



Koenig & Bauer AG at German Equity Forum 2012 November 14, 2012, Frankfurt am Main

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- **Sales of some €1.2bn** generated by just under 6,000 employees in over 30 countries
- **No. 1** in web offset (newspapers, commercials)
- **No. 1** in large-format sheetfed offset and packaging offset
- **No. 1** in security and bank note printing
- **No. 1** in metal decorating
- **Top innovator in press engineering sector** (in the top 20 globally with regard to patent applications)
- **Long-standing traditional company**, approx. 200 years of stable company history



Portfolio includes high-tech printing / systems solutions



	Sheetfed offset	Web offset for Newspapers / Commercials	Metal/ Coated steel	Marking and Coding	Bank notes / Security	
Products		 				
Business type	Machinery business	Construction		Systems business	Construction / Systems	
Targeted markets	<ul style="list-style-type: none"> – Small-, medium- and large-format presses for packaging, book, poster, display and commercial printers – Small and medium-sized print runs in premium quality – Substrates from lightweight paper to corrugated board 	<ul style="list-style-type: none"> – Newspaper, insert, supplement and flyer printing – Medium to large-sized print runs – Lowest cost per copy in newspaper quality 	<ul style="list-style-type: none"> – Magazines, catalogues, ad inserts, books, brochures, flyers and other periodicals – Medium to large-sized print runs – High quality 	<ul style="list-style-type: none"> – Solutions supplier for printing, coating, drying and metal sheet logistics – Systems for air purification – Application in packaging segments: food, cosmetics, cigars etc. 	<ul style="list-style-type: none"> – Inkjet, laser, hot stamping and thermal transfer solutions for marking and coding – Marking and coding on very varied substrates such as synthetics, plastic film, glass, ceramic, board 	<ul style="list-style-type: none"> – Special printing presses with varied printing processes such as intaglio for printing bank notes – Special security technology and systems for pre-press, quality control and post-press – Bank note design service

1. Today's valuation too low

- Industry benchmark "Print only" not adequate because of KBA's current wide range of products and services, disagio therefore too high
- Book value significantly higher than current market cap

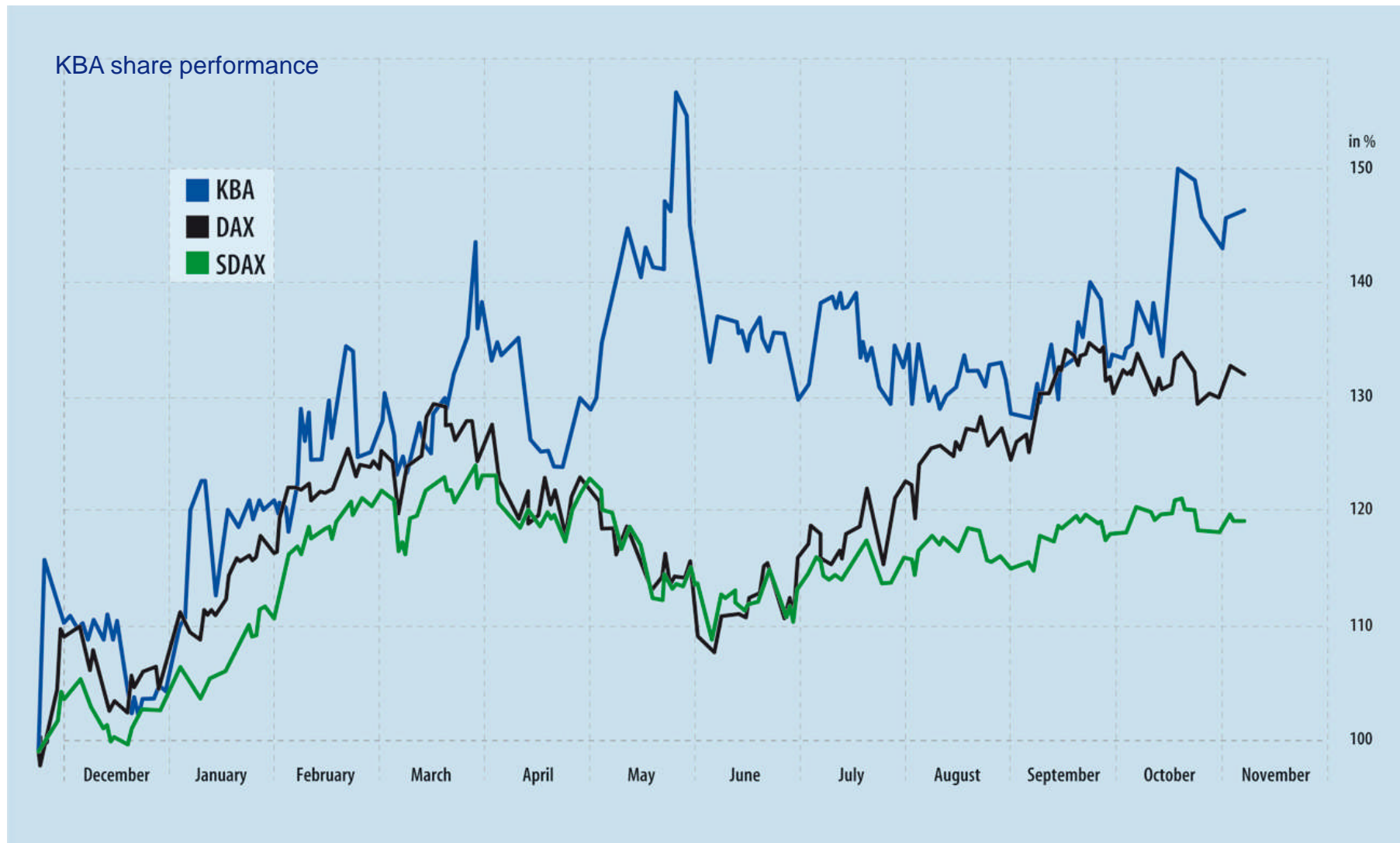
2. Value driver: restructuring of core business on target

- Since autumn last year the new management has significantly extended restructuring measures for the traditional sheetfed and web press business
- New responsibilities, clear gated milestones, initial success noticeable

3. Value driver: potential in portfolio expansion

- Strategic review of adjacent technologies or market segments offer further good business opportunities
- Financing options for organic and non-organic growth readily available

KBA beats benchmarks in the past 12 months

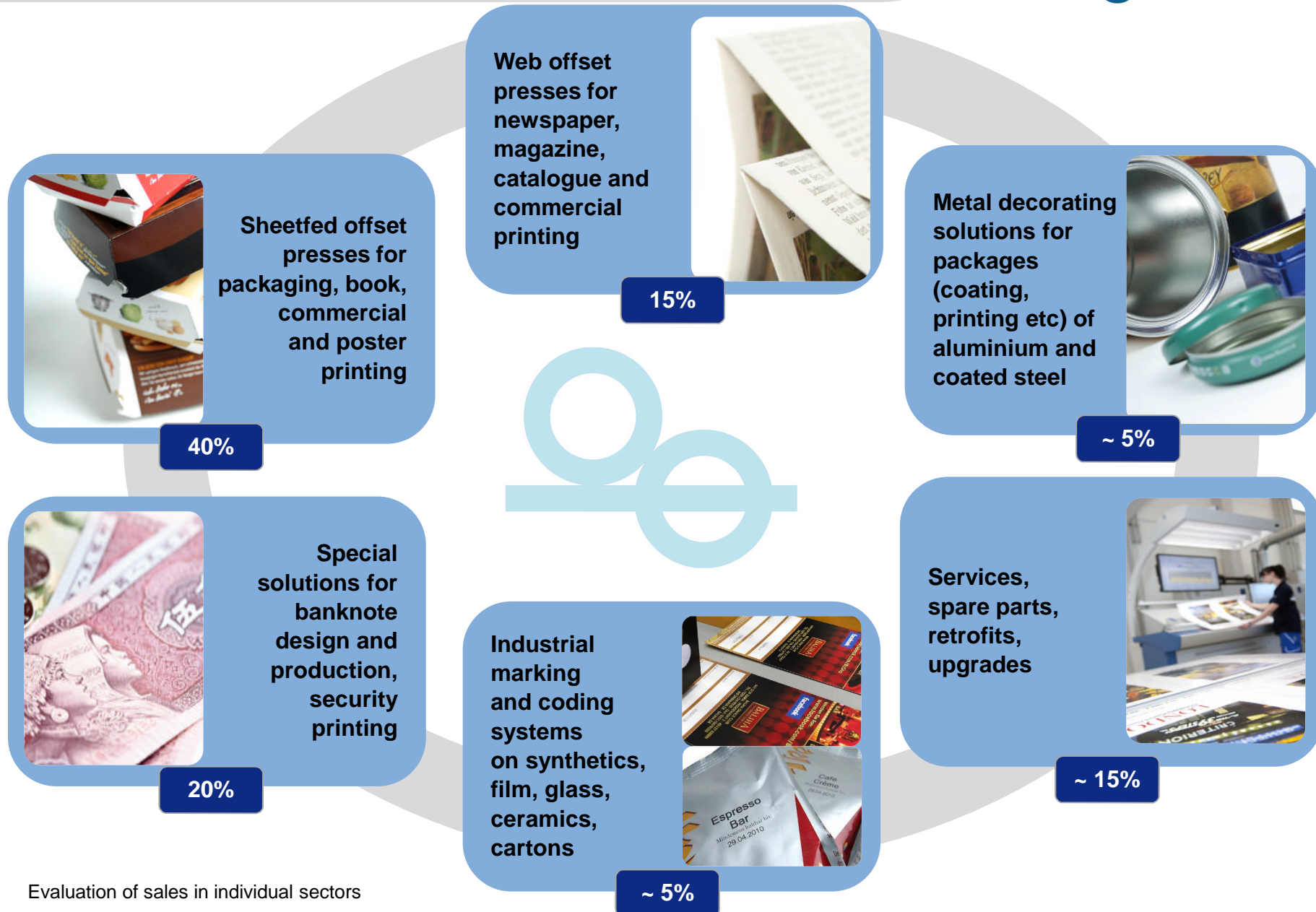


Does KBA come to mind when looking at these products?



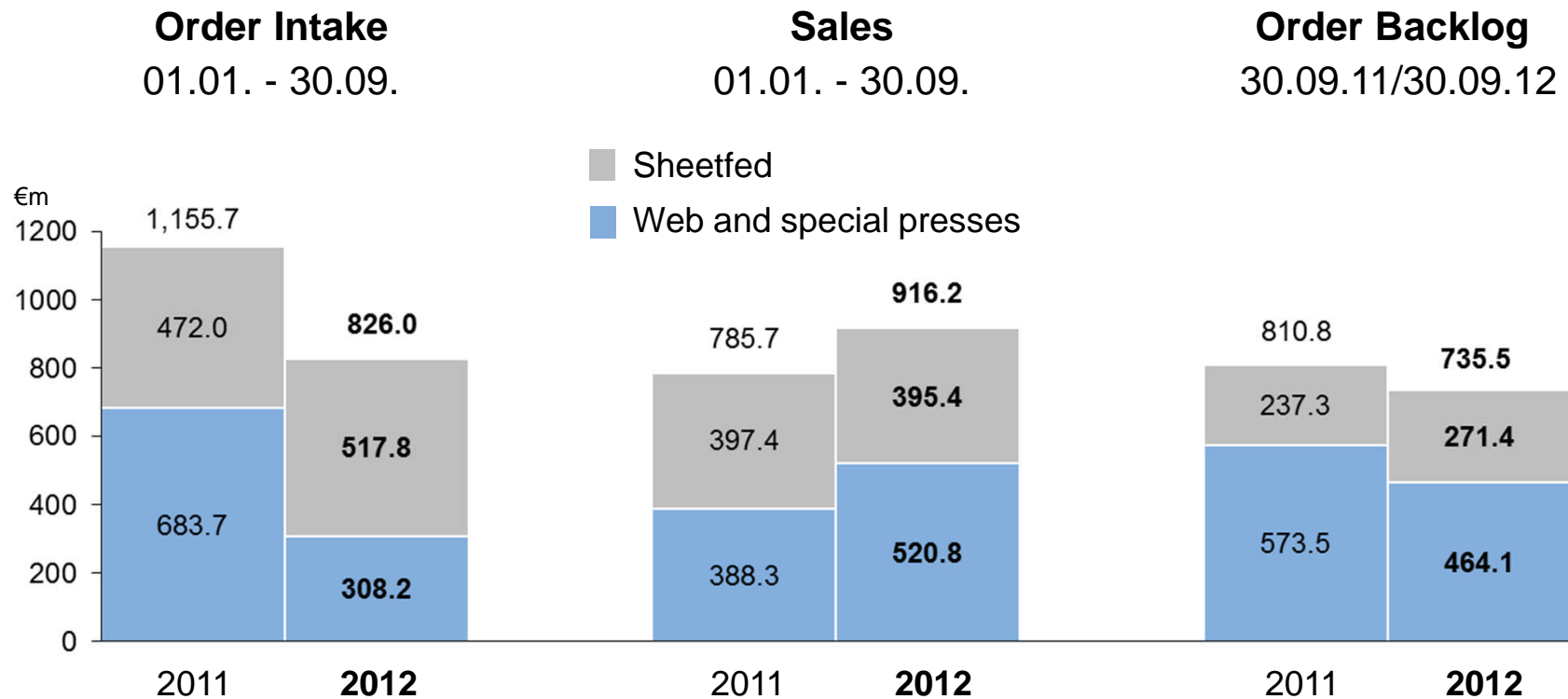
Examples from KBA customers

Extensive, highly advanced product portfolio



Evaluation of sales in individual sectors

- 10% more orders for sheetfed offset presses yoy
- Order intake for web and special presses below the prior-year record figure, which was boosted by some major contracts
- Sales up 16.6% yoy, 34% in the web and special press division



Group figures as per IFRS

Substantial improvement in earnings continues

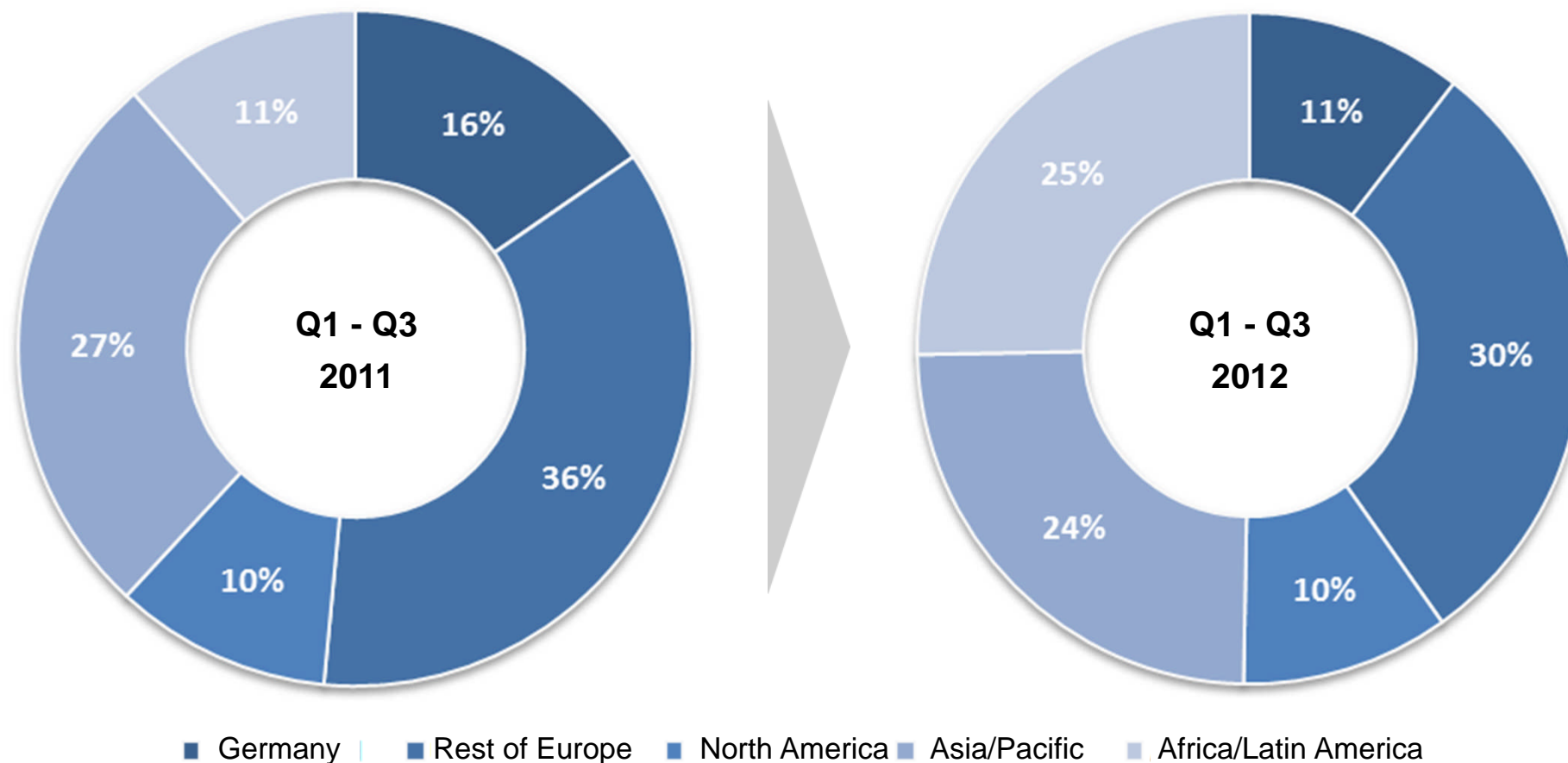


- Higher contribution margins delivered by double-digit increase in sales
- Improvement largely due to cost savings and favourable product mix







	Q1 - Q3 2011	Q1 - Q3 2012
Gross profit margin	22.5%	28.2%
Operating profit	-€20.4m	€20.5m
Earnings before taxes	-€26.6m	€12.5m
Net profit	-€32.5m	€5.9m
Earnings per share	-€1.97	€0.36

Group figures as per IFRS

Continued sales growth in emerging markets

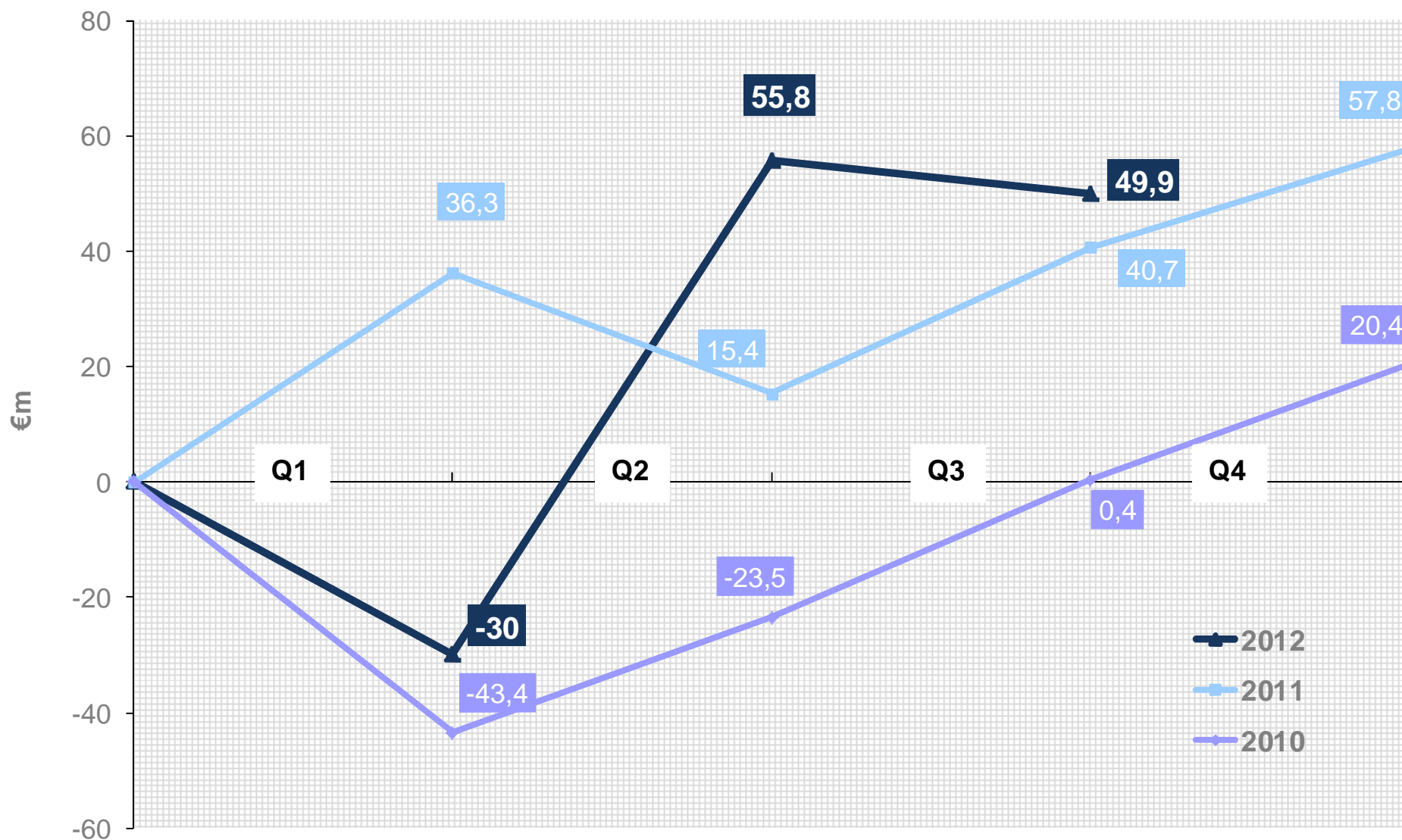


Group figures as per IFRS

	31.12.2011	30.09.2012	Change
Above-average equity ratio	38.2%	37.6%	
Few bank debts	€35.9m	€30.7m	
Liquid assets much higher	€145.6m	€193.4m	
Comfortable net liquidity	+€109.7m	+€162.7m	
Strong free cash flow	€57.8m	€49.9m	
Sufficient credit lines	€100m	€200m	

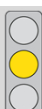

Group figures as per IFRS


Good free cash flow performance



Group figures as per IFRS

Advancements of the KBA group

Topic	Content	Status
Restructuring of core business	Expansion of activities in core business (e.g. focus on purchasing, quality assurance costs, SG&A), Implementation of division-based responsibilities with gated milestones. Initial success noticeable.	
Financing	4-year facility €100m negotiated with Credit Suisse (additional to €100m facility with German bank pool). Start of net working capital project and introduction of cash incentives. Initial success noticeable.	
Transparency	Contribution margin-orientated product analyses have become standard, changed planning framework incl. external audits by KPMG, tax ratio optimization activities.	
Strategy	Group strategy realignment, revision of projects and prioritization of dedicated resources. Expand service business with new unit PHS.	
Regions	Start of KBA offices in South America and Japan/Korea. Realignment in Germany.	
Technology / Portfolio	Successful market launch of own digital printing technology. Entry in flexible packaging market (offset). Complete changeover of sheetfed products on new platform, a successful Drupa for KBA.	

 Project execution relating to orig. expectations and time frame

Optimizing group purchasing

So far purchasing has hardly been bundled at KBA, **setting up a purchasing board** with the following steps for improvement :

- Start with consequent commodities management worldwide
- Begin with selected commodity fields and locations in Würzburg, Radebeul and Mödling
- Target of reducing the number of suppliers, focus on strategic key partners



Initial success in reduction of material costs

Expanding sales and service network

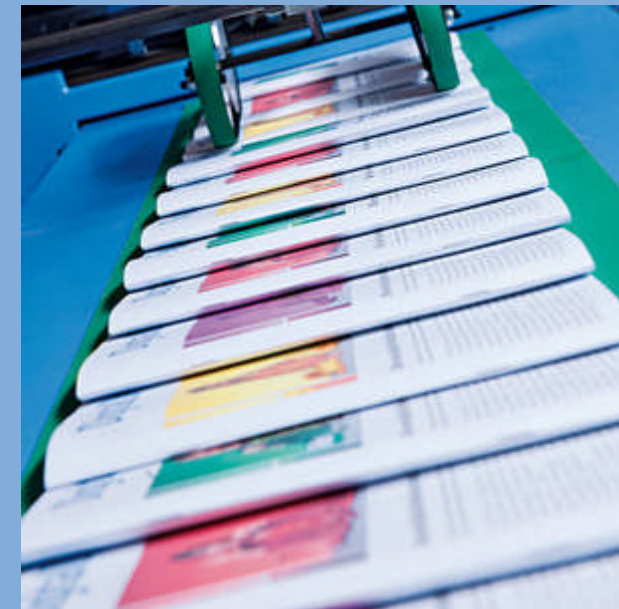
Setting up new, high-performance **KBA offices** in markets in Asia and Latin America, where KBA was poorly represented :

- Focus on sales and service
- Local competence among others through local co-shareholders
- KBA Korea Co., Ltd.
- KBA Japan Company Ltd.
- KBA Latina, SAPI de CV
- KBA Brazil (*currently being set up*)



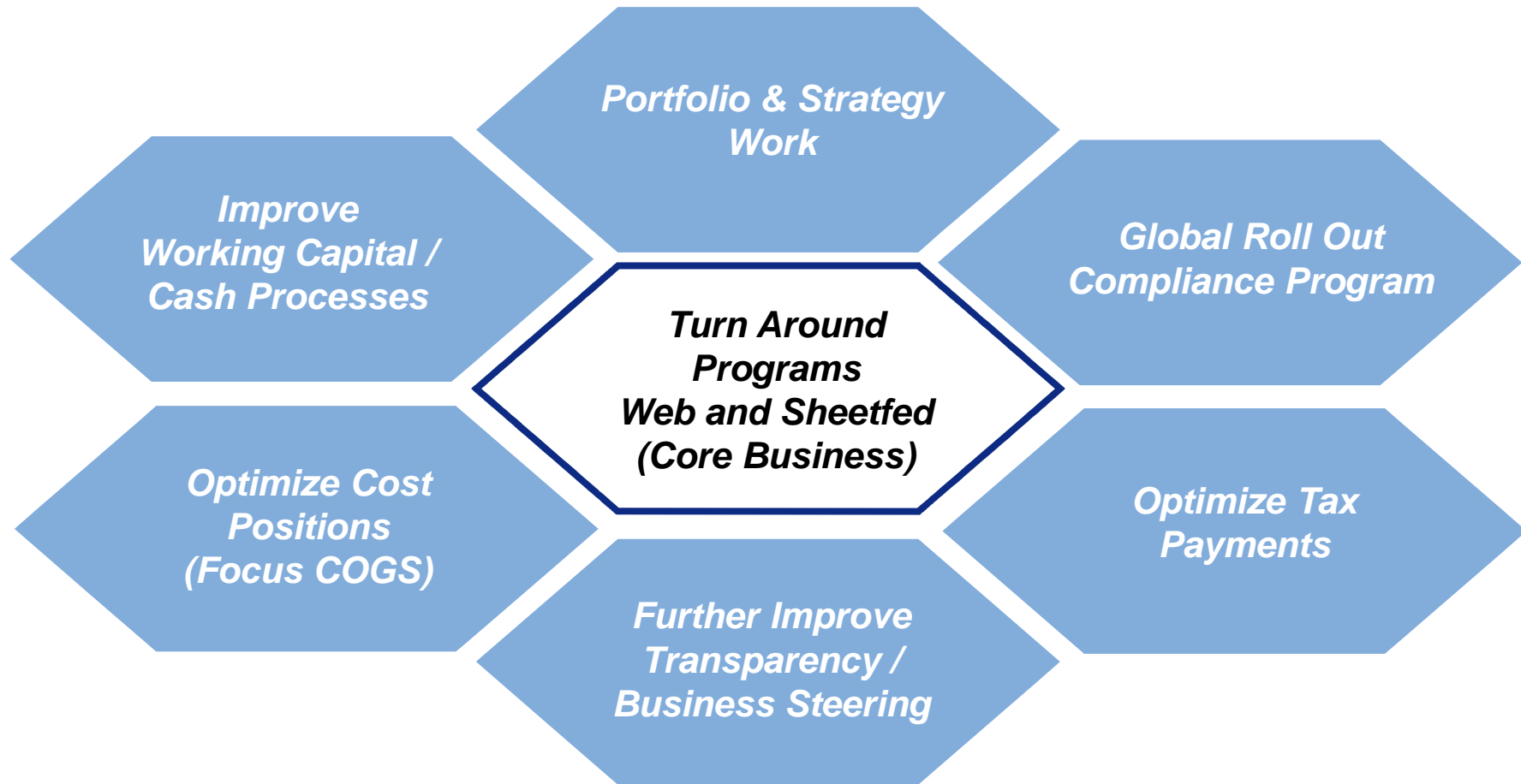
Numerous orders already from new customers in Korea, Japan, Mexico

- Product innovation: inkjet web press in alliance with RR Donnelley; development and commissioning in less than 12 months
- Drupa 2012: launch of the new KBA RotaJET 76, only high-volume press built in Germany
- **Expand own digital technology know-how**
- Focus on book, commercial, packaging and security printing
- Targets medium and large print operations
- Multiple projects currently being negotiated for new KBA RotaJET 76



- Packaging sector has a strong history within KBA
- Product innovation: Varius 80
- Variable-format web offset press developed and built prior to Drupa 2012
- **Entry into the high-growth flexible packaging market**
- Targets packaging printers working with non-absorbent, flexible substrates
- Further step: development of cross-process engineering and workflow competence in packaging production





- We anticipate sales of more than €1.2bn and an increase in pre-tax earnings in the magnitude of a figure in the low double-digit million euros
- We assume thereby that earnings from the operating business will be achieved and initial success of the expanded restructuring activities will take effect
- 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 growth in earnings and the absence of disruptive temporary market changes.

1st half-year 2012

One-on-one discussions with investors and analysts

27 April: Investors' day in Frankfurt

15 May: Press conference for analysts at Drupa

2nd half-year 2012

One-on-one discussions with investors and analysts

26 September: German Investment Conference Munich

19 October: Investors' day in Zurich

14 November: Q3 figures and German Equity Forum Frankfurt

1st half-year 2013

One-on-one discussions with investors and analysts

Participation in diverse investor and financial market conferences

February: Preliminary figures for 2012 and first outlook for 2013

22 March: Publication of 2012 financial statements

14 May: Q1 figures

13 June: AGM





Thank you for your attention.

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