **Current assets** | | |
| Inventories | 279.3 | 299.7 |
| Trade receivables | 198.8 | 168.4 |
| Other financial receivables | 15.4 | 14.8 |
| Other assets | 24.7 | 30.2 |
| Securities | 9.6 | 11.4 |
| Cash and cash equivalents | 207.6 | 191.6 |
| Assets held for sale | 0.5 | – |
| | **735.9** | **716.1** |
| **Balance sheet total** | **1,014.7** | **991.3** |

**Equity and liabilities**

| in €m | 31.12.2014 | **30.06.2015** |
|---|---|---|
| **Equity** | | |
| Share capital | 43.0 | 43.0 |
| Share premium | 87.5 | 87.5 |
| Reserves | 96.2 | 95.7 |
| Equity attributable to owners of the Parent | 226.7 | 226.2 |
| Equity attributable to non-controlling interests | 0.5 | 0.3 |
| | **227.2** | **226.5** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Pension provisions and similar obligations | 195.0 | 184.4 |
| Other provisions | 55.7 | 52.1 |
| Other financial payables | 10.1 | 10.9 |
| Other liabilities | 2.0 | 1.7 |
| Deferred tax liabilities | 19.5 | 16.9 |
| | **282.3** | **266.0** |
| **Current liabilities** | | |
| Other provisions | 203.5 | 189.9 |
| Trade payables | 57.1 | 44.1 |
| Bank loans | 15.2 | 18.8 |
| Other financial payables | 63.4 | 66.3 |
| Other liabilities | 166.0 | 179.7 |
| | **505.2** | **498.8** |
| **Balance sheet total** | **1,014.7** | **991.3** |

## Group Income Statement

| 01.01. - 30.06.<br>in €m | 2014 | **2015** |
|---|---|---|
| Revenue | 517.8 | 426.9 |
| Cost of sales | –376.4 | –323.7 |
| **Gross profit** | **141.4** | **103.2** |
| Research and development costs | –27.1 | –26.9 |
| Distribution costs | -66.5 | –61.5 |
| Administrative expenses | –36.4 | –37.9 |
| Other operating income and expenses | –7.6 | 14.8 |
| **Earnings before interest and taxes (EBIT)** | **3.8** | **–8.3** |
| Interest result | –3.9 | –2.5 |
| **Earnings before taxes (EBT)** | **–0.1** | **–10.8** |
| Income tax expense | –3.3 | 1.5 |
| **Net loss** | **–3.4** | **–9.3** |
| - attributable to owners of the Parent | –3.3 | –9.1 |
| - attributable to non-controlling interests | –0.1 | –0.2 |
| | | |
| **Earnings per share** (in €, basic/dilutive) | **–0.20** | **–0.55** |

| 01.04. - 30.06.<br>in €m | 2014 | **2015** |
|---|---|---|
| Revenue | 304.4 | 249.6 |
| Cost of sales | –217.1 | –182.9 |
| **Gross profit** | **87.3** | **66.7** |
| Research and development costs | –12.9 | –13.5 |
| Distribution costs | –38.1 | –33.6 |
| Administrative expenses | –17.4 | –16.3 |
| Other operating income and expenses | –4.9 | 4.6 |
| **Earnings before interest and taxes (EBIT)** | **14.0** | **7.9** |
| Interest result | –2.0 | –1.0 |
| **Earnings before taxes (EBT)** | **12.0** | **6.9** |
| Income tax expense | –1.4 | 0.7 |
| **Net profit** | **10.6** | **7.6** |
| - attributable to owners of the Parent | 10.7 | 7.6 |
| - attributable to non-controlling interests | –0.1 | – |
| | | |
| **Earnings per share** (in €, basic/dilutive) | **0.65** | **0.46** |

## Statement of Changes in Group Equity

| in €m | Share capital | Share premium |
|---|---|---|
| **01.01.2014** | **43.0** | **87.5** |
| Net loss | – | – |
| Losses recognised directly in equity | – | – |
| **Total comprehensive income** | **–** | **–** |
| Other changes | – | – |
| **30.06.2014** | **43.0** | **87.5** |
| | | |
| **01.01.2015** | **43.0** | **87.5** |
| Net loss | – | – |
| Gains recognised directly in equity | – | – |
| **Total comprehensive income** | **–** | **–** |
| **30.06.2015** | **43.0** | **87.5** |

## Statement of Comprehensive Group Income

| **01.01. - 30.06.**<br>in €m | 2014 | **2015** |
|---|---|---|
| **Net loss** | **–3.4** | **–9.3** |
| **Items, which later will be reclassified to consolidated profit/loss** | | |
| Foreign currency translation | –0.7 | 0.7 |
| Measurement of primary financial instruments | 0.8 | –0.2 |
| Measurement of derivatives | –0.7 | –3.6 |
| Deferred taxes | 0.1 | 0.5 |
| | **–0.5** | **–2.6** |
| **Items, which later will not be reclassified to consolidated profit/loss** | | |
| Defined benefit plans | –17.4 | 11.3 |
| Deferred taxes | 0.1 | –0.1 |
| | **–17.3** | **11.2** |
| **Gains/losses recognised directly in equity** | **–17.8** | **8.6** |
| **Total comprehensive income** | **–21.2** | **–0.7** |
| - attributable to owners of the Parent | –21.1 | –0.5 |
| - attributable to non-controlling interests | –0.1 | –0.2 |

| Reserves | | | | |
|---|---|---|---|---|
| Recognised in equity | Other | **Equity attr. to owners of the Parent** | Equity attr. to non-controlling interests | **Total** |
| | | | | |
| **11.5** | **135.1** | **277.1** | **0.8** | **277.9** |
| – | –3.3 | –3.3 | –0.1 | –3.4 |
| –17.8 | – | –17.8 | – | –17.8 |
| **–17.8** | **–3.3** | **–21.1** | **–0.1** | **–21.2** |
| –41.0 | 41.0 | – | – | – |
| **–47.3** | **172.8** | **256.0** | **0.7** | **256.7** |
| | | | | |
| **–80.4** | **176.6** | **226.7** | **0.5** | **227.2** |
| – | –9.1 | –9.1 | –0.2 | –9.3 |
| 8.6 | – | 8.6 | – | 8.6 |
| **8.6** | **–9.1** | **–0.5** | **–0.2** | **–0.7** |
| **–71.8** | **167.5** | **226.2** | **0.3** | **226.5** |

## Group Cash Flow Statement

| **01.01. - 30.06.**<br>in €m | 2014 | **2015** |
|---|---|---|
| Earnings before taxes (EBT) | –0.1 | –10.8 |
| Non-cash transactions | 16.8 | 10.9 |
| **Gross cash flow** | **16.7** | **0.1** |
| Changes in inventories, receivables and other assets | 11.2 | 7.5 |
| Changes in provisions and payables | –61.6 | –36.5 |
| **Cash flows from operating activities** | **–33.7** | **–28.9** |
| **Cash flows from investing activities** | **–9.3** | **3.7** |
| **Free cash flow** | **–43.0** | **–25.2** |
| **Cash flows from financing activities** | **0.2** | **3.4** |
| **Change in funds** | **–42.8** | **–21.8** |
| Effect of changes in exchange rates | –0.8 | 5.8 |
| Funds at beginning of period | 185.4 | 207.6 |
| **Funds at end of period** | **141.8** | **191.6** |

# Notes to the Interim Accounts to 30 June 2015

## 1 Accounting Policies

This interim report for the Koenig & Bauer Group is based on international financial reporting standards (IFRS). The consolidated financial statements were prepared in accordance with the standards valid on that date, as issued by the International Accounting Standards Board (IASB), London, and all binding interpretations by the International Financial Reporting Interpretation Committee (IFRIC), with due regard for EU directives.

The interim accounts conform to IAS 34. Taxes on income were disclosed at the average national tax rate applicable.

From this quarter on large security press projects will be disclosed using the percentage of completion method as per IAS 11 given their high level of complexity and customisation. This is not expected to have any considerable impacts on the results forecasted for 2015.

Individual items in the balance sheet and the income statement were aggregated to clarify presentation. Figures represent million euros (€m), unless stated otherwise.

## 2 Consolidated Companies and Consolidation Principles

There were no changes in our consolidated companies and consolidation principles.

The financial statements of foreign entities were translated at the closing rate or at an average exchange rate for the period, as specified in IAS 21.

## 3 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the year.

Würzburg, 11 August 2015
Management Board

Claus Bolza-Schünemann
President and CEO

Dr Mathias Dähn

Christoph Müller

Michael Kummert

Dr Andreas Pleßke

Ralf Sammeck

# 4 Segment Information

## 4.1 Business Segments

| 01.01. - 30.06. in €m | Revenue 2014 | Revenue 2015 | EBIT 2014 | EBIT 2015 | Capital investments 2014 | Capital investments 2015 |
|---|---|---|---|---|---|---|
| Segments | | | | | | |
| Sheetfed | 234.7 | 239.0 | –8.4 | 3.8 | 8.8 | 7.1 |
| Digital & Web | 71.3 | 36.7 | –11.5 | –8.9 | 0.9 | 0.7 |
| Special | 227.8 | 169.9 | 33.9 | 3.6 | 2.4 | 2.4 |
| Reconciliation | –16.0 | –18.7 | –10.2 | –6.8 | 0.6 | 2.1 |
| **Group** | **517.8** | **426.9** | **3.8** | **–8.3** | **12.7** | **12.3** |

## 4.2 Geographical Breakdown of Revenue

| 01.01. - 30.06. in €m | 2014 | 2015 |
|---|---|---|
| Germany | 86.0 | 64.3 |
| Rest of Europe | 209.4 | 126.6 |
| North America | 52.0 | 70.9 |
| Asia/Pacific | 125.7 | 125.2 |
| Africa/Latin America | 44.7 | 39.9 |
| **Revenue** | **517.8** | **426.9** |

# 5 Earnings per Share

| 01.01. - 30.06. in € | 2014 | 2015 |
|---|---|---|
| Earnings per share | –0.20 | –0.55 |

Basic earnings per share were calculated in accordance with IAS 33 by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period (16,524,783 no-par shares, previous year: 16,524,783 no-par shares).

# 6 Balance Sheet

## 6.1 Intangible Assets, Property, Plant and Equipment

| in €m | Purchase or manufacturing cost | Accumulated depreciation | Carrying amount |
|---|---|---|---|
| Intangible assets | 84.5 | 46.7 | 37.8 |
| Property, plant and equipment | 640.8 | 449.9 | 190.9 |
| **Total at 31.12.2014** | **725.3** | **496.6** | **228.7** |
| | | | |
| Intangible assets | 84.9 | 47.3 | 37.6 |
| Property, plant and equipment | 611.3 | 424.1 | 187.2 |
| **Total at 30.06.2015** | **696.2** | **471.4** | **224.8** |

Investment in property, plant and equipment totalling €11.9m (first half-year 2014: €12.6m) primarily refers to additions of plant and machinery as well as other facilities, factory and office equipment.

## 6.2 Inventories

| in €m | 31.12.2014 | **30.06.2015** |
|---|---|---|
| Raw materials, consumables and supplies | 63.7 | 57.2 |
| Work in progress | 201.2 | 229.8 |
| Finished goods and products | 14.4 | 12.7 |
| | **279.3** | **299.7** |

## 6.3 Liabilities

**Current and non-current liabilities** fell by €22.7m. This is due to €17.2m from the reduction in other provisions and €11.3m from recognising actuarial gains from changes in interest rates in pension provisions directly in equity. Furthermore, trade payables were reduced by €13m. In contrast, customer prepayments rose by €24.8m.

# Key Financial Dates

Interim report on 3rd quarter 2015
10 November 2015

Annual report 2015
24 March 2016

Interim report on 1st quarter 2016
12 May 2016

Koenig & Bauer Annual General Meeting
19 May 2016
Vogel Convention Center, Würzburg

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