



**Conference Call
H1 Results 2016
11 August 2016**

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Agenda

Highlights Q2 2016

Business performance H1 2016

Outlook

Successful Drupa and Banknote Horizons in May/June

- High volume of Drupa orders, over €100m in Sheetfed
- RotaJET platform shows its strengths for digital decor printing and further applications
- Presentation of new KBA VariJET 106 inkjet sheetfed press in cooperation with Xerox, targets folding carton market, available from 2017
- Event in Lausanne for bank note printers just as successful



Product innovation for growing corrugated market

- Re-entry into direct corrugated printing with upgraded KBA Corrugraph flexo press
- Analogue print processes dominate with market share of over 95%, global corrugated press volume > €1bn p.a., CAGR +4.3%
- Prototype completed
- Talks with potential pilot users, first delivery planned for mid-2017



Portfolio expansion with flatbed die-cutter

- Acquisition of Iberica AG S.A. completed at beginning of July
- Product range for folding carton and corrugated printer extended
- Already good access to these customers with our sheetfed machines
- Integration in KBA sales network greatly improves Iberica's growth prospects
- Production synergies by using the group-wide network



Agenda

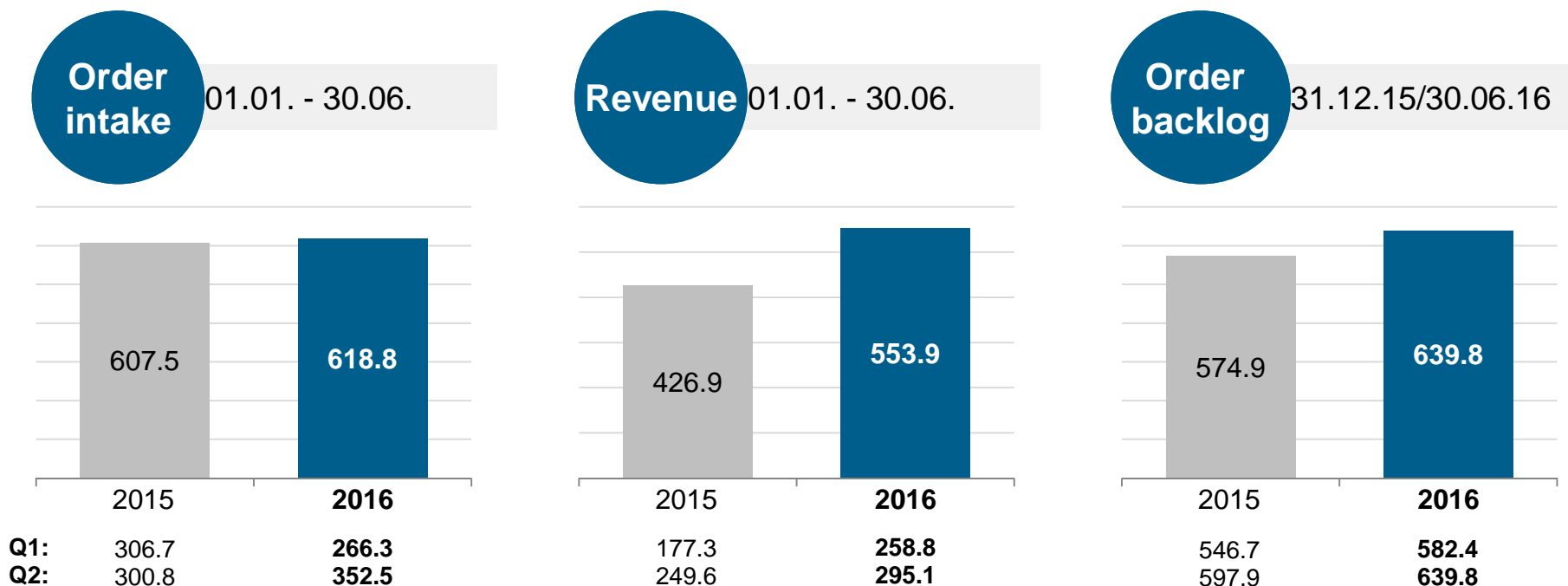
_____ Highlights Q2 2016

_____ **Business performance H1 2016**

_____ Outlook

Good Group business performance

- Strong order intake in Q2 of €352.5m, +2% in H1 y-o-y
- Sheetfed Q2 orders surpass target, two thirds of Drupa orders to follow in H2
- 29.7% rise in revenue, strong gains in all segments
- Order backlog up to €640m



Group figures as per IFRS in €m

Strong Group earnings growth

- H1 EBT of €17.8m above prior year by €29m
- Increased revenues with better margins, good utilisation and more service business
- Solid earnings improvement in Sheetfed to €8.6m
- Good progress in Digital & Web with H1 EBIT of -€0.9m
- Strong earnings performance in Special, catch-up effect in security

	2014	2015	H1 2015	H1 2016
Gross profit margin	27%	26.8%	24.2%	30.7%
EBT	€5.5m	€29.7m	-€10.8m	€17.8m
EPS	€0.03	€1.62	-€0.55	€1.05

Group income statement

in €m	H1 2015	H1 2016
Revenue	426.9	553.9
Cost of sales	-323.7	-383.6
Gross profit	103.2	170.3
Research and development costs	-26.9	-28.1
Distribution costs	-61.5	-77.3
Administrative expenses	-37.9	-38.3
Other operating income ./ expenses	14.8	-5.9
Earnings before interest and taxes (EBIT)	-8.3	20.7
Interest result	-2.5	-2.9
Earnings before taxes (EBT)	-10.8	17.8
Income tax	1.5	-0.6
Net loss/profit	-9.3	17.2

Group figures as per IFRS

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Group cash flow statement

in €m	H1 2015	H1 2016
Earnings before taxes	-10.8	17.8
Non-cash transactions	10.9	23.8
Gross cash flow	0.1	41.6
Changes in inventories, receivables, other assets	7.5	-51.4
Changes in provisions and payables	-36.5	-0.8
Cash flows from operating activities	-28.9	-10.6
Cash flows from investing activities	3.7	-3.8
Free cash flow	-25.2	-14.4
Cash flows from financing activities	3.4	-1.8
Change in funds	-21.8	-16.2
Effect of changes in exchange rates	5.8	-1.4
Funds at beginning of period	207.6	186.3
Funds at end of period	191.6	168.7

Group figures as per IFRS

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Group balance sheet

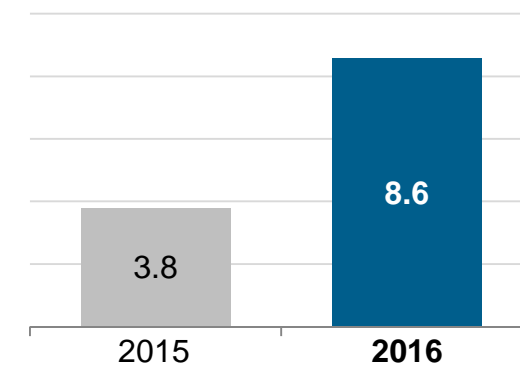
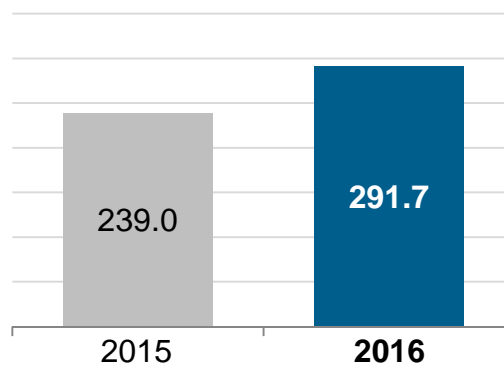
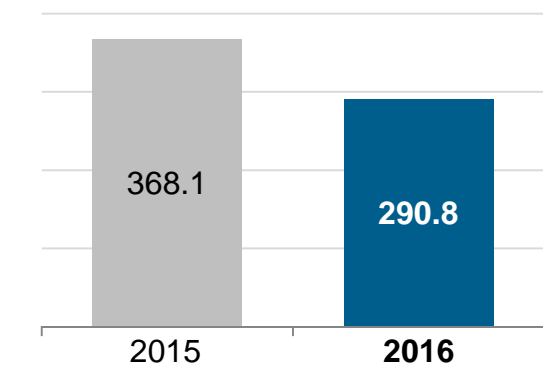
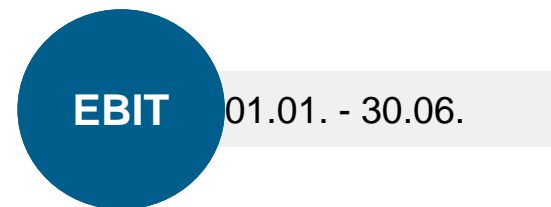
in €m

Assets	31.12.2015	30.06.2016	Equity and liabilities	31.12.2015	30.06.2016
Non-current assets			Equity		
Intangible assets and property, plant and equipment	224.2	214.8	Share capital	43.0	43.0
Investments/other financial receivables	15.7	15.3	Share premium	87.5	87.5
Other assets	0.1	0.1	Reserves	127.3	123.8
Deferred tax assets	31.1	30.4	Equity attrib. to non-controlling interests	0.6	0.4
	271.1	260.6		258.4	254.7
Current assets			Non-current liabilities		
Inventories	258.8	295.0	Pension provisions	191.8	219.0
Trade receivables	193.5	207.0	Other provisions	28.3	25.7
Other financial receivables	17.6	14.9	Other financial payables	10.2	9.7
Other assets/current tax assets	36.3	38.0	Other liabilities	1.4	0.5
Securities	13.3	16.5	Deferred tax liabilities	14.1	14.2
Cash and cash equivalents	186.3	168.7		245.8	269.1
	705.8	740.1	Current liabilities		
			Other provisions	188.6	186.2
			Trade payables	42.6	53.6
			Bank loans/other financial payables	73.3	67.1
			Other liabilities	168.2	170.0
				472.7	476.9
	976.9	1,000.7		976.9	1,000.7

Group figures as per IFRS

Gains in Sheetfed revenue and earnings

- Order intake of €291m exceeds plan, only one third of Drupa orders booked
- High order backlog of €282m
- Revenue 22% up y-o-y
- Clear earnings increase to €8.6m, all Drupa costs and development expenses for digital sheetfed press already booked



Q1: 174.7 135.7
Q2: 193.4 155.1

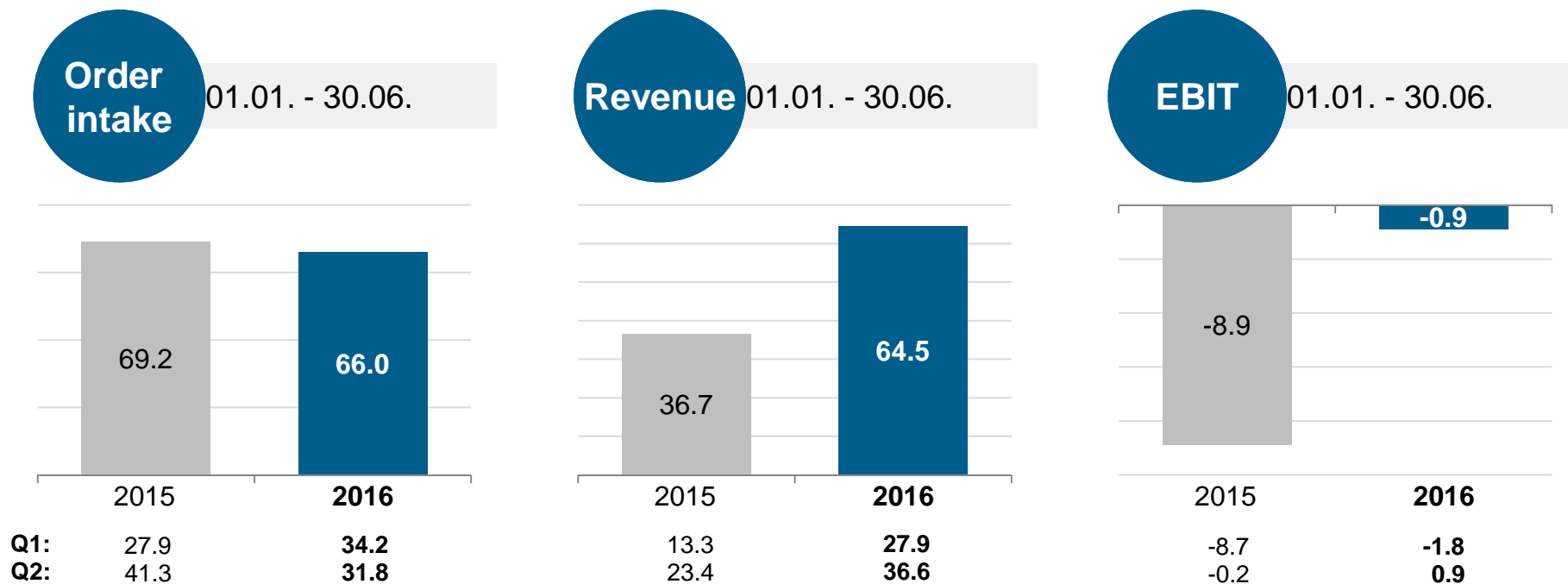
109.8 154.6
129.2 137.1

-2.7 5.7
6.5 2.9

Group figures as per IFRS in €m

Good further progress in Digital & Web

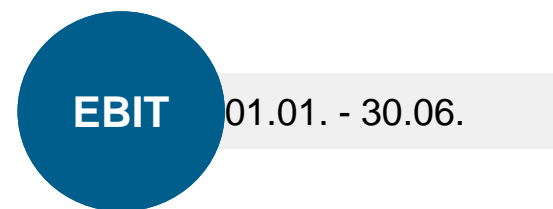
- New orders of €66m with large portion from service and digital web printing
- Order backlog of €72m
- 76% rise in revenue
- In Q2 in the black with €0.9m EBIT despite development expenses for corrugated and digital printing plus Drupa costs



Group figures as per IFRS in €m

Positive development in Special segment

- 48% more orders for special machines with good security press business
- 38% higher revenue, order backlog up to €310m
- Strong Q2 EBIT of €20.1m
- High earnings contribution from security printing due to a catch-up effect after completion of a large project



	2015	2016
Q1:	117.4	115.1
Q2:	81.6	178.9

	2015	2016
Q1:	63.2	88.6
Q2:	106.7	145.3

	2015	2016
Q1:	1.2	0.2
Q2:	2.4	20.1

Group figures as per IFRS in €m

Agenda

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_____ Business performance H1 2016

_____ **Outlook**

Guidance 2016 up despite existing global economic risks

Successful H1

- Positive book-to-bill ratio
- Substantial revenue and earnings growth
- Good capacity utilisation

Good prospects

- High order backlog of €640m
- Two thirds of Drupa Sheetfed orders to follow in H2
- Promising customer projects and growing service business

New targets for 2016

- Group revenue between €1.1bn and €1.2bn
- EBT margin of around 4%
- Profits in all business fields

Mid-term margin targets per segment

Comprehensive restructuring

+4%

Peaks in security printing business

+2%

+4-6%

Mid-term EBT target

Sheetfed

- Sheetfed offset presses, services, workflows, postpress equipment

Digital & Web

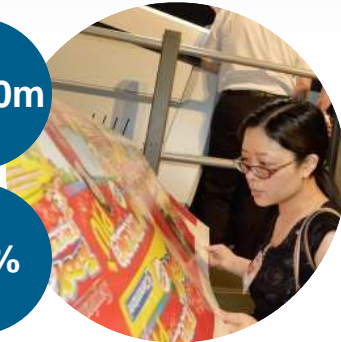
- Web offset presses, digital presses (own, cooperation with HP), services

Special

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

Sales target

~€550m



EBT margin mid-term target

3-4%

~€125m



3-4%

~€475m



5-6%

15.09.2016

J.P. Morgan Cazenove London Small/Mid Cap Conference

20.09.2016

Berenberg and Goldman Sachs Fifth German Corporate Conference in Munich

10.11.2016

Interim report on 3rd quarter 2016

17.11.2016

LBBW German Company Day 2016 in London

17.01.2017

UniCredit and Kepler Cheuvreux 16th German Corporate Conference in Frankfurt

22.03.2017

Annual report 2016

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