

Koenig & Bauer AG
at 16th German Corporate Conference 2017
January 17, 2017, Frankfurt

Mathias Dähn, CFO



Agenda

Highlights Q3 2016

Business performance 9M 2016

Outlook

Growth in service und packaging markets progressing well

Service business expansion

- Integrated management of service network across all Group units
- Unlock service potential of growing installed machine base
- Expand service offerings with customised solutions

Promising entry into die-cutting

- Several rotary die-cutters already sold to packaging printers
- Further development of Iberica's flatbed die-cutters ongoing
- Focus on cardboard and corrugated growth markets

Good start for digital corrugated printing

- Successful alliance with HP
- Market demand exceeding expectations since launch in 12/2005
- Nine presses already ordered, three delivered

Significant efforts in further growth markets

Direct corrugated printing

- Re-entry with flexo press KBA Corrugraph released at Drupa
- Talks with potential pilot users
- First delivery planned for 2017

Flexible Packaging

- Global market share rose from 3% to 6% in the last 2½ years
- Strong rise in revenue in 2014 and 2015
- 32% higher order intake in 9M 2016 y-o-y

Digital web printing

- Transfer of our web printing expertise to future markets
- Investment in extended product portfolio for attractive markets
- First successful industrial applications in digital decor printing

Agenda

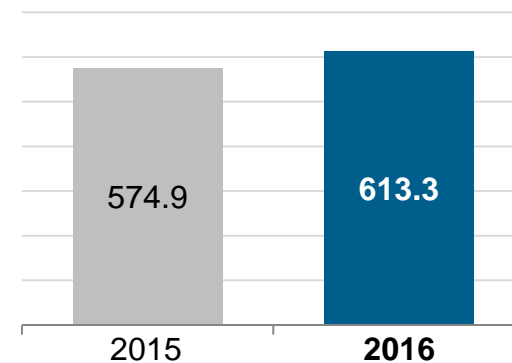
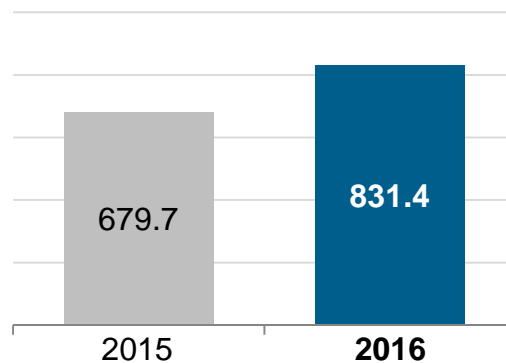
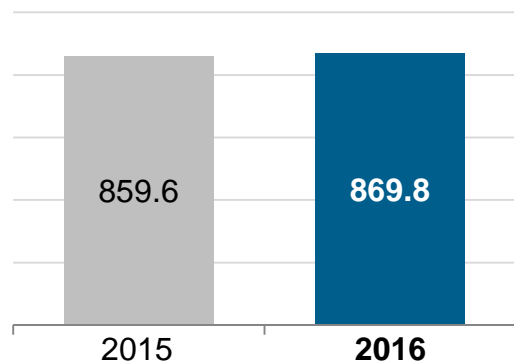
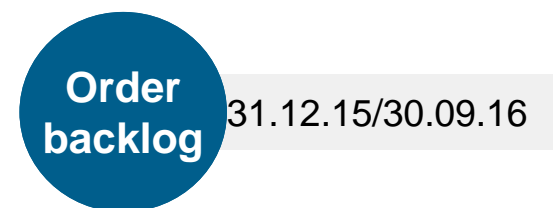
Highlights Q3 2016

Business performance 9M 2016

Outlook

Good Group business performance

- Robust order intake despite challenging global economic situation
- New orders slightly surpassed previous year's strong figure
- Further market share gains
- 22% rise in revenue, book-to-bill ratio >1 pushes order backlog to €613m



Quarter	2015	2016
Q1:	306.7	266.3
Q2:	300.8	352.5
Q3:	252.1	251.0

Quarter	2015	2016
Q1:	177.3	258.8
Q2:	249.6	295.1
Q3:	252.8	277.5

Quarter	2015	2016
Q1:	546.7	582.4
Q2:	597.9	639.8
Q3:	597.3	613.3

Group figures as per IFRS in €m

Strong increase in Group earnings

- Higher revenues with better margins and good utilisation push Q3 EBT to €17.1m
- 9M EBT of €34.9m above prior year by €33m
- Significant profit contribution from Sheetfed
- Digital & Web already profitable after 9M
- Earnings increase in Special

	2014	2015	9M 2015	9M 2016
Gross profit margin	27%	26.8%	26.6%	30.4%
EBT	€5.5m	€29.7m	€2.1m	€34.9m
EPS	€0.03	€1.62	€0.16	€1.98

Group figures as per IFRS

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Group income statement

in €m	9M 2015	9M 2016
Revenue	679.7	831.4
Cost of sales	-498.6	-578.6
Gross profit	181.1	252.8
Research and development costs	-42.6	-41.4
Distribution costs	-91.4	-111.2
Administrative expenses	-57.0	-58.2
Other operating income ./ expenses	16.0	-2.8
Earnings before interest and taxes (EBIT)	6.1	39.2
Interest result	-4.0	-4.3
Earnings before taxes (EBT)	2.1	34.9
Income tax	0.3	-2.4
Net profit	2.4	32.5

Group figures as per IFRS

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Group cash flow statement

in €m	9M 2015	9M 2016
Earnings before taxes	2.1	34.9
Non-cash transactions	22.0	30.2
Gross cash flow	24.1	65.1
Changes in inventories, receivables, other assets	-7.7	-66.0
Changes in provisions and payables	-45.0	-4.1
Cash flows from operating activities	-28.6	-5.0
Cash flows from investing activities	0.8	-12.0
Free cash flow	-27.8	-17.0
Cash flows from financing activities	1.2	-8.7
Change in funds	-26.6	-25.7
Effect of changes in exchange rates	2.4	-1.7
Funds at beginning of period	207.6	186.3
Funds at end of period	183.4	158.9

Group figures as per IFRS

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Group balance sheet

in €m

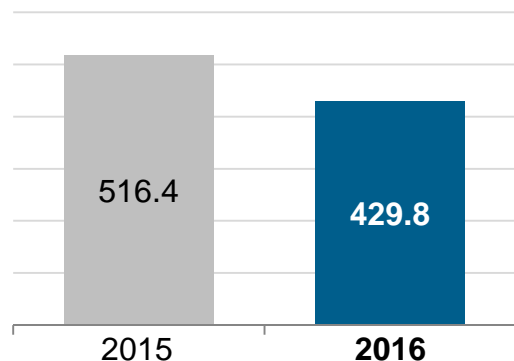
Assets	31.12.2015	30.09.2016	Equity and liabilities	31.12.2015	30.09.2016
Non-current assets			Equity		
Intangible assets and property, plant and equipment	224.2	214.3	Share capital	43.0	43.0
Investments/other financial receivables	15.7	16.1	Share premium	87.5	87.5
Other assets	0.1	0.4	Reserves	127.3	130.9
Deferred tax assets	31.1	30.8	Equity attrib. to non-controlling interests	0.6	0.4
	271.1	261.6		258.4	261.8
Current assets			Non-current liabilities		
Inventories	258.8	328.4	Pension provisions	191.8	228.3
Trade receivables	193.5	192.3	Other provisions	28.3	24.5
Other financial receivables	17.6	15.3	Bank loans/other financial payables	10.2	10.5
Other assets	36.3	40.0	Other liabilities	1.4	0.8
Securities	13.3	18.3	Deferred tax liabilities	14.1	14.6
Cash and cash equivalents	186.3	158.9		245.8	278.7
	705.8	753.2	Current liabilities		
			Other provisions	188.6	187.3
			Trade payables	42.6	54.4
			Bank loans/other financial payables	73.3	67.1
			Other liabilities	168.2	165.5
				472.7	474.3
	976.9	1,014.8		976.9	1,014.8

Group figures as per IFRS

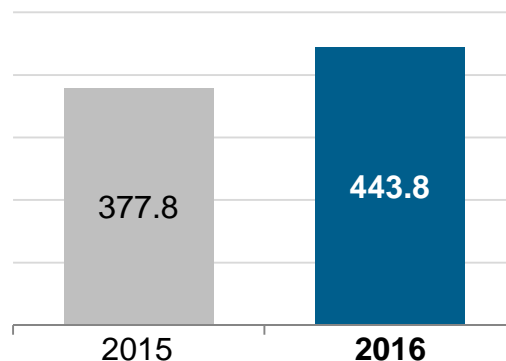
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Continued positive earnings momentum in Sheetfed

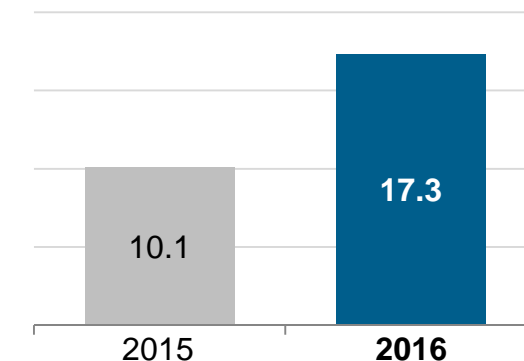
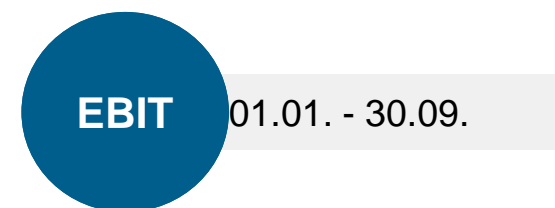
- Good order intake of €430m on target, Drupa orders mainly booked
- Key focus on margin quality, order intake as expected below high prior-year figure also due to workload-driven longer lead times
- Market share gains to over 20%, revenue 18% up, order backlog of €269m
- Earnings increase based on higher revenues and margins despite Drupa/R&D costs



	2015	2016
Q1:	174.7	135.7
Q2:	193.4	155.1
Q3:	148.3	139.0



	2015	2016
Q1:	109.8	154.6
Q2:	129.2	137.1
Q3:	138.8	152.1

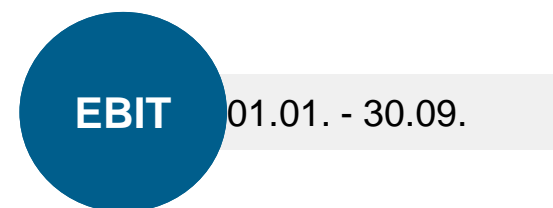


	2015	2016
Q1:	-2.7	5.7
Q2:	6.5	2.9
Q3:	6.3	8.7

Group figures as per IFRS in €m

Digital & Web growth in future markets

- Order intake gains due to more service and new digital web printing orders, +11% in 9M y-o-y
- 75% rise in revenue to €110m, order backlog of €60m
- In the black after 9M despite development expenses for corrugated and digital printing projects



	2015	2016
Q1:	27.9	34.2
Q2:	41.3	31.8
Q3:	20.7	34.0

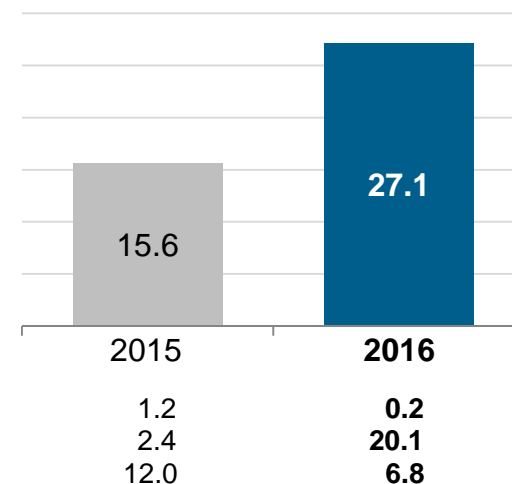
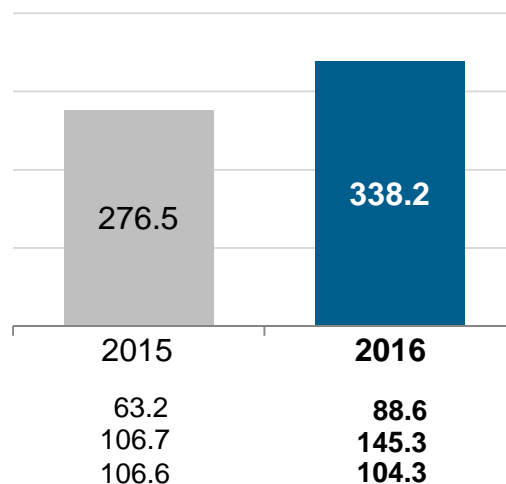
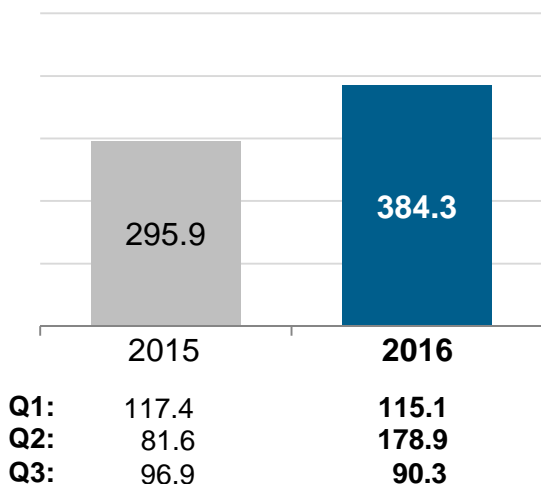
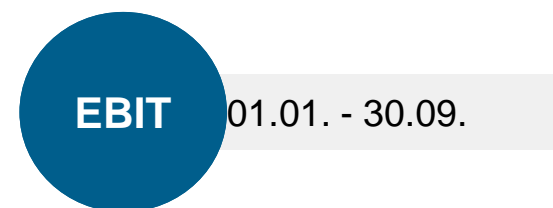
	2015	2016
Q1:	13.3	27.9
Q2:	23.4	36.6
Q3:	26.3	45.5

	2015	2016
Q1:	-8.7	-1.8
Q2:	-0.2	0.9
Q3:	-3.3	1.5

Group figures as per IFRS in €m

Order, revenue and profit gains in Special

- 30% more orders for special machines
- Unchanged good project pipeline in banknote printing with often lengthy order processes
- 22% higher revenue, order backlog up to €296m
- Q3 EBIT of €6.8m, cyclical bank note business with in part demanding project executions



Group figures as per IFRS in €m

Agenda

Highlights Q3 2016

Business performance 9M 2016

Outlook

EBT guidance 2016 raised up to 5%

Successful 9M

- Robust order intake despite unchanged challenging global economic situation
- Substantial revenue and earnings growth

Good prospects

- Higher order backlog of €613m due to book-to-bill ratio >1
- Good capacity utilisation
- Promising customer projects and growing service business

Targets for 2016

- Group revenue between €1.1bn and €1.2bn
- EBT margin of up to 5% (before possible positive special items)
- Profits in all business fields

Mid-term margin targets per segment

Comprehensive restructuring

+4%

Peaks in security printing business

+2%

+4-6%

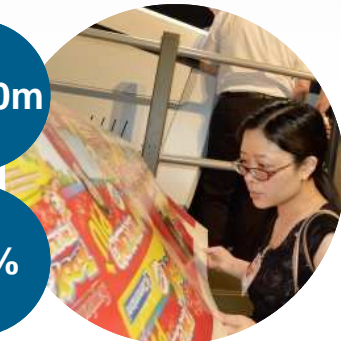
Mid-term EBT target

Sheetfed

- Sheetfed offset presses, services, workflows, postpress equipment

Sales target

~€550m



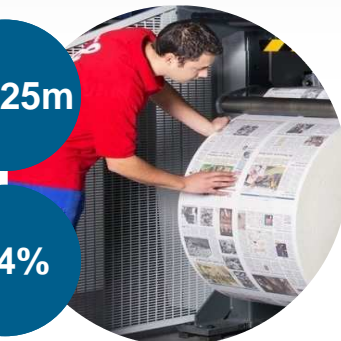
EBT margin mid-term target

3-4%

Digital & Web

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

~€125m



3-4%

Special

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

~€475m



5-6%

15.02.2017

Oddo Seydler 11th German Conference in Frankfurt

22.03.2017

Annual report 2016

28.03.2017

Bankhaus Lampe German Conference in Baden-Baden

09.05.2017

Interim report on 1st quarter 2017

23.05.2017

AGM

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