

**Conference Call
Q3 Results 2015
10 November 2015**

Claus Bolza-Schünemann, CEO
Mathias Dähn, CFO



Agenda

Highlights Q3 2015

Business performance 9M 2015

Outlook and strategy

Reshaping of KBA well on track



Corporate Governance changed

- No cross-subsidies
- Zero tolerance for loss-makers
- Capital deployment in line with strategic targets and expected returns

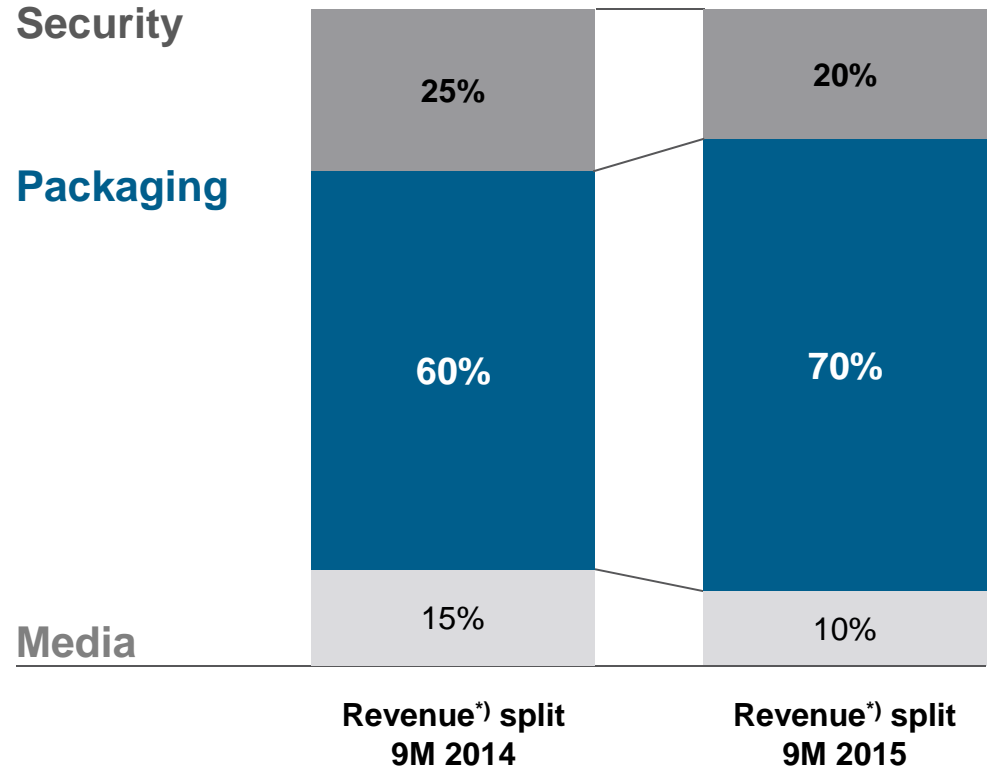


Loss- makers eliminated

- Sheetfed earnings strongly improved
- Digital & Web completely restructured, substantial cost reduction, positive Q4 expected
- Further reduction of the break-even point in all units as an ongoing task
- Final structural and process optimisations for Fit@All initiated, implementation starts in Q4

Strategic focusing fine-tuned

- Gains in folding carton printing and flexible packaging
- Market success in digital web printing for decors and laminates
- Targeting new industrial applications in digital web printing
- Digital printing cooperation mit HP in the growing corrugated packaging segment
- New Rapida RDC rotary die-cutter
- Push independence from the cyclical fluctuations in security printing further ahead



*) New machine business

Agenda

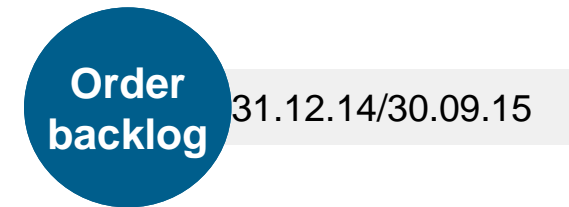
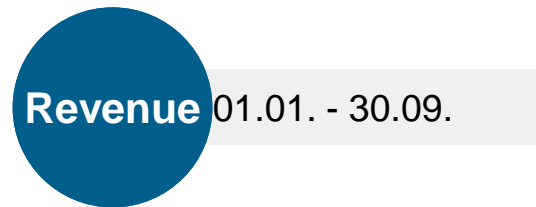
Highlights Q3 2015

Business performance 9M 2015

Outlook and strategy

KBA Group performance

- Good order intake even in the summer quarter, +29% in 9M y-o-y
- Revenue below prior year due to high deliveries in Q4, slight plus in sheetfed
- Strong order backlog of around €600m



	2014	2015
Q1:	241.5	306.7
Q2:	214.5	300.8
Q3:	212.7	252.1

	2014	2015
Q1:	213.4	177.3
Q2:	304.4	249.6
Q3:	274.0	252.8

	2014	2015
Q1:	588.6	546.7
Q2:	498.7	597.9
Q3:	437.4	597.3

Group figures as per IFRS in €m

© KBA Conference Call Q3 Results 2015 on 10 November 2015

Earnings in KBA Group

- 9M-EBT of €2.1m above prior year (€1.2m) due to cost cutting and despite lower revenue and profit share with security presses
- Strong group EBT of +€12.9m in Q3
- Sheetfed makes significant earnings contributions by now
- Further earnings improvement in Q4 and Digital & Web quarterly turnaround in Q4 expected

	2013	2014	9M 2014	9M 2015
Gross profit margin	14.4 %	27%	27.7%	26.6%
EBT	-€138.1m	€5.5m	€1.2m	€2.1m
EPS	-€9.31	€0.03	-€0.12	€0.16

Group figures as per IFRS

© KBA Conference Call Q3 Results 2015 on 10 November 2015

Group income statement

in €m	9M 2014	9M 2015
Revenue	791.8	679.7
Cost of sales	-572.1	-498.6
Gross profit	219.7	181.1
Research and development costs	-40.5	-42.6
Distribution costs	-107.7	-91.4
Administrative expenses	-57.9	-57.0
Other operating income ./ expenses	-6.6	16.0
Earnings before interest and taxes (EBIT)	7.0	6.1
Interest result	-5.8	-4.0
Earnings before taxes (EBT)	1.2	2.1
Income tax	-3.5	0.3
Net loss/profit	-2.3	2.4

Group figures as per IFRS

© KBA Conference Call Q3 Results 2015 on 10 November 2015

Improvement in working capital

Solid net liquidity

- Working capital substantially cut in the last twelve months, higher inventories in Q3 for deliveries in Q4
- Customer prepayments up €24.1m due to good order intake
- Cash flow reduced by €25m in outflows for staff cuts
- High liquid assets of €183.4m

Incremental cash improvements

- Further upside for inventories
- Receivables structure under strong focus
- Reducing working capital as continuous effort

	30.09.2014	31.12.2014	31.03.2015	30.06.2015	30.09.2015
Net liquidity*	184.7	192.4	169.2	172.8	166.8

Group cash flow statement

in €m	9M 2014	9M 2015
Earnings before taxes	1.2	2.1
Non-cash transactions	25.6	22.0
Gross cash flow	26.8	24.1
Changes in inventories, receivables, other assets	71.3	-7.7
Changes in provisions and payables	-65.2	-45.0
Cash flows from operating activities	32.9	-28.6
Cash flows from investing activities	-11.9	0.8
Free cash flow	21.0	-27.8
Cash flows from financing activities	-2.4	1.2
Change in funds	18.6	-26.6
Effect of changes in exchange rates	-	2.4
Funds at beginning of period	185.4	207.6
Funds at end of period	204.0	183.4

Group figures as per IFRS

© KBA Conference Call Q3 Results 2015 on 10 November 2015

Group balance sheet

in €m

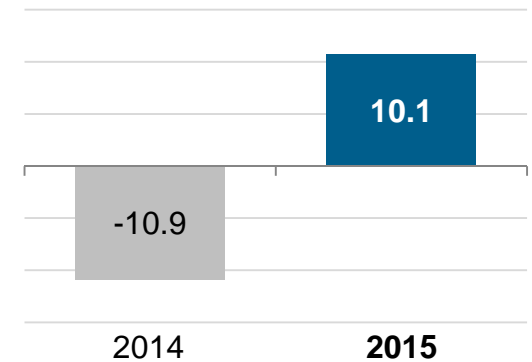
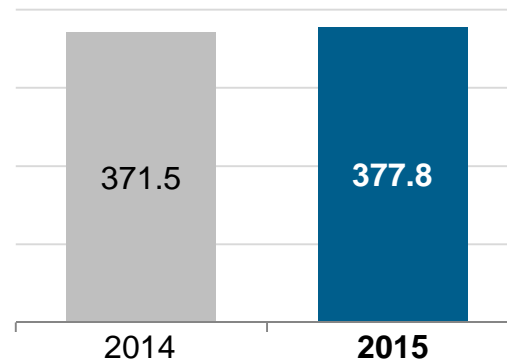
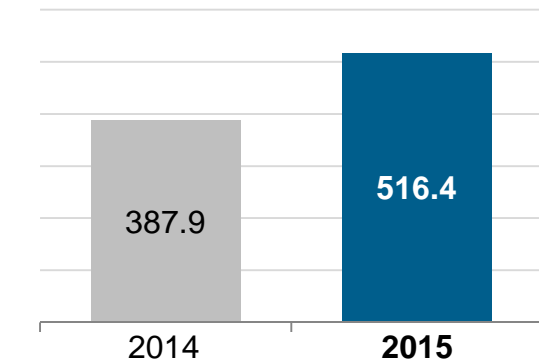
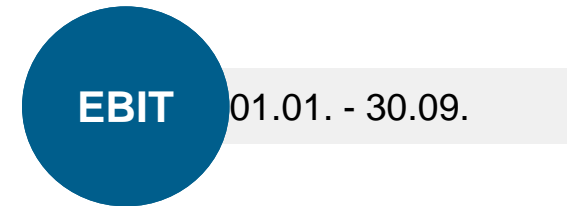
	31.12.2014	30.09.2015		31.12.2014	30.09.2015
Assets			Equity and liabilities		
Non-current assets			Equity		
Intangible assets and property, plant and equipment	228.7	222.6	Share capital	43.0	43.0
Investments/other financial receivables	14.8	15.2	Share premium	87.5	87.5
Other assets	0.1	0.1	Reserves	96.2	108.7
Deferred tax assets	35.2	35.1	Equity attrib. to non-controlling interests	0.5	0.3
	278.8	273.0		227.2	239.5
Current assets			Non-current liabilities		
Inventories	279.3	308.6	Pension provisions	195.0	184.1
Trade receivables	198.8	162.8	Other provisions	55.7	55.3
Other financial receivables	15.4	11.6	Other financial payables	10.1	10.8
Other assets	24.7	42.6	Other liabilities	2.0	1.5
Securities	9.6	12.4	Deferred tax liabilities	19.5	18.7
Cash and cash equivalents	207.6	183.4		282.3	270.4
Assets held for sale	0.5	-	Current liabilities		
	735.9	721.4	Other provisions	203.5	176.6
	1,014.7	994.4	Trade payables	57.1	53.3
			Bank loans/other financial payables	78.6	75.4
			Other liabilities	166.0	179.2
				505.2	484.5
				1,014.7	994.4

Group figures as per IFRS

© KBA Conference Call Q3 Results 2015 on 10 November 2015

Sheetfed Solutions performance

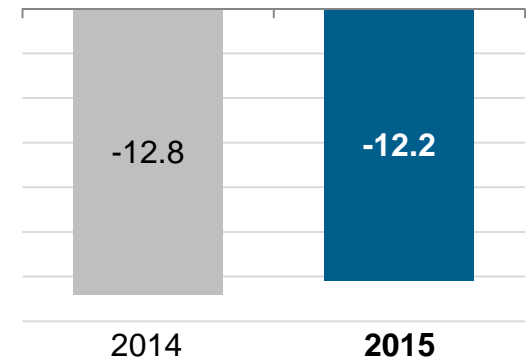
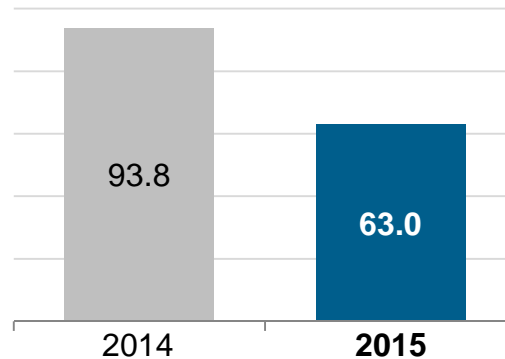
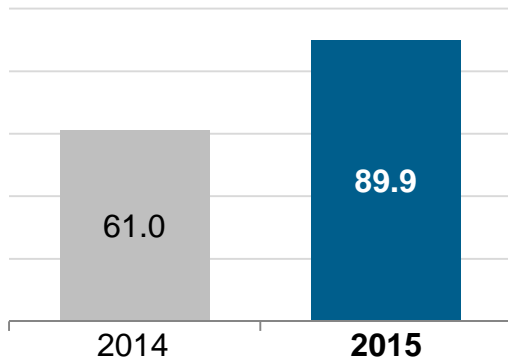
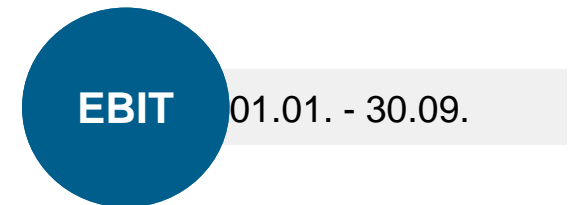
- Continued good order intake (+33% in 9M y-o-y), slight plus in revenue
- Q3 segment profit of +€6.3m, €8.8m above prior year (–€2.5m)
- Slightly lower margin in Q3 due to higher procurement costs given very high capacity utilisation and production not yet in full swing
- Incremental earnings improvement through progress with costs/prices



Group figures as per IFRS in €m

Digital & Web Solutions performance

- Order intake better than planned, +47% in 9M y-o-y
- Revenue below previous year due to low order backlog at the start of the year
- Higher R&D costs for digital printing projects and lower service revenue in the summer quarter reduced EBIT in Q3 q-o-q
- Strong earnings improvement in Q4 through cost savings and higher sales expected



	2014	2015
Q1:	26.4	27.9
Q2:	19.2	41.3
Q3:	15.4	20.7

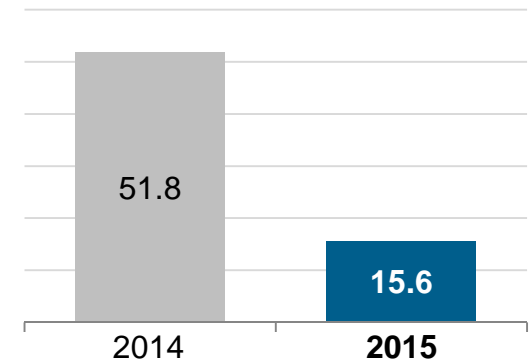
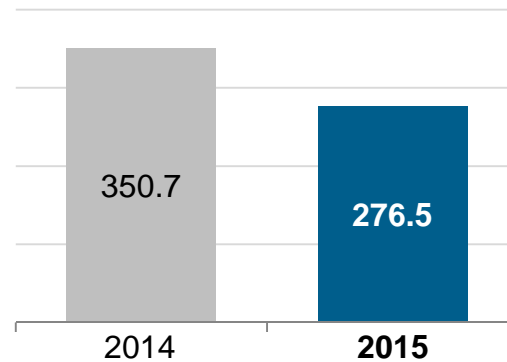
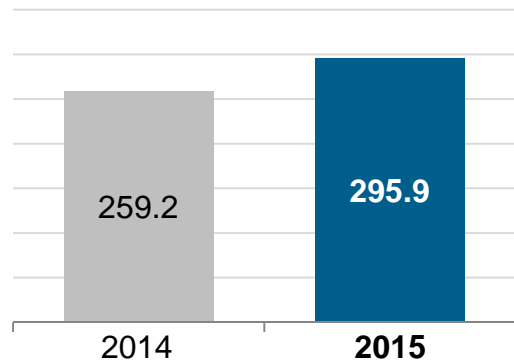
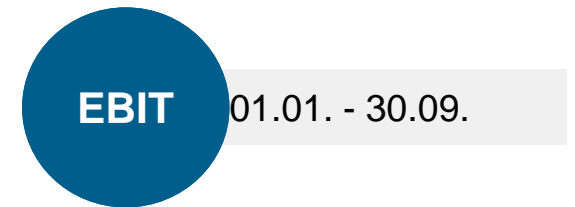
	2014	2015
	41.5	13.3
	29.8	23.4
	22.5	26.3

	2014	2015
	-4,3	-8,7
	-7,2	-0,2
	-1,3	-3,3

Group figures as per IFRS in €m

Special Solutions performance

- 14% more orders for special machines
- Gains especially in security printing and marking & coding
- Good project pipeline in security printing/metal decorating, often lengthy order processes
- Prior-year sales and earnings much higher due to large, high-margin security press orders



Group figures as per IFRS in €m

Agenda

■ Highlights Q3 2015

■ Business performance 9M 2015

■ **Outlook and strategy**

Guidance for 2015 and 2016

2015

- Revenue > €1bn with up to 2% EBT
- Strong earnings contribution from Sheetfed
- Digital & Web quarterly turnaround in Q4 expected

2016

- Progress portfolio transformation into growth markets
- Sustained profits in all business fields
- Increase independence from security printing even further

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

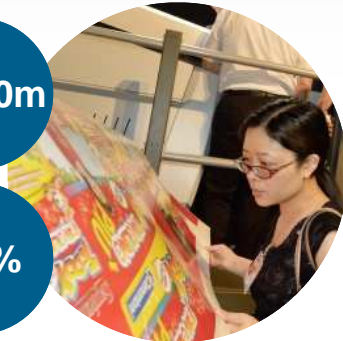
- Web offset presses, digital presses (own, cooperation with HP), services

Special Solutions

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

Sales target

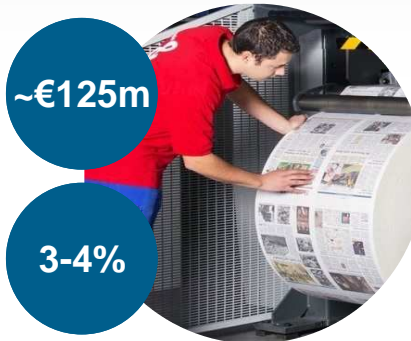
~€550m



EBT margin mid-term target

3-4%

~€125m



3-4%

~€475m



5-6%

24/03/2016

Annual report 2015

12/05/2016

Interim report on 1st quarter 2016

19/05/2016

AGM

11/08/2016

Interim report on 2nd quarter 2016

10/11/2016

Interim report on 3rd quarter 2016

**Disclaimer:**

The projections contained in this presentation were founded on data available at the time of issue. While management believes them to be accurate, the impact of external factors beyond its control, such as changes in the economy, exchange rates and in our industry, may give rise to a different outcome from that projected. The 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. KBA therefore accepts no liability for transactions based upon these projections.