

**Conference Call  
Q3 Results 2016  
10 November 2016**

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Mathias Dähn, CFO



# Agenda

**Highlights Q3 2016**

Business performance 9M 2016

Outlook

## Growth in service und packaging markets progressing well

### Service business expansion

- Integrated management of service network across all Group units
- Unlock service potential of growing installed machine base
- Expand service offerings with customised solutions

### Promising entry into die-cutting

- Several rotary die-cutters already sold to packaging printers
- Further development of Iberica's flatbed die-cutters ongoing
- Focus on cardboard and corrugated growth markets

### Good start for digital corrugated printing

- Successful alliance with HP
- Market demand exceeding expectations since launch in 12/2005
- Seven presses already ordered, three delivered

## Significant efforts in further growth markets

### Direct corrugated printing

- Re-entry with flexo press KBA Corrugraph released at Drupa
- Talks with potential pilot users
- First delivery planned for mid-2017

### Flexible Packaging

- Global market share rose from 3% to 6% in the last 2½ years
- Strong rise in revenue in 2014 and 2015
- 32% higher order intake in 9M 2016 y-o-y

### Digital web printing

- Transfer of our web printing expertise to future markets
- Investment in extended product portfolio for attractive markets
- First successful industrial applications in digital decor printing

# Agenda

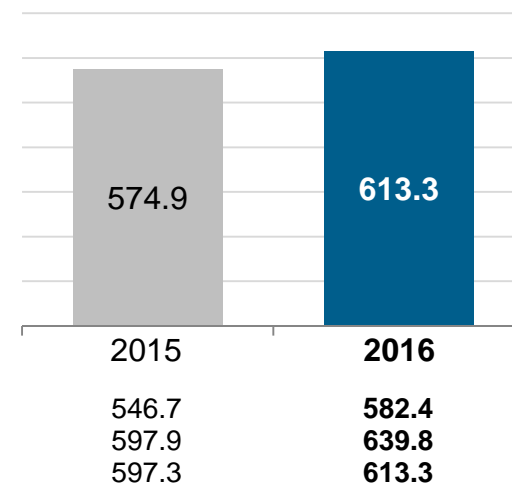
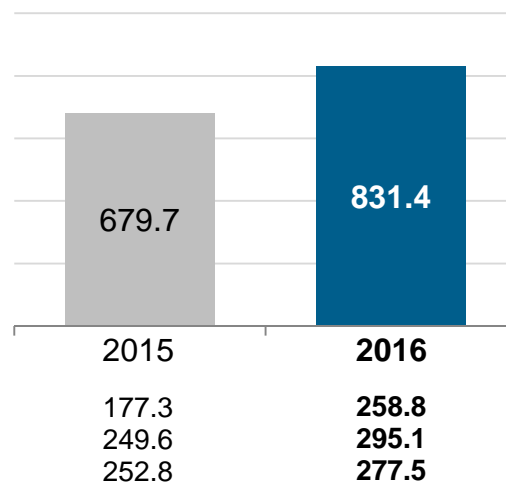
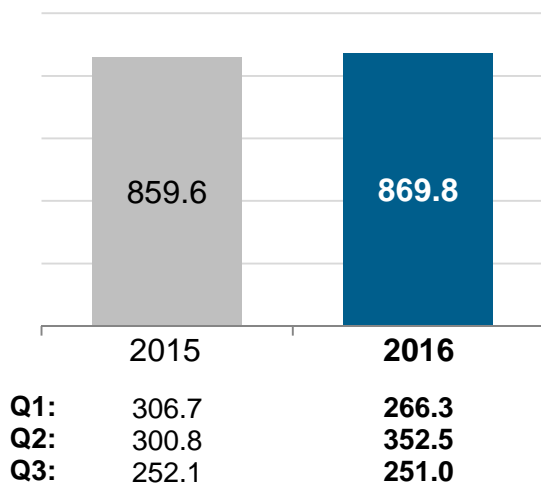
Highlights Q3 2016

**Business performance 9M 2016**

Outlook

## Good Group business performance

- Robust order intake despite challenging global economic situation
- New orders slightly surpassed previous year's strong figure
- Further market share gains
- 22% rise in revenue, book-to-bill ratio >1 pushes order backlog to €613m



Group figures as per IFRS in €m

## Strong increase in Group earnings

- Higher revenues with better margins and good utilisation push Q3 EBT to €17.1m
- 9M EBT of €34.9m above prior year by €33m
- Significant profit contribution from Sheetfed
- Digital & Web already profitable after 9M
- Earnings increase in Special

	2014	2015	9M 2015	9M 2016
<b>Gross profit margin</b>	27%	26.8%	26.6%	30.4%
<b>EBT</b>	€5.5m	€29.7m	€2.1m	€34.9m
<b>EPS</b>	€0.03	€1.62	€0.16	€1.98

## Group income statement

in €m	9M 2015	9M 2016
Revenue	679.7	831.4
Cost of sales	-498.6	-578.6
<b>Gross profit</b>	<b>181.1</b>	<b>252.8</b>
Research and development costs	-42.6	-41.4
Distribution costs	-91.4	-111.2
Administrative expenses	-57.0	-58.2
Other operating income ./ expenses	16.0	-2.8
<b>Earnings before interest and taxes (EBIT)</b>	<b>6.1</b>	<b>39.2</b>
Interest result	-4.0	-4.3
<b>Earnings before taxes (EBT)</b>	<b>2.1</b>	<b>34.9</b>
Income tax	0.3	-2.4
<b>Net profit</b>	<b>2.4</b>	<b>32.5</b>

Group figures as per IFRS

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## Group cash flow statement

in €m	9M 2015	9M 2016
Earnings before taxes	2.1	34.9
Non-cash transactions	22.0	30.2
<b>Gross cash flow</b>	<b>24.1</b>	<b>65.1</b>
Changes in inventories, receivables, other assets	-7.7	-66.0
Changes in provisions and payables	-45.0	-4.1
<b>Cash flows from operating activities</b>	<b>-28.6</b>	<b>-5.0</b>
<b>Cash flows from investing activities</b>	<b>0.8</b>	<b>-12.0</b>
<b>Free cash flow</b>	<b>-27.8</b>	<b>-17.0</b>
<b>Cash flows from financing activities</b>	<b>1.2</b>	<b>-8.7</b>
<b>Change in funds</b>	<b>-26.6</b>	<b>-25.7</b>
Effect of changes in exchange rates	2.4	-1.7
Funds at beginning of period	207.6	186.3
<b>Funds at end of period</b>	<b>183.4</b>	<b>158.9</b>

Group figures as per IFRS

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## Group balance sheet

in €m

<b>Assets</b>	<b>31.12.2015</b>	<b>30.09.2016</b>
<b>Non-current assets</b>		
Intangible assets and property, plant and equipment	224.2	<b>214.3</b>
Investments/other financial receivables	15.7	<b>16.1</b>
Other assets	0.1	<b>0.4</b>
Deferred tax assets	31.1	<b>30.8</b>
	<b>271.1</b>	<b>261.6</b>
<b>Current assets</b>		
Inventories	258.8	<b>328.4</b>
Trade receivables	193.5	<b>192.3</b>
Other financial receivables	17.6	<b>15.3</b>
Other assets	36.3	<b>40.0</b>
Securities	13.3	<b>18.3</b>
Cash and cash equivalents	186.3	<b>158.9</b>
	<b>705.8</b>	<b>753.2</b>
	<b>976.9</b>	<b>1,014.8</b>

### Equity and liabilities

#### Equity

	<b>31.12.2015</b>	<b>30.09.2016</b>
Share capital	43.0	<b>43.0</b>
Share premium	87.5	<b>87.5</b>
Reserves	127.3	<b>130.9</b>
Equity attrib. to non-controlling interests	0.6	<b>0.4</b>
	<b>258.4</b>	<b>261.8</b>

#### Non-current liabilities

Pension provisions	191.8	<b>228.3</b>
Other provisions	28.3	<b>24.5</b>
Bank loans/other financial payables	10.2	<b>10.5</b>
Other liabilities	1.4	<b>0.8</b>
Deferred tax liabilities	14.1	<b>14.6</b>
	<b>245.8</b>	<b>278.7</b>

#### Current liabilities

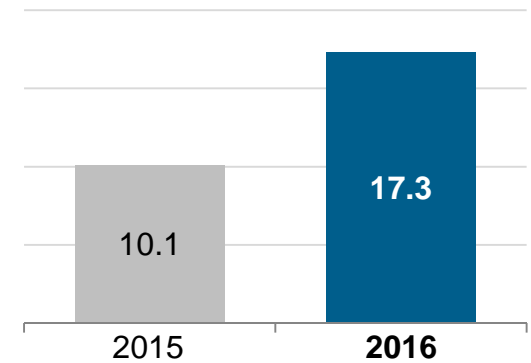
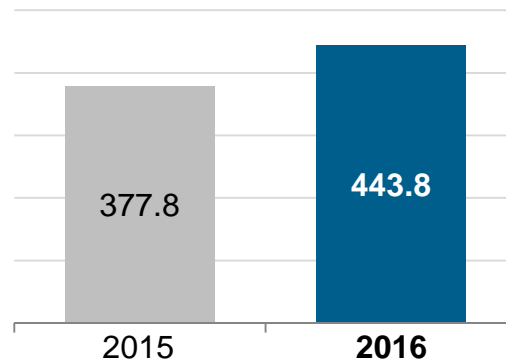
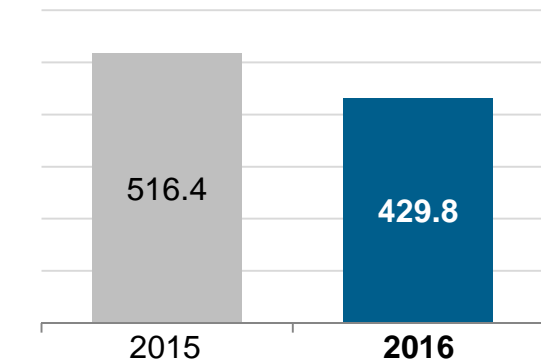
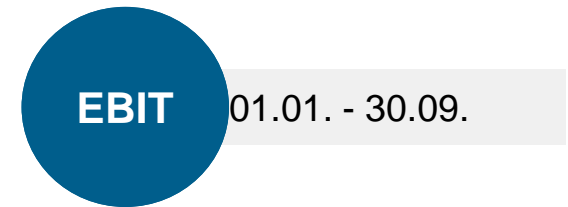
Other provisions	188.6	<b>187.3</b>
Trade payables	42.6	<b>54.4</b>
Bank loans/other financial payables	73.3	<b>67.1</b>
Other liabilities	168.2	<b>165.5</b>
	<b>472.7</b>	<b>474.3</b>
	<b>976.9</b>	<b>1,014.8</b>

Group figures as per IFRS

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## Continued positive earnings momentum in Sheetfed

- Good order intake of €430m on target, Drupa orders mainly booked
- Key focus on margin quality, order intake as expected below high prior-year figure also due to workload-driven longer lead times
- Market share gains to over 20%, revenue 18% up, order backlog of €269m
- Earnings increase based on higher revenues and margins despite Drupa/R&D costs



	2015	2016
<b>Q1:</b>	174.7	135.7
<b>Q2:</b>	193.4	155.1
<b>Q3:</b>	148.3	139.0

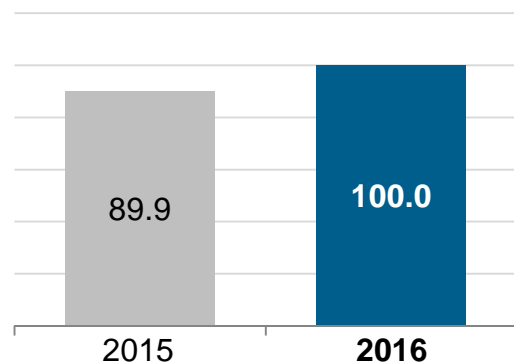
	2015	2016
	109.8	154.6
	129.2	137.1
	138.8	152.1

	2015	2016
	-2.7	5.7
	6.5	2.9
	6.3	8.7

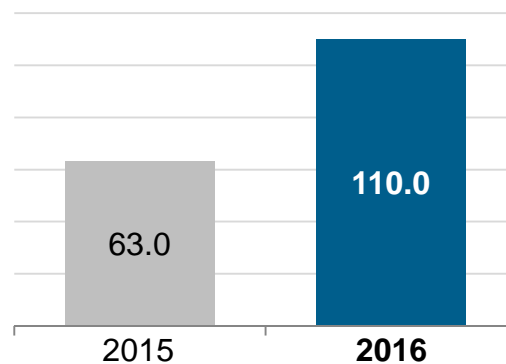
Group figures as per IFRS in €m

## Digital & Web growth in future markets

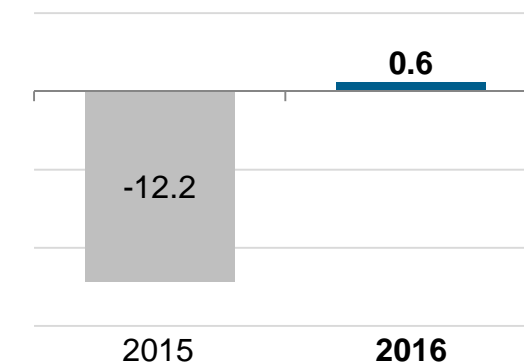
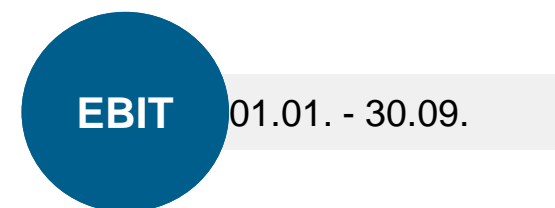
- Order intake gains due to more service and new digital web printing orders, +11% in 9M y-o-y
- 75% rise in revenue to €110m, order backlog of €60m
- In the black after 9M despite development expenses for corrugated and digital printing projects



	2015	2016
<b>Q1:</b>	27.9	34.2
<b>Q2:</b>	41.3	31.8
<b>Q3:</b>	20.7	34.0



	2015	2016
<b>Q1:</b>	13.3	27.9
<b>Q2:</b>	23.4	36.6
<b>Q3:</b>	26.3	45.5

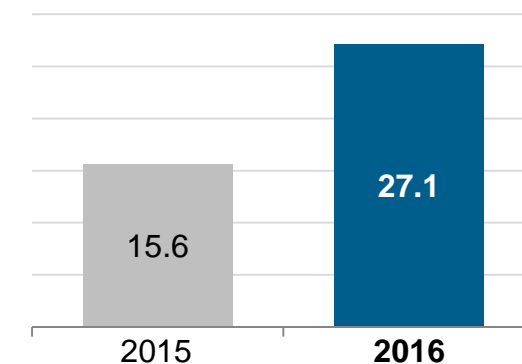
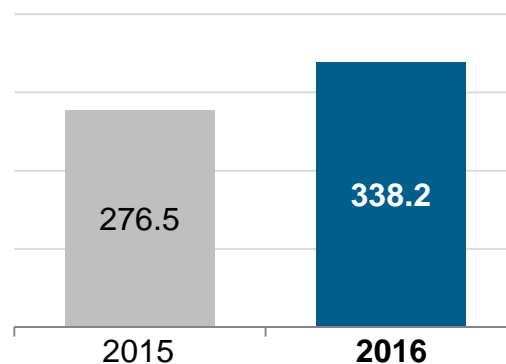
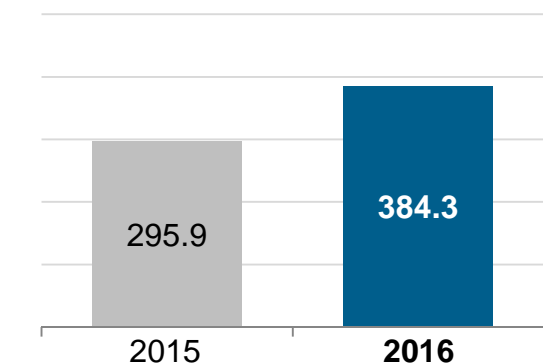
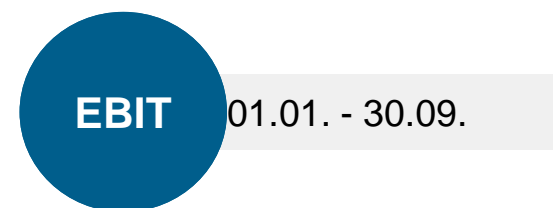


	2015	2016
<b>Q1:</b>	-8.7	-1.8
<b>Q2:</b>	-0.2	0.9
<b>Q3:</b>	-3.3	1.5

Group figures as per IFRS in €m

## Order, revenue and profit gains in Special

- 30% more orders for special machines
- Unchanged good project pipeline in banknote printing with often lengthy order processes
- 22% higher revenue, order backlog up to €296m
- Q3 EBIT of €6.8m, cyclical bank note business with in part demanding project executions



<b>Q1:</b>	117.4	<b>115.1</b>
<b>Q2:</b>	81.6	<b>178.9</b>
<b>Q3:</b>	96.9	<b>90.3</b>

	63.2	<b>88.6</b>
	106.7	<b>145.3</b>
	106.6	<b>104.3</b>

	1.2	<b>0.2</b>
	2.4	<b>20.1</b>
	12.0	<b>6.8</b>

Group figures as per IFRS in €m

# Agenda

\_\_\_\_\_ Highlights Q3 2016

\_\_\_\_\_ Business performance 9M 2016

\_\_\_\_\_ **Outlook**

## EBT guidance 2016 raised up to 5%

### Successful 9M

- Robust order intake despite unchanged challenging global economic situation
- Substantial revenue and earnings growth

### Good prospects

- Higher order backlog of €613m due to book-to-bill ratio >1
- Good capacity utilisation
- Promising customer projects and growing service business

### Targets for 2016

- Group revenue between €1.1bn and €1.2bn
- EBT margin of up to 5% (before possible positive special items)
- Profits in all business fields

## Mid-term margin targets per segment

**Comprehensive restructuring**

**+4%**

**Peaks in security printing business**

**+2%**

**+4-6%**

**Mid-term EBT target**

### Sheetfed

- Sheetfed offset presses, services, workflows, postpress equipment

### Digital & Web

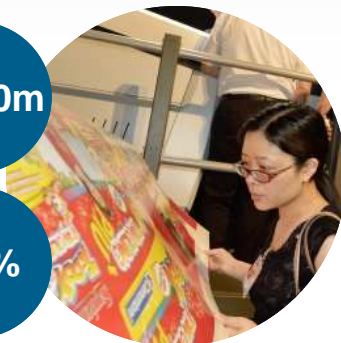
- Web offset presses, digital presses (own, cooperation with HP), services

### Special

- 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%**



**17.11.2016**

**LBBW German Company Day 2016 in London**

**06.01.2017**

**Oddo Forum in Lyon**

**17.01.2017**

**UniCredit and Kepler Cheuvreux 16<sup>th</sup> German Corporate Conference in Frankfurt**

**22.03.2017**

**Annual report 2016**

**28.03.2017**

**Bankhaus Lampe Deutschlandkonferenz in Baden-Baden**

**09.05.2017**

**Interim report on 1st quarter 2017**

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