

Presseinformation / Press Release

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Koenig & Bauer AG (KBA) AGM

KBA: Consolidation and realignment continue

- **KBA pays a dividend of 40 cents per share for 2012**
- **Successful trade shows boost sheetfed order intake**
- **Persistent investment reluctance in web presses**
- **Restructuring process not yet complete**
- **Focus on further diversification in print-related growth markets**
- **Similar sales and pre-tax earnings to 2012 expected**

Würzburg. At the 88th annual general meeting of the world's second-largest press manufacturer Koenig & Bauer AG (KBA) at the Vogel Convention Center in Würzburg, KBA president and CEO Claus Bolza-Schünemann painted a mixed picture of the current situation in the printing press market. Whereas the sheetfed division benefitted from numerous orders placed at the well-attended trade shows China Print in Beijing and Printtek in Istanbul, slow demand for commercial and newspaper web presses is continuing. Along with competition from online media, economic weakness in key sales markets acts as a brake on investment. However, in recent weeks newspaper printers from Germany and France have ordered new presses from KBA. Business with special presses for security printing has also returned to normal following an extraordinarily high order volume in 2011. In comparison, other niche markets and our service business have shown positive developments. All in all, group order intake after five months came to €362m, 25% down on last year's figure which was boosted by

the industry's leading trade show, Drupa. At the end of May order backlog of €614.5m was 28% lower than 2012.

The race to catch up in the second half of the year

Large projects postponed by customers and more deliveries in the second half of the year ended in KBA sales of €395.2m behind target after five months. Objectives for 2013 include similar annual sales to 2012 (€1,293.9m) with a different product structure. KBA anticipates a slight decline in the sales volume for web offset presses and systems for security printing due to current market developments. In the sheetfed segment management is pursuing a less volume-orientated business strategy and an additional programme to reduce costs has been in place in both divisions for some time. Furthermore, management sees a need for further consolidation in the web business, which continues to be affected by slow market demand below expectations. In his speech the CEO pointed out that shareholders should prepare themselves for similar group pre-tax earnings to last year instead of the moderate increase originally planned. KBA will publish figures for the first half-year on 9 August.

Further market adjustments in web press business

At the end of May the KBA group payroll came to 6,156 or 100 fewer than one year ago. Excluding apprentices, trainees and employees in phased retirement schemes, the group payroll stands at nearly 5,500. After the loss of 2,000 jobs group-wide over the past four years, management considers additional measures as necessary given the disappointing market situation for web presses and in some niche markets. In constructive talks with employee representatives management strives to find responsible solutions.

Top priority: improving earnings

In his review of the past year, KBA CEO indicated that he was not satisfied with the group profit of €2.3m with sales of €1.3bn, "When looking at the industry situation it must be noted that KBA is the only large press manufacturer to have remained in the black operationally

and after interest for the fourth year in a row despite considerable restructuring expenses and a substantial value adjustment to fixed assets in our sheetfed division. We know that there is room for improvement and we are pushing forward in many areas to increase profitability". Along with realigning production capacity and amendments to wage agreements in place since the beginning of the year, the series of measures include cost-saving initiatives in group purchasing, administration and production, as well as a price increase of sheetfed offset presses.

Diversifying in digital printing and packaging

Bolza-Schünemann also referred to the profitable product lines which have come about through acquisitions over the past ten years: "This diversification strategy implemented at an early stage helped us significantly during past crisis years and shall be continued with targeted acquisitions in promising print segments. Our healthy balance sheet and solid financial standing give us room to actively shape our future." As an example he cited the intended takeover of the Italian press manufacturer Flexotecnica, a company specialising in presses for printing on film and other substrates in the growing market for flexible packaging. The takeover process should be completed in September. Many projects are soon to be finalised for the KBA RotaJET 76 digital press which was first unveiled at Drupa 2012 as a prototype. The first KBA RotaJET was sold a few days before the AGM. Along with the initially addressed segments books, direct mail and advertising, KBA has unexpectedly received great interest from newspaper printers and users from other areas.

Shareholders agree with proposal for dividend

Allowing shareholders to participate adequately in the company's success remains management's objective. Compared to the previous year, in 2012 KBA quadrupled its group operating profit not including special items. Even after a special depreciation of €27.1m in the sheetfed division, operating profit rose to €16m. The parent, Koenig & Bauer, posted retained earnings of €6.6m after reinvesting 50% of the

sum of 2012's net profit and the previous year's profit carried forward. Following last year's decision not to pay a dividend, the management and supervisory boards proposed to pay shareholders a dividend of 40 cents per share taken from the parent's retained earnings. The AGM approved this proposal. The remaining amount of approx. €10,000 will be transferred to other reserves.

Note: The results of votes on items of the agenda are available (in German only) upon request once the AGM has closed. They can be found along with further information about the AGM on the KBA website at:

<http://www.kba.com/investor-relations/hauptversammlung/hv-2013/>

Detailed figures for the first half-year will be published on 9 August 2013.

Photo 1:

Attendance was high with an above-average 70% of Koenig & Bauer shareholders visiting the AGM 2013 at the Vogel Convention Center (VCC) in Würzburg, Germany

Photo 2:

In his speech to shareholders, KBA CEO Claus Bolza-Schünemann reported positive news from the trade shows in China and Turkey

Photo 3:

Today the People's Republic of China has become the largest single market for KBA sheetfed offset presses. KBA once again concluded many contracts at the China Print trade show in May 2013 in Beijing

Disclaimer:

The projections contained in this press release 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 the print media industry, may give rise to a different outcome from that projected. KBA therefore accepts no liability for transactions based upon these projections.