Conference Call
H1 Results 2017
9 August 2017

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Mathias Dähn, CFO

Agenda

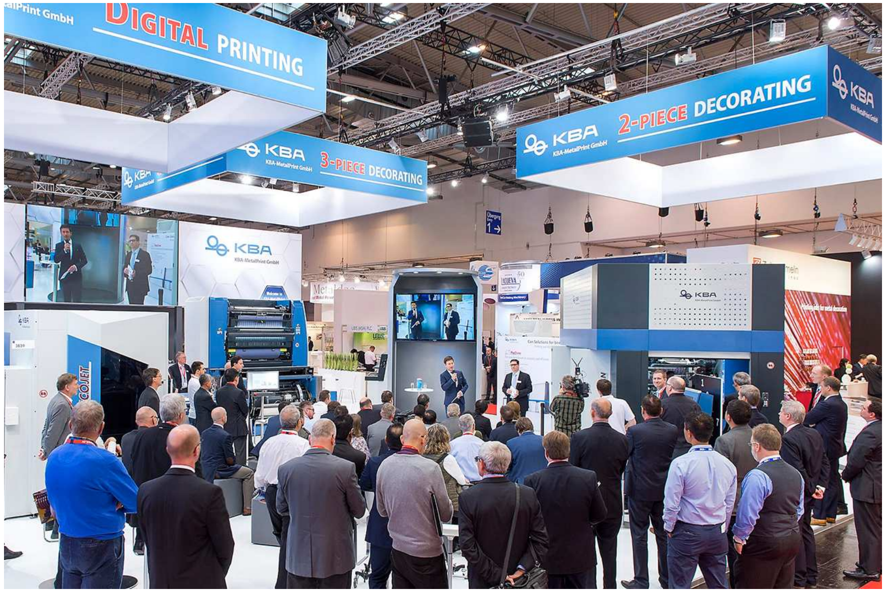
Highlights Q2 2017

Business performance H1 2017

Guidance for 2017 and mid-term targets for 2017 - 2021

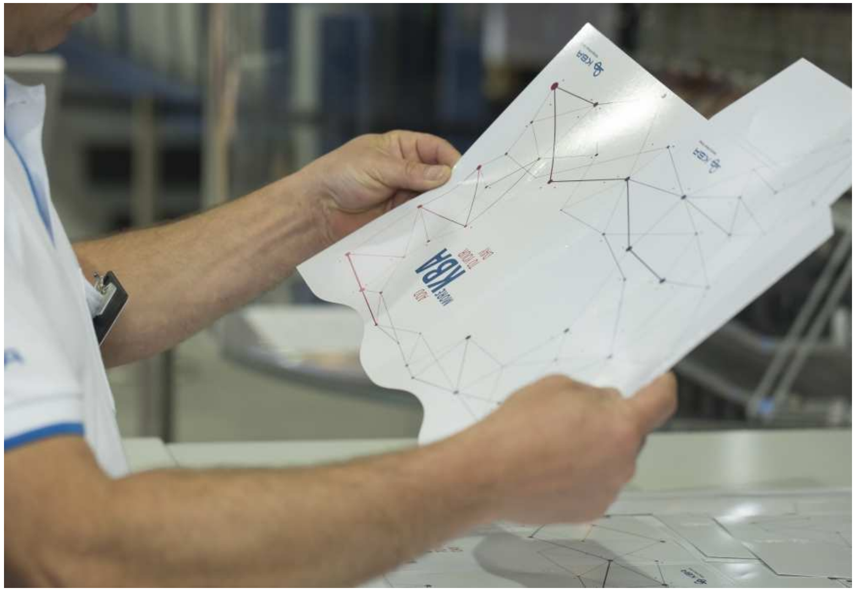
Successful Print China, interpack and METPACK trade fairs

- Print China sales exceeding our expectations
- Strong customer interest in new solution for printing 2-piece beverage cans
- Sales launch of CS MetalCan in 2018 following intensive field tests
- First MetalDecojet sold, a digital press for metal decorating



Successful entry into the growing die-cutter market

- Flatbed die-cutters for heavy cardboard and corrugated making good progress
- Order intake, revenue, EBIT in H1 at KBA-Iberica well above expectations
- Internally developed inline rotary die-cutter sets benchmarks, already several sales
- Good growth opportunities in die-cutter market



Service initiative bearing first fruits

- In H1 service revenue increased from €130m to €146m y-o-y
- Service share of revenue expanded from 23% to 27%
- Customised solutions including networked printing factory (KBA 4.0)
- Customer-oriented web shops with many new features

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Highlights Q2 2017

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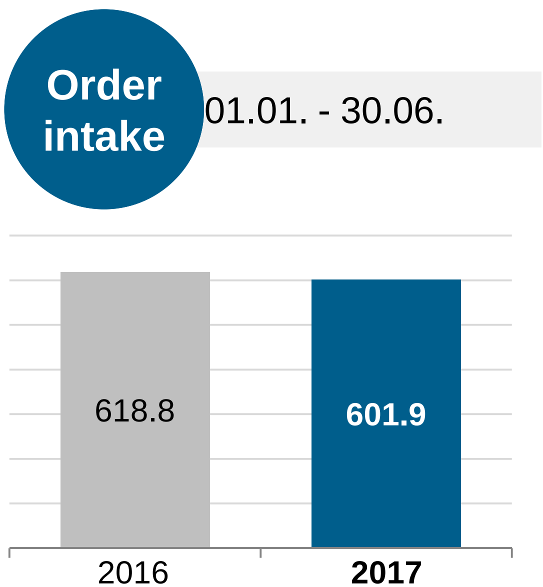
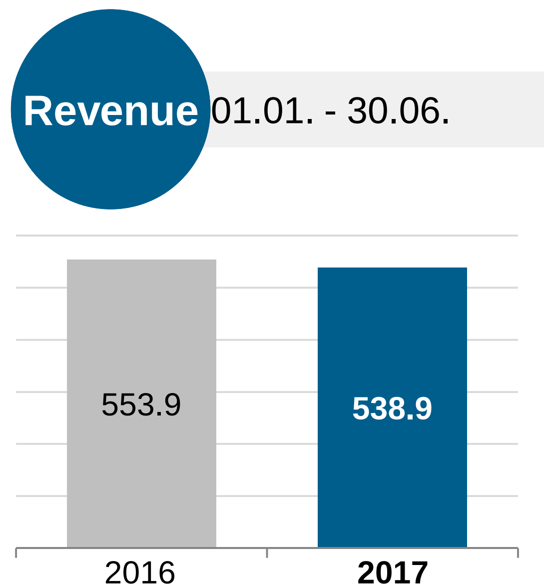
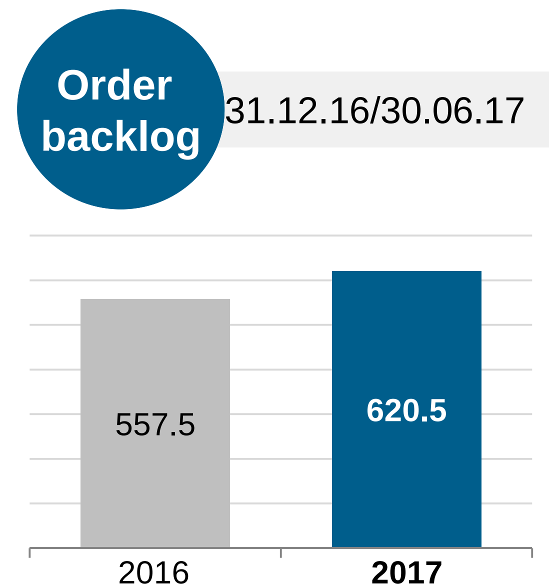
Guidance for 2017 and mid-term targets for 2017 - 2021

Positive Group business performance

- Sharp gains in orders from packaging markets and service areas
- Prior-year order intake slightly above H1 2017 due to large security press orders
- Revenue slightly below prior year due to more deliveries in H2
- Strong order backlog of €621m







	Order intake 2016	Order intake 2017	Revenue 2016	Revenue 2017	Order backlog 2016	Order backlog 2017
Q1:	266.3	**321.5**	258.8	**259.1**	582.4	**619.9**
Q2:	352.5	**280.4**	295.1	**279.8**	639.8	**620.5**

Group figures as per IFRS in €m

Solid Group earnings

- Gross profit margin of 29.6% at a high level
- €16.3m EBIT in H1 2017, prior-year figure of €20.7m influenced by catch-up effect in Q2 (€4.9m) after completion of a large security project and higher revenue
- Positive earnings momentum with rising revenue in H2

	2015	2016	H1 2016	H1 2017
Gross profit margin	26.8%	29.7%	30.7%	29.6%
EBIT	€35.9m	€62.9m*	€20.7m	€16.3m
EPS	€1.62	€4.98	€1.05	€0.93

Group figures as per IFRS

* adjusted for the non-recurring income

Group income statement

in €m	H1 2016	H1 2017
Revenue	553.9	538.9
Cost of sales	-383.6	-379.5
Gross profit	**170.3**	**159.4**
Research and development costs	-28.1	-24.5
Distribution costs	-77.3	-67.9
Administrative expenses	-38.3	-46.0
Other operating income ./. expenses	-5.9	-4.7
Earnings before interest and taxes (EBIT)	**20.7**	**16.3**
Interest result	-2.9	-0.4
Earnings before taxes (EBT)	**17.8**	**15.9**
Income tax	-0.6	-0.7
Net profit	**17.2**	**15.2**

Group figures as per IFRS

Group cash flow statement

in €m	H1 2016	H1 2017
Earnings before taxes	17.8	15.9
Non-cash transactions	23.8	17.8
Gross cash flow	**41.6**	**33.7**
Changes in inventories, receivables, other assets	-51.4	-53.8
Changes in provisions and payables	-0.8	0.1
Cash flows from operating activities	**-10.6**	**-20.0**
Cash flows from investing activities	**-3.8**	**-45.5**
Free cash flow	**-14.4**	**-65.5**
Cash flows from financing activities	**-1.8**	**-7.3**
Change in funds	**-16.2**	**-72.8**
Effect of changes in exchange rates	-1.4	-1.7
Funds at beginning of period	186.3	202.0
Funds at end of period	**168.7**	**127.5**

Group figures as per IFRS

Group balance sheet

in €m

Assets	31.12.2016	**30.06.2017**
Non-current assets		
Intangible assets and property, plant and equipment	239.5	**240.0**
Investments/other financial receivables	15.9	**48.1**
Other assets	0.1	**0.2**
Deferred tax assets	64.9	**61.2**
	320.4	**349.5**
Current assets		
Inventories	293.4	**321.8**
Trade receivables	209.0	**222.6**
Other financial receivables	14.2	**16.2**
Other assets	26.6	**38.1**
Securities	19.9	**14.7**
Cash and cash equivalents	202.0	**127.5**
	765.1	**740.9**
	1,085.5	**1,090.4**

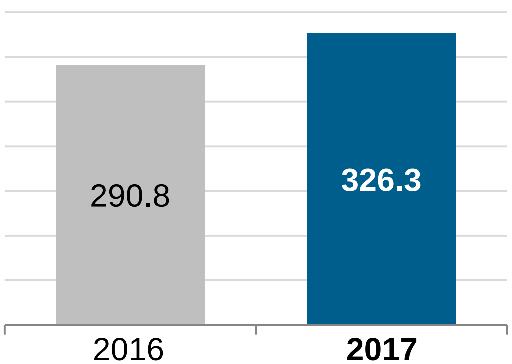
Equity and liabilities	31.12.2016	**30.06.2017**
Equity		
Share capital	43.0	**43.0**
Share premium	87.5	**87.5**
Reserves	206.8	**224.4**
Equity attrib. to non-controlling interests	0.5	**0.6**
	337.8	**355.5**
Non-current liabilities		
Pension provisions	212.5	**204.0**
Other provisions	23.2	**18.7**
Bank loans/other financial payables	9.4	**9.3**
Other liabilities	1.0	**1.3**
Deferred tax liabilities	22.0	**21.6**
	268.1	**254.9**
Current liabilities		
Other provisions	180.5	**171.4**
Trade payables	59.0	**50.1**
Bank loans/other financial payables	94.5	**93.6**
Other liabilities	145.6	**164.9**
	479.6	**480.0**
	1,085.5	**1,090.4**

Group figures as per IFRS

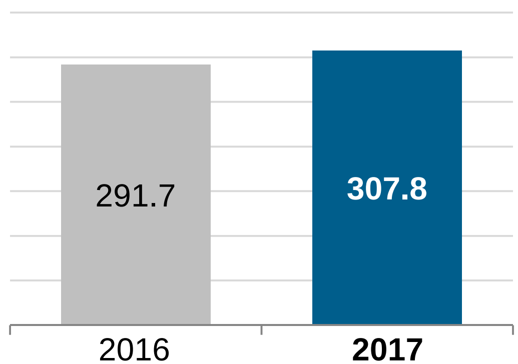
Order intake, revenue and profit up in Sheetfed

- 12% rise in orders, high demand from packaging sector and Print China in May
- 6% more sales y-o-y, order backlog of €256m
- Strong profit increase to €12m due to higher revenue with better margins and lower costs

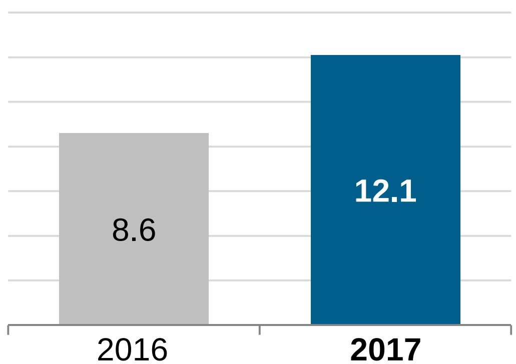
Order intake 01.01. - 30.06.



Revenue 01.01. - 30.06.



EBIT 01.01. - 30.06.



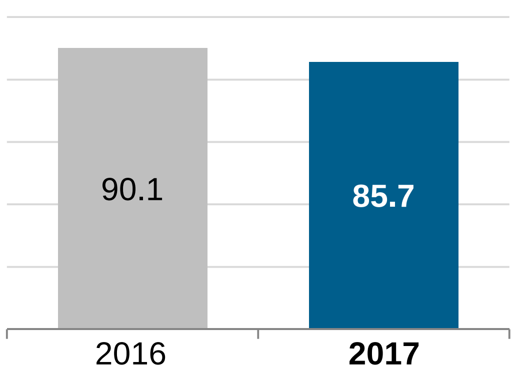
	Order intake 2016	Order intake 2017	Revenue 2016	Revenue 2017	EBIT 2016	EBIT 2017
Q1:	135.7	**152.0**	154.6	**150.0**	5.7	**4.6**
Q2:	155.1	**174.3**	137.1	**157.8**	2.9	**7.5**

Group figures as per IFRS in €m

Digital & Web invests in future markets

- Solid order intake of €86m, good order backlog of €94m
- Service business and digital corrugating printing are major revenue sources
- EBIT influenced by KBA-Flexotecnica (-€3.1m), optimisations target speeding up growth in flexible packaging
- Clear earnings improvement in Digital & Web without the flexo activities

Order intake 01.01. - 30.06.



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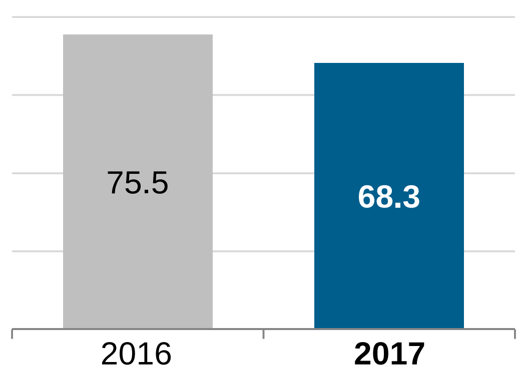
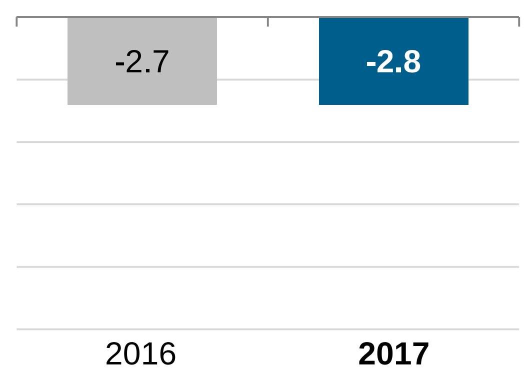


EBIT 01.01. - 30.06.



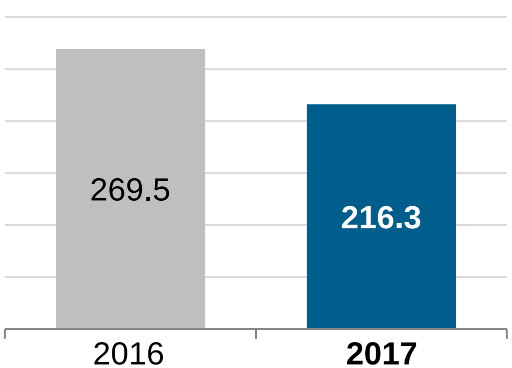
	Order intake 2016	Order intake 2017	Revenue 2016	Revenue 2017	EBIT 2016	EBIT 2017
Q1:	48.7	**57.7**	30.9	**30.4**	-2.6	**-2.3**
Q2:	41.4	**28.0**	44.6	**37.9**	-0.1	**-0.5**

Group figures as per IFRS in €m

Strong EBIT margin of 7.7% in Special

- Gains in orders for metal, glass/hollow container decorating and coding systems
- Prior-year order intake and revenue above H1 2017 due to large security press orders
- Order backlog of €285m, promising projects in security printing
- Prior-year EBIT with strong catch-up effect of €4.9m from security printing

Order intake 01.01. - 30.06.



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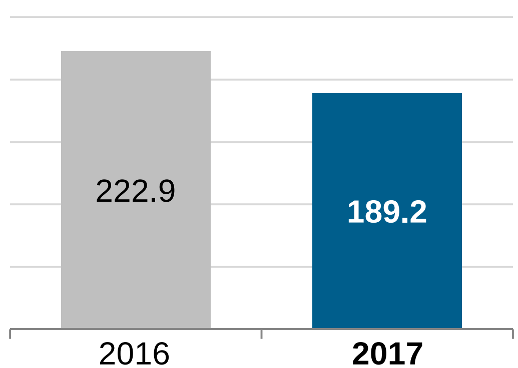
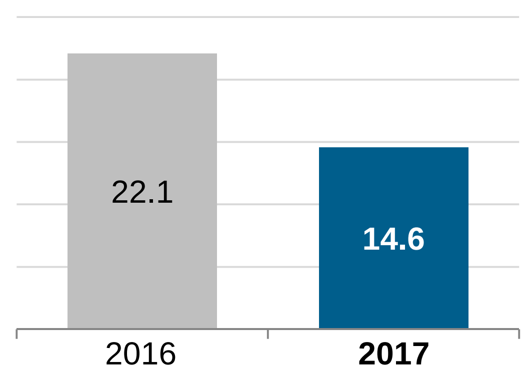


EBIT 01.01. - 30.06.



	Order intake 2016	Order intake 2017	Revenue 2016	Revenue 2017	EBIT 2016	EBIT 2017
Q1:	100.3	**125.7**	85.6	**87.8**	1.0	**4.6**
Q2:	169.2	**90.6**	137.3	**101.4**	21.1	**10.0**

Group figures as per IFRS in €m

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Highlights Q2 2017

Business performance H1 2017

Guidance for 2017 and mid-term targets for 2017 - 2021

Guidance and targets for 2017

→ Organic growth of up to €1.25bn in Group revenue

→ EBIT margin of around 6%

→ Further revenue and market share gains in packaging and digital printing

→ Next growth step in service business

→ Start of external funding of pensions liabilities to reduce longevity risks

(≈ €65m over 5 years, in H1 2017: €32.4m)

Targets for 2017 - 2021

Revenue:
target organic growth rate of ≈ 4% p.a.

- New equipment in packaging printing expected to grow at Ø 4%, 70% of revenues in packaging will give a base growth rate of Ø 2,8%
- Further growth to come from expanding service revenues in all divisions as well as from market share growth
- Evaluation of strategic options in security printing to create growth, as equipment revenue increase is limited

Profits:
target 4-9% EBIT margin on Group level

- ≈ €70m profit increase through the optimisation of security printing business and growth in service business (≈ €20m each) together with an integrated production network and strategic purchasing (≈ €15m each)
- Depending on global macro, end markets and growth-related spending, margin base EBIT with almost no interest paid

Resilience:
reduce volatility and risks

- Targeted service revenue share of 30% to support earnings stability
- >45% equity ratio, with dividend policy of 15-35% of Group net income
- Net working capital target range of 20-25 % of revenue

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.