

Management Board remuneration system at Koenig & Bauer AG

In addition to individual fixed salaries based on the duties assigned to them, the members of the Management Board receive one-year and multi-year variable remuneration under the new remuneration system subject to the following rules:

The one-year variable remuneration depends on the Company's business performance in the current year (reference year) and is measured according to the EBIT margin. The target is defined as 60% of the fixed remuneration, which may increase to up to 90% in the event of excess achievement (150% of the target bonus). An EBIT margin of at least 5% must be achieved in 2017 for payment of 50% of the target bonus to be made. The target bonus is paid out if the EBIT margin reaches 6%. The target is capped at 150% for an EBIT margin of 7%. The Supervisory Board may determine the payment curves annually. The bonuses for the segment Management Boards are measured on the basis of 50% of the Group EBIT margin and 50% of the EBIT margin of the relevant segment. The budget approved by the Supervisory Board forms the target for 100% achievement. The floor is derived from the target EBIT margin less one percentage point, while the cap is the target plus one percentage point.

The multi-year variable remuneration depends on the Company's business performance in the reference year and the following two years and is measured according to the EBIT margin. It is not paid out until after the annual general meeting at which the annual financial statements for the final year in this period are approved. The target is defined as 65% of the fixed remuneration, which may increase to up to 130% in the event of excess achievement (200% of the target bonus). The tranches for 2017 to 2019 are paid out if the average EBIT margin over the three-year period is 4.5% or higher, commencing with 50% of the target. The target (100%) is paid out if the average EBIT margin reaches 5.5%. It is capped at

200% of the target for an average EBIT margin of 7.5%. The Supervisory Board determines the targets for the future reference years and the following two years on an annual basis. In the case of the multi-year variable remuneration, there is no separate segment view, meaning that only Group EBIT is applicable.

The remuneration for the Supervisory Board member Dr Andreas Pleßke, who has been delegated to the Management Board for the period from 1 June 2017 to 31 May 2018, includes a higher fixed component as the contract expires after one year. The capped variable compensation is at the discretion of the Supervisory Board on the basis of its assessment of the Management Board member's success in performing his duties during the period in which he is delegated to the Management Board.

Other compensation paid to the Management Board includes retirement benefits and the costs of fringe benefits such as the provision of a company car. The Koenig & Bauer Group does not have any share-option plans or other share-based remuneration schemes.

The arrangements for termination benefits in the event of premature termination of the service contract by the Company have been revised in the light of the recommendation set forth in 4.2.3 of the German Corporate Governance Code. If the service contract has a remaining duration of two or more years, the termination benefits are capped at an amount equalling two annual salaries. The annual salary comprises the fixed remuneration plus the target defined for one-year remuneration. If the service contract has a remaining term of less than two years, the two annual salaries are paid on a prorated basis for the remaining period of the contract.

The members of the Management Board received the compensation set out below in 2017 (individualised figures):

Benefits granted

in €

	Claus Bolza-Schünemann, CEO				Dr Mathias Dähn, CFO			
	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
Non-performance-based components								
Fixed compensation	450,000	450,000	–	–	350,000	425,833	–	–
Fringe benefits ¹	22,868	22,914	–	–	36,627	35,521	–	–
Total	472,868	472,914	–	–	386,627	461,354	–	–
Performance-based components								
One-year variable compensation	450,000	450,000	0	450,000	350,000	388,800	0	432,000
Multi-year variable compensation								
Plan description FY 2016 (Period payment 2017–19)	450,000	0			350,000	0		
Plan description FY 2017 (Period payment 2018–20) (Period payment 2020)	0	450,000	0	450,000	0	582,411	0	624,000
Total	900,000	900,000			700,000	971,211		
Service cost	202,183	202,183			170,986	170,986		
Total compensation	1,575,051	1,575,097			1,257,613	1,603,551		

¹ Fringe benefits include the costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as the provision of company cars, contributions toward the cost of insurance, the reimbursement of expenses for legal advice and tax advice, accommodation and moving expenses, including any taxes due in this regard, currency adjustment payments and costs relating to preventive medical examinations.

The following table sets out the amounts accruing in 2017 from fixed compensation, fringe benefits, one-year variable remuneration and multi-year variable remuneration broken down by the individual year of receipt as well as

retirement benefit expenses. Contrary to the multi-year variable remuneration granted for 2017 described above, this table shows the actual value of the multi-year variable remuneration granted in previous years and accruing in 2017.

Allocation

in €

	Claus Bolza-Schünemann, CEO		Dr Mathias Dähn, CFO	
	2016	2017	2016	2017
Non-performance-based components				
Fixed compensation	450,000	450,000	350,000	425,833
Fringe benefits ¹	22,868	22,914	36,627	35,521
Total	472,868	472,914	386,627	461,354
Performance-based components				
One-year variable compensation	450,000	450,000	350,000	350,000
Multi-year variable compensation				
Plan description (Period FY 2014)	30,854	30,854	14,582	14,582
Plan description (Period FY 2015)	175,824	131,868	136,752	102,564
Plan description (Period FY 2016)	0	180,000	0	140,000
Total	656,678	792,722	501,334	607,146
Service	0	0	0	0
Total compensation	1,129,546	1,265,636	887,961	1,068,500

¹ Fringe benefits include the costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as the provision of company cars, contributions toward the cost of insurance, the reimbursement of expenses for legal advice and tax advice, accommodation and moving expenses, including any taxes due in this regard, currency adjustment payments and costs relating to preventive medical examinations.

Christoph Müller (from 1 June 2017),
Board member Digital & Web segment

Dr Andreas Pleßke
(until 30 April 2016 and from 1 June 2017),
CRO or Board member Special segment

Ralf Sammeck (from 1 June 2017),
Board member Sheetfed segment

2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
0	275,419	-	-	200,000	525,000	-	-	0	288,748	-	-
0	16,996			3,396	4,009			0	13,813		
0	292,415	-	-	203,396	529,009	-	-	0	302,561	-	-
0	178,200	0	396,000	166,666	175,000	0	175,000	0	372,600	0	414,000
0	0			0	0			0	0		
0	533,876	0	572,000	0	0	0	0	0	558,143	0	598,000
0	712,076			166,666	175,000			0	930,743		
0	108,689			0	0			0	99,186		
0	1,113,180			370,062	704,009			0	1,332,490		

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2016	2017	2016	2017	2016	2017
0	275,419	180,716	525,000	0	288,748
0	16,996	3,396	4,009	0	13,813
0	292,415	184,112	529,009	0	302,561
0	0	566,666	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	566,666	0	0	0
0	0	0	0	0	0
0	292,415	750,778	529,009	0	302,561