



87th Koenig & Bauer AG Annual General Meeting 14.06.2012 in Würzburg

Claus Bolza-Schünemann, President and CEO



KBA weathered the industry crisis of the past four years
better than other press manufacturers

Even so, we failed to achieve all our targets in the 2011 business year

The management and supervisory boards are fully conscious of shareholders'
legitimate expectations regarding share performance and dividend

Further action is needed in core sheetfed and web press sectors
where volumes have shrunk

Notwithstanding present market volatility, KBA is targeting
higher Group sales and profits in 2012

Our success at the Drupa trade fair has
substantially improved our chances of meeting our targets

- Sales of some €1.2bn generated by just under 6,000 employees (excluding apprentices)
- Extensive, highly advanced product portfolio for volume and niche markets
- Technological trailblazer in many areas
- No. 1 in web offset (newspapers, commercials)
- No. 1 in large-format sheetfed offset (no. 2 overall)
- No. 1 in packaging offset, security printing and metal decorating
- Mover and shaker in green printing



KBA: top innovator in press engineering sector

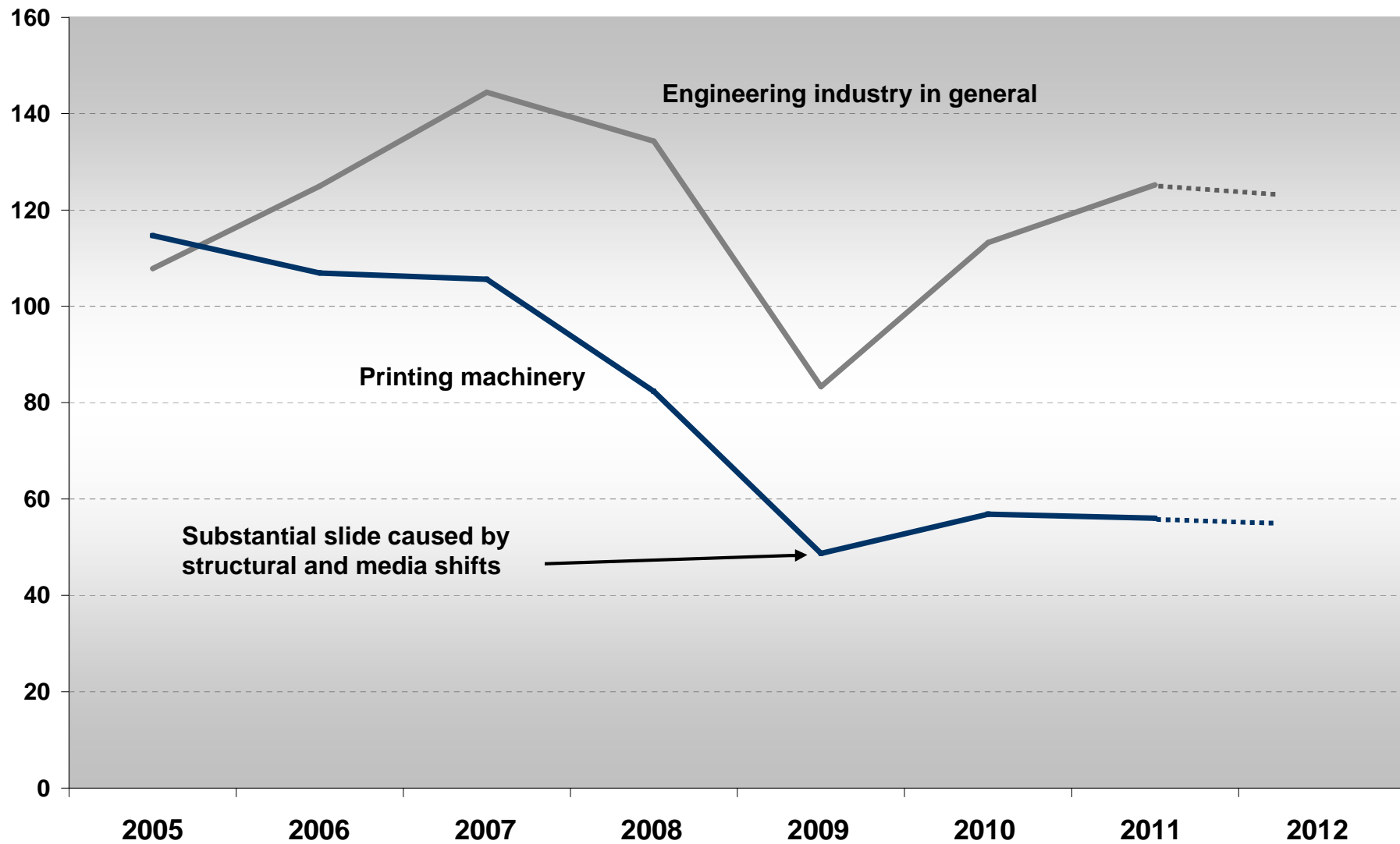


- The US Patent Board's latest Industry Scorecard for Heavy Industrial Equipment was published on 13.01.2012 in the *Wall Street Journal*
- KBA ranked 11th among the 120 manufacturers listed in the USA
- KBA ranked well above all other press vendors
- Innovation is a KBA trademark

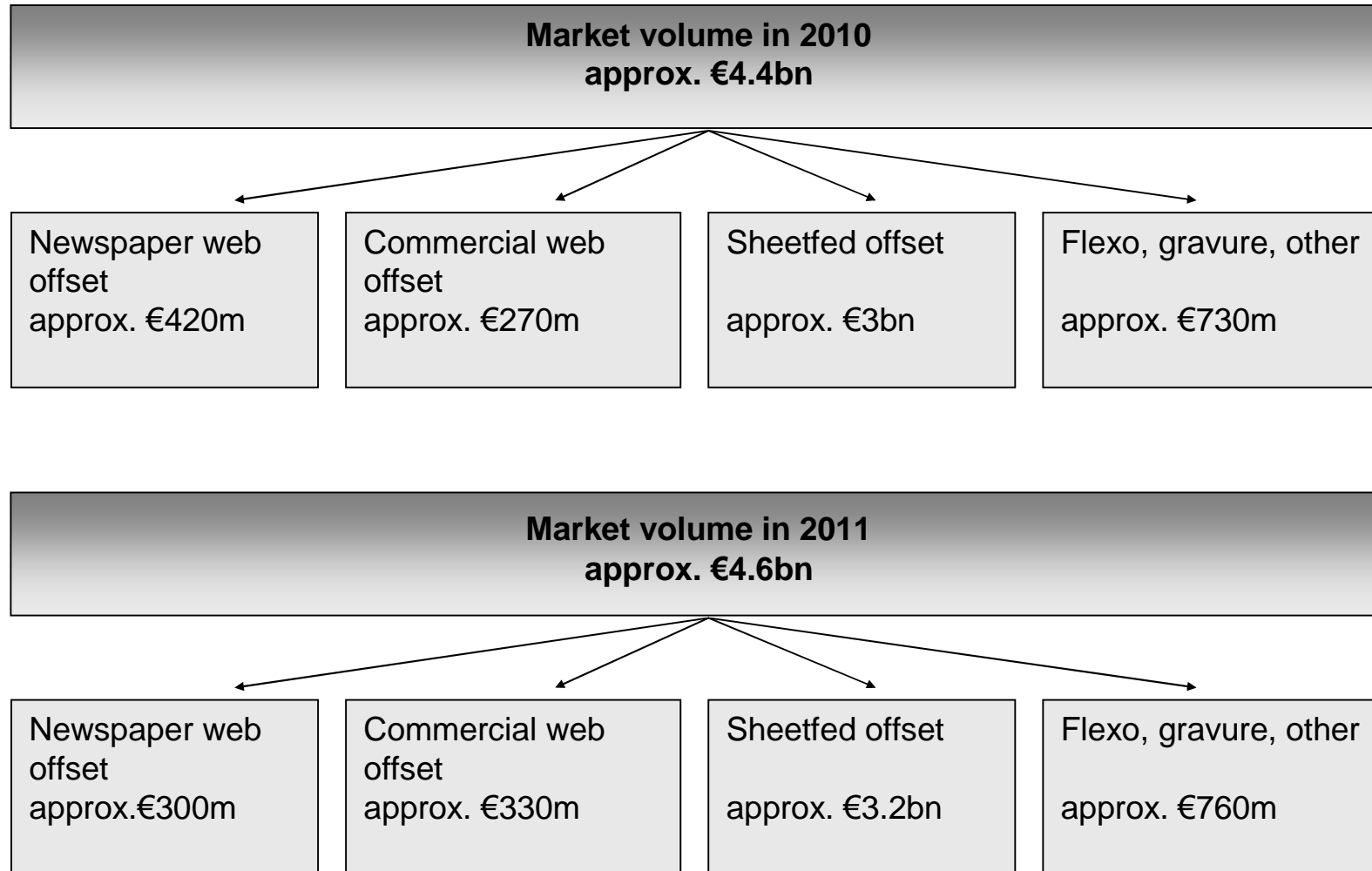
Current Rank	Company
1	Caterpillar Inc*
2	Deere & Co
3	Fiat Industrial SpA
4	Mitsubishi Electric Corp*
5	Tetra Laval Intl SA
6	AGCO Corp
7	Komatsu Ltd
8	Voith GmbH
9	Crane Co
10	Kone Corp
11	Koenig & Bauer AG
12	Murata Machinery Ltd
13	Yuyama Manufacturing Co Ltd
14	Kubota Corp
15	Krones AG

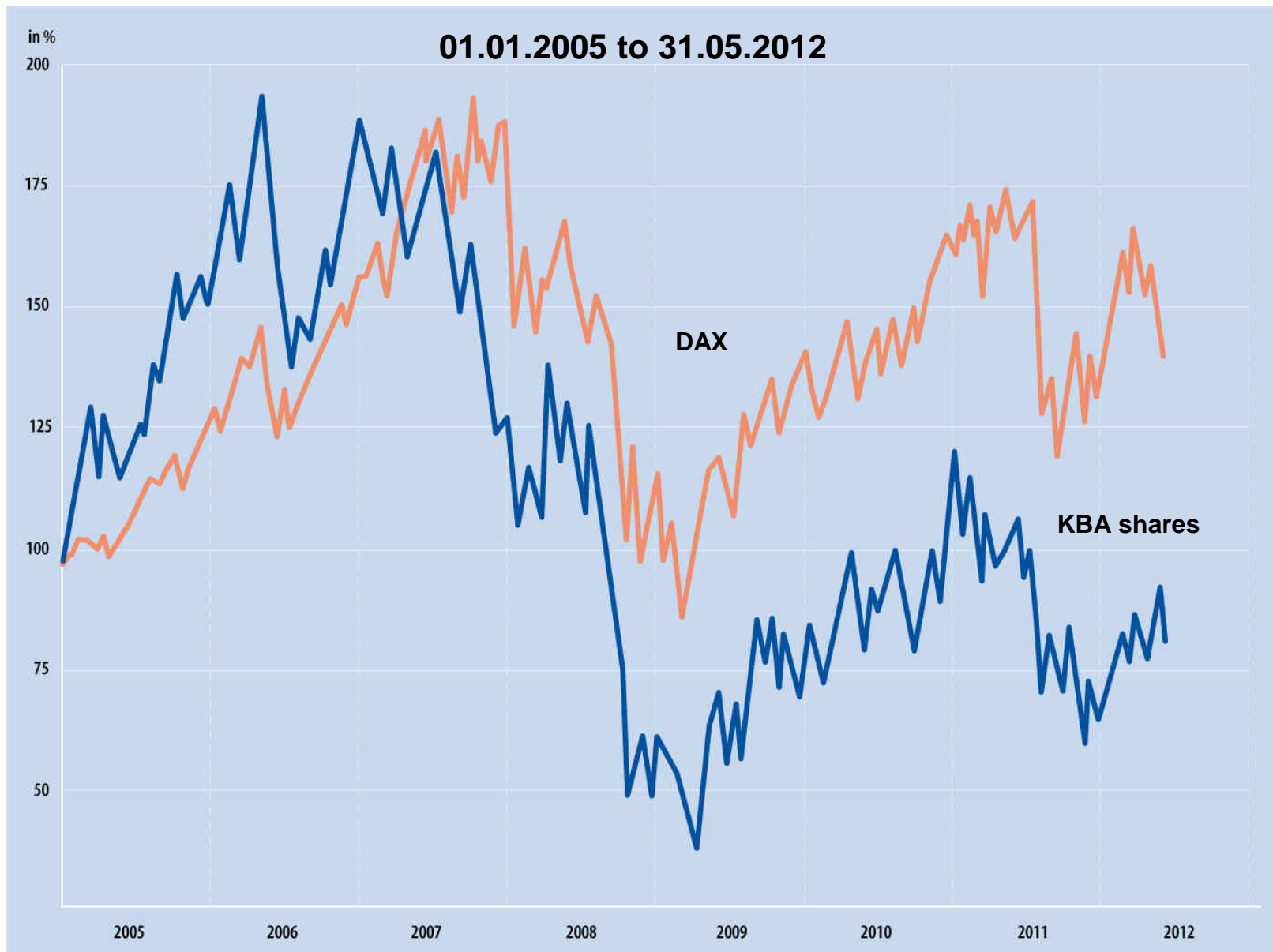


Global market volume for printing presses is stagnating



Normal pre-crisis volume approx. €9bn p.a.





Order intake

01.01. - 31.12.

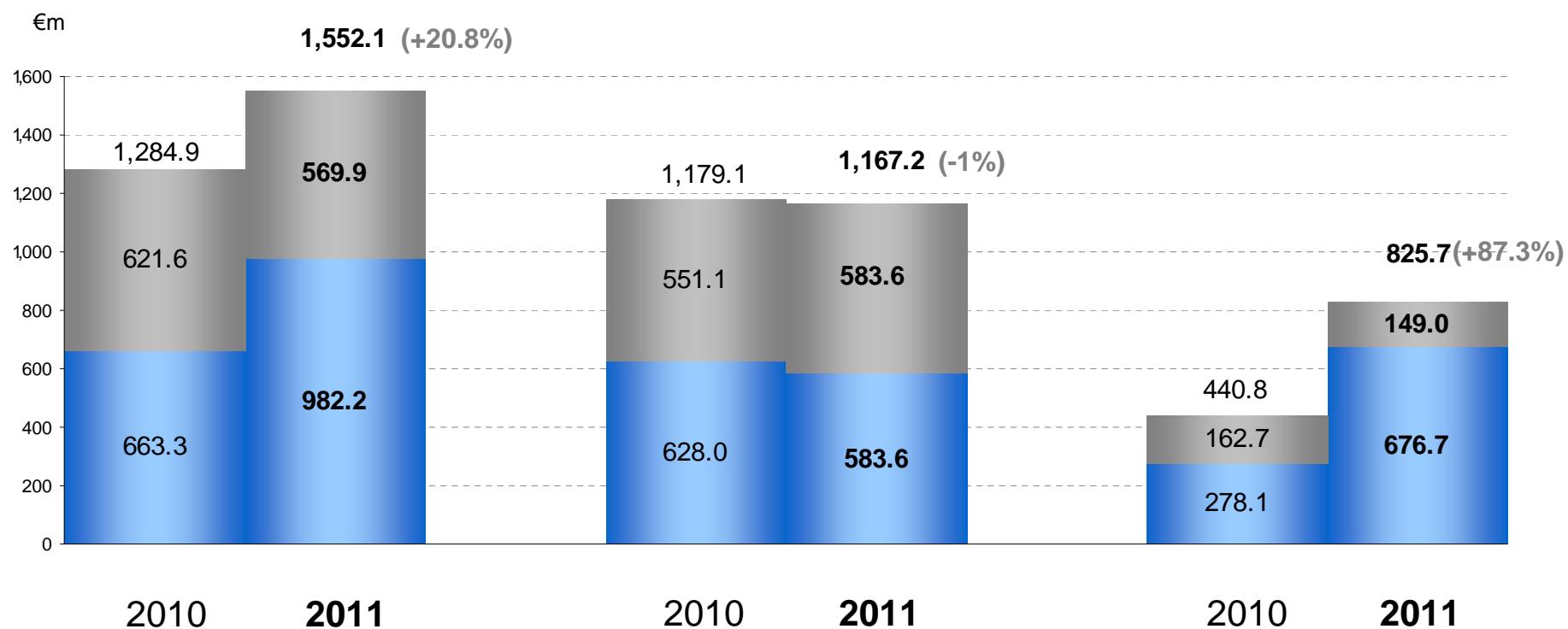
Sales

01.01. - 31.12.

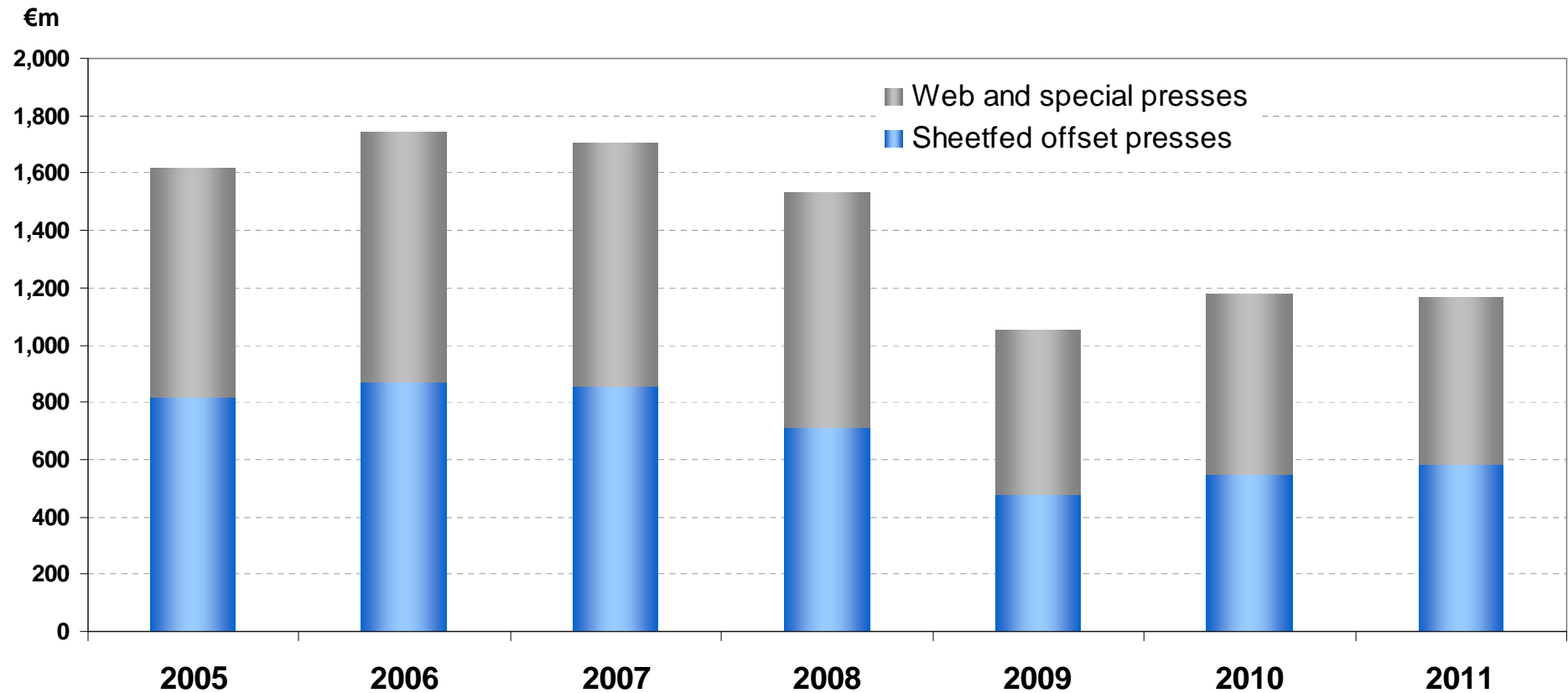
Order backlog

31.12.10/31.12.11

- Sheetfed offset presses
- Web and special presses



Sales of €1.2bn in 2011 on a par with prior year

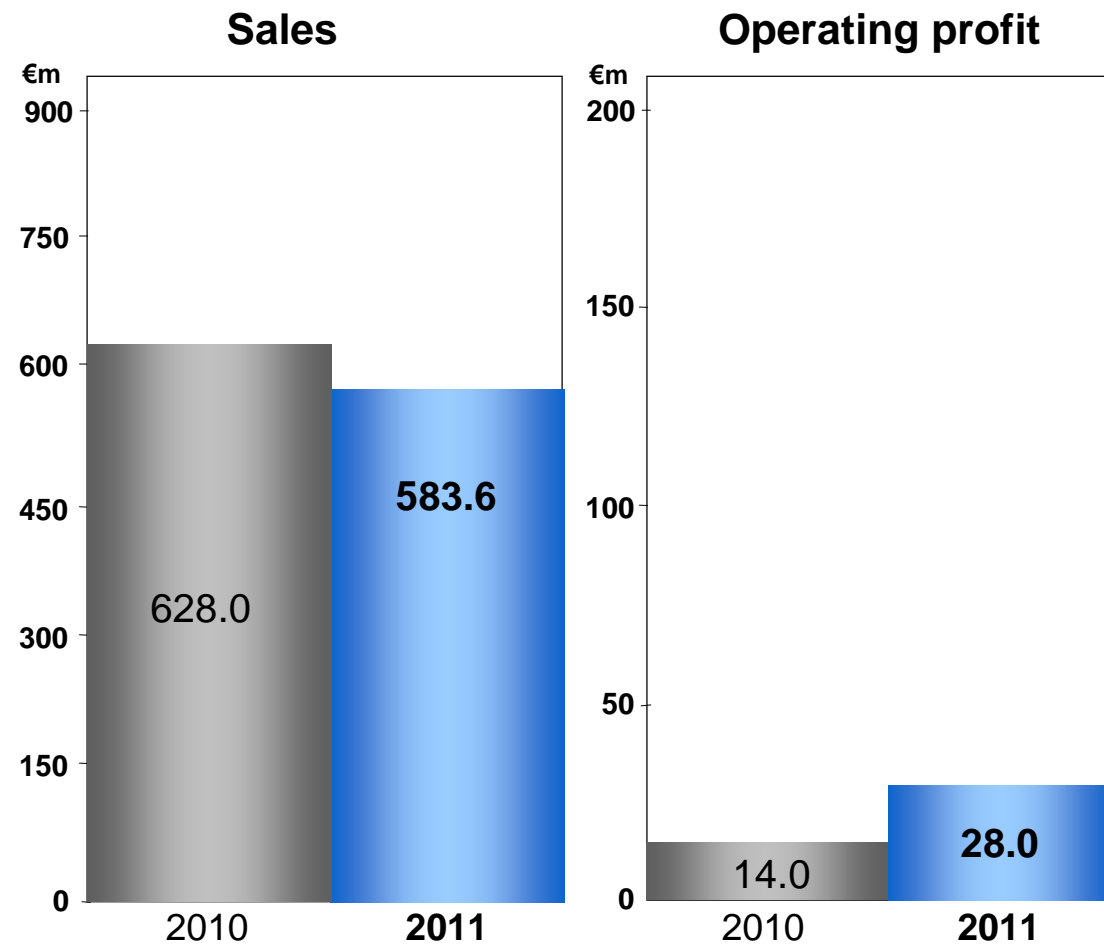


In the black for three successive years following the financial and economic crisis

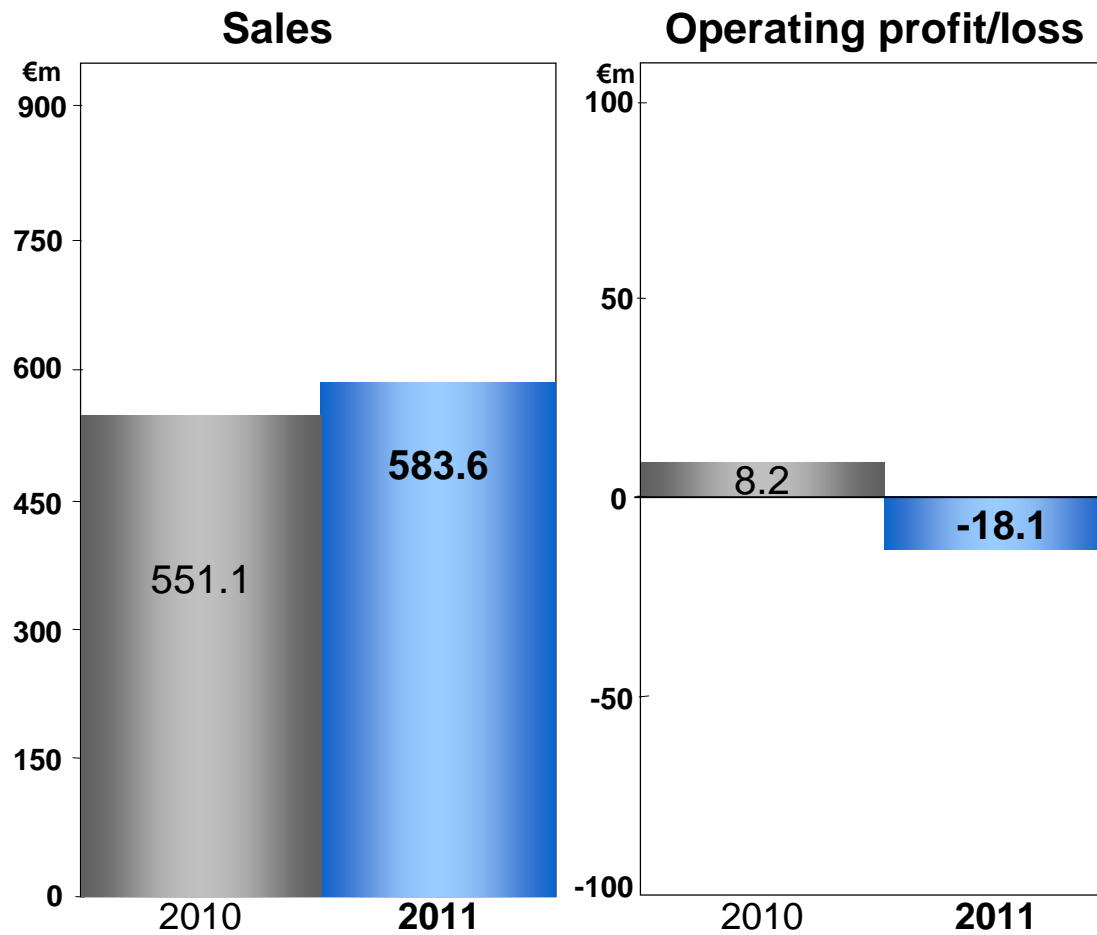
in €m	2010	2011	Change
Book-to-bill ratio	1.1	1.3	+22%
Gross profit margin	26.6	23.3	-12.4%
Operating profit	22.2	9.9	-€12.3m
Earnings before taxes	15.3	3.3	-€12m
Net profit	12.5	0.4	-€12.1m

	31.12.2010	31.12.2011	Change	
Above-average equity ratio	39.6%	38.2%	-3.5%	→
Fewer bank debts	€43.1m	€35.9m	-16.7%	→
Much higher volume of liquid assets	€91m	€145.6m	+60%	↗
Comfortable net liquidity	+€47.9m	+€109.7m	+129%	↗
Free cash flow almost tripled	€20.4m	€57.8m	+183%	↗
Adequate cash credit lines	€100m	€100m	--	→

- Shipping delays impacted on sales of web and special presses
- Cost savings, service and niche business boosted profit



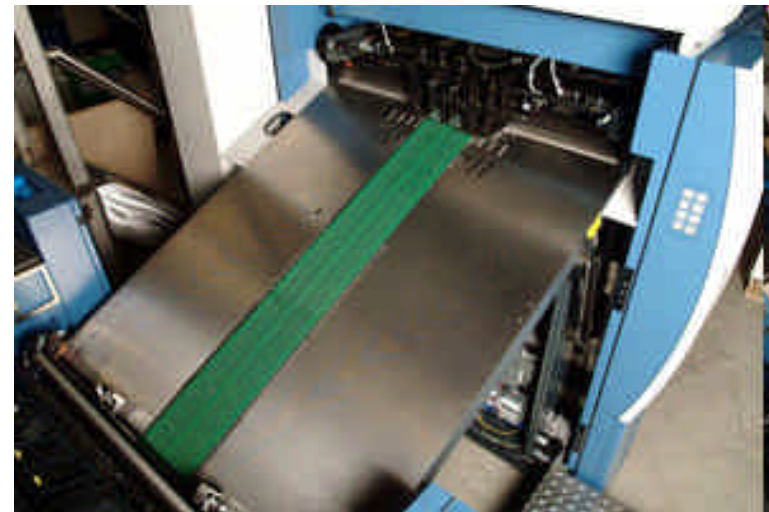
- Sales up by around 6%
- Price erosion and high R&D costs for Drupa put paid to operating profit



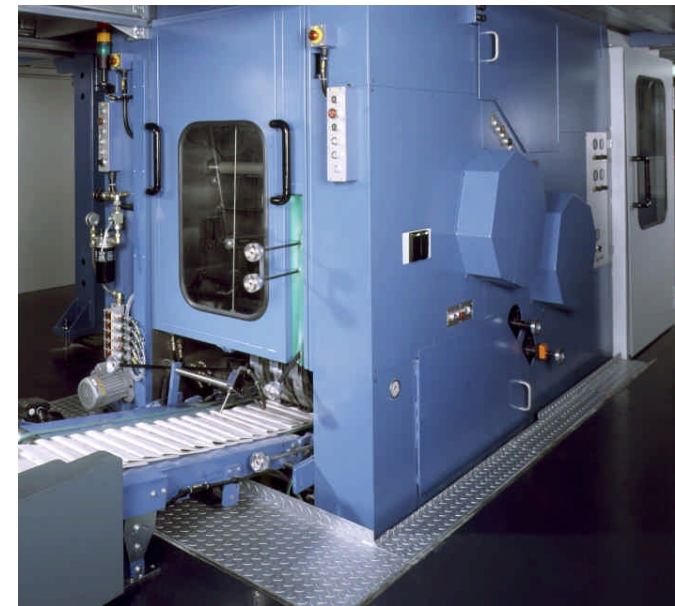
KBA-Mödling in Mödling (near Vienna), Austria



- Oldest subsidiary (almost 100 years), 740 employees
- Produces security presses and subassemblies for sheetfed offset presses
- Growth has bucked the industry trend in recent years



- Spun off in 2011, Albert-Frankenthal has some 315 employees manufacturing components and rollers for KBA
- A drive to promote contract work and installation services for external customers is beginning to bear fruit
- KBA-FT Engineering, with around 245 employees, is a systems provider for KBA, but also offers engineering services to Albert-Frankenthal and external customers
- Engineering, installation, commissioning and servicing of folders for newspaper and commercial presses
- Folder assembly is being gradually transferred to Würzburg



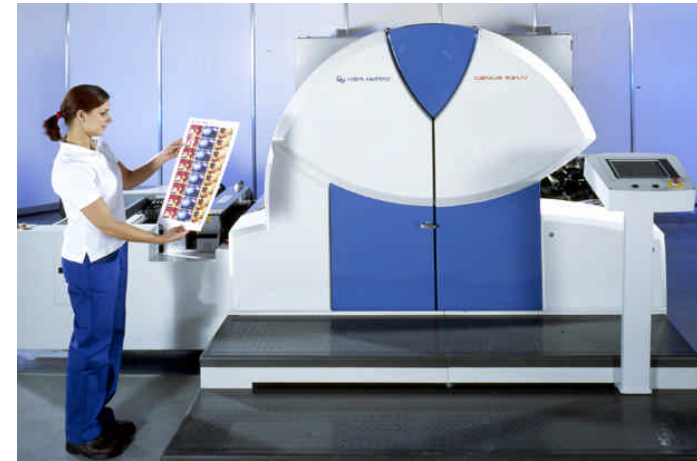
- Provider of printing, coating, drying and logistics systems for metal sheets, and of air purification systems
- Renewed increase in order intake and sales, 265 employees
- Applications primarily for packaging: food, cosmetics (Nivea tins), cigars etc.
- Market and technology leader in premium printing and coating systems
- Metal-decorating activities will be expanded still further



- Market leader in marking and coding technologies
- Technologies include
 - inkjet
 - laser
 - hot stamping
 - thermal transferon synthetics, film, glass, ceramics, cartons etc.
- Double-digit growth in new orders and sales, around 200 staff



- Environmentally friendly UV offset presses for printing plastic, film and electronic data storage devices
- 120 employees, sales in 2011 hit by general lack of investment
- Drupa 2012 saw the launch of a variable-format web offset press, the Varius 80, for the high-growth flexible packaging market
- Move into packaging printing should generate additional business volumes



KBA-Grafitec in Dobruška, Czech Republic



- 310 employees produce small-format sheetfed offset presses
- Development support from our Radebeul facility
- Demand in this format class is modest
- Multiple vendors, fiercely competitive sector
- Mounting competition from digital print
- Capacity adjustment, transfer of sales and service activities to Radebeul
- New high-tech Rapida 76 launched at Drupa 2012 targeting premium commercial and packaging printers



- Technological and market leader in security presses
- Another good performance by a solid business with approx. 190 employees
- Special presses (steel-plate engraving, intaglio etc.) for printing counterfeit-proof banknotes
- Specialised security technology and systems for pre-press, quality inspection, finishing and conversion
- Banknote design service



Diligent staff the basis of our success



- Highly qualified staff are a competitive strength
- Our training level is an above-average 6.7%
- Our Würzburg facility has had a vocational training school since 1868
- Federal, regional and Chamber of Industry and Commerce best in class
- Quality over quantity: with a small payroll, training and further training are increasingly vital in a global business



Ongoing investment in products and manufacturing



- Over €35m invested in property, plant, equipment and IT in 2011
- Investment focus: €14m refurbishment of the foundry in Würzburg
- Just under 5% of sales invested in R&D
- Dazzling innovations and unique features in all business segments at Drupa 2012

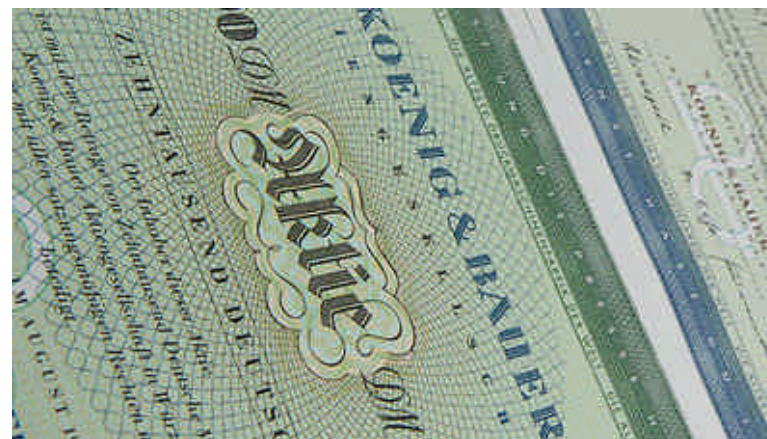


- As in the previous year, the dividend proposal is informed by Group results
- Net profit is key to sustaining Group development and strategic manoeuvrability
- In the current business climate, a Group profit of €0.4m does not permit us to pay a dividend
- The Parent's higher profit was the result of unusually high earnings from shareholdings

Proposal:

The Parent's retained earnings of €11,293,700.47 should be carried forward to a new account

Profits should be ploughed back to restore profitability, develop new business lines and exploit further strategic options



First-quarter figures for the KBA Group

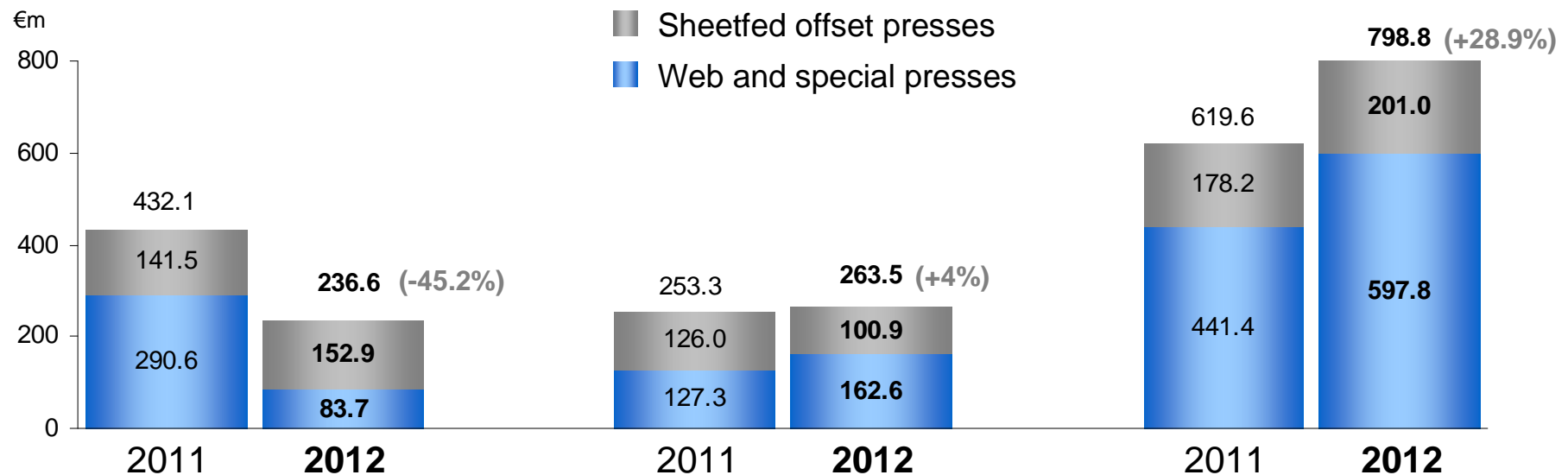


- 8% more orders for sheetfed offset presses
- Order intake for web and special presses below the prior-year record figure, which was boosted by some major contracts
- Sales up 4% on previous year, order backlog 29% higher

Order intake
01.01. - 31.03.

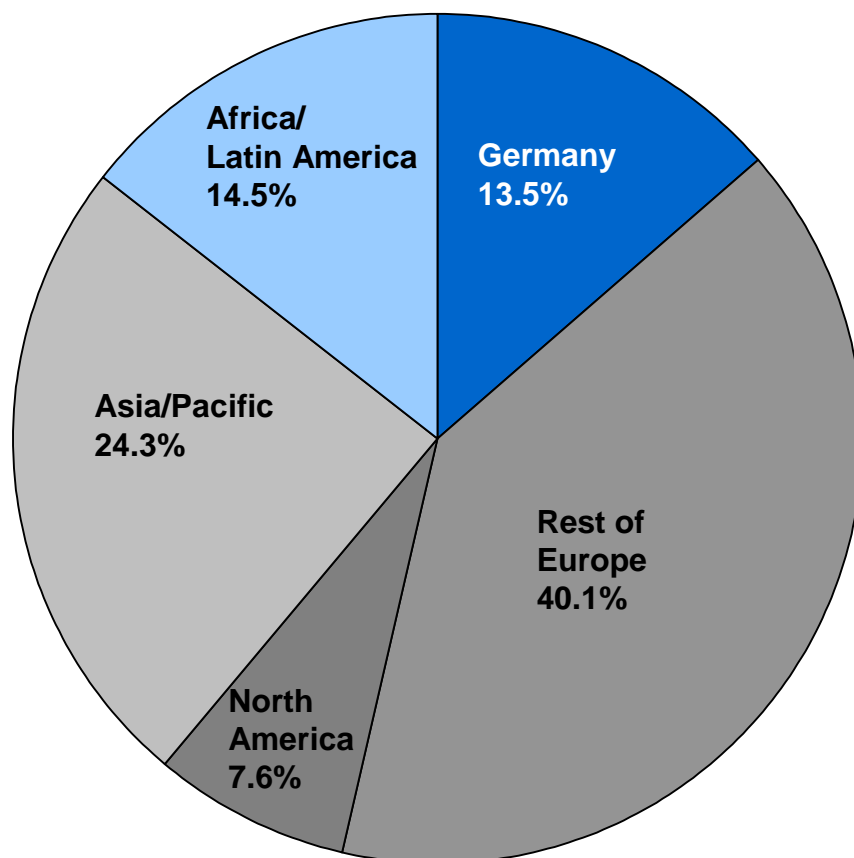
Sales
01.01. - 31.03.

Order backlog
31.03.11/31.03.12

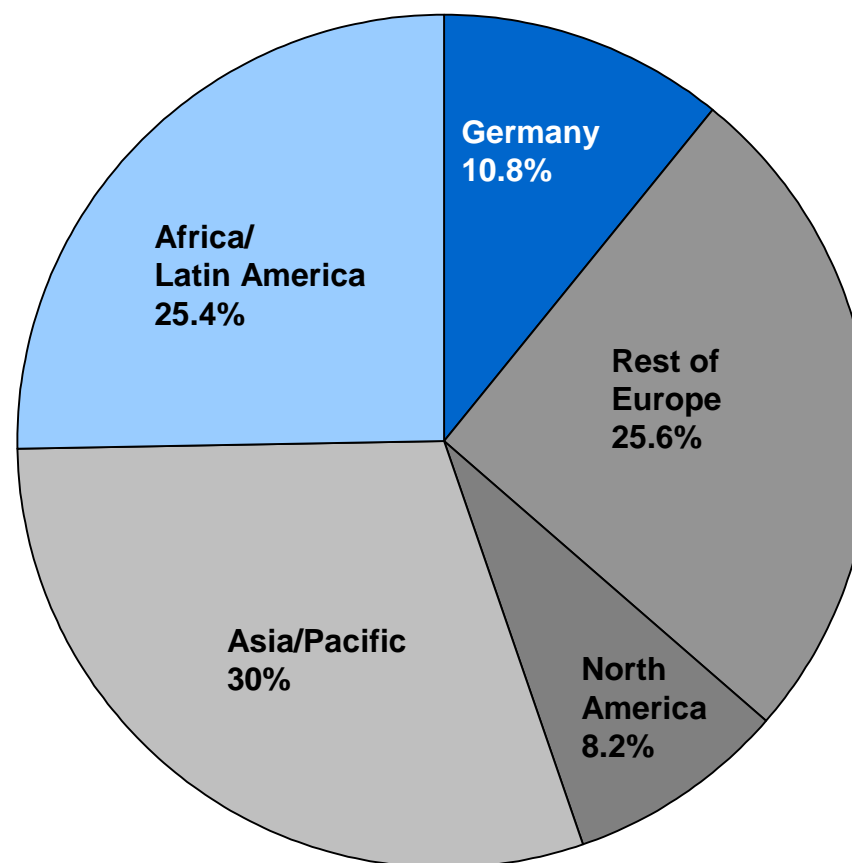


Geographical breakdown

Q1 2011



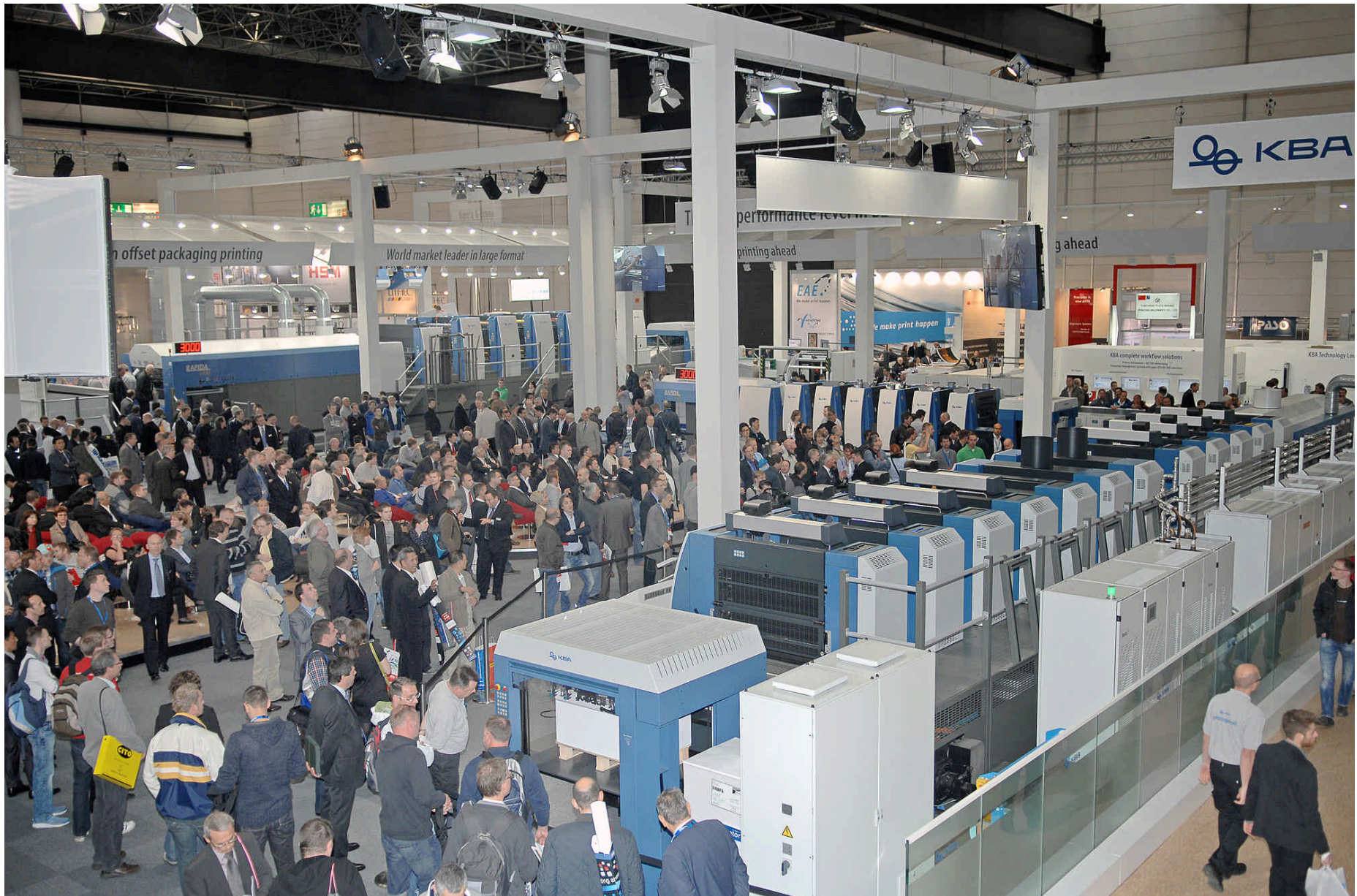
Q1 2012



- Notwithstanding weak first-quarter sales plus high outlay on R&D and Drupa
- Improvement largely due to cost savings and the shipment of more profitable products

	Q1 2011	Q1 2012
Gross profit margin	23.8%	27.9%
Operating profit/loss	-€1.8m	€2.0m
Earnings before taxes	-€3.9m	€0.2m
Net loss	-€5.8m	-€0.8m
Earnings per share	-€0.35	-€0.05

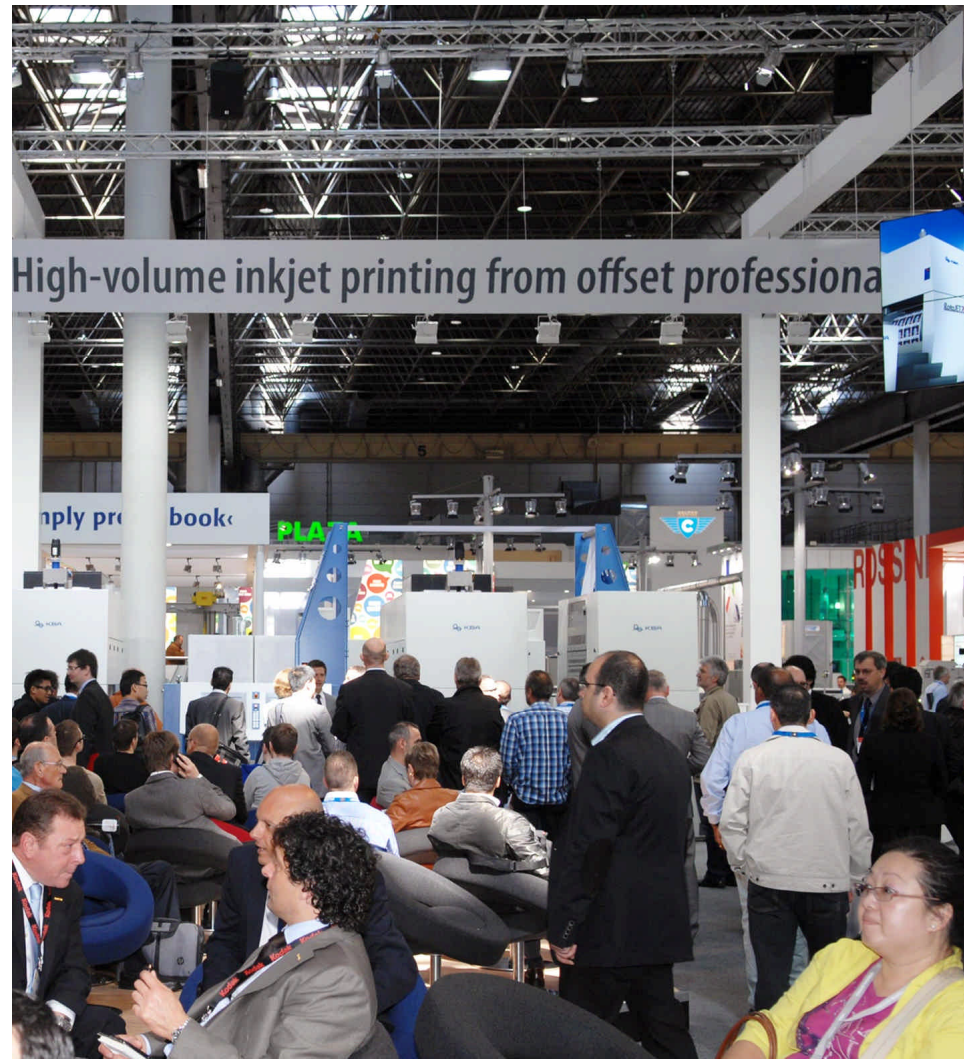
Successful Drupa 2012 for KBA



Group performance at Drupa 2012



- Attendance some 20% down on 2008, but high-calibre decision-makers
- Attendance high on KBA stand
- KBA respected as an innovator
- More orders than expected in run-up
- Primarily sheetfed offset presses
- Focus on medium and large format
- Small-format sheetfed, two web presses sold
- Orders from over 30 countries
- China no. 1, but also Europe, North and South America, Africa, Far East and Australia
- Final figures available in a few months, when financing has been clarified
- Post-Drupa business brisk
- 2nd and 3rd quarter boost to order intake



Order intake

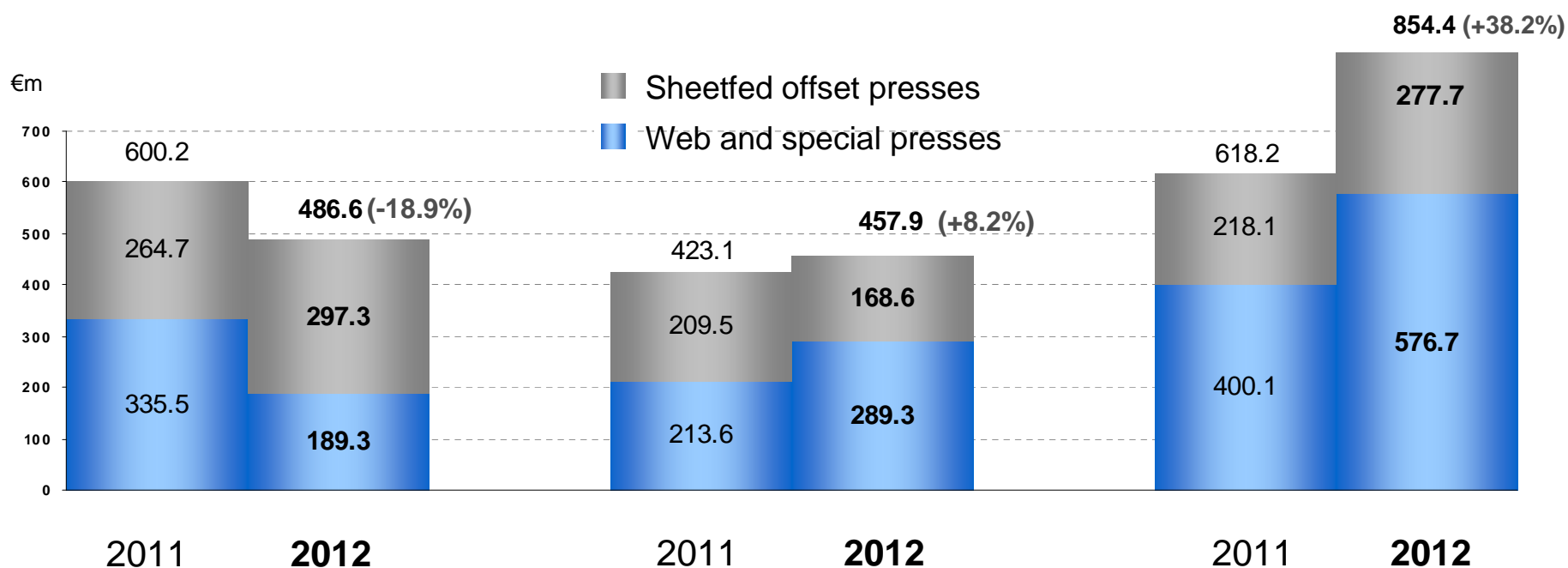
01.01. - 31.05.

Sales

01.01. - 31.05.

Order backlog

31.05.11/31.05.12



- We anticipate sales of more than €1.2bn and an order intake that is bigger than sales (book-to-bill ratio >1)
- Notwithstanding pricing pressures and restructuring expenses we also anticipate an increase in pre-tax profit
- Our short- and medium-term earnings projections are based on
 - our broad and competitive product mix
 - cost savings (operational expenditure – opex) from restructuring
 - positive impact of initiatives to reduce manufacturing costs (cost of goods sold – CoGS)



This 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.

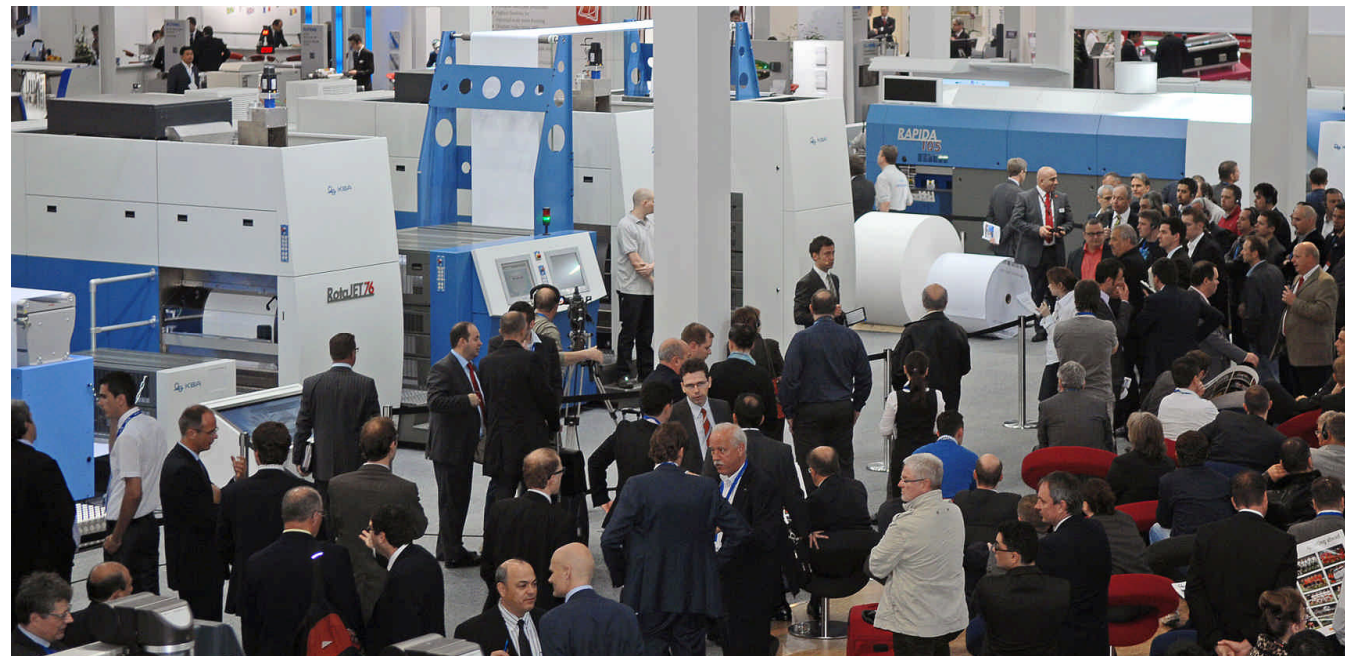
- Structural changes wrought by technological advances, online services, new reading devices, internet printers and digital print
- KBA has laid the foundations for cutting costs and raising plant utilisation by trimming capacity, increasing in-house production, expanding niche activities and moving into digital print
- When personnel adjustments have been completed the Group payroll will fall well below 6,000
- Innovative products will further strengthen our market position
 - Target in sheetfed offset: reduce gap to no. 1
 - Target in commercial web offset: move up to no. 2 slot
 - Target in newspaper offset: profit-oriented consolidation
 - Target in special presses: expand product palette in profitable sectors
 - Target in services: expand activities



New business line: high-volume digital print



- Development and commissioning of an inkjet web press in less than 12 months in alliance with RR Donnelley
- Targets: medium to large print operations
- Focus on applications for book, commercial, packaging and security printing
- Drupa 2012: launch of new KBA RotaJET 76
- Multiple projects for new KBA digital press



- The packaging sector has long been a growth market for KBA
- Entry into the high-growth flexible packaging sector with the Varius 80 variable-format web offset press built by KBA-MePrint
- Expansion of KBA-Metronic's product portfolio for packaging lines (coding, marking, branding)
- Development of cross-process engineering and workflow competence in packaging production

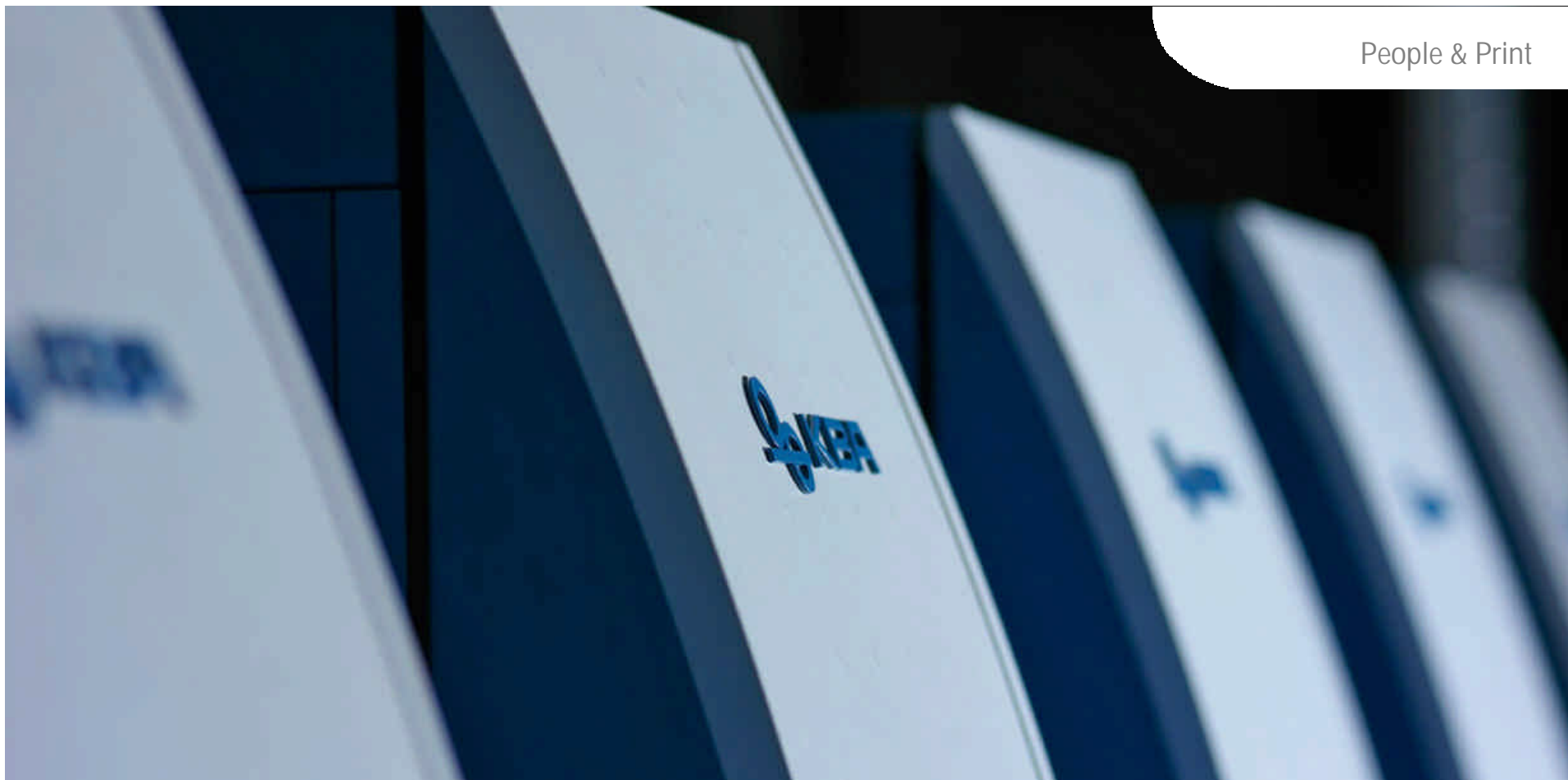


- Good position in premium packaging and book sectors with high-tech presses from Europe (Rapida 105/106 and large format)
- Growing presence in high-performance commercial sector with Rapida 105 and Rapida 75
- 2010: acquisition of Mabeg Shanghai, a manufacturer of press components
- Target 2012: acquisition of a majority interest in a Chinese manufacturer of sheetfed offset presses
- Expansion of lower end of sheetfed range with products manufactured locally



- KBA was the only major press manufacturer to post a profit, albeit a small one, in 2009, 2010 and 2011
- KBA weathered the financial crisis with no external aid, is liquid and has no net debts
- We are expanding our sales and service network with ex-manroland agencies
- KBA offers third-party customer services via a new company, PrinthouseService (PHS)
- KBA is considered an innovator and game-changer
- KBA offers partners financial stability and dependability





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