89th Koenig & Bauer AG Annual General Meeting
28.05.2014 in Würzburg

Claus Bolza-Schünemann, President and CEO
KBA’s current situation and goals

• 2014 began more successfully for us than twelve months earlier

• Our Fit@All programme will fundamentally realign the Group

• Fit@All is making progress, agreements for 700 jobs have already been settled

• Stronger focus on growth markets packaging and digital printing

• Integration of KBA-Kammann and KBA-Flexotecnica is well underway

• Goal 2014: Similar sales to 2013, positive operating result before special effects

• Goal 2015. Significant increase in earnings parallel to implementation of Fit@All

• Goal 2016: Sustained earnings already at €1bn sales
Order intake in 2013

- At €1,012.2m order intake was 9.3% below prior Drupa-year
- Packaging printers dominated new orders for sheetfed presses
- Subdued demand for web and special presses

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheetfed offset presses</td>
<td>1,116.2</td>
<td>1,012.2</td>
</tr>
<tr>
<td>Web and special presses</td>
<td>667.4</td>
<td>608.0</td>
</tr>
<tr>
<td></td>
<td>448.8</td>
<td>404.2</td>
</tr>
</tbody>
</table>

*in €m

Group figures as per IFRS
• Group sales fell by 15% to €1,099.7m
• Drupa stimulus was lacking in 2013 for sheetfed business
• Significantly smaller business volume with web and special presses
Revenue by region in 2013

Proportion of sales in %

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td>North America</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>Africa/Latin America</td>
<td>18</td>
<td>17</td>
</tr>
</tbody>
</table>

Group figures as per IFRS
Operating result 2013

- Operating profit of €24.5m displaced by special items
- €155.2m special expenses for Fit@All programme
- Operating loss of €130.7m due to special items, segments hit accordingly

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheetfed offset presses</td>
<td>-38.6</td>
<td>-130.7</td>
</tr>
<tr>
<td>Web and special presses</td>
<td>52.3</td>
<td>-77.6</td>
</tr>
<tr>
<td></td>
<td>+13.7</td>
<td></td>
</tr>
</tbody>
</table>

© KBA  
Group figures as per IFRS
### Investments and acquisitions financed from cash flow

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity ratio</strong> reduced by restructuring</td>
<td>38.3%</td>
<td>25.3%</td>
</tr>
<tr>
<td>Fewer bank debts</td>
<td>€31.6m</td>
<td>€21.5m</td>
</tr>
<tr>
<td>Liquid assets at a high level</td>
<td>€206.3m</td>
<td>€185.4m</td>
</tr>
<tr>
<td>Comfortable net liquidity</td>
<td>+€174.7m</td>
<td>+€163.9m</td>
</tr>
<tr>
<td>Positive free cash flow</td>
<td>€61.2m</td>
<td>€3.2m</td>
</tr>
<tr>
<td>Adequate credit lines</td>
<td>approx. €200m</td>
<td>approx. €200m</td>
</tr>
</tbody>
</table>

© KBA  Group figures as per IFRS
Personnel developments

- Significantly less personnel in core business
- More staff in growth fields
- 266 new employees at Kammann and Flexotecnica
- Group payroll totalled 6,409 at end of 2013
- Fit@All to cut 1,100 to 1,500 jobs
- Arrangements agreed for some 700 employees
- Progress in reducing workforce, expected to finish at end of 2015
- KBA continues to invest in young talent
- Training rate rose from 6.9% to 7.2%
- Employee share scheme continued in 2013
Strategic Realignment with Fit@All
Market development of web and sheetfed offset presses

• Expectations of a sustained web offset market recovery were not fulfilled
• Volume of new investments has shrunk, retrofits and concentration dominate
• Mid-term slide to approx. €400m p.a. expected due to media shift

• The sheetfed offset market has been stagnant at an approx. 50% lower level since 2011
• Outlook for packaging printing better than for commercial, book and magazine printing
• No sustained growth. Market developments depend on dynamics of structural changes
Fit@All: Key aspects of the realignment

- Restructuring of web press business
- Group reorganisation to autonomous business units
- Long-term strengthening of profitability and competitiveness
- Restructuring of sheetfed offset business
- New site concept, personnel adjustments of 1,100 to 1,500 jobs
- Reinforcing presence in growth and special markets
Fit@All: Capacity and structural measures

- New site concept for Würzburg, Radebeul, Mödling, Frankenthal, Dobruška
- High quality and flexibility when manufacturing core components in-house
- Reliable supply of time-critical parts
- Outsourcing of parts and services, where appropriate

- Adjusting capacity and optimising productive resources at the main sites
- Group-wide production unit with own responsibility for earnings
- Bundling, optimising and if necessary outsourcing of value-added activities
- Closure/sale of sites which are no longer needed
Fit@All: Organisational restructuring

- Reorganisation of Group and management structure
- Establishment of clear areas of responsibility
- More transparency and strategic flexibility

- Autonomous units for sheetfed, web, production and special machines
- Operative units with own management and clear responsibility for earnings
- Holding company with central functions (finance, controlling, IT, IR, legal department)
- Allocation of subsidiaries depending on market orientation
Fit@All: Expansion of growth areas

- Takeover of Flexotecnica paved the way for KBA to enter the growth market for flexible packaging

- Integration of KBA-Flexotecnica into the KBA Group’s global sales and service network

- Synergy effects with other packaging activities

- Entry into the direct decoration of glass packaging and hollow containers with new subsidiary KBA-Kammann

- Own development KBA RotaJET and follow-up products for the expanding market segment digital printing
## Fit@All: Supplementary package of measures

<table>
<thead>
<tr>
<th>Areas</th>
<th>Key measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overhead costs</td>
<td>Reduction in administrative costs through personnel adjustments, process optimisation and outsourcing of auxiliary functions</td>
</tr>
<tr>
<td>Working capital</td>
<td>Reduction in tied assets, also non-current assets</td>
</tr>
<tr>
<td>Locations</td>
<td>Solution to some under-performing locations</td>
</tr>
<tr>
<td>Segment reporting</td>
<td>Changes in segment reporting should occur after the implementation of a new Group structure in 2015</td>
</tr>
<tr>
<td>Professional implementation of Fit@All</td>
<td>Implementation with internal and external experts as well as the monitoring of restructuring progress by new CRO</td>
</tr>
<tr>
<td>Strengthening of growth areas</td>
<td>Strategic development and organisational bundling of our manifold activities in promising special markets</td>
</tr>
</tbody>
</table>
Fit@All: Current status of implementation

**Goal**
Decentrally organised, flexible and profitable KBA Group, able to serve customers with innovative products in volume and special markets reliably and on an economically sound basis

- **Personnel adjustments**
  Agreed to a large extent for Mödling, Würzburg and Radebeul, other locations are still in negotiation

- **New site concept for Group**
  Drawn up and in implementation phase

- **Autonomous business units**
  Defined structure. Implementation in preparation according to legal/tax guidelines

- **Outsourcing**
  A few options under review, talks with potential partners
People & Print

Current fiscal year 2014
Group performance in the first quarter 2014

- 20.8% more new orders, sales up 11.9%
- More orders for sheetfed and special presses
- Demand for web offset presses remains subdued

**Order intake**
01.01. - 31.03.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sheetfed offset presses</th>
<th>Web and special presses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>132.8</td>
<td>67.2</td>
</tr>
<tr>
<td>2014</td>
<td>146.5</td>
<td>95</td>
</tr>
</tbody>
</table>

**Sales**
01.01. - 31.03.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sheetfed offset presses</th>
<th>Web and special presses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>190.7</td>
<td>92.5</td>
</tr>
<tr>
<td>2014</td>
<td>213.4</td>
<td>94.7</td>
</tr>
</tbody>
</table>

**Order backlog**
31.03.13/31.03.14

<table>
<thead>
<tr>
<th>Year</th>
<th>Sheetfed offset presses</th>
<th>Web and special presses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>657.4</td>
<td>449.5</td>
</tr>
<tr>
<td>2014</td>
<td>588.6</td>
<td>351.5</td>
</tr>
</tbody>
</table>

Group figures as per IFRS

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Earnings in 1st quarter 2014

- Clear improvement to earnings compared to 2013
- Operating profit in sheetfed segment
- Earnings of web and special presses segment hit by postponements of deliveries

<table>
<thead>
<tr>
<th></th>
<th>Q1 2013</th>
<th>Q1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>21.3%</td>
<td>25.4%</td>
</tr>
<tr>
<td><strong>Operating profit/loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheetfed offset presses</td>
<td>-€16.9m</td>
<td>-€10.2m</td>
</tr>
<tr>
<td>Web and special presses</td>
<td>-€11m</td>
<td>-€11.4m</td>
</tr>
<tr>
<td>Earnings before taxes</td>
<td>-€18.8m</td>
<td>-€12.1m</td>
</tr>
<tr>
<td>Net loss</td>
<td>-€18.5m</td>
<td>-€14m</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>-€1.12</td>
<td>-€0.85</td>
</tr>
</tbody>
</table>

Group figures as per IFRS
Outlook for KBA Group

2014
• Annual Group sales of €1bn to €1.1bn
• Positive operating result before special items
• Much fewer expenses for Fit@All
• EBT expected to be negative once again

2015
• Fit@All will come more strongly into effect
• Clear improvement to operating and pre-tax earnings (EBT) compared to 2014

2016
• Implementation of Fit@All finished
• KBA is expected to return to sustained profitability
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