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Koenig & Bauer AG (KBA) AGM

Shareholders approve new company structure

- **New holding structure with autonomously operating units**
- **Group realignment with personnel adjustment almost complete**
- **New shareholder representatives on supervisory board**
- **No dividend for 2014**
- **EBT margin of 4 to 6% as group mid-term target**

Würzburg. The agenda of the KBA 90th annual general meeting focused on the current status of the restructuring programme *Fit@All*, the shareholders' decision regarding the proposed change to the group's legal and management structure and personnel changes on the shareholder's side to the supervisory board. This was in addition to the company's figures for 2014 and the first quarter of 2015. The AGM at the Vogel Convention Center (VCC) in Würzburg was chaired by supervisory board chairman Dr Martin Hoyos.

In his speech to the shareholders, KBA president and CEO Claus Bolza-Schünemann emphasised the advantages of a de-central company structure. This stipulates converting the parent Koenig & Bauer AG into a management holding after spinning-off four operating subsidiaries for the business fields digital & web (KBA-Digital & Web Solutions), sheetfed (KBA-Sheetfed Solutions), security press activities (KBA-NotaSys) and production (KBA-Industrial Solutions). Bolza-Schünemann: "We have been working intensely on this structural change since September 2013 and we are convinced that the improvements to cost and earnings transparency associated with the spin-offs as well as the internal customer supply relationships will have a positive effect on our company and earnings." A large majority of the shareholders agreed with the management board's proposal.

The four spun-off companies will have a German legal status of an AG & Co. KG (limited partnership) with the parent and holding as a public limited company and sole general partner. The holding company's management board, which primarily will take over strategic and central tasks, is to be reduced from six to three members. Along with president and CEO Claus Bolza-Schünemann, CFO Dr Mathias Dähn and CRO Dr Andreas Pleßke will remain on the management board. The three other board members Michael Kummert, Christoph Müller und Ralf Sammeck will become managing directors of the operating companies in their respective fields. This is in addition to Lothar Hohmann as managing director of the security press business in Würzburg. Following the approval by the AGM and the entry of the new companies in the commercial register, the new structure will be implemented from 1 January 2015 retrospectively.

Fit@All on the home straight

As reported on 12 May when KBA published its group financial figures for the first quarter of 2015, the implementation of the restructuring programme *Fit@All* in place since the beginning of 2014 is nearly complete. This includes the cut of some 1,500 jobs announced in December 2013. Bolza-Schünemann: "This process has not only been painful for those employees affected, but given the significantly shrunken global market volume for new sheetfed and web offset presses it was unfortunately unavoidable. Since 2006 group revenue has fallen by 37% due to the market and payroll has been reduced by 31%. On the basis of existing agreements, at the end of 2016 the number of group employees will fall to around 4,500 excluding apprentices, trainees and staff on phased retirement schemes. At the end of March 2015 this total stood at 4,711. Developments in terms of sales and payroll are becoming increasingly more aligned even though big press orders from 2006 are missing to a large extent today, the product range is broader and two new companies joined the group in 2013. At 7.4% KBA's training rate remained above average in 2014."

No dividend for 2014, but positive earnings forecast

The KBA CEO was unable to submit a dividend proposal as group results for 2014 were insufficient for a dividend payment given group earnings before taxes (EBT) of +€5.5m and +€0.3m after taxes as well as the residual net loss from the previous year. Nevertheless, he affirmed his forecast for 2015 with group sales of

over €1bn and an EBT margin of up to 2% in light of the solid order intake in the first quarter and the current significant improvement to the company's project situation. In the mid term KBA is targeting an EBT margin of 4 to 6% for the group following the restructuring's completion. Given varying competitive situations, the EBT targets for sheetfed and digital & web are below those for the special markets, where KBA is the global market leader in some areas.

Transformation of product portfolio continues

In order to reach its mid-term goals the world's second-largest press manufacturer aims to broaden its product spectrum for growth markets, such as digital and packaging printing. This is in addition to targeted expansion in growing regional markets, fully unlocking the service potential of the installed press base and pushing ahead with new industrial niche applications, such as digital decor printing. As a newcomer in this field, KBA has already been able to book the first orders for its up to 2.25m-wide, high-volume inkjet web presses. Furthermore, the company is working together with American manufacturer HP on a digital press with a web width of up to 2.8m for corrugated packaging. It is expected to be unveiled at KBA's facility in Würzburg in the fourth quarter of this year.

New supervisory board members

The AGM appointed Dr Gisela Lanza (41), university professor at the Karlsruhe Institute of Technology (KIT) and head of the Institute of Production Science (wbk) at KIT, and Carl Ferdinand Oetker (42), managing partner at FO Holding GmbH and managing director at WINK Verwaltungsgesellschaft, as supervisory board members. They replace longstanding members Baldwin Knauf (75) and Reinhart Siewert (77) who left of their own accord.

Photo 1:

Koenig & Bauer's 90th AGM at the Vogel Convention Center (VCC) in Würzburg, Germany, took place in a former press hall

Photo 2:

The realignment under company law of the 198-year-old press manufacturer was a focus of KBA CEO Claus Bolza-Schünemann's speech to the shareholders

Disclaimer:

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