



**Conference Call
H1 Results 2015
11 August 2015**

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Agenda

Highlights Q2 2015

Business performance H1 2015

Outlook and strategy

New company structure supports Corporate Governance



**Core
principles
anchored**


- Zero tolerance for loss-makers
- No cross-subsidies
- Capital deployment in line with strategic targets and expected returns
- New segment reporting: Sheetfed, Digital & Web and Special
- High operational transparency ensures implementation of core principles



**New
structure
implemented**

- Majority approval by the AGM on 21 May
- Koenig & Bauer AG as holding with spin-off of independently operating companies retrospectively from 1 January 2015
- Clear and strict management responsibility, enhanced transparency, increased market orientation, more strategic flexibility

Restructuring project: further progress in Q2

A blue circular graphic containing the text 'Visible restructuring results' in white, bold, sans-serif font.

Visible restructuring results

- Major improvement in operating earnings in Q2
- Q2 EBIT in Sheetfed up €13.3m year-over-year
- Digital & Web almost achieves turnaround in Q2 with EBIT of –€0.2m

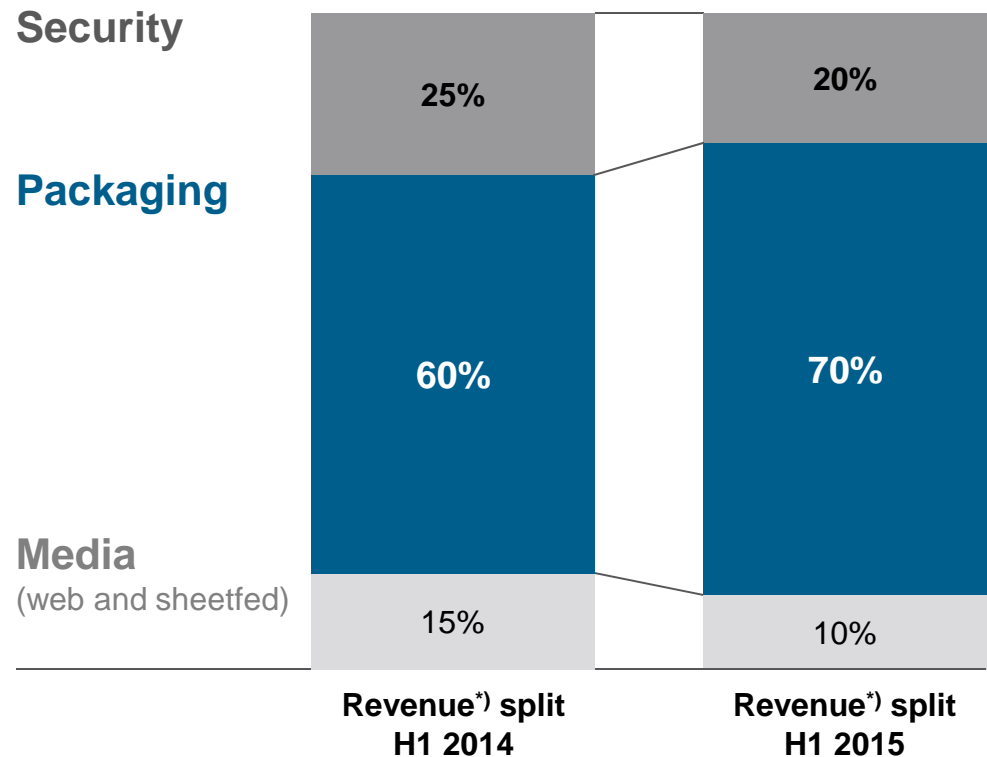
A blue circular graphic containing the text 'Programme almost complete' in white, bold, sans-serif font.

Programme almost complete

- Finish last restructuring measures by end of the year
- Fine-tuning in Industrial Solutions (Group-wide production)
- Final process and structural optimisations in some areas

Portfolio transformation: further progress in Q2

- Gains in core packaging markets, such as folding carton, metal
- Growth prospects in flexible packaging, glass and hollow containers as well as labels
- Focus in digital printing on industrial applications (e.g. decorative printing)
- Digital printing cooperation with HP in corrugated packaging segment



*) New machine business

Agenda

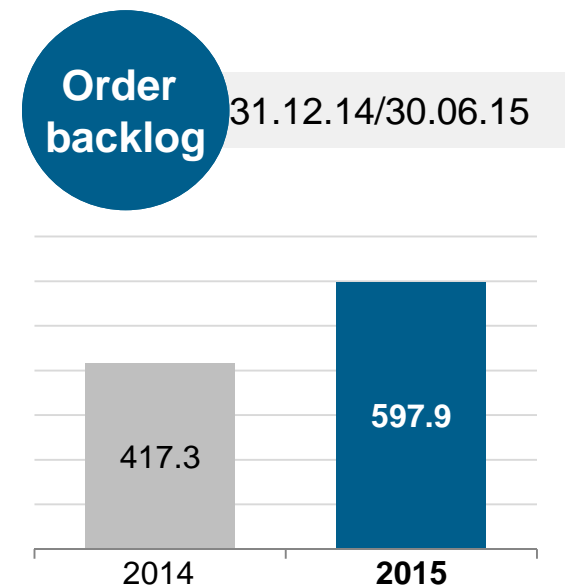
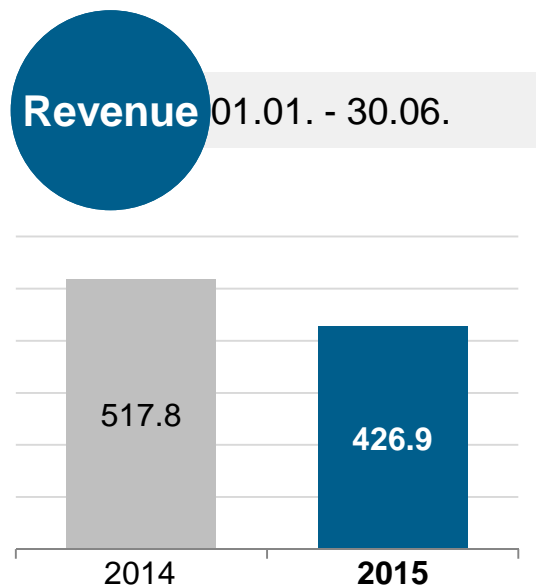
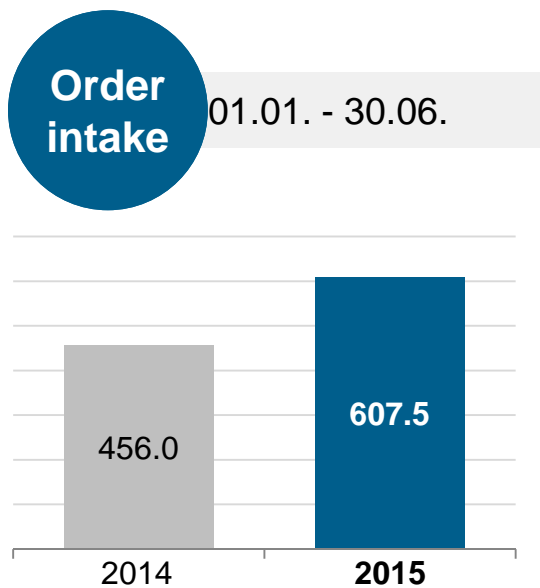
Highlights Q2 2015

Business performance H1 2015

Outlook and strategy

KBA Group performance

- Continued very strong order intake, at +33.2% well above previous year
- Sales below prior year due to more deliveries in H2, slight plus in sheetfed
- Order backlog over €180m higher than at start of year



Q1:	241.5	306.7
Q2:	214.5	300.8

Group figures as per IFRS in €m

Earnings in KBA Group

- Positive Q2 EBT of €6.9m despite expectedly lower H1 sales with security presses
- Substantial earnings improvement in Sheetfed and Digital & Web in Q2
- Stronger security press revenues in H2
- Incremental earnings improvement expected in Q3 and Q4

	2013	2014	H1 2014	H1 2015
Gross profit margin	14.4%	27%	27.3%	24.2%
EBT	-€138.1m	€5.5m	-€0.1m	-€10.8m
EPS	-€9.31	€0.03	-€0.20	-€0.55

Group figures as per IFRS

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Group income statement

in €m	H1 2014	H1 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 ./ 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	-3.3	1.5
Net loss	-3.4	-9.3

Group figures as per IFRS

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Visible results of working capital management

Solid net liquidity

- Working capital cut by €100m in the last twelve months
- Customer prepayments up €24.8m due to good order intake
- Cash flow reduced by €15m in outflows for staff cuts
- High liquid assets of €191.6m

Incremental cash improvements

- Further upside for inventories through switch to pull-principle
- Receivables structure under strong focus
- Reducing working capital as continuous effort

	30.06.2014	30.09.2014	31.12.2014	31.03.2015	30.06.2015
Net liquidity	120.1	184.7	192.4	169.2	172.8

Group cash flow statement

in €m	H1 2014	H1 2015
Earnings before taxes	-0.1	-10.8
Non-cash transactions	16.8	10.9
Gross cash flow	16.7	0.1
Changes in inventories, receivables, 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

Group figures as per IFRS

© KBA Conference Call H1 Results 2015 on 11 August 2015

Group balance sheet

in €m

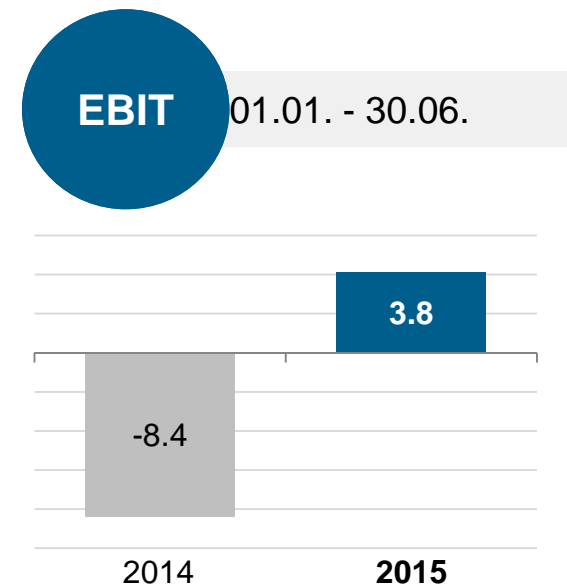
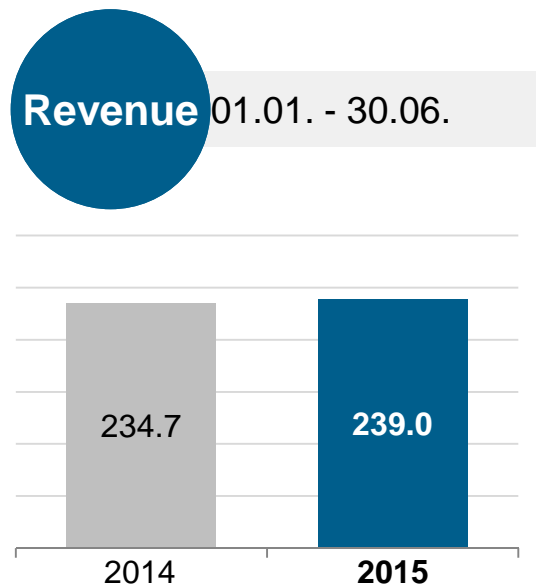
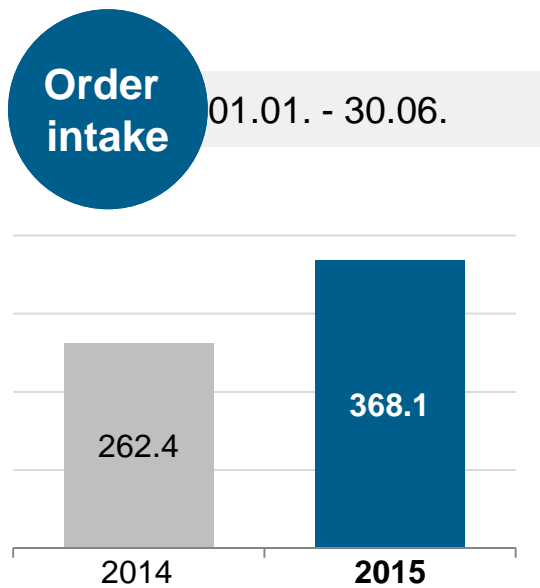
Assets	31.12.2014	30.06.2015	Equity and liabilities	31.12.2014	30.06.2015
Non-current assets			Equity		
Intangible assets and property, plant and equipment	228.7	224.8	Share capital	43.0	43.0
Investments/other financial receivables	14.8	15.3	Share premium	87.5	87.5
Other assets	0.1	0.2	Reserves	96.2	95.7
Deferred tax assets	35.2	34.9	Equity attrib. to non-controlling interests	0.5	0.3
	278.8	275.2		227.2	226.5
Current assets			Non-current liabilities		
Inventories	279.3	299.7	Pension provisions	195.0	184.4
Trade receivables	198.8	168.4	Other provisions	55.7	52.1
Other financial receivables	15.4	14.8	Other financial payables	10.1	10.9
Other assets	24.7	30.2	Other liabilities	2.0	1.7
Securities	9.6	11.4	Deferred tax liabilities	19.5	16.9
Cash and cash equivalents	207.6	191.6		282.3	266.0
Assets held for sale	0.5	-	Current liabilities		
	735.9	716.1	Other provisions	203.5	189.9
	1,014.7	991.3	Trade payables	57.1	44.1
			Bank loans/other financial payables	78.6	85.1
			Other liabilities	166.0	179.7
				505.2	498.8
				1,014.7	991.3

Group figures as per IFRS

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Sheetfed Solutions performance

- Strong order intake (+50% in Q2 y-o-y), high demand from packaging sector and Print China in April
- 4.5% more sales in Q2 y-o-y
- Q2 segment profit of +€6.5m, €13.3m above prior year (–€6.8m)
- Further incremental earnings improvement by progress with costs/prices



Q1:	133.9	174.7
Q2:	128.5	193.4

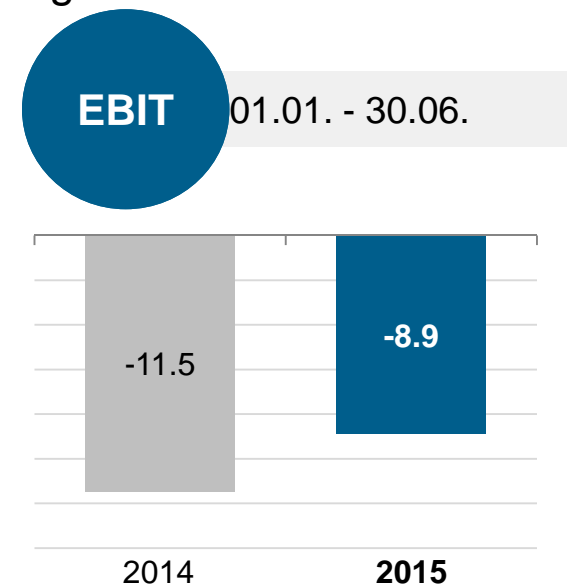
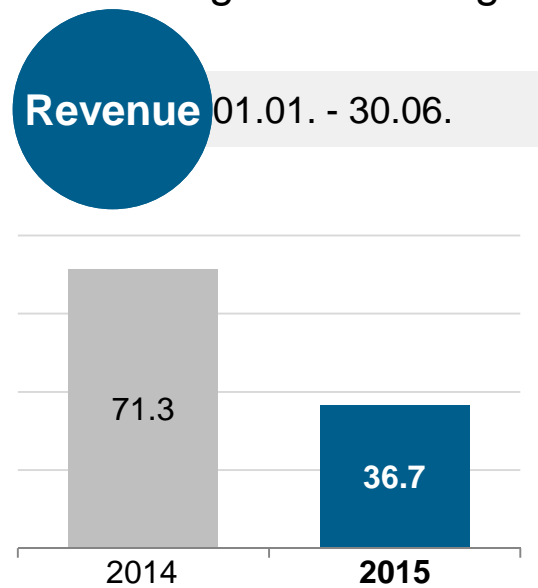
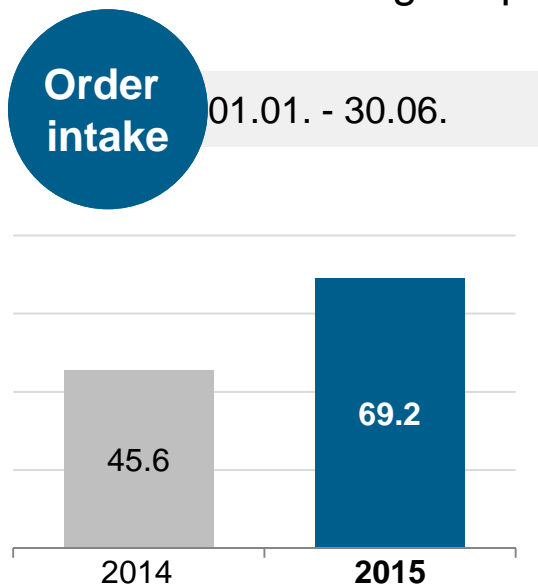
	111.1	109.8
	123.6	129.2

	-1.6	-2.7
	-6.8	+6.5

Group figures as per IFRS in €m

Digital & Web Solutions performance

- Order intake better than planned (+50% q-o-q, +100% in Q2 y-o-y)
- Q2 sales far above Q1
- Turnaround almost achieved in Q2 with segment loss of –€0.2m
- Restructuring of web business to new Digital & Web division shows initial success
- Incremental earnings improvement through cost savings and higher sales in H2



Q1:	26.4	27.9
Q2:	19.2	41.3

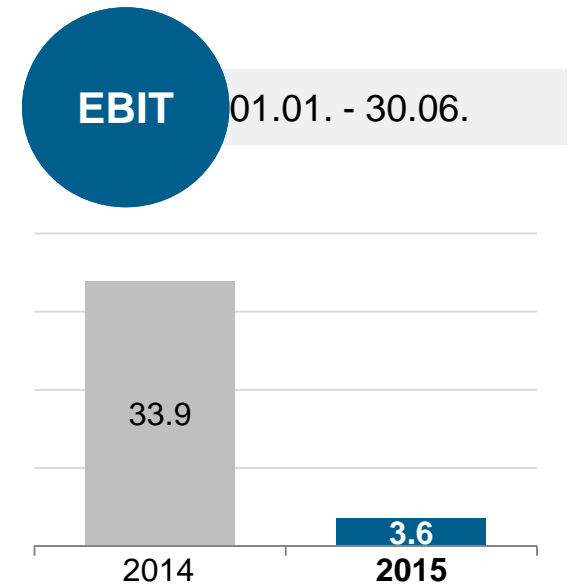
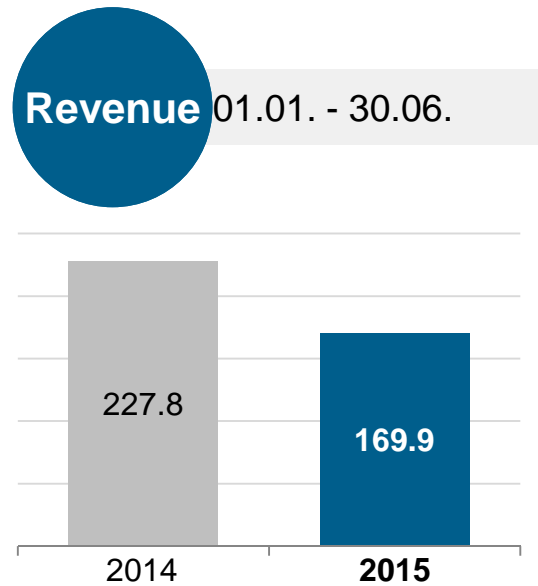
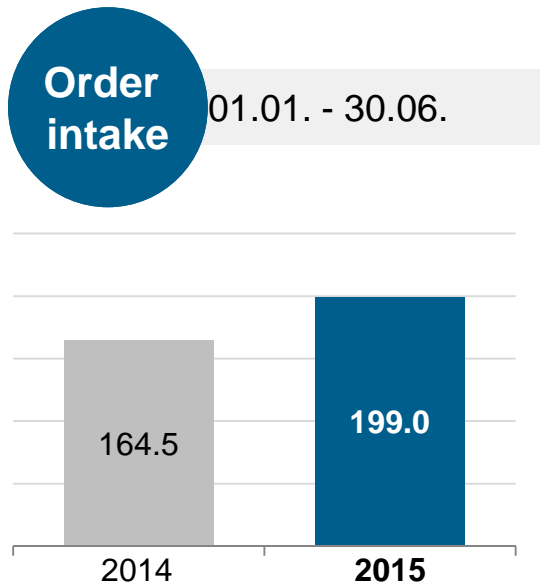
	41.5	13.3
	29.8	23.4

	-4.3	-8.7
	-7.2	-0.2

Group figures as per IFRS in €m

Special Solutions performance

- 21% more orders for special machines with solid security press business
- Prior-year sales and earnings above H1 2015 due to large orders of high-margin security presses
- Security press business: large deliveries in Q4



Q1:	89.6	117.4
Q2:	74.9	81.6

	68.8	63.2
	159.0	106.7

	4.0	1.2
	29.9	2.4

Group figures as per IFRS in €m

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Outlook and strategy

Guidance for 2015 confirmed

2015

- Annual Group sales > €1bn, thereof significantly more than 50% in H2 with higher revenue for special machines
- Restructuring finished in 2015
- Continuation of solid earnings improvement in Sheetfed
- Digital & Web quarterly turnaround in H2 expected
- EBT margin of up to 2% of sales

2016

- Further progress in product portfolio transformation
- Sustained profits in all business fields
- Stable security press business due to good project pipeline with usual volatility

Strategy

Short term

- Harvest current market chances in Sheetfed
- Expand new applications and markets in packaging printing
- Push industrial applications in digital web printing

Mid term

- Targeted expansion into international growth markets
- Increase of sales and margins in service business
- Achieve robust margin level in all business fields
- Secure market position in security and packaging printing

Mid-term strategy per segment: achieve robust margin level

Comprehensive restructuring

+4%

Peaks in security printing business

+2%

+4-6%

Mid-term EBT target

Sheetfed Solutions

- Sheetfed offset presses, services, workflows, postpress equipment

Digital & Web Solutions

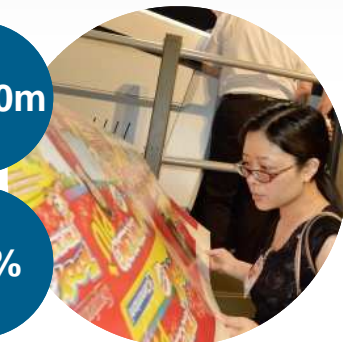
- Web offset presses, digital presses (own, cooperation with HP), services

Special Solutions

- Solutions for security printing, marking & coding, special packaging (metal, glass, film), services

Sales target

~€550m



EBT margin mid-term target

3-4%

~€125m



3-4%

~€475m



5-6%

22/09/2015

Berenberg and Goldman Sachs Fourth German Corporate Conference in Munich

10/11/2015

Interim report on 3rd quarter 2015

18/01/2016

UniCredit and Kepler Cheuvreux 15th German Corporate Conference in Frankfurt

24/03/2016

Annual report 2015

12/05/2016

Interim report on 1st quarter 2016

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