



### 86th Koenig & Bauer AG Annual General Meeting 16.06.2011 in Würzburg

Helge Hansen President and CEO



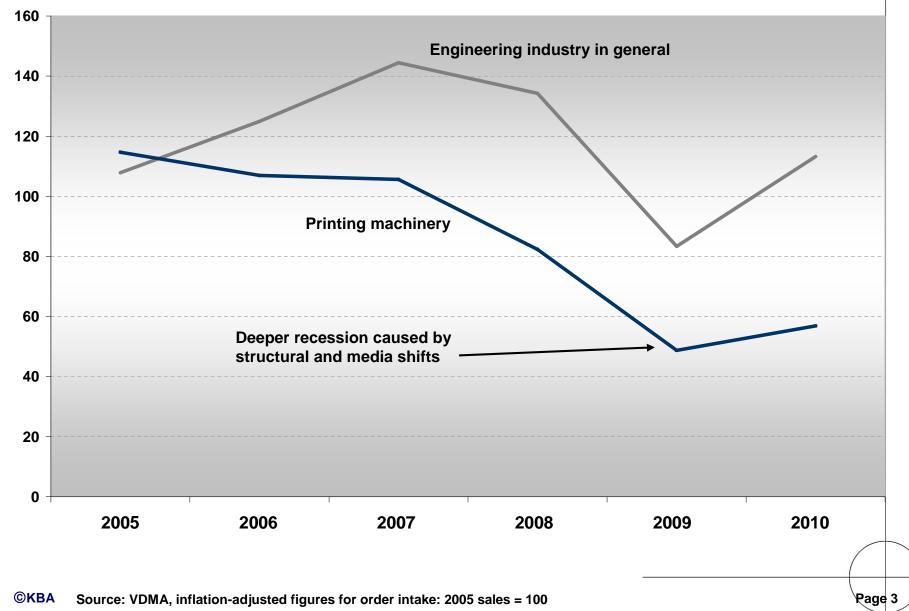
# Perceptible upswing in demand for sheetfed offset presses and niche products

# Modest market prospects, need for further consolidation in web press sector

Substantial gains in order intake, sales and earnings in first quarter 2011

#### Faster, stronger revival in general engineering

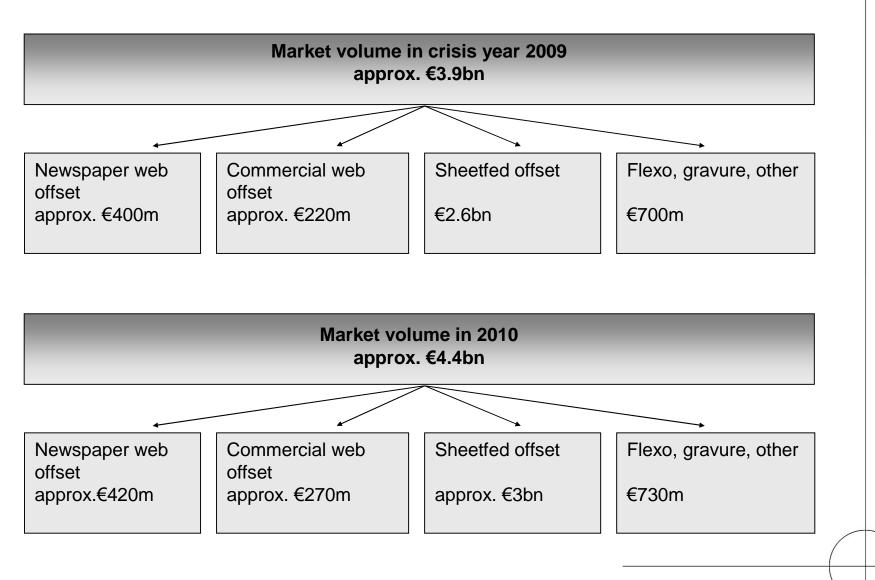
#### industry than in press engineering sector



BA

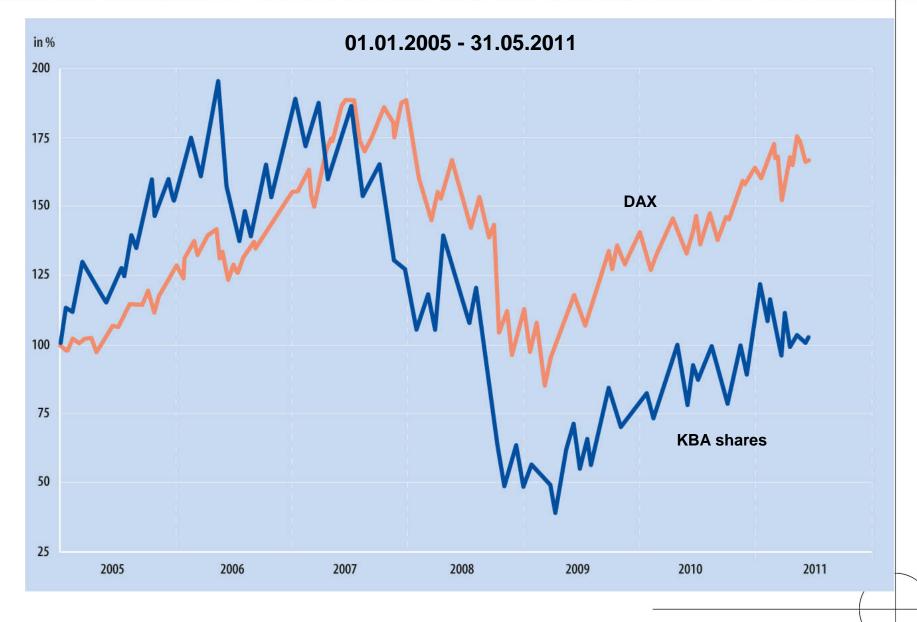
## Only moderate growth in printing-press market\*

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



## Ф ква

#### **KBA** shares



©KBA

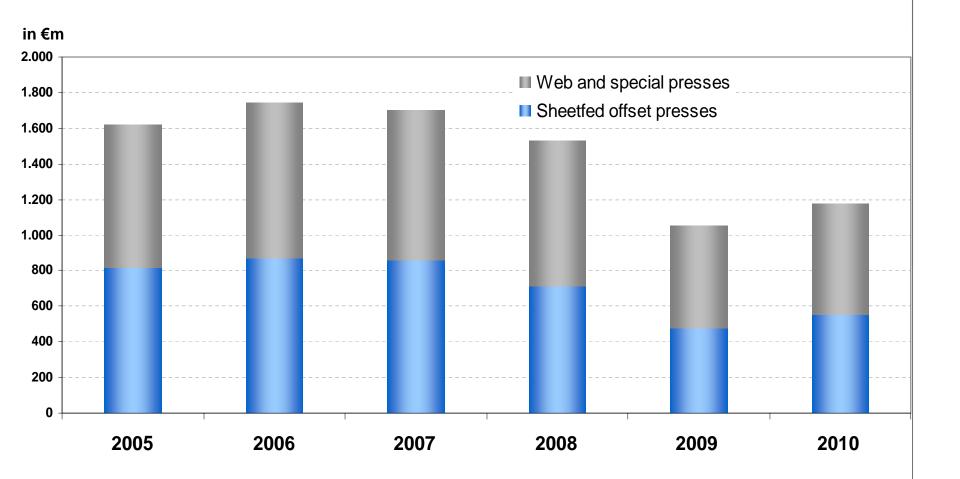


#### **Group performance in 2010**

Order intake 1.1 31.12.			Sales 1.1 31.12.		Order backlog 31.12.09/31.12.10	
in €m 1,300		1,284.9 (+45.4%)	1	1,179. (+12.3%		•
1,200 1,100 1,000 900 800 - 700 -	883.9 464.6	621.6		50.4 551.1 8.7		440.8
600 - 500 - 400 - 300 - 200 - 100 - 0 -	419.3	663.3	57	1.7 <b>628.0</b>		(+31.6%)
U	2009	2010	20	009 <b>2010</b>	20	09 <b>2010</b>

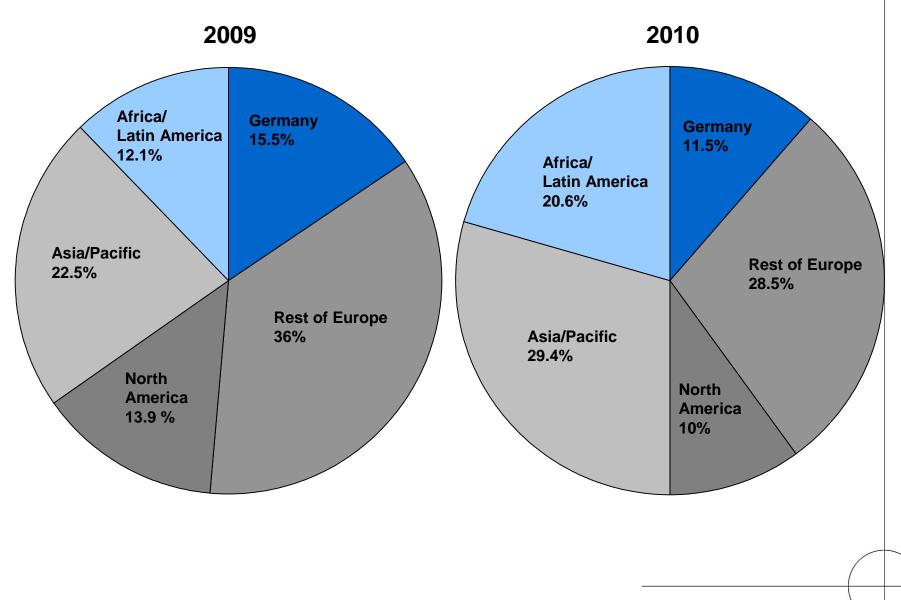


#### 12.3% sales growth in 2010 to €1.18bn



## **₽**ква

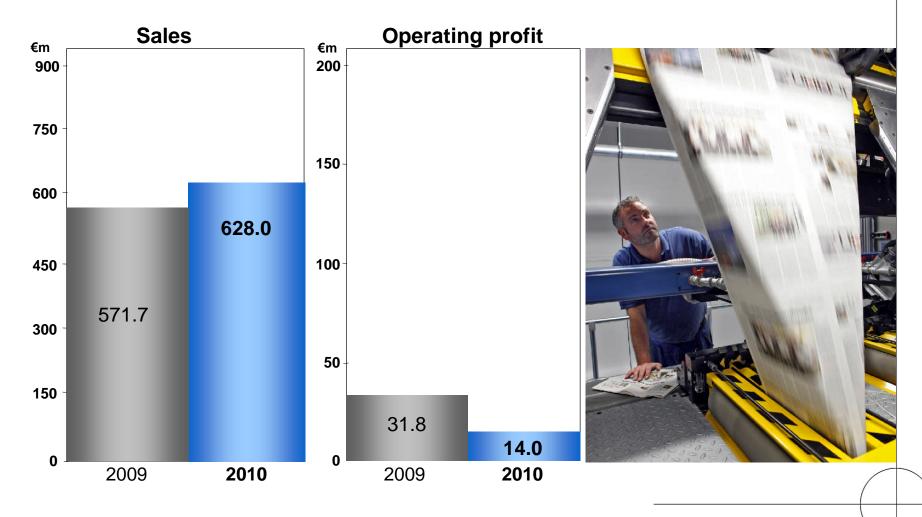
#### **Rise in export level to 88.5%**





#### Web and special press division 2010

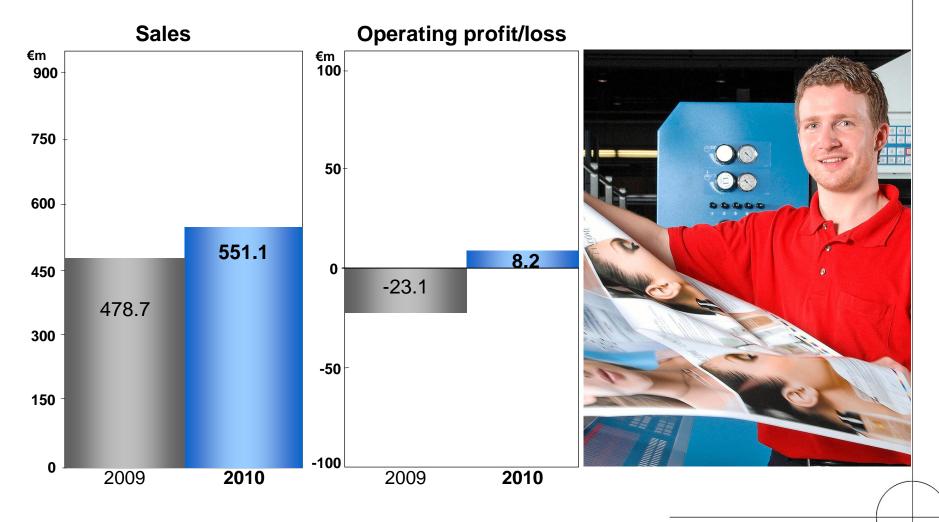
- > Sales approx. 10% higher than in previous year
- Weak demand for web presses impacted on earnings





#### **Sheetfed offset division 2010**

- Sales 15% higher than in previous year
- Higher sales and cost savings boosted earnings



## Ф ква

#### **Further growth in niche business**

- Subsidiaries' niche business less affected by structural and media shifts
- Security printing, metal decorating, UV offset, industrial coding technology and air purification
- Early differentiation strategy paid dividends in the crisis
- > Broad product mix has stabilising impact on sales and revenue



Metal decorating



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Coding and marking technology



#### Improved earnings in 2010

	2009	2010
> Gross profit margin	20.8%	26.6%
Operating profit	+€8.7m	+€22.2m
Earnings before taxes	+€2.7m	+€15.3m
Earnings after taxes	+€6.6m	+€12.5m
Earnings per share	+€0.41	+€0.76

<b>Ф</b> ква	Solid balance and strong	financial profile
	31.12.2009	31.12.2010
> Above-average equity r	atio 39.6%	39.6%
Fewer bank debts	€48.3m	€43.1m
Big jump in liquid asse	t <b>s</b> €76.1m	€91m
Comfortable level of ne	<b>t liquidity</b> +€27.8m	+€47.9m
Higher free cash flow	+€4.9m	+€20.4m
Ample cash credit lines	around €100m	around €100m

#### Diligent employees the key to our success

High standard of training

KBA

- Four top regional rankings in qualifying exams
- > Training level remains high at 6.5%
- KBA apprentices not offered
  permanent employment are highly
  prized in the labour market
- Core team of technicians,
  engineers, qualified sales staff and specialists
- Further training a top priority



Rage 14

## **О**ква

#### **Ongoing investment**

- Property, plant, equipment and IT the primary focus
- Current project: extension and technical upgrade for the foundry in Würzburg
- Production plants well equipped
- R&D spending represents well over 4% of sales





#### Group performance to 31.03.2011

<ul><li>Sheetfed offset presses</li><li>Web and special presses</li></ul>		619.6 (+40.6%)
Web and special presses		(+40.6%)
	440.8	178.2
253.3	162.7	
209.8 85.8 <b>126.0</b>		441.4
124.0 <b>127.3</b>	270.1	
2010 <b>2011</b>	2010	2011
-€1.8m (prior year:	-€19.4m)	
s -€3.9m (prior year:	-€21.3m)	
 	209.8 85.8 124.0 2010 2011 -€1.8m (prior year:	209.8    126.0    278.1      124.0    127.3    2010      2010    2011    2010      -€1.8m (prior year: -€19.4m)

## **Ф**ква

### **Group performance in first quarter 2011**

- 37.4% jump in order intake following
  brisk demand for sheetfed offset presses
  and niche products
- > 20.7% higher sales compared to 2010
- > 40% bigger order backlog
- Earnings in weaker first quarter much better than in previous year
- Strong cash flow, high net liquidity



## Ф КВА

#### **Successful Print China for KBA**

- > Over 250 sheetfed offset printing units and two commercial web presses sold
- KBA focus on green printing well received
- China is growth market no. 1 for sheetfed offset presses





#### Preliminary Group figures to 31.05.2011

	Order intake		Sa	Sales		Order backlog	
	01.01 31.05.		01.01.	01.01 31.05.		31.12.10/31.05.11	
in €m <sup>700</sup> ⊤		599.7	Sheetfed	offset presses		617.5	
600		(+21.3 %)	Web and special presses			(+40.1%)	
	494,4			423.0		218.0	
500		264.3		(+27.0%)	440,8	210.0	
400 -	226.4		333,0		162.7		
300 -			146.0	209.0			
200 -		335.4				399.5	
100 -	268.0		187.0	214.0	278.1		
0	2010	2011	2010	2011	2010	2011	

## Ф ква

#### **KBA well positioned in print technology**

- World's second-largest press manufacturer
- > Broad, highly advanced product portfolio
- Technological trailblazer
- No. 1 in newspaper press technology
- No. 1 in large-format sheetfed offset
- No. 1 in packaging offset, security printing and metal decorating
- No. 2 in sheetfed offset
- No. 3 in web offset (potential for improvement)
- Strong position in green printing



## Ф ква

#### **Group prognosis for 2011**

- Single-digit increase in Group sales
- Moderate improvement in earnings
- Further adjustment at web press production plants to more muted market prospects
- Preparations in full swing for Drupa, the world's biggest print media trade fair



## **De KBA** New business line: high-performance digital print

- Agreement with RR Donnelley to develop, manufacture and distribute own-brand digital presses
- Digital printing systems for multiple applications
- Primary target groups: mid-size to large-scale printing plants
- The first KBA digital printing system will be unveiled at Drupa 2012







Koenig & Bauer AG Friedrich-Koenig-Str. 4 97080 Würzburg, Germany www.kba.com