88th Koenig & Bauer AG Annual General Meeting
13.06.2013 in Würzburg

Claus Bolza-Schünemann, President and CEO
Situation in the KBA Group

- Drupa boosted sheetfed business in 2012, fewer large orders for web and special presses as in record prior year
- Group operating profit quadrupled due to cost savings, increase in sales and more profitable product mix
- Special depreciation reflects results-orientated business strategy in sheetfed division
- Additional turn-around programme to sustainably improve earnings of web and sheetfed offset presses
- Expansion of profitable service business with new offerings
- Future: Focus on growth markets digital printing and packaging
- Outlook 2013: Similar annual Group sales and Group pre-tax earnings to 2012
Successful Drupa boosts sheetfed orders
- Sheetfed offset sales up 17.1% on prior year thanks to Drupa
- Order intake for web and special presses below last year’s figure boosted by large orders
- Sales 10.9% higher than 2011, web and special press sales up 11.5%
2012: highest sales since financial crisis

€m

- Sheetfed offset presses
- Web and special presses

2005: 50.4%
2006: 49.6%
2007: 50.4%
2008: 49.6%
2009: 50.3%
2010: 49.7%
2011: 50.3%
2012: 49.7%

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Group figures as per IFRS
Future growth markets have grown in significance

* In 2011/2012 sales in Latin America and Africa were above average due to special press deliveries
## Operating profit more than quadrupled

<table>
<thead>
<tr>
<th>in €m</th>
<th>2011</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit before special items</strong></td>
<td>9.9</td>
<td>43.1</td>
<td>+€33.2m</td>
</tr>
<tr>
<td><strong>Operating profit after special items</strong></td>
<td>9.9</td>
<td>16.0</td>
<td>+€6.1m</td>
</tr>
<tr>
<td><strong>Earnings before taxes</strong></td>
<td>3.3</td>
<td>6.1</td>
<td>+€2.8m</td>
</tr>
<tr>
<td><strong>Group net profit</strong></td>
<td>0.4</td>
<td>2.3</td>
<td>+€1.9m</td>
</tr>
<tr>
<td><strong>Earnings per share in €</strong></td>
<td>0.02</td>
<td>0.14</td>
<td>+€0.12</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------</td>
<td>------------</td>
<td>----------</td>
</tr>
<tr>
<td>Above-average equity ratio</td>
<td>38.2%</td>
<td>40.2%</td>
<td>↑</td>
</tr>
<tr>
<td>Fewer bank debts</td>
<td>€35.9m</td>
<td>€31.6m</td>
<td>↓</td>
</tr>
<tr>
<td>Much higher volume of liquid assets</td>
<td>€145.6m</td>
<td>€206.3m</td>
<td>↑</td>
</tr>
<tr>
<td>Comfortable net liquidity</td>
<td>+€109.7m</td>
<td>+€174.7m</td>
<td>↑</td>
</tr>
<tr>
<td>Free cash flow still strong</td>
<td>€57.8m</td>
<td>€61.2m</td>
<td>↑</td>
</tr>
<tr>
<td>Adequate credit lines</td>
<td>€100m</td>
<td>approx. €200m</td>
<td>↑</td>
</tr>
</tbody>
</table>
Web and special press division 2012

- 11.5% increase in sales of web and special presses
- Improvement in earnings due to cost savings, service business and niche markets
Newspaper web presses

- Media shifts and economic weakness in parts of Europe act as a brake on demand
- We have adapted to a considerably smaller market volume
- 3 contracts signed in Germany recently
- Further projects in the pipeline abroad
- Along with the Commander CT compact press series, the new Commander CL is becoming increasingly popular
- 9 Commander CLs sold, 3 in operation (2 in Germany and 1 in the USA)
- Newspaper house in Trier opts for environmentally friendly KBA Cortina
Commercial web presses

• Very slow demand in 2012
• KBA does not offer all press variations due to costs
• Presses from the new 16- and 48-page C series were sold
• C16 with 6 printing units for printing magazines and wrappers has successfully gone live at B&K Offsetdruck in Ottersweier, Germany
• B&K specialises in special forms of advertising

Before-and-after effect with segment binding

The spectacular before-and-after effect can be seen once all three segments are folded over
• Global market leader KBA-NotaSys has been successful for decades
• Extraordinarily high order volume in 2011
• Market has returned to normal in 2012, as expected
• Sales in 2012 significantly higher than previous year
• Order backlog remains considerable
• In 2012 a complete production line was installed in South Africa
• New South African Rand banknotes also designed by KBA-NotaSys
Industrial marking and coding systems

- KBA-Metronic has a technologically strong market position producing digital and analogue coding systems
- Inkjet, laser, hot stamping, thermal transfer etc. on synthetics, glass, ceramics, cartons, tyres etc.
- Increase in new orders and sales
- Opportunities for growth through increasing internationalisation and new products
- New inkjet printer launched at FachPack in Nuremberg
- Preparations for expanding own sales and service organisation are well underway as well as the mounting of some components in China
Sheetfed press division 2012

- Sheetfed sales up 10.2%
- Margin pressure and special depreciation totalling €27.1m strained operating results

**Sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>583.6</td>
</tr>
<tr>
<td>2012</td>
<td>643.2</td>
</tr>
</tbody>
</table>

**Operating loss**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating loss (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>18.1</td>
</tr>
<tr>
<td>2012</td>
<td>38.7</td>
</tr>
</tbody>
</table>
Innovations for the growth market packaging

- Medium-format Rapida 106 with 19 printing, coating and drying units
- Premiere at the global corporation Amcor Tobacco Packaging in Switzerland
- UV production with migration-free inert curing and cold-foil finishing
- Streamlining production of intricately finished packaging
Metal-decorating systems

• KBA-MetalPrint has a strong position in the niche market metal decorating offering complete printing, coating and drying lines, incl. air purification systems
• Used in the production of high-quality packaging for food, cosmetics, cigars etc.
• New orders and sales in 2012 up by over 15%
• Stable business performance with new products and solutions
Albert-Frankenthal and KBA-FT Engineering

• Spun off in 2011, Albert-Frankenthal has 299 employees manufacturing components and rollers for KBA

• Capacity utilisation with work for KBA and contract work/assembly services for third parties not satisfactory

• KBA-FT Engineering, with 216 employees, is the engineering centre for folders and is responsible for their field installations, inauguration and service

• Also affected by weaker web press demand

• Employee count to fall further by 2015, continuing poor utilisation requires additional measures
Qualified staff are a competitive strength

- Group workforce reduced by 2,000 since 2009 given market developments
- Original target reached, but smaller market-related adjustments in some areas are required
- Qualified staff are a global competitive strength
- Big investment in training and qualifications
- Above-average training level of 6.9%
- Continued demand for employee shares every year
KBA share performance

01.01.2009 to 31.05.2013

KBA share performance in Euro

KBA shares
DAX
Proposal for the utilisation of retained earnings for 2012

• Group operating profit not including special items rose to €43.1m
• The Parent, Koenig & Bauer, also significantly improved its operating profit
• Retained earnings of €6.6m after reinvesting 50% of the sum of 2012’s net profit and the previous year’s profit carried forward

Proposal:
Payment of a dividend of 40 cents per ordinary share on 16,506,373 no-par shares
€6,602,549.20
Transferred to other reserves
€9,961.58
Group performance in the first quarter 2013

- Industry-specific weak sales in first quarter
- Order intake 15.5% down on previous year
- Continued high order backlog of €657m

### Order intake

<table>
<thead>
<tr>
<th></th>
<th>01.01. - 31.03.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>236.6</td>
</tr>
<tr>
<td></td>
<td>152.9</td>
</tr>
<tr>
<td></td>
<td>83.7</td>
</tr>
<tr>
<td>2013</td>
<td>200.0</td>
</tr>
<tr>
<td></td>
<td>132.8</td>
</tr>
<tr>
<td></td>
<td>67.2</td>
</tr>
</tbody>
</table>

### Sales

<table>
<thead>
<tr>
<th></th>
<th>01.01. - 31.03.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>263.5</td>
</tr>
<tr>
<td></td>
<td>100.9</td>
</tr>
<tr>
<td></td>
<td>162.6</td>
</tr>
<tr>
<td>2013</td>
<td>190.7</td>
</tr>
<tr>
<td></td>
<td>98.2</td>
</tr>
<tr>
<td></td>
<td>92.5</td>
</tr>
</tbody>
</table>

### Order backlog

<table>
<thead>
<tr>
<th></th>
<th>31.03.12/31.03.13</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>798.8</td>
</tr>
<tr>
<td></td>
<td>201.0</td>
</tr>
<tr>
<td></td>
<td>597.8</td>
</tr>
<tr>
<td>2013</td>
<td>667.3</td>
</tr>
<tr>
<td></td>
<td>207.8</td>
</tr>
<tr>
<td></td>
<td>449.5</td>
</tr>
</tbody>
</table>

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Group figures as per IFRS
Earnings in 1st quarter 2013

- Quarterly loss due to a lack of profit contributions following weaker sales
- Improvement in sheetfed earnings
- Turn-around programme beginning to bear fruit
- Significant improvement in earnings expected during the course of the year

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>27.8%</td>
<td>21.3%</td>
</tr>
<tr>
<td><strong>Operating profit/loss</strong></td>
<td>€1.5m</td>
<td>-€16.9m</td>
</tr>
<tr>
<td><strong>Earnings before taxes</strong></td>
<td>-€0.4m</td>
<td>-€18.8m</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>-€1.3m</td>
<td>-€18.5m</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>-€0.08</td>
<td>-€1.12</td>
</tr>
</tbody>
</table>

Group figures as per IFRS
Group performance to 31.05.2012

Order income
01.01. - 31.05.

Sales
01.01. - 31.05.

Order backlog
31.05.12/31.05.13

Sheetfed offset presses
Web and special presses

<table>
<thead>
<tr>
<th>Year</th>
<th>Sheetfed Offset Presses</th>
<th>Web and Special Presses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>297.3</td>
<td>188.9</td>
</tr>
<tr>
<td>2013</td>
<td>361.7</td>
<td>236.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales 2012</th>
<th>Sales 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>454.3</td>
<td>395.2</td>
</tr>
<tr>
<td>2013</td>
<td>168.7</td>
<td>177.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Order Backlog 2012</th>
<th>Order Backlog 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>857.6</td>
<td>277.6</td>
</tr>
<tr>
<td>2013</td>
<td>614.5</td>
<td>231.6</td>
</tr>
</tbody>
</table>
Successful trade shows in China and Turkey

• World’s second-biggest trade show
  China Print in Beijing was very successful for KBA

• Contracts signed with many existing and new customers

• China no. 1 sales market for sheetfed presses

• Printtek trade show in Istanbul ran nearly at the same

• Both shows were popular and successful for KBA

• For KBA Turkey is a key growth market situated on the edge of Europe
New business line: inkjet digital printing

- Launch of the new RotaJET 76 at Drupa 2012
- Only high-volume press made in Germany
- RotaJET impressed visitors with its performance at Hunkeler Innovationdays in Lucerne in February 2013
- Focus on applications for books, direct mail, advertising and newspapers
- Customer interest also from other areas
- Target groups: medium to large print operations
- First RotaJET sold, multiple projects soon to be finalised
New business line: flexible packaging

• The packaging sector has long been a growth market for KBA
• The new Varius 80 variable-format web offset press built by KBA-MePrint was showcased live at Drupa 2012
• Target groups: packaging printers with non-absorbent flexible materials
• Next step: KBA plans to takeover the Italian press manufacturer, Flexotecnica
• Takeover is not yet complete
• Flexotecnica’s CIC flexo presses are very popular in the growth market flexible packaging
• Expansion of profitable service business with new offerings

• Example: complete service packages with on-site staff deployment

• New PrintHouseService (PHS) also offers vendor-independent services

• Major order for PHS: retrofit and re-location of a manroland newspaper web press

• KBA is retrofitting web presses with inkjet systems for various imprinting at Axel Springer’s contract printers
Expansion of our sales and service network

• In 2012 new KBA sales and service branches were founded in Korea, Japan und Mexico

• Further office to be founded in Brazil

• Target: intensify market development in growth markets in Asia and Latin America

• A positive start with new customers
Additional turn-around programme introduced

**Target: enhance efficiency of web and sheetfed press activities**

- Optimise Group purchasing
  - Bundle Group purchasing
  - Creation of a purchasing board
  - Material group management worldwide
  - Reduce number of subsuppliers
  - Strategic key suppliers
  - Initial success with reducing material costs

- Introduction of a product-house organisation

- Amendments to wage agreements

- Closure of Trennfeld plant

- Reduction of administrative costs

- Bundling of certain production activities at individual locations
Outlook 2013

• Similar annual Group sales to 2012

• Continued optimisation of internal processes

• Push forward with diversification in future markets

• Continued consolidation in web business

• Group pre-tax earnings similar to last year

• Earnings projections are based on:
  - broad product mix and expanded service activities
  - positive impact from cost savings from turn-around measures
  - initiatives to reduce manufacturing costs

This 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.
Koenig & Bauer AG

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