



Analysts' and financial press conference

19 December 2013 at KBA-MetalPrint in Stuttgart



1. Long-term strengthening of core business with consolidation

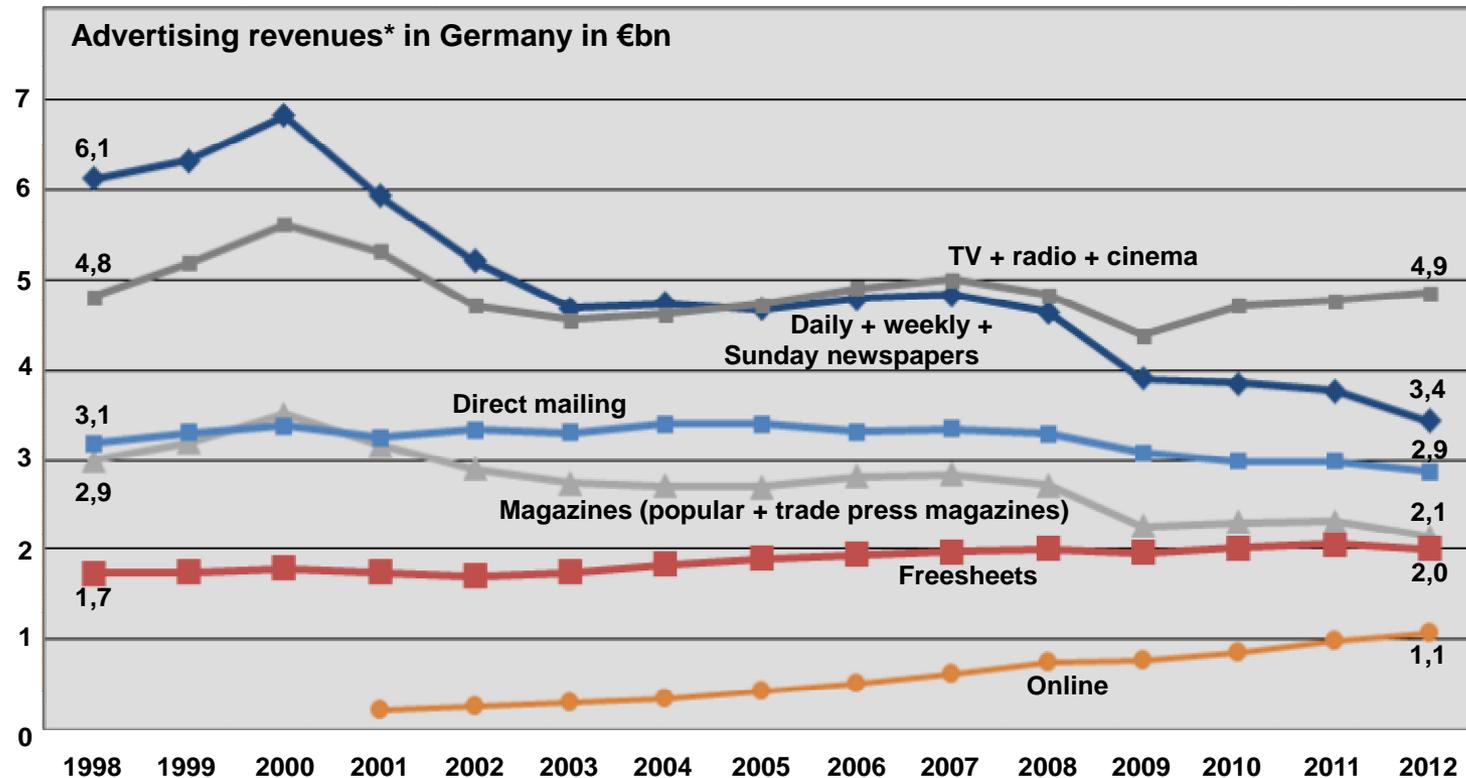
- Market trend of substantial parts of today's core business lines is assessed as stagnant
- Securing of core business with structural adjustments to changing markets
- Optimisation and concentration of value creation at the various locations
- Changes to organisational structures

2. Sustained growth in packaging and digital printing

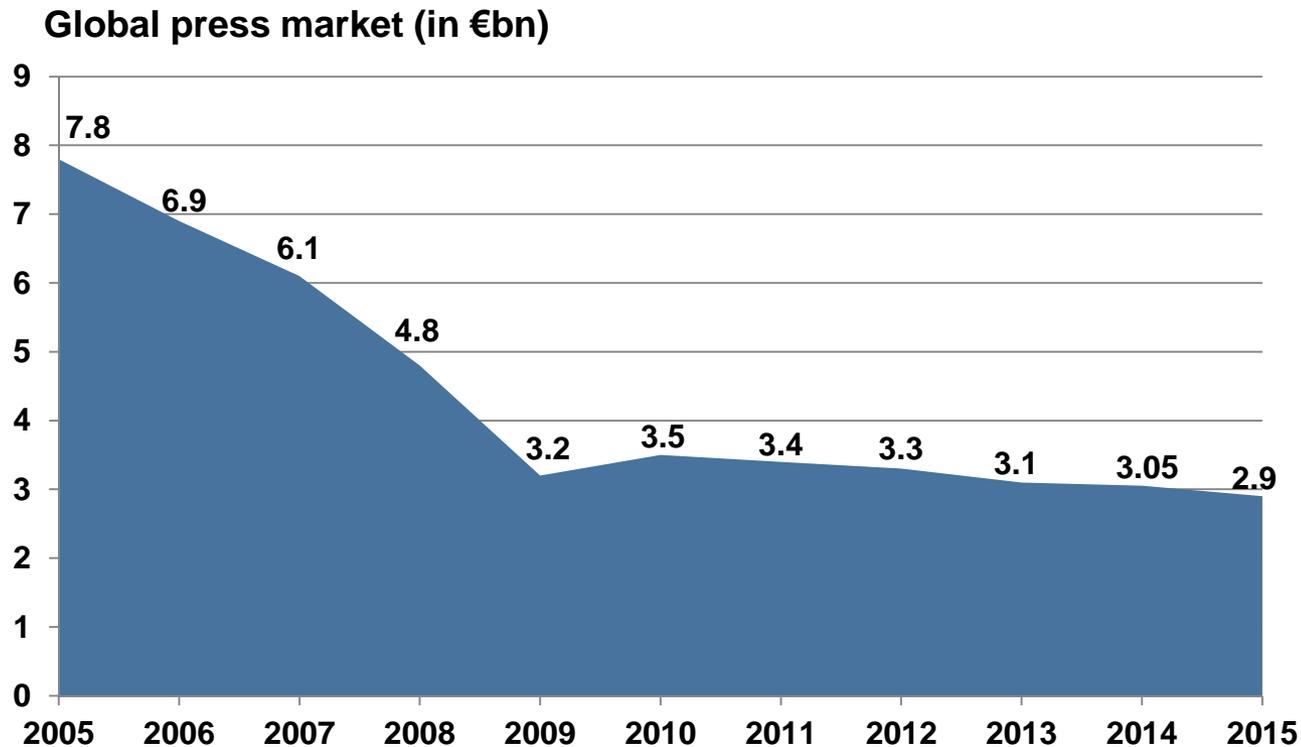
- Early diversification with own developments and acquisitions, important step in
1950s: entry into banknote printing
- Further successful milestones in 2003/2006: entry and expansion in metal-decorating activities, positive developments at KBA-MetalPrint
- Consistent exploitation of potential to expand portfolio in digital printing and packaging segments (Flexotecnica and Kammann)

Structural changes have lasting impacts

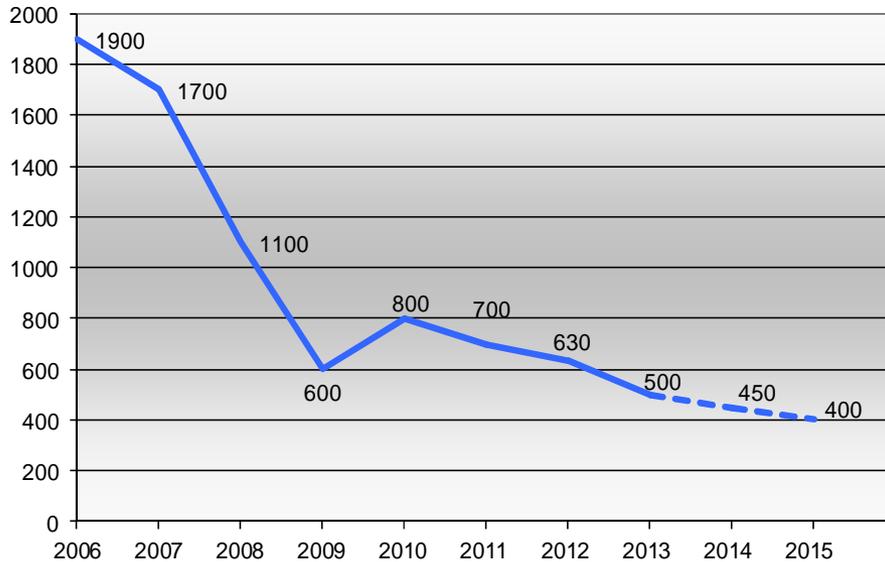
- Shift in advertising revenues against print resulting from changes in media habits
- Internet, smartphones and reading devices reduce print volume
- Digital printing is gaining market share from offset primarily in the book, direct mail, advertising sectors
- Sustained market volume in our core business with web and sheetfed offset presses is significantly smaller than before the financial crisis, a lasting recovery is not likely



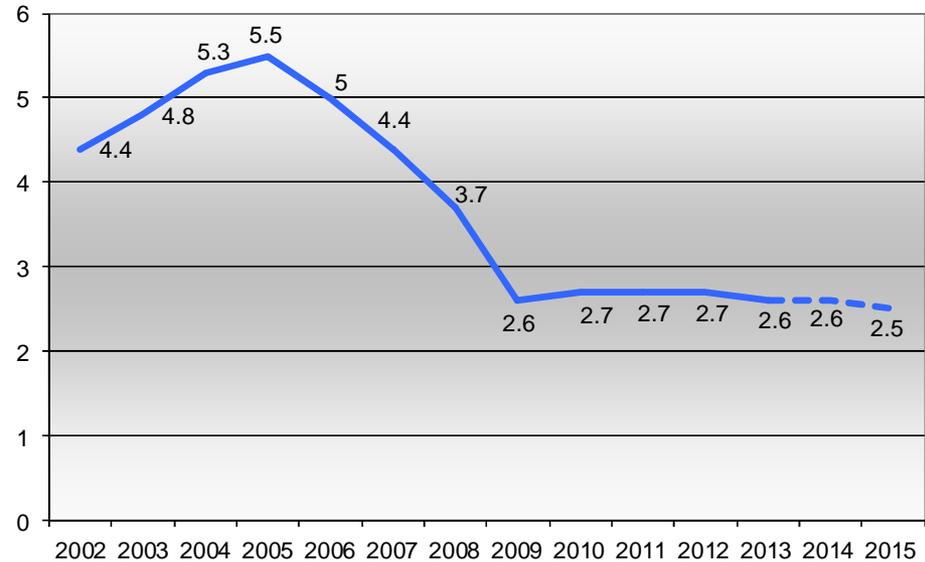
- Global market volume down by more than 50%
- Previous volume no longer attainable given media shift – despite an annual growth in print volume worldwide of approx. 2%
- Enhanced productivity with higher performance presses and increased levels of automation as well as consolidation trends in the print industry reduce market potential additionally



Web offset press market in €m

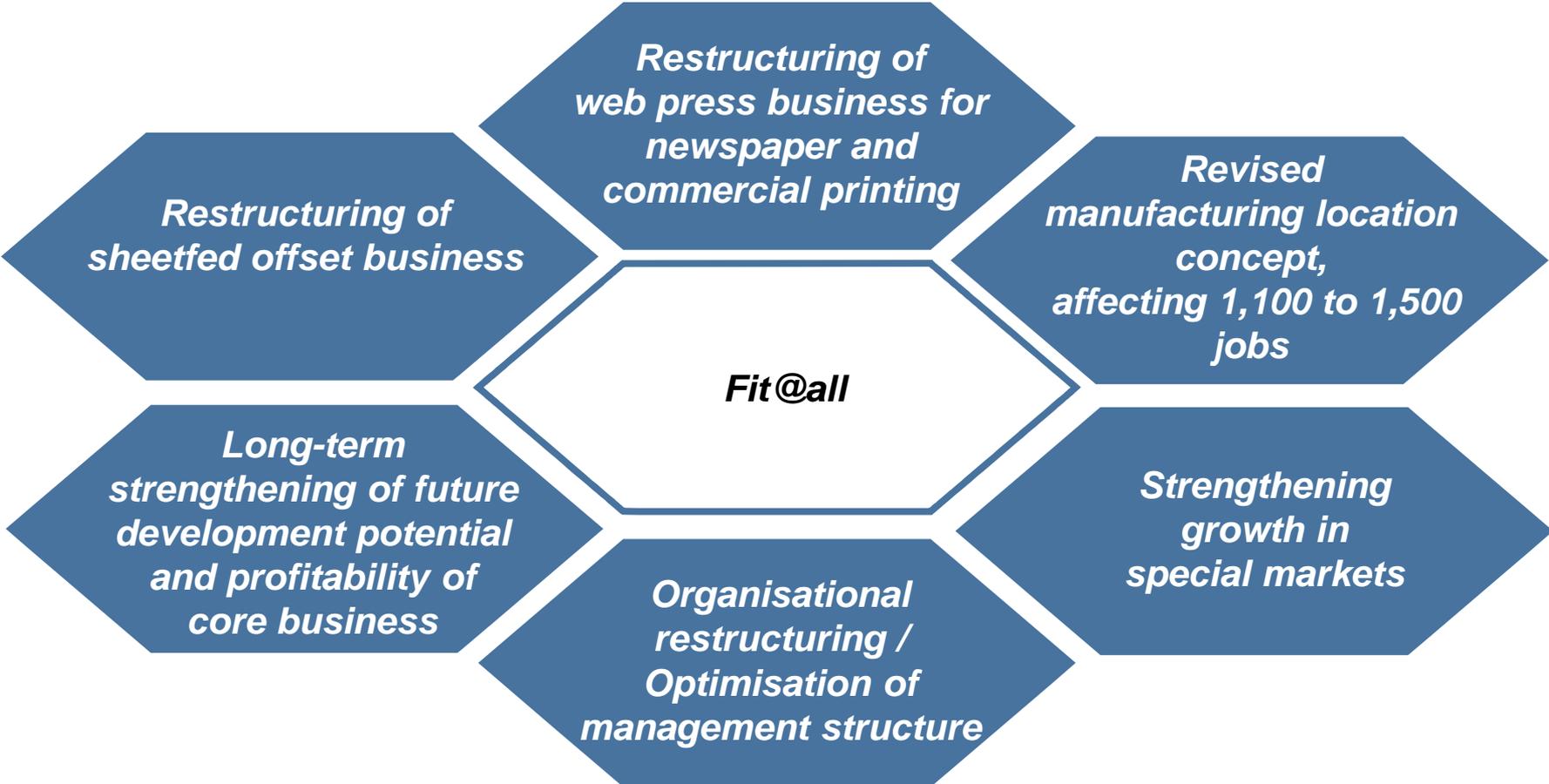


Sheetfed offset press market in €bn



- Expectations of a sustained web offset market recovery following an interim high in 2010 were not fulfilled
- Volume of new investments has shrunk significantly, retrofits and consolidation dominate

- The sheetfed offset market has been stagnant since 2011 at a significantly reduced level
- Mid-term market developments mainly depend on the dynamics of structural changes and the global economy





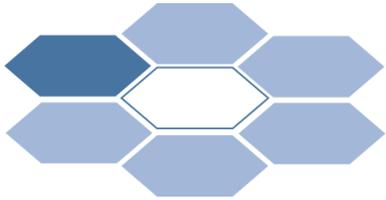
- **Over 40% market share in newspaper printing, but market has shrunk significantly**
- **Profitable and growing service business**

New equipment and service business reconfiguration

Business model with minimal fixed costs for higher flexibility

Capacity and personnel adjustments

Own division with clear responsibility for earnings



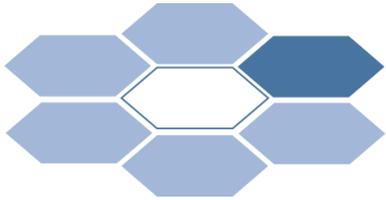
- **No. 2 in sheetfed offset with a global market share of approx. 20%**
- **Technological frontrunner**
- **Market leader in large-format and folding carton printing**

Structural and process optimisation

Optimisation of product portfolio and sales network

Capacity and personnel adjustments

Own division with clear responsibility for earnings



- High quality and flexibility when manufacturing core components
- Reliable supply of time-critical parts
- Revised location concept encompasses Würzburg, Radebeul, Frankenthal, Mödling, Dobruška

Reduction and concentration of productive resources at the main locations

Shift from value-added activities with personnel adjustments

Closure or sale of sites not ruled out

Own production division with clear responsibility for earnings



- **Reorganisation of management structure**
- **Establishment of clear areas of responsibility**

Establishment of autonomous units for sheetfed, web, manufacturing and special applications

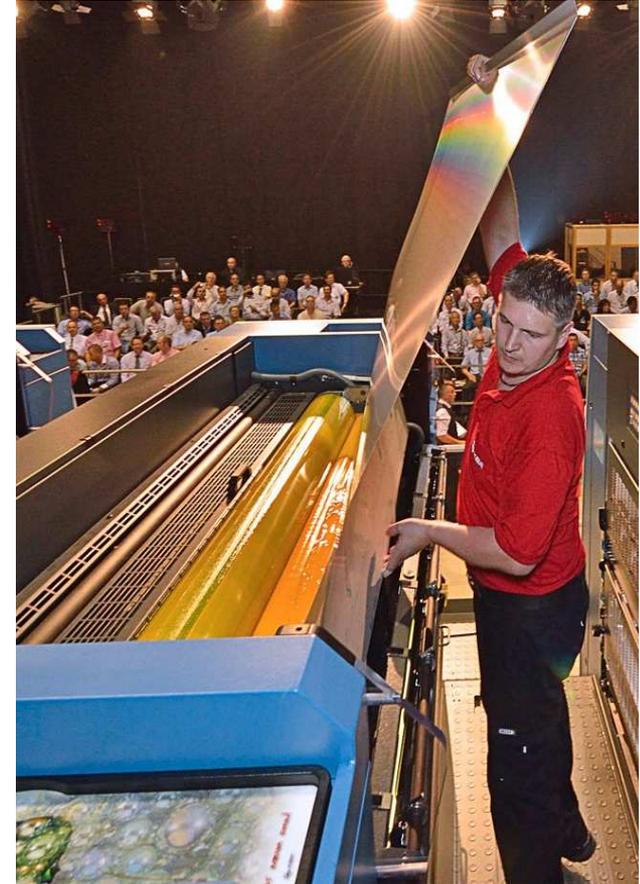
Allocation of subsidiaries according to market focus

Operative Group executive Board members take over responsibility for new units

Units with clear responsibility for earnings

Areas	Key measures
Overhead costs	Reduction in administrative costs through personnel adjustments, process optimisation and outsourcing of auxiliary functions
Working capital	Reduction in tied assets, also non-current assets
Locations	Solution to some under-performing locations
Segment reporting	Changes in segment reporting should occur at the latest after the implementation of a new management and Group structure
Implementation of restructuring concept	Permanent monitoring of restructuring progress with external support from professional implementation experts
Strengthening of growth areas	Integration of new acquisitions Kammann und Flexotecnica, strategic development and organisational bundling of promising activities

- Annual group sales of around €1.1bn expected, operating figures in the black at Group level before special influences
- Non-cash expenses for extraordinary depreciation in the mid-double-digit million euro range
- Additional provisions for capacity adjustments still effective in 2013, the amount of which is dependent on the results of negotiations with employee representatives
- Annual cost savings after restructuring in the mid-double-digit million euro range
- Sustained profitability in all areas by 2016 at the latest, with a sales volume between €1bn and €1.1bn



1. Long-term strengthening of core business with consolidation

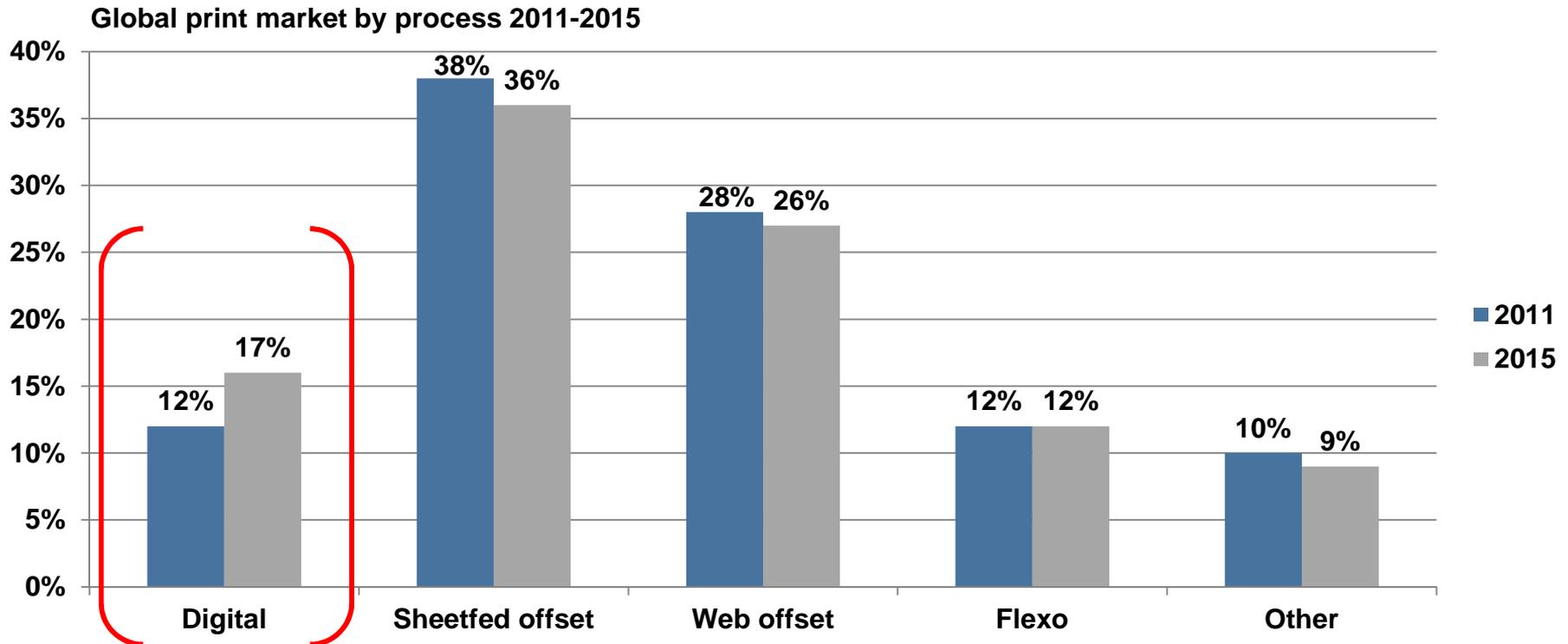
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2. Sustained growth in packaging and digital printing

- Early diversification with own developments and acquisitions, important step in 1950s: entry into banknote printing
- Further successful milestones in 2003/2006: entry and expansion in metal-decorating segment, positive developments at KBA-MetalPrint
- Consistent exploitation of potential to expand portfolio into digital printing and packaging segments (Flexotecnica and Kammann)

Sheetfed	Web	Banknote / Security	Digital	Special solutions for packaging			
				Metal / Coated Steel	Marking and Coding	Flexible packaging	Glass
							
Machinery business	Project business	System business	System solution	Project business	Solutions business	Machinery business	Machinery business
<ul style="list-style-type: none"> • Small-, medium- and large-format presses for packaging, book, poster, display and commercial printers • Substrates from light-weight paper to corrugated board plus plastic 	<ul style="list-style-type: none"> • Web offset presses for newspapers, inserts, magazines, catalogues, flyers, books, brochures in higher print runs 	<ul style="list-style-type: none"> • Special printing presses with varied printing processes, such as intaglio for printing bank notes • Special security technology and systems for pre-press, quality control, post-press • Bank note design service 	<ul style="list-style-type: none"> • Digital web presses (inkjet) for books, direct mail, advertising and newspapers from 1 to medium-sized runs • Interest also from other application areas <p style="text-align: center;">NEW</p>	<ul style="list-style-type: none"> • Solutions supplier for printing, coating, drying and metal sheet logistics • Systems for air purification as part of drying • Application in packaging segments: food, cosmetics, tobacco 	<ul style="list-style-type: none"> • Inkjet, laser, hot stamping and thermal transfer solutions for marking and coding • Marking and coding on very varied substrates, such as synthetics, plastic film, glass, ceramic, board 	<ul style="list-style-type: none"> • Packaging presses for flexible, non-absorbent materials, such as foil • Flexo presses offered by Flexotecnica <p style="text-align: center;">NEW</p>	<ul style="list-style-type: none"> • Presses for decorating hollow containers made from premium-quality glass, plastic and metal • Directly decorated glass containers are mainly used for luxury cosmetics, perfume and premium spirituous beverages <p style="text-align: center;">NEW</p>

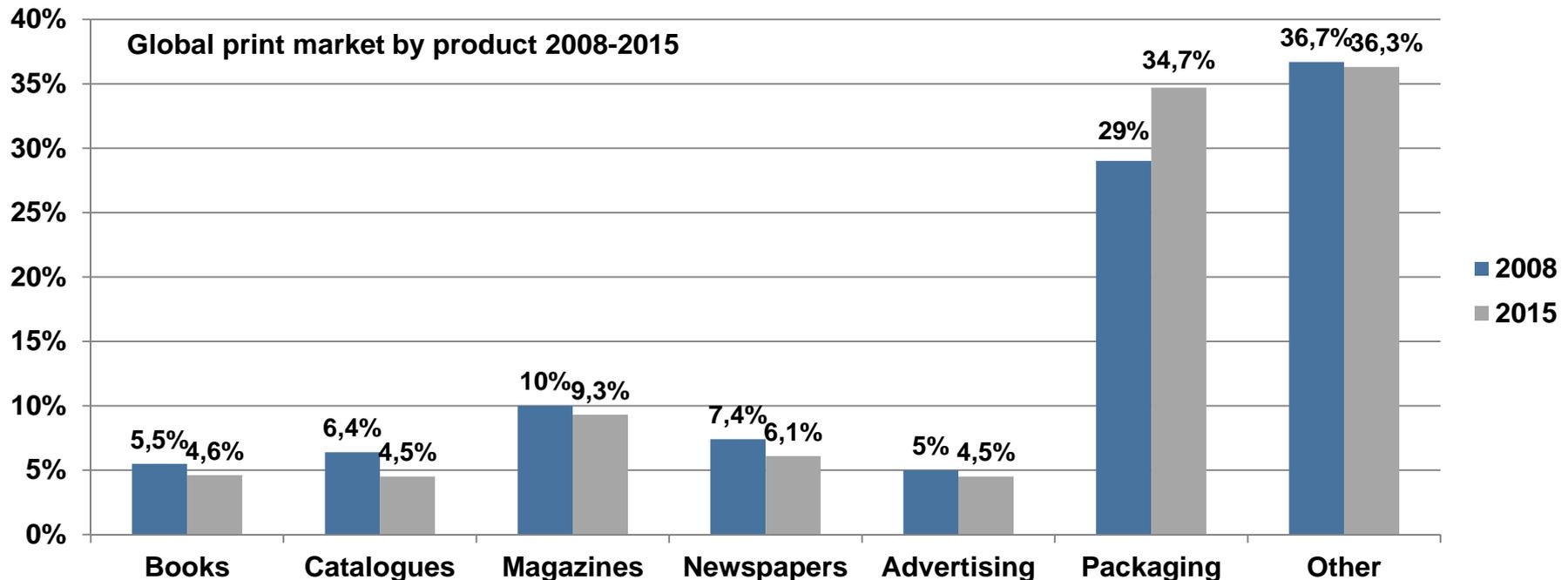
- Market share is expected to increase from 12% to 17% by 2015
- High-volume digital presses are particularly popular in publication printing (due to personalisation, small runs), new options for newspaper printing (current market share: < 0.5%)
- However, offset remains the dominant printing process in the mid-term



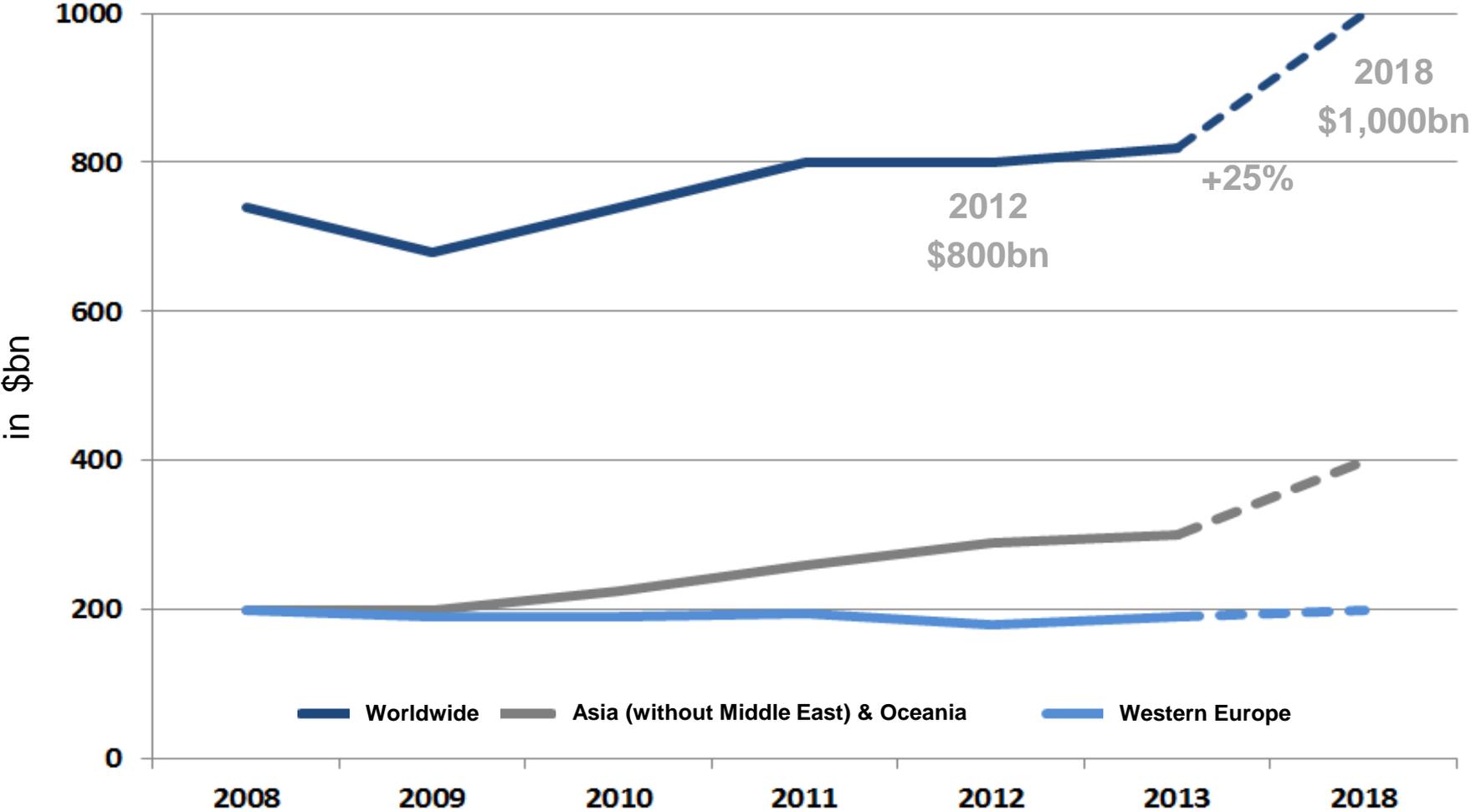
- High-volume KBA RotaJET 76 digital press
- Direct entry into future market with an own product
- Digital flexibility with industrial performance and a high quality
- Focus on applications for books, direct mail, advertising and newspapers
- Interest also from other areas
- Target groups: medium to large print operations
- Two presses sold, further projects in the pipeline
- Digital printers value KBA's know-how and experience in high-tech press engineering



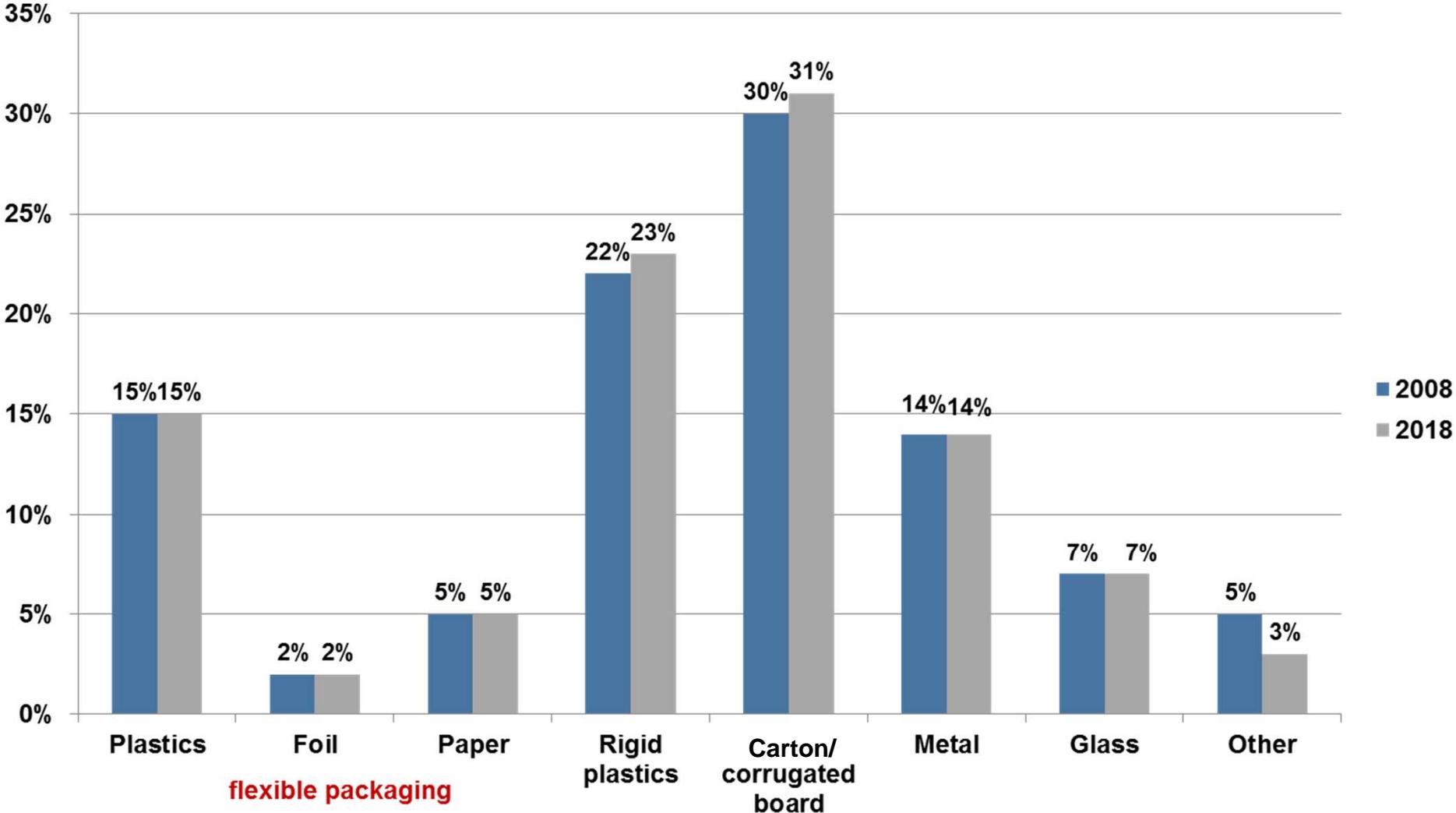
- Internet is reducing print and advertising volumes in the newspaper, magazine and catalogue sectors
- The trend to reading devices, such as iPads and others, is responsible for the decline in book printing
- Packaging, film and label printing are classic growth markets
- Only marginally affected by the internet and digital printing (apart from labels)
- KBA is very well positioned in packaging printing on board, paper and metal



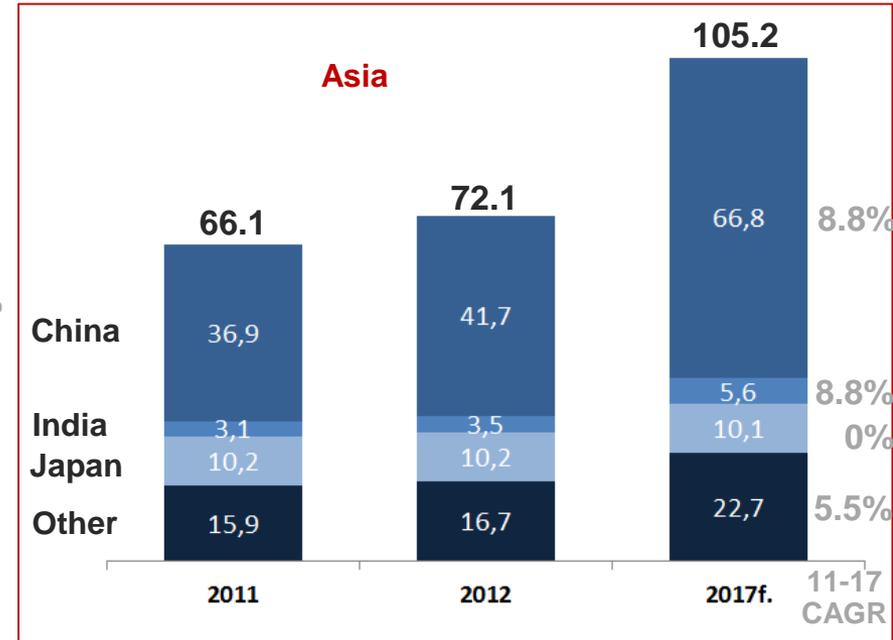
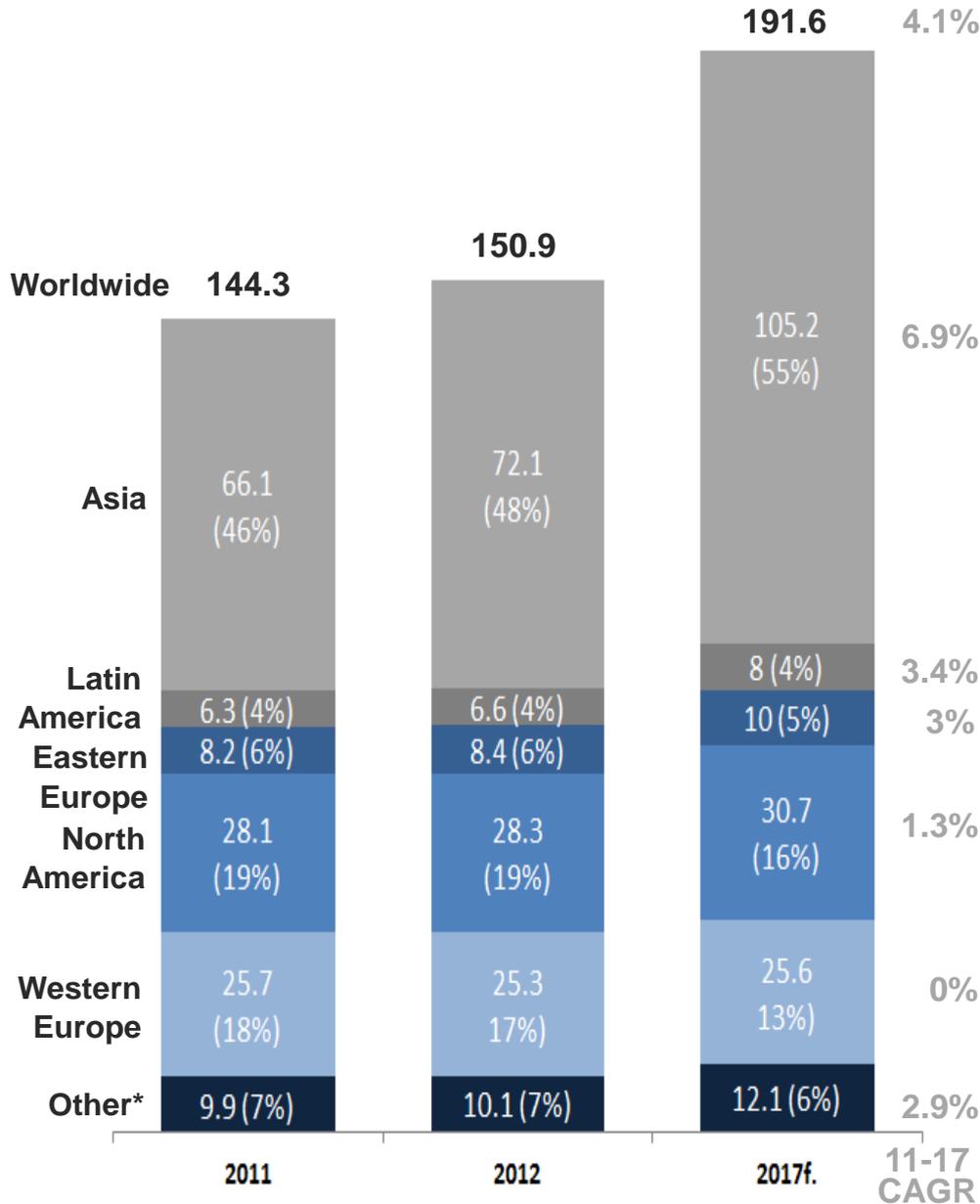
Global packaging volume: +25% by 2018



Carton/corrugated board and plastics dominate



80% of the growth expected comes from Asia



Annual consumption in millions of tonnes of folding carton, corrugated board and flexible materials for packaging worldwide

- Majority takeover of Italian press manufacturer Flexotecnica completed at the beginning of December
- Entry into previously not addresses growth market for flexible packaging materials (film)
- 100 employees, manufacturing outsourced to a large extent
- Pre-tax profit in 2012 with annual sales of approx. €36m
- Integration into the Group and KBA's global sales and service network open up growth prospects



- Majority acquisition of Kammann Maschinenbau at the beginning of September 2013
- Entry into growth market for directly decorating luxury glass packaging and hollow containers
- Profitable global market leader in screen printing systems for directly decorating glass
- Sales of over €30m in 2012 with 175 employees
- Containers are mainly used for cosmetics, perfume and spirituous beverages in the top price class
- First digital solution was launched at K, the trade show for plastics and rubber



With the acquisition of Kammann KBA entered the promising market for container printing presses². Market volume > €300m, glass containers and plastic bottles form own sub segment.

Criterion \ Packaging	Beverage cans	Aerosol cans, alu tubes, alu bottles	Plastic tubes	Plastic pots	Glass containers / plastic bottles
Packaging					
Number of packaging directly printed (bn p.a.)	■ 280	■ 20	■ 12	■ 100	■ <10
Press output (packaging items/minute)	■ 2,200	■ 250	■ 250	■ 600	■ 80 (pt. 200)
Dominating printing technologies	■ Dry offset	■ Dry offset	■ Dry offset, screen / flexo printing	■ Dry offset	■ Screen printing, pad printing
Relevant market	■ Printing / coating machines	■ Can manufacturing lines	■ Presses, lines	■ Presses	■ Presses ²
Addressable market volume in €m¹	■ €60m	■ €110m	■ €50m	■ €50m	■ €30-35m ³

¹ Rough estimation for presses

² Not including presses from Chinese, Taiwanese and Korean manufacturers, only relevant press types for KBA

³ Kammann volume of new presses for glass decorating approx. €15m in 2011

- 1. KBA is restructuring the Group proactively and consistently, its financial power enables the implementation of an extensive programme for the consolidation of the core business**
- 2. Today's existing solutions for niche markets, cutting-edge developments in digital printing technology and acquisitions in the packaging segment offer good opportunities for growth**
- 3. De-centrally organised and highly flexible press manufacturing company paves the way for promising future prospects by consolidating the core business and focusing on growing special markets**



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