

Conference Call
KBA Full-Year Results 2015
24 March 2016

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Mathias Dähn, CFO



Agenda

Overview 2015

KBA Group 2015: business performance & key figures

Strategy, growth drivers and outlook

Successful 2015 with reshaping initiatives

A dark blue circle containing the text 'Strategic agenda 2015' in white, bold, sans-serif font.

Strategic agenda 2015

- Clear Corporate Governance, transparent reporting and new company structure implemented
- Clear strategic focus
- Revenue share¹⁾ in packaging printing increased to 70%
- Media exposure¹⁾ cut from 65% to around 10% of revenue in the past ten years
- Cost base cut through restructuring of web business and production footprint
- Almost all key measures to eliminate loss-makers initiated
- Strong financial power despite high restructuring costs

1) New machine business

Agenda

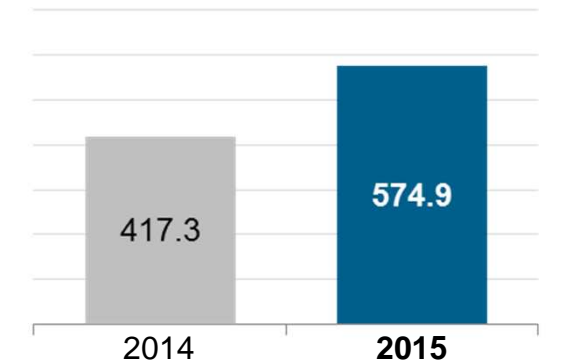
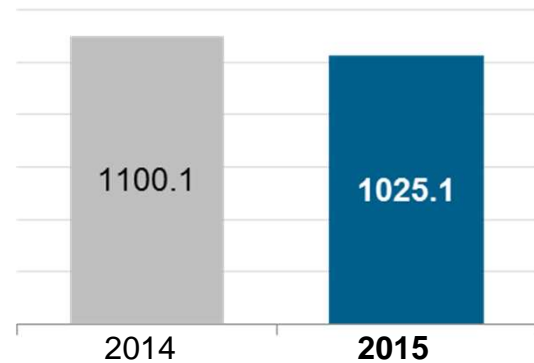
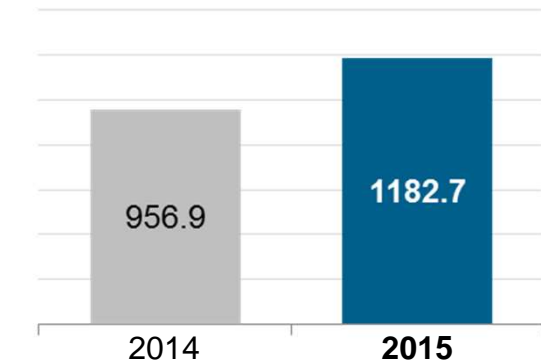
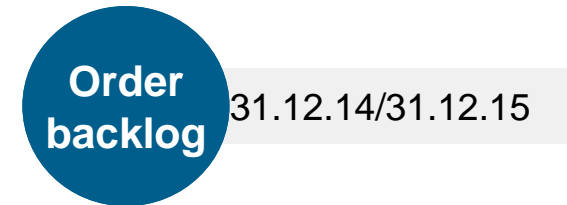
Overview 2015

KBA Group 2015: business performance & key figures

Strategy, growth drivers and outlook

Strong Group order intake, 7% growth in packaging markets

- 23.6% rise in orders, encouraging gains in growth markets
- Revenue target met with strong Q4
- 2016 kicks off with significantly better order books



Quarter	2014 (€m)	2015 (€m)
Q1:	241.5	306.7
Q2:	214.5	300.8
Q3:	212.7	252.1
Q4:	288.2	323.1

Quarter	2014 (€m)	2015 (€m)
Q1:	213.4	177.3
Q2:	304.4	249.6
Q3:	274.0	252.8
Q4:	308.3	345.4

Quarter	2014 (€m)	2015 (€m)
Q1:	588.6	546.7
Q2:	498.7	597.9
Q3:	437.4	597.3
Q4:	417.3	574.9

Group figures as per IFRS in €m

Strong improvement in Group earnings

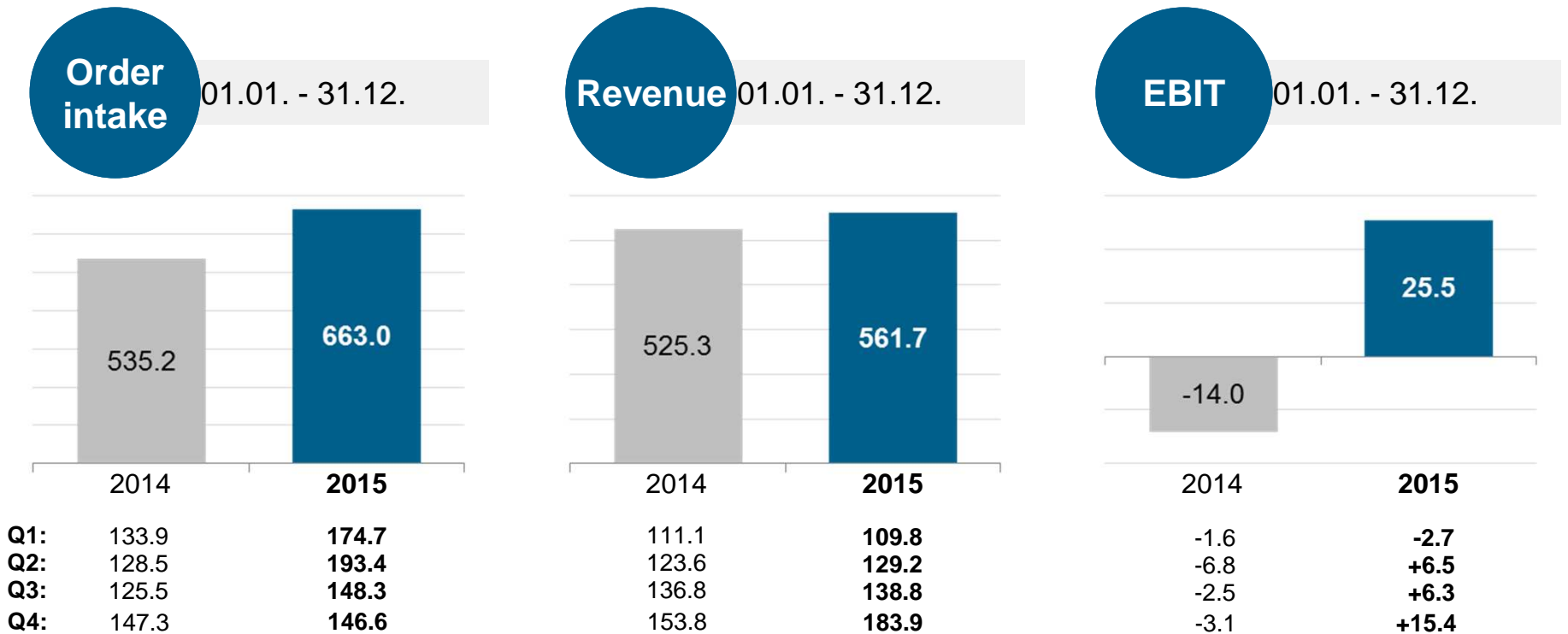
- Visible results of cut in cost base, EBIT of €35.9m
- 2.9% EBT margin higher than guidance due to high Q4 revenue without expected additional costs
- Further earnings improvement by cost reductions
- Overall order backlog with higher margins

	2013	2014	2015
Gross margin	14.4%	27%	26.8%
EBT	-€138.1m	€5.5m	€29.7m
EPS	-€9.31	€0.03	€1.62

Group figures as per IFRS

Significant gains in Sheetfed orders and earnings

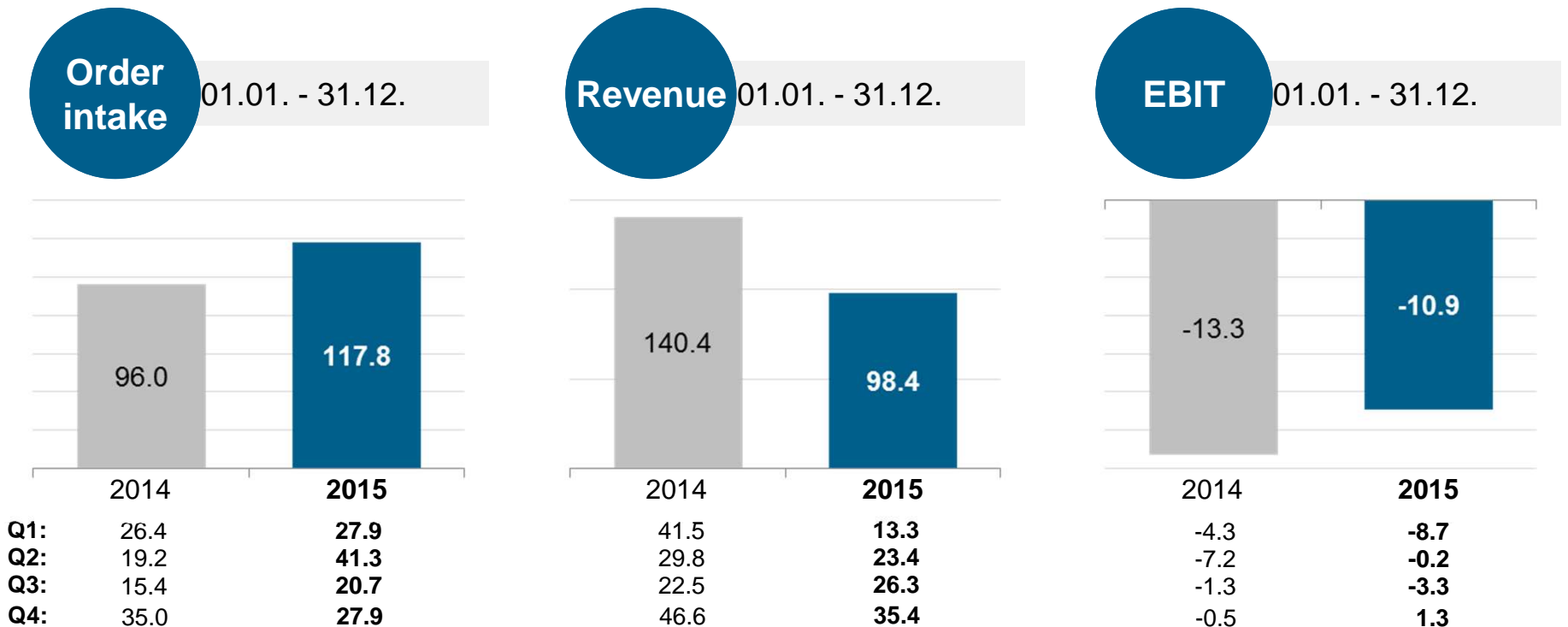
- 24% rise in orders outperforms industry trend, 7% higher revenues
- Order backlog growth to over €280m due to book-to-bill ratio of 1.2
- Substantial earnings improvement by progress with costs/prices
- Expected additional costs in Q4 avoided



Group figures as per IFRS

Turnaround for Digital & Web in Q4

- 23% more orders, lower revenue than expected due to strategic realignment, order backlog of €70m
- Visible future prospects in digital printing after successful launch of HP press and own digital platform for industrial applications
- Positive earnings trend expected to continue in 2016 following turnaround in Q4

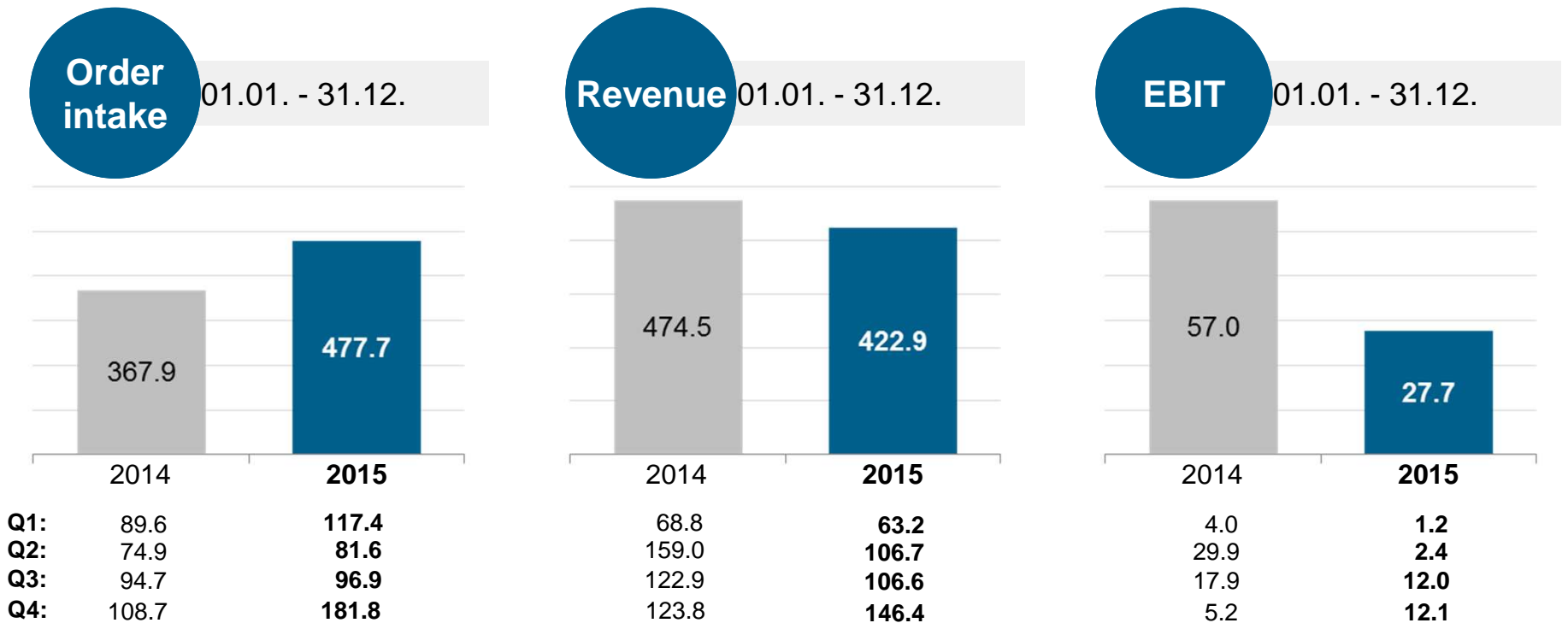


Group figures as per IFRS

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Good prospects in Special segment

- 30% more orders, gains especially in security printing and marking & coding, order backlog of €250m with often lengthy order processes
- Prior-year sales and earnings much higher due to large security press orders
- Revenue and earnings growth potential in packaging markets



Group figures as per IFRS

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Group income statement 2015

in €m	2014	2015
Revenue	1,100.1	1,025.1
Cost of sales	-802.9	-750.6
Gross profit	297.2	274.5
Research and development costs	-54.8	-57.2
Distribution costs	-134.5	-123.4
Administrative expenses	-80.8	-77.8
Other operating income ./ expenses	-13.8	19.8
Earnings before interest and taxes (EBIT)	13.3	35.9
Interest result	-7.8	-6.2
Earnings before taxes (EBT)	5.5	29.7
Income tax expense	-5.2	-2.8
Group net profit	0.3	26.9

Group figures as per IFRS

Group cash flow statement 2015

in €m	2014	2015
Earnings before taxes	5.5	29.7
Non-cash transactions	40.6	33.6
Gross cash flow	46.1	63.3
Changes in inventories, receivables, other assets	105.5	17.4
Changes in provisions and payables	-108.4	-96.0
Cash flows from operating activities	43.2	-15.3
Cash flows from investing activities	-14.5	-8.4
Free cash flow	28.7	-23.7
Cash flows from financing activities	-6.5	0.7
Change in funds	22.2	-23.0
Effect of changes in exchange rates	-	1.7
Funds at beginning of period	185.4	207.6
Funds at end of period	207.6	186.3

Group figures as per IFRS

Group balance sheet

in €m

	31.12.2014	31.12.2015		31.12.2014	31.12.2015
Assets			Equity and liabilities		
Non-current assets			Equity		
Intangible assets and property, plant and equipment	228.7	224.2	Share capital	43.0	43.0
Investments/other financial receivables	14.8	15.7	Share premium	87.5	87.5
Other assets	0.1	0.1	Reserves	96.2	127.3
Deferred tax assets	35.2	31.1	Equity attrib. to non-controlling interests	0.5	0.6
	278.8	271.1		227.2	258.4
Current assets			Non-current liabilities		
Inventories	279.3	258.8	Pension provisions	195.0	191.8
Trade receivables	198.8	193.5	Other provisions	55.7	28.3
Other financial receivables	15.4	17.6	Other financial payables	10.1	10.2
Other assets	24.7	36.3	Other liabilities	2.0	1.4
Securities	9.6	13.3	Deferred tax liabilities	19.5	14.1
Cash and cash equivalents	207.6	186.3		282.3	245.8
Assets held for sale	0.5	-	Current liabilities		
	735.9	705.8	Other provisions	203.5	188.6
			Trade payables	57.1	42.6
			Bank loans/other financial payables	78.6	73.3
			Other liabilities	166.0	168.2
				505.2	472.7
	1,014.7	976.9		1,014.7	976.9

Group figures as per IFRS

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Overview 2015

KBA Group 2015: business performance & key figures

Strategy, growth drivers and outlook

Strategy

Growth in future markets

- Growth focus on packaging and industrial applications
- Improvement of existing market positions and steady portfolio expansion
- Systematic use and expansion of international sales and service network

High customer satisfaction as leading principle

- Strong customer competitiveness through tailor-made, innovative solutions with premium quality and convincing service
- Optimisation of all relevant internal processes
- Improved customer loyalty with sinking complexity costs

Robust earnings development

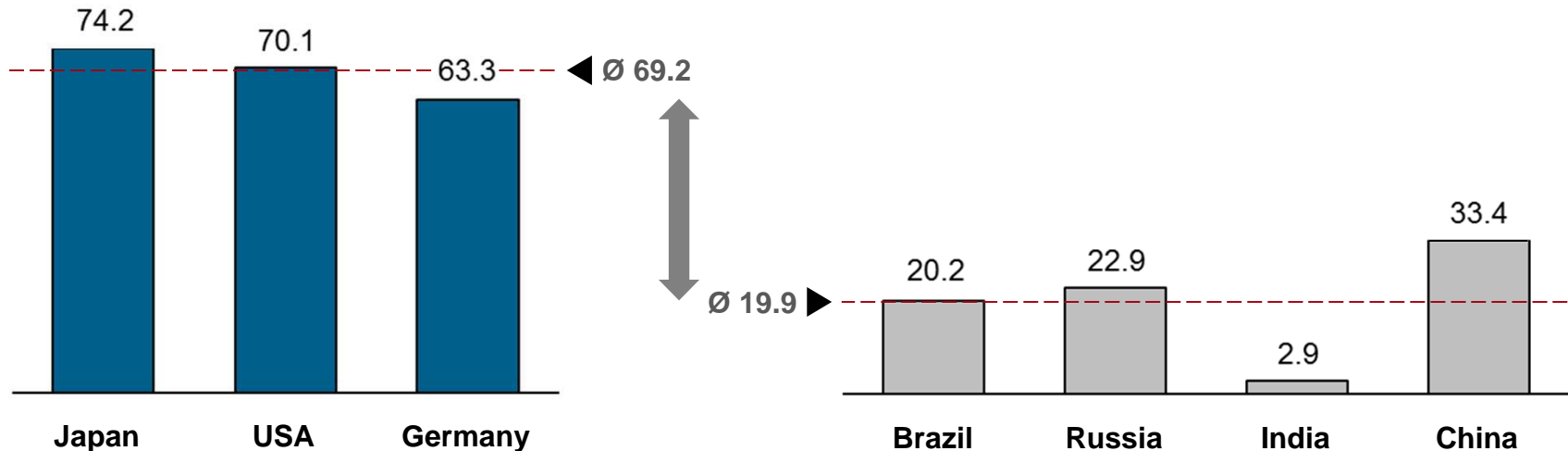
- Profits in all Group units, further reduction of break-even point as ongoing task
- Incremental improvements in cash generation
- Service business with increasing revenue
- Independence from cyclical bank note business

Mid-term growth & growth drivers

Global packaging volume CAGR +4%

- Packaging in all its diversity is a growth market, cardboard/corrugated and plastics dominate
- Global GDP +3%, world population +1.1% to +1.5%, (CAGR 2015-2017)
- Trend towards sophisticated packaging and increasing legal regulations as additional drivers
- 80% of growth expected from Asia

Annual packaging consumption per capita in kilo



Source: Smithers Pira

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Mid-term growth & growth drivers

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Expand sales and service network

- Integrated management of sales and service network across all Group units
- Targeted expansion in growth markets Asia, Africa and Latin America
- Unlock service potential of growing installed machine base

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New applications and markets

- Investment in extended product portfolio for attractive markets and new applications
- Expand service offerings with customised solutions

Mid-term margin targets per segment

Comprehensive restructuring

+4%

Peaks in security printing business

+2%

+4-6%

Mid-term EBT target

Sheetfed Solutions

- Sheetfed offset presses, services, workflows, postpress equipment

Digital & Web Solutions

- Web offset presses, digital presses (own, cooperation with HP), services

Special Solutions

- Solutions for security printing, marking & coding, special packaging (metal, glass, film), services

Sales target

~€550m



~€125m



~€475m



EBT margin mid-term target

3-4%

3-4%

5-6%

Guidance for 2016 and 2017

2016

- Increase in Group revenue to around €1.1bn
- EBT margin between 3 and 4%
- Profits in all business fields

2017

- Revenue growth from packaging markets, service and digital printing
- Continued profitability gains
- Strengthen financial power and balance sheet

12/05/2016

Interim report on 1st quarter 2016

19/05/2016

AGM

11/08/2016

Interim report on 2nd quarter 2016

10/11/2016

Interim report on 3rd quarter 2016

**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.