People & Print

Conference Call
Q1 Results 2016
12 May 2016

Claus Bolza-Schünemann, CEO
Mathias Dähn, CFO

Agenda

Highlights Q1 2016

Business performance Q1 2016

Strategy and outlook

Focus on growth and profit after successful Group realignment

Strategic agenda 2016

- Restructuring successfully completed, clear Corporate Governance and new company structure implemented
- Realignment unlocks good prospects for earnings-driven growth
- Growth with

  - existing and new products in packaging markets,

  - digital web printing for industrial applications and

  - service business expansion
- Robust earnings development in all Group units
- Strong cash flow, strengthen financial power

Agenda

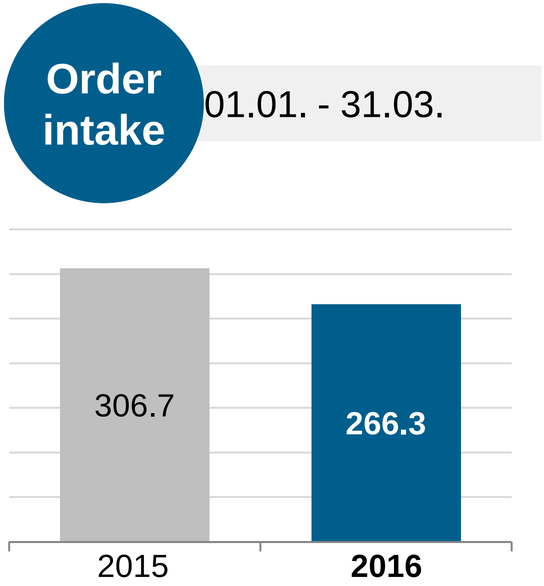
Highlights Q1 2016

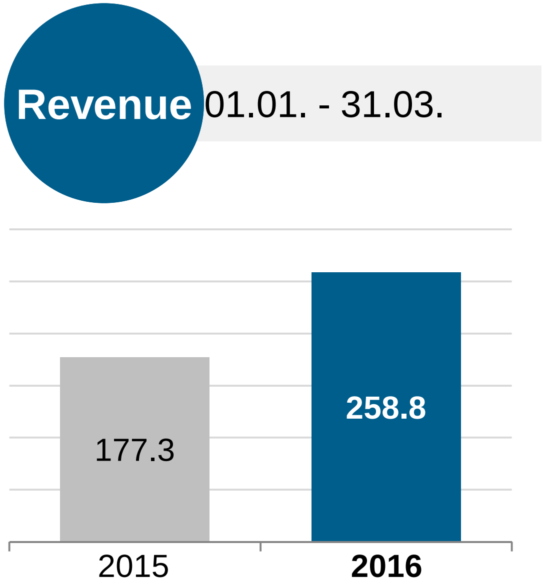
Business performance Q1 2016

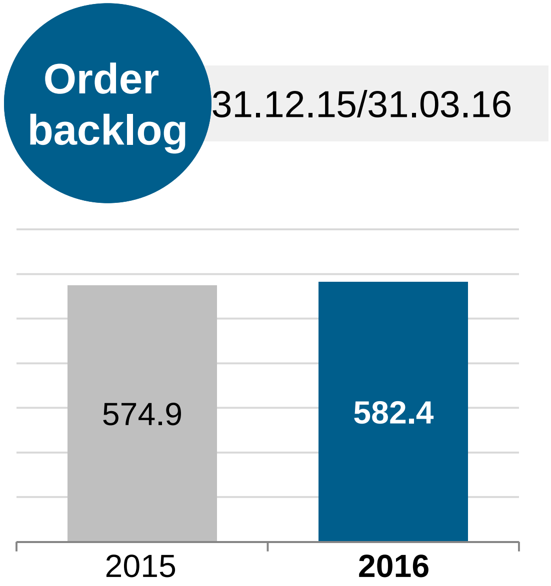
Strategy and outlook

Good first quarter for the KBA Group

- Robust order intake despite challenging macro-economic environment, as expected Sheetfed orders in pre-drupa quarter below prior year
- Strong revenue gains in all segments, packaging share of new equipment rises to slightly over 70%
- Increased order backlog with higher margins overall







Group figures as per IFRS in €m

Q1 Group earnings improved by over €18m

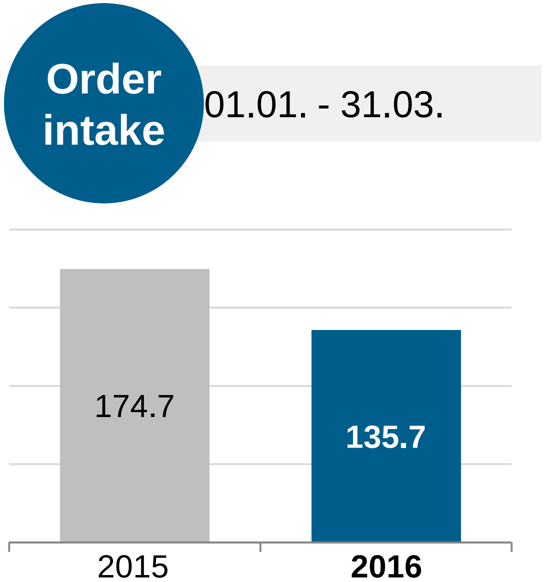
- EBIT of +€2.1m and EBT of €0.6m clearly above prior year
- Visible results of cut in cost base and better margins
- Increased revenues, good utilisation and more service business boost profitability
- Earnings in Special affected by execution delay in security printing, sequential improvement in coming quarters

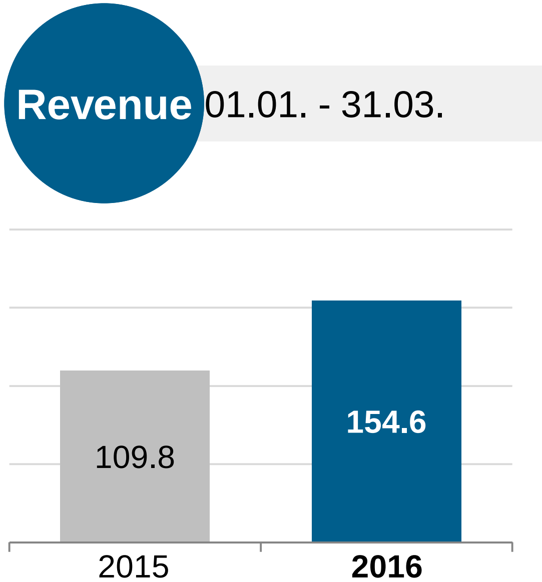
	2014	2015	Q1 2015	Q1 2016
Gross profit margin	27%	26.8%	20.6%	29.8%
EBT	€5.5m	€29.7m	-€17.7m	€0.6m
EPS	€0.03	€1.62	-€1.01	€0.11

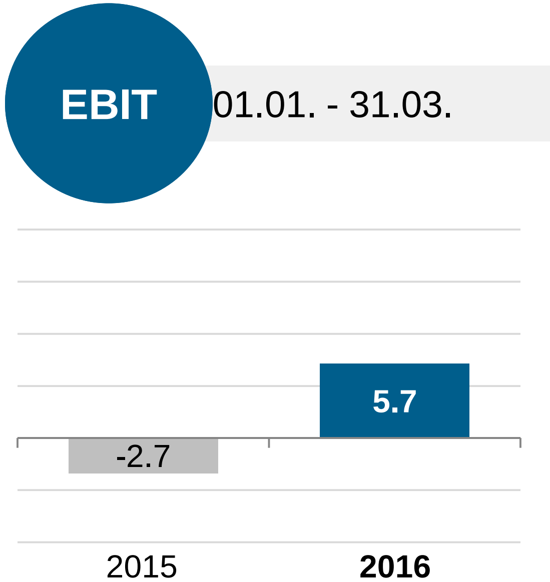
Group figures as per IFRS

Gains in Sheetfed revenues and earnings

- Order intake below high prior-year figure due to workload-driven longer lead times and expected pre-drupa effect
- Order backlog of €264m on a high level
- Revenues 41% up on low previous-year figure
- Earnings improvement by progress with costs, prices and service activities



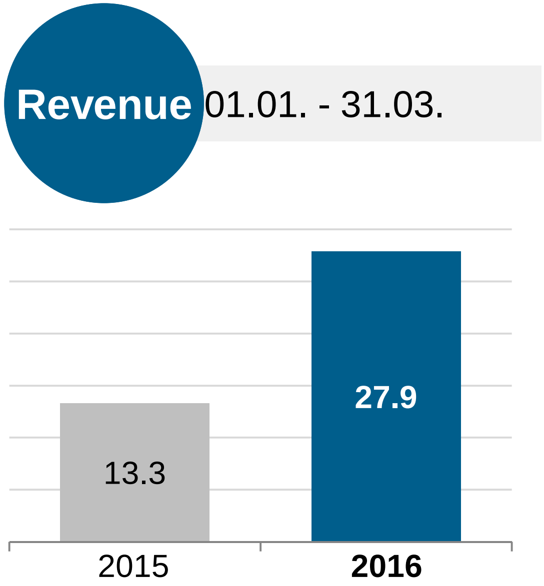


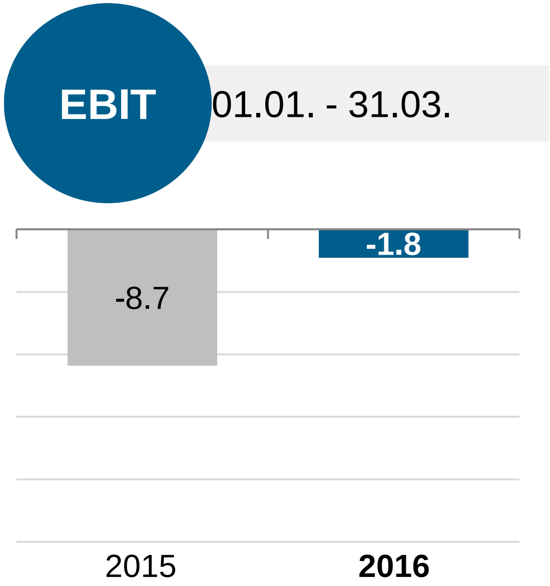


Group figures as per IFRS in €m

Visible results of strategic realignment in Digital & Web

- 23% rise in orders due to new digital web printing orders, order backlog growth to €77m
- Revenue more than doubled
- Substantial earnings improvement through higher revenues and cut in cost base, profit in FY 2016 expected

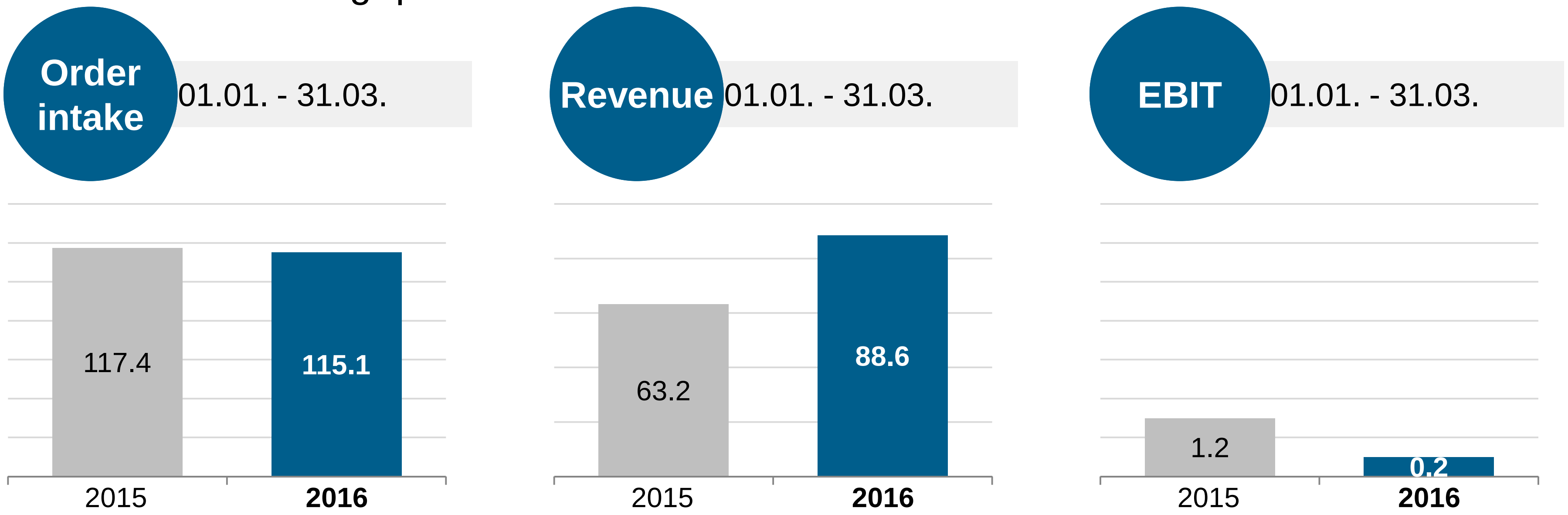




Group figures as per IFRS in €m

Delayed earnings realisation in Special segment

- Stable order intake due to gains in packaging markets, unchanged good project pipeline in banknote printing with often lengthy order processes
- 40% higher revenues, order backlog up to €277m
- Earnings improvement in packaging businesses
- Project execution delays of a security order affect earnings, sequential improvement foreseen in following quarters



Group figures as per IFRS in €m

Group income statement

in €m	Q1 2015	Q1 2016
Revenue	177.3	258.8
Cost of sales	-140.8	-181.8
Gross profit	**36.5**	**77.0**
Research and development costs	-13.4	-12.8
Distribution costs	-27.9	-32.6
Administrative expenses	-21.6	-23.5
Other operating expenses and income	10.2	-6.0
Earnings before interest and taxes (EBIT)	**-16.2**	**2.1**
Interest income/expense	-1.5	-1.5
Earnings before taxes (EBT)	**-17.7**	**0.6**
Income tax	0.8	1.0
Net loss/profit	**-16.9**	**1.6**

Group figures as per IFRS

Group cash flow statement

in €m	Q1 2015	Q1 2016
Earnings before taxes	-17.7	0.6
Non-cash transations	9.4	12.8
Gross cash flow	**-8.3**	**13.4**
Changes in inventories, receivables, other assets	-27.2	-15.5
Changes in provisions and payables	6.2	17.5
Cash flows from operating activities	**-29.3**	**15.4**
Cash flows from investing activities	**-1.8**	**-4.1**
Free cash flow	**-31.1**	**11.3**
Cash flows from financing activities	**1.3**	**-0.1**
Change in funds	**-29.8**	**11.2**
Effect of changes in exchange rates	8.2	-1.9
Funds at beginning of period	207.6	186.3
Funds at end of period	**186.0**	**195.6**

Group figures as per IFRS

Group balance sheet

in €m

Assets	31.12.2015	31.03.2016
Non-current assets		
Intangible assets and property, plant and equipment	224.2	**221.6**
Investments/other financial receivables	15.7	**16.7**
Other assets	0.1	**0.1**
Deferred tax assets	31.1	**31.3**
	271.1	**269.7**
Current assets		
Inventories	258.8	**279.0**
Trade receivables	193.5	**183.1**
Other financial receivables	17.6	**18.3**
Other assets/current tax assets	36.3	**35.9**
Securities	13.3	**15.0**
Cash and cash equivalents	186.3	**195.6**
	705.8	**726.9**
	976.9	**996.6**

Equity and liabilities	31.12.2015	31.03.2016
Equity		
Share capital	43.0	**43.0**
Share premium	87.5	**87.5**
Reserves	127.3	**121.2**
Equity attrib. to non-controlling interests	0.6	**0.4**
	258.4	**252.1**
Non-current liabilities		
Pension provisions	191.8	**204.0**
Other provisions	28.3	**31.5**
Other financial payables	10.2	**9.7**
Other liabilities	1.4	**3.1**
Deferred tax liabilities	14.1	**14.8**
	245.8	**263.1**
Current liabilities		
Other provisions	188.6	**193.8**
Trade payables	42.6	**34.6**
Bank loans/other financial payables	73.3	**78.0**
Other liabilities	168.2	**175.0**
	472.7	**481.4**
	976.9	**996.6**

Group figures as per IFRS

Agenda

Highlights Q1 2016

Business performance Q1 2016

Strategy and outlook

Strategy

Growth in future markets

- Growth focus on packaging and industrial applications
- Improvement of existing market positions and steady portfolio expansion
- Systematic use and expansion of international sales and service network

High customer satisfaction as leading principle

- Strong customer competitiveness through tailor-made, innovative solutions with premium quality and convincing service
- Optimisation of all relevant internal processes
- Improved customer loyalty with sinking complexity costs

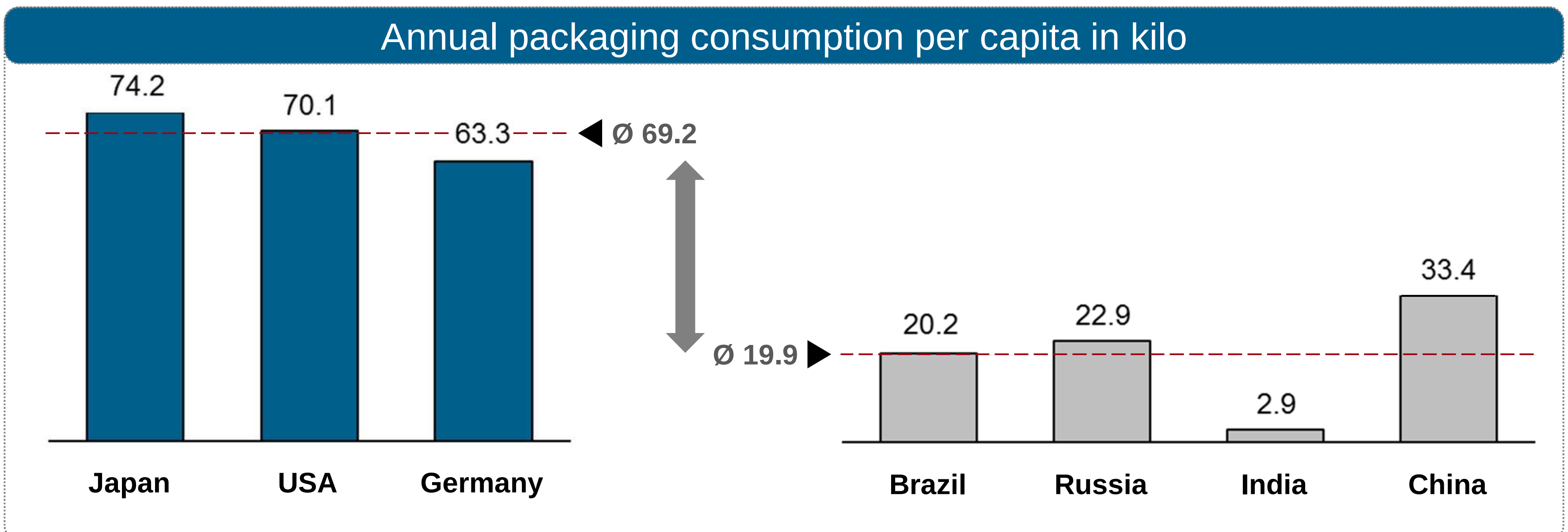
Robust earnings development

- Profits in all Group units, further reduction of break-even point as ongoing task
- Incremental improvements in cash generation
- Service business with increasing revenue
- Independence from cyclical bank note business

Mid-term growth & growth drivers

Global packaging volume CAGR +4%

- Global GDP +3%, world population +1.1% to +1.5%, (CAGR 2015-2017)
- Trend towards sophisticated packaging and increasing legal regulations as additional drivers
- 80% of growth expected from Asia



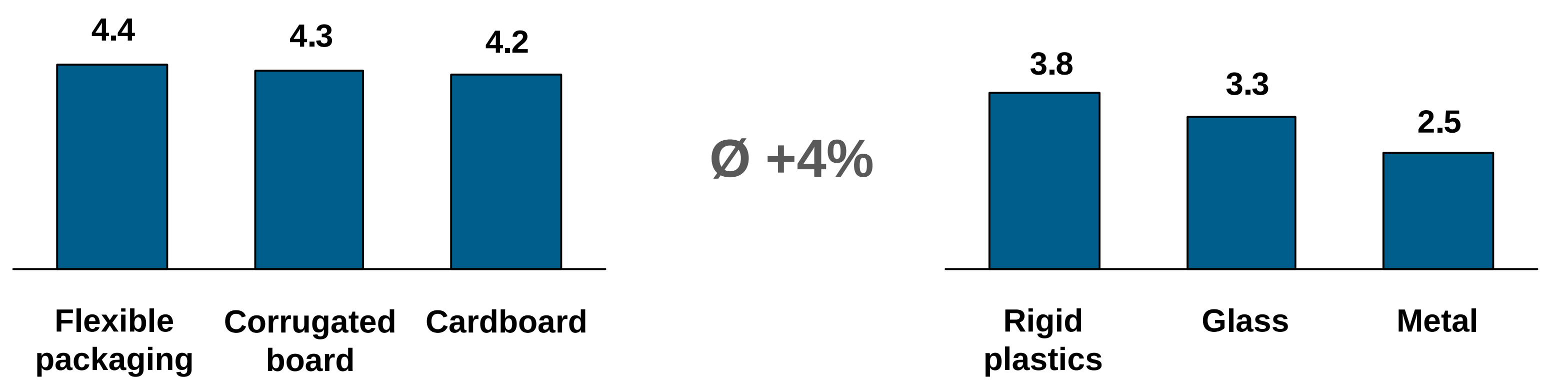
Source: Smithers Pira

Mid-term growth & growth drivers

Greatest potential in foil, corrugated board, cardboard

- Different growth rates in the various packaging markets
- Highest growth rates and market volume in flexible packaging, corrugated board and cardboard
- Attractive end-user industries (40% outer and transport packaging, 30% food, 10% drinks and 10% healthcare/cosmetics)

CAGR growth rates 2015-2017 in %



Source: Smithers Pira

Mid-term growth & growth drivers

Expand sales and service network

- Integrated management of sales and service network across all Group units
- Targeted expansion in growth markets Asia, Africa and Latin America
- Unlock service potential of growing installed machine base

New applications and markets

- Investment in extended product portfolio for attractive markets and new applications
- Expand service offerings with customised solutions

Guidance for 2016 and 2017

2016

- → Increase in Group revenue to around €1.1bn
- → EBT margin between 3 and 4%
- → Profits in all business fields

2017

- → Revenue growth from packaging markets, service and digital printing
- → Continued profitability gains
- → Strengthen financial power and balance sheet

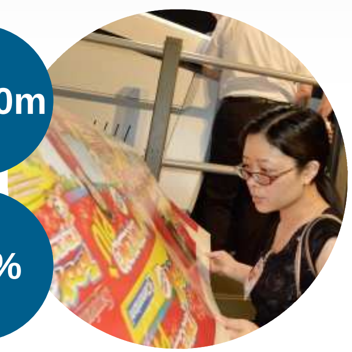
Mid-term margin targets per segment

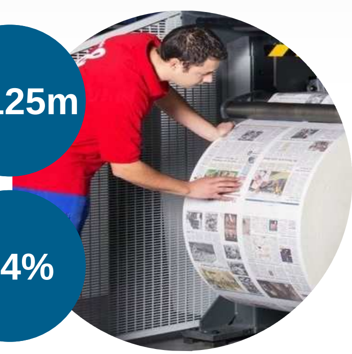
Comprehensive restructuring +4%

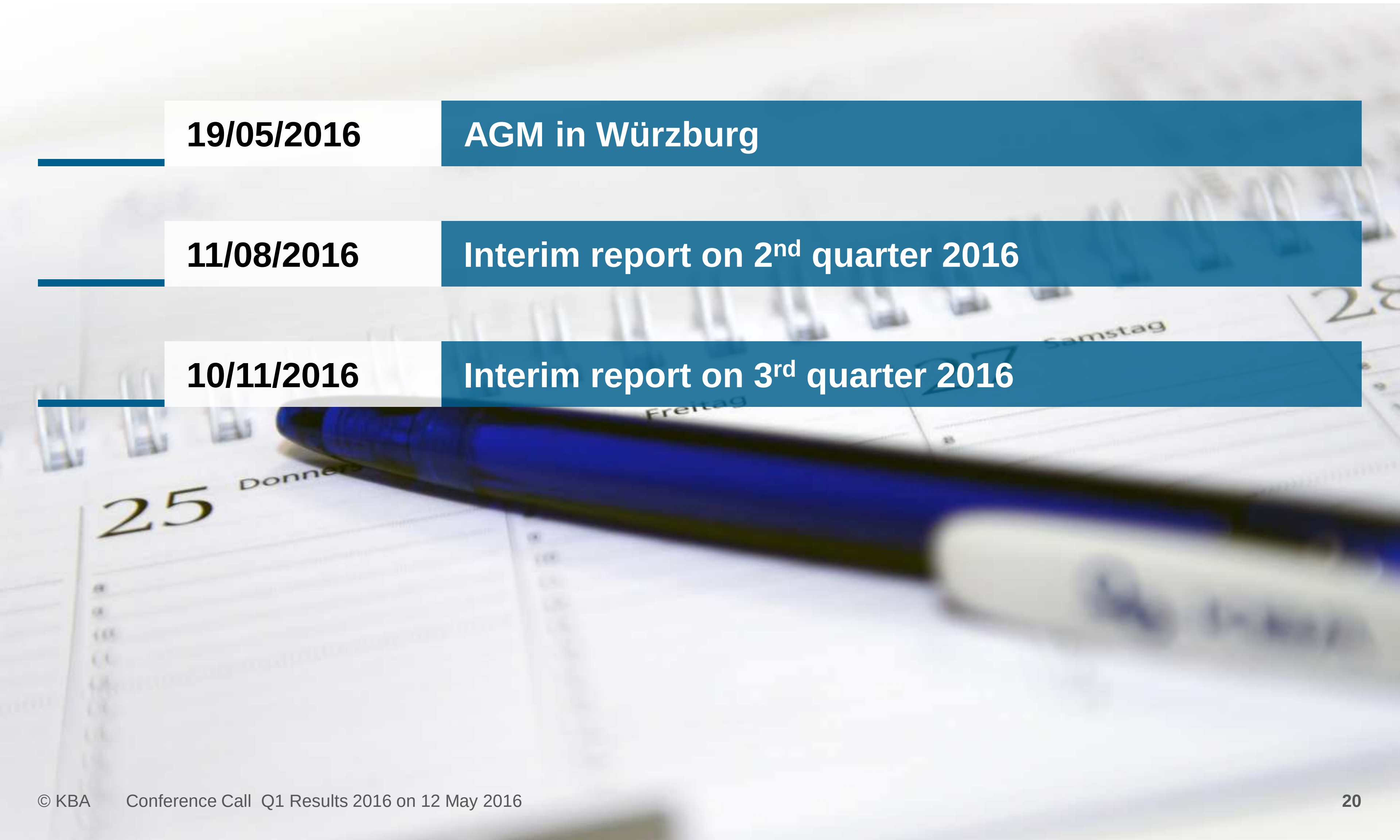
Peaks in security printing business +2%

+4-6% **Mid-term EBT target**

	Sheetfed	Digital & Web	Special
	• Sheetfed offset presses, services, workflows, postpress equipment	• Web offset presses, digital presses (own, cooperation with HP), services	• Solutions for security printing, marking & coding, special packaging (metal, glass, film), services
Sales target	~€550m	~€125m	~€475m
EBT margin mid-term target	3-4%	3-4%	5-6%







19/05/2016	**AGM in Würzburg**
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.