

## **Presseinformation / Press Release**

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### Koenig & Bauer strengthens competitiveness

#### **Management board presents realignment concept for KBA**

- Autonomous divisions for sheetfed and web business, manufacturing and special applications
- Revised location concept addressing all activities
- Between 1,100 and 1,500 jobs affected
- Non-cash expenses for extraordinary depreciation in the middle double-digit million euro range
- Additional provisions for capacity adjustments already effective in 2013

The management board of Koenig & Bauer AG (KBA), Würzburg, presented a concept for the strategic realignment of the KBA Group and a package of measures aimed at strengthening the company's profitability long term and future development potential to today's meeting of the company's supervisory board. Attention centred on sustainable structural adjustments to secure core business activities, the optimisation and concentration of value creation at the various locations, and changes to organisational structures within the group, placing a focus on future growth fields. After in-depth deliberations, the supervisory board has approved the concept.

The worldwide print industry is facing ongoing structural change in the media sector, characterised by concentration processes among publishers and printers and overall reshaping of the print branch. The consequence is a continued reluctance to invest, which has led to significant excess

capacities across the whole press manufacturing industry. The world market for sheetfed presses, for example, has been halved over the recent years, and the market for web presses has contracted by around 70%. Lasting reversal of this marked slump in web business is not to be expected, and branch experts are also predicting stagnation at the current low level for sheetfed business. Sustained growth is only discernible in the digital and packaging segments, and in certain special markets.

Against this background, the past months have been used to elaborate a corporate strategy under the heading “fit@all”, with a series of measures to strengthen the long-term competitiveness and profitability of the company. Alongside the necessary adaptation of core business activities to the changed market situation, growth potential for KBA was a central theme. KBA president and CEO Claus Bolza-Schünemann: “Swift and radical restructuring is intended to facilitate our development into a decentrally organised and highly flexible press manufacturing company, which, complementing its core business, is active above all in profitable niche markets. With this decision, we have laid the foundations for sustainable realignment and interesting future prospects. The essential basis, however, is initially consolidation of our core business activities.”

The concept adopted today contains the following measures:

- The objective is –subject to approval from the AGM in May 2014 – to establish divisions with clearly defined profit responsibilities for the fields sheetfed presses, web presses, special applications and manufacturing. The division for special applications embraces the growth fields MetalPrint (metal decorating), security presses and the activities of the recently acquired companies Kammann Maschinenbau GmbH (screen printing for the direct decoration of hollow glass containers) and Flexotecnica S.p.A. (web flexo presses for flexible packaging).
- Measures targeting structural and process optimisation are to be implemented in the sheetfed offset division. Further key aspects are capacity and personnel adjustments, as well as solutions for under-performing product segments and sales units.

- In the web press division, activities are to be transferred to a business model based on labour flexibility. Here, too, personnel adjustments are necessary.
- On the basis of a revised location concept for the overall group, it was decided to relocate selected production tasks, with corresponding personnel adjustments at the five European locations Würzburg, Radebeul, Frankenthal, Mödling (Austria) and Dobruška (Czech Republic). The closing or disposal of individual locations is not excluded.
- General administrative expenses at the group headquarters in Würzburg are to be reduced with lasting effect.
- A total of between 1,100 and 1,500 jobs will be affected at group level by the measures adopted today.

These measures necessitate non-cash impairments in the middle double-digit million euro range on the annual balance sheet for 2013. Further burdens are to be expected on account of the adjustments to value creation and other cost structures. Their amount is dependent on the results of the now commencing negotiations with employee representatives and can thus not be estimated at present.

“We have made some far-reaching decisions for KBA today. They will also be accompanied by painful cuts for the workforce. It was not easy for us to make these decisions, but they are unfortunately imperative for the future sustainability of our company,” said CEO Bolza-Schünemann. “We should see the first fruits of these changes in 2015, and a return to sustainable profitability in 2016 at the latest.”

Photo:

KBA is realigning to a changing press market