



**Press Manufacturer
Koenig & Bauer AG (KBA)**

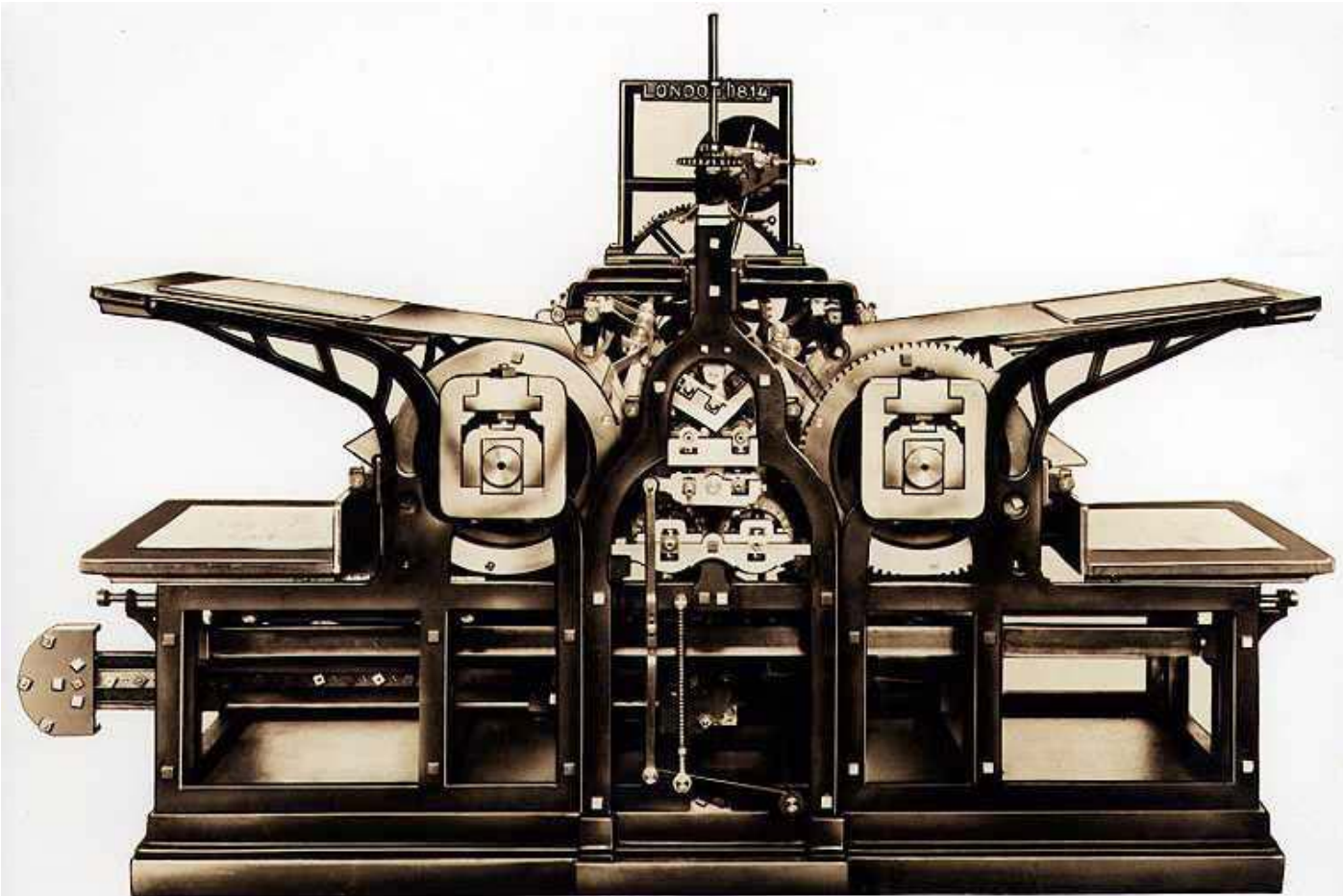
Albrecht Bolza-Schünemann, President and CEO



- Newspapers, supplements
- Magazines, catalogues
- Packaging
- Books
- Posters
- Metal decorating
- Banknotes



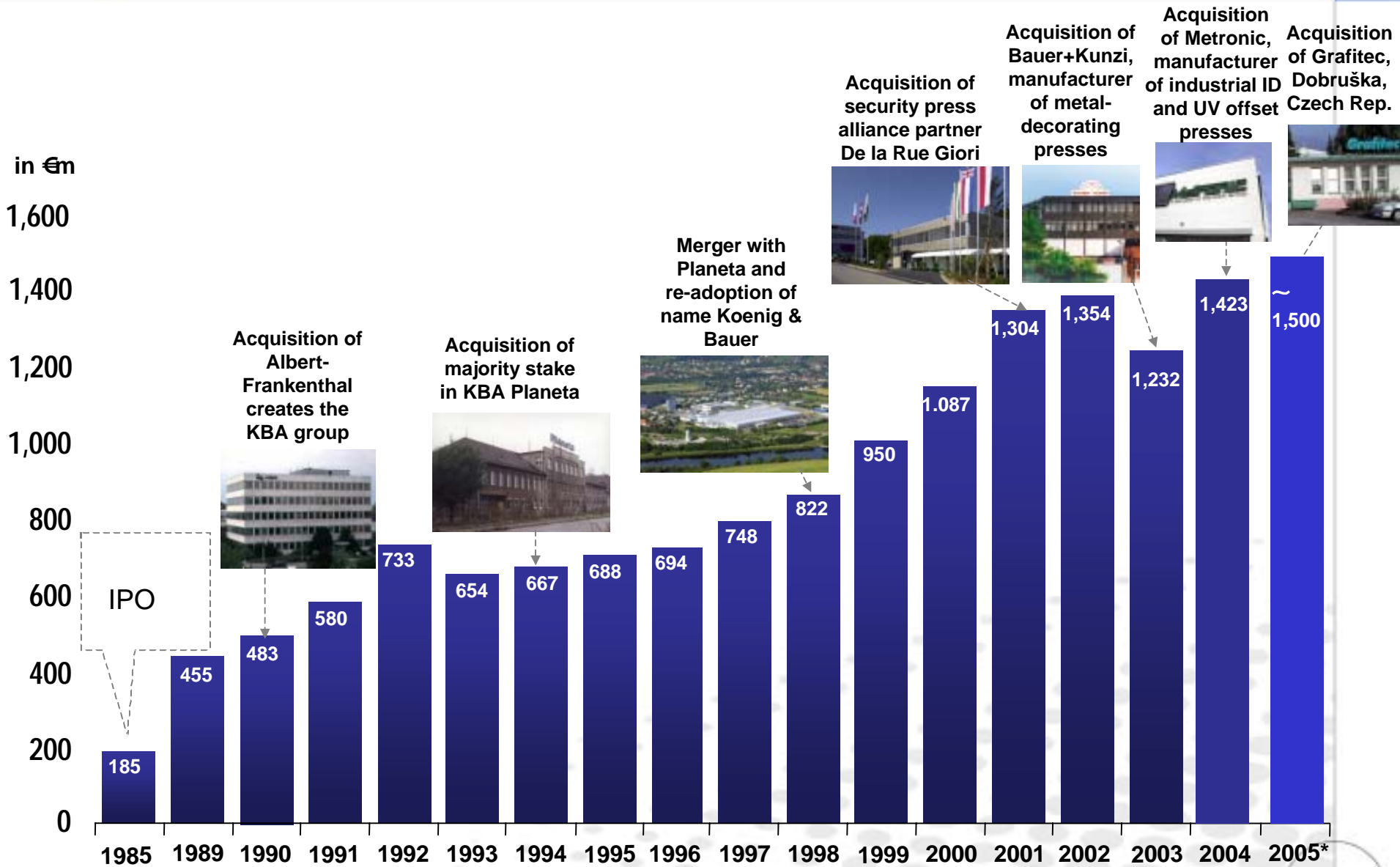
- At the beginning of the 19th century our founder, Friedrich Koenig, had the ingenious idea of guiding a paper web over a rotating cylinder
- In 1814 *The Times* became the first newspaper in history to be printed by machine – Koenig's double-cylinder press





- **An innovative, customer-driven partner to the print media industry with...**
- **an outstanding reputation**
- **the broadest product range in the business**
- **the pole position in many fields of print technology**
- **an export level of 80 – 90%**
- **annual sales of €1.4* billion**
- **7,800 employees worldwide (including KBA-Grafitec)**



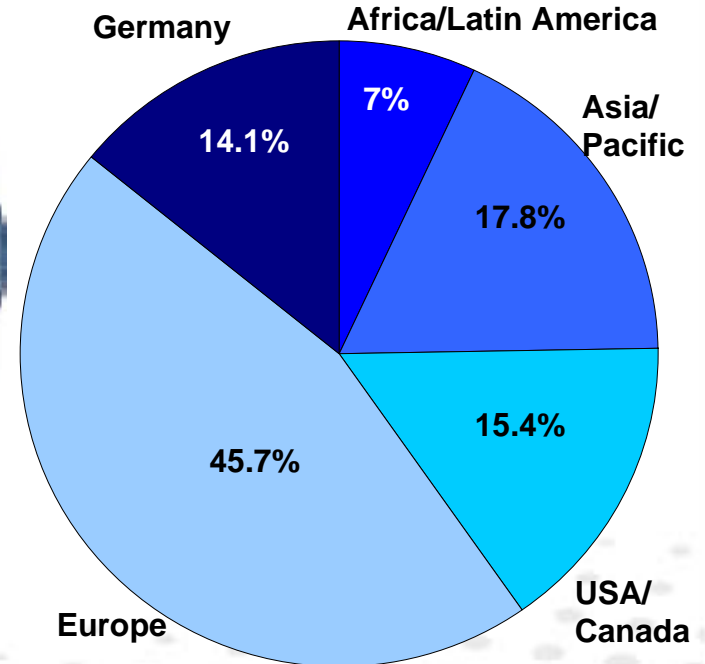


Export level 85.9% in 2004



● Production plants
 ● Subsidiaries
 ● Independent dealers

- Sales and service subsidiaries have been established in Europe and North America, our prime markets
- We have also set up sales and service subsidiaries in potential growth markets such as South-East Asia, Australia, Latin America and the CIS
- A global network of agencies guarantees on-the-spot customer care



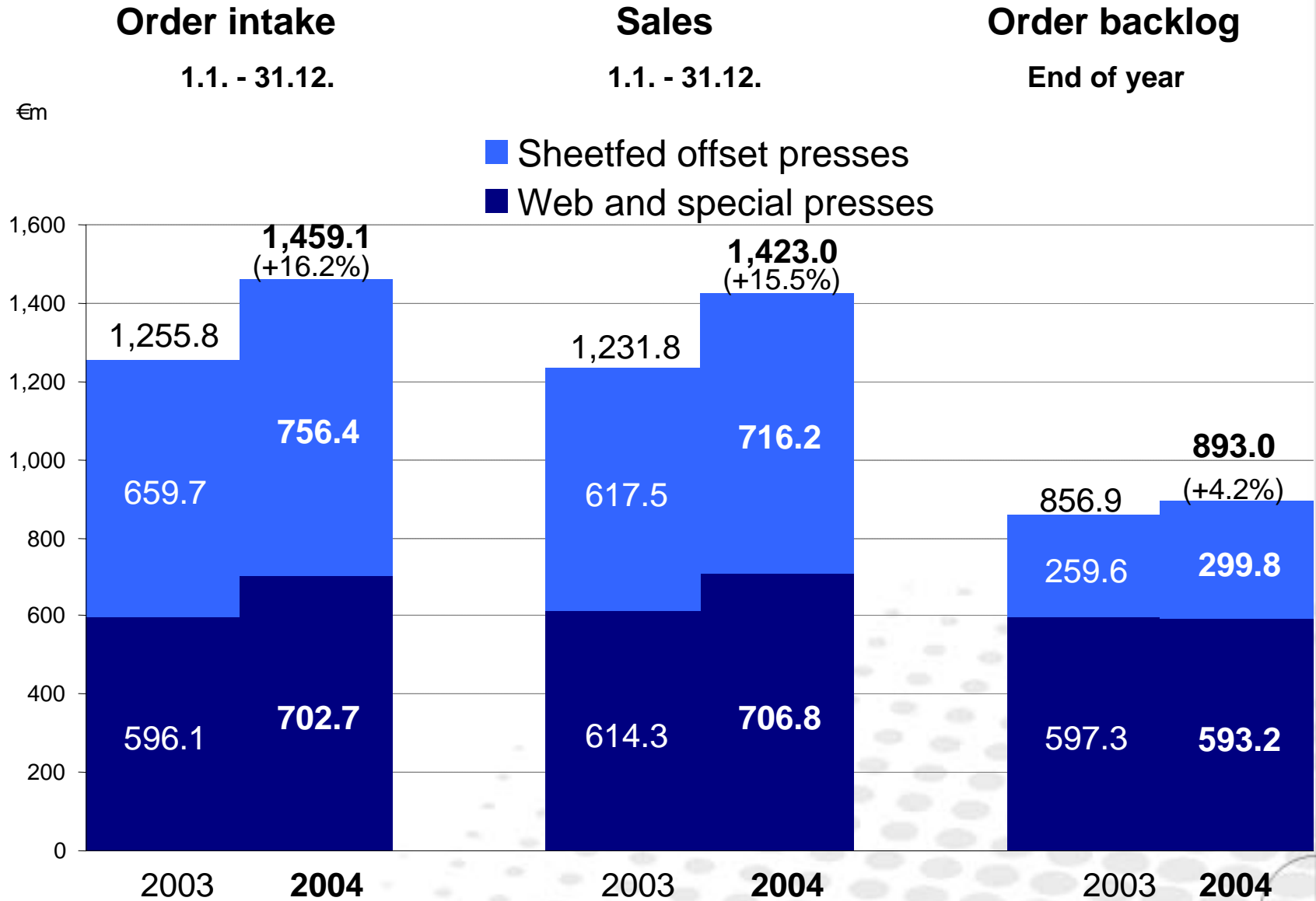
2004

% of turnover



KBA Group Performance 2004





Income statement Jan-Dec

in €m	2003	2004
Revenue	1,231.8	1,423.0
Costs of sales	-947.4	-1,089.2
Gross profit	284.4	333.8
Research and development costs	-57.6	-54.8
Distribution costs	-114.8	-140.9
Administrative expenses	-94.9	-87.7
Other operating income and expenses	-19.0	-30.1
Pre-restr. operating profit/loss	-1.9	20.3
Restructuring expenses	-45.1	-
Post-restr. operating profit/loss	-47.0	20.3
Financial result	-2.6	-4.4
Profit/loss from ordinary activities	-49.6	15.9
Income taxes	19.6	-4.0
Net profit/loss for the period	-30.0	11.9

Additional group figures

- **Equity ratio** **33.3%**
- **Cash flows from operating activities** **€39m**
- **Investment** **€57m (prior year: €45.3m)**
- **Depreciation** **€46.3m (prior year: €57.2m)**
- **Payroll on 31.12.** **7,398* (prior year: 7,054)**
* including 290 Metronic, 50 Bauer+Kunzi, 509 apprentices
- **Earnings per share** **€0.74 (prior year: -€1.86)**
- **Projected dividend per share** **€0.25**



Order intake

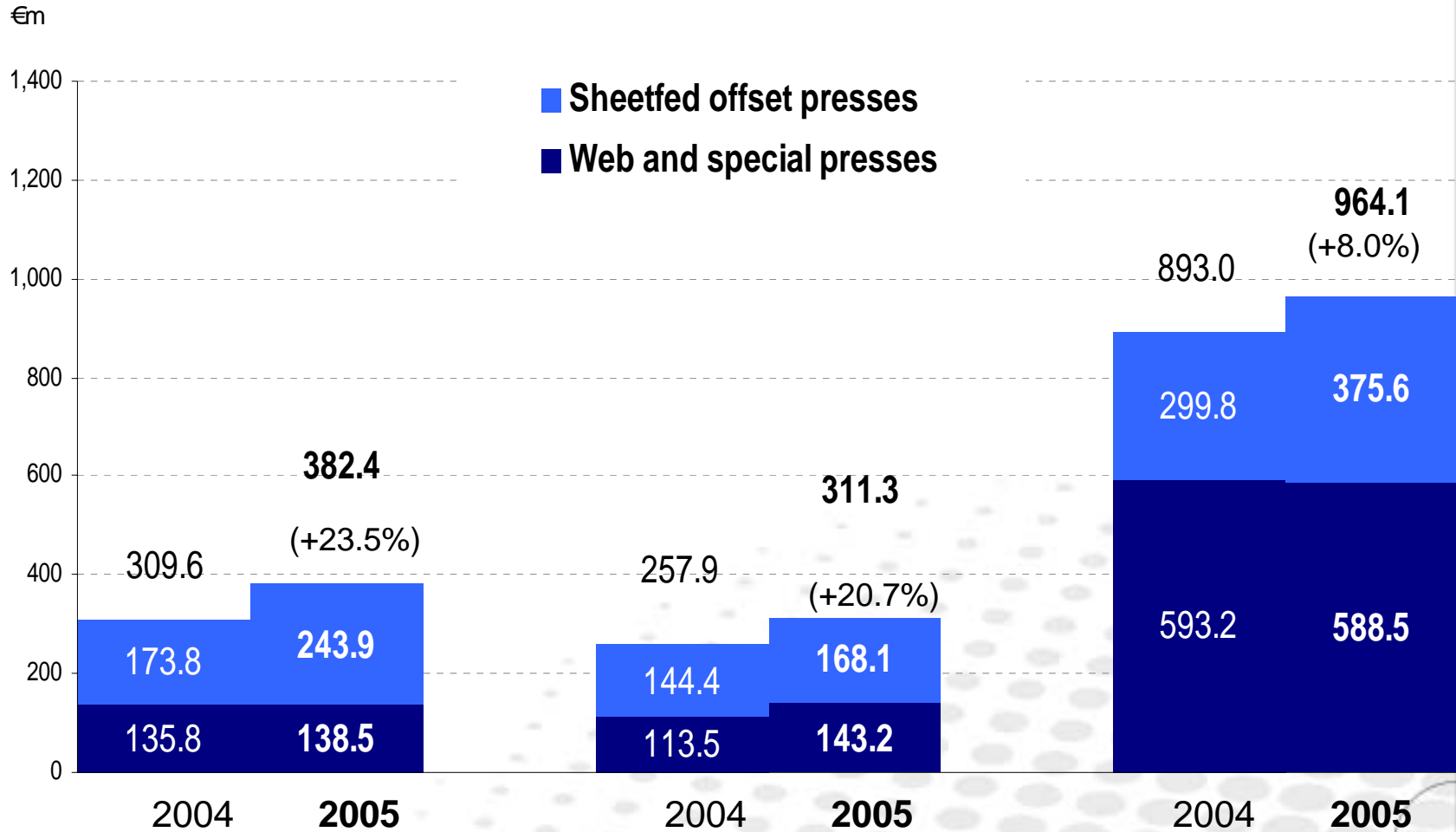
1.1. - 31.03.

Sales

1.1. - 31.03.

Order backlog

31.12. / 31.03.2005



Income statement Jan-March

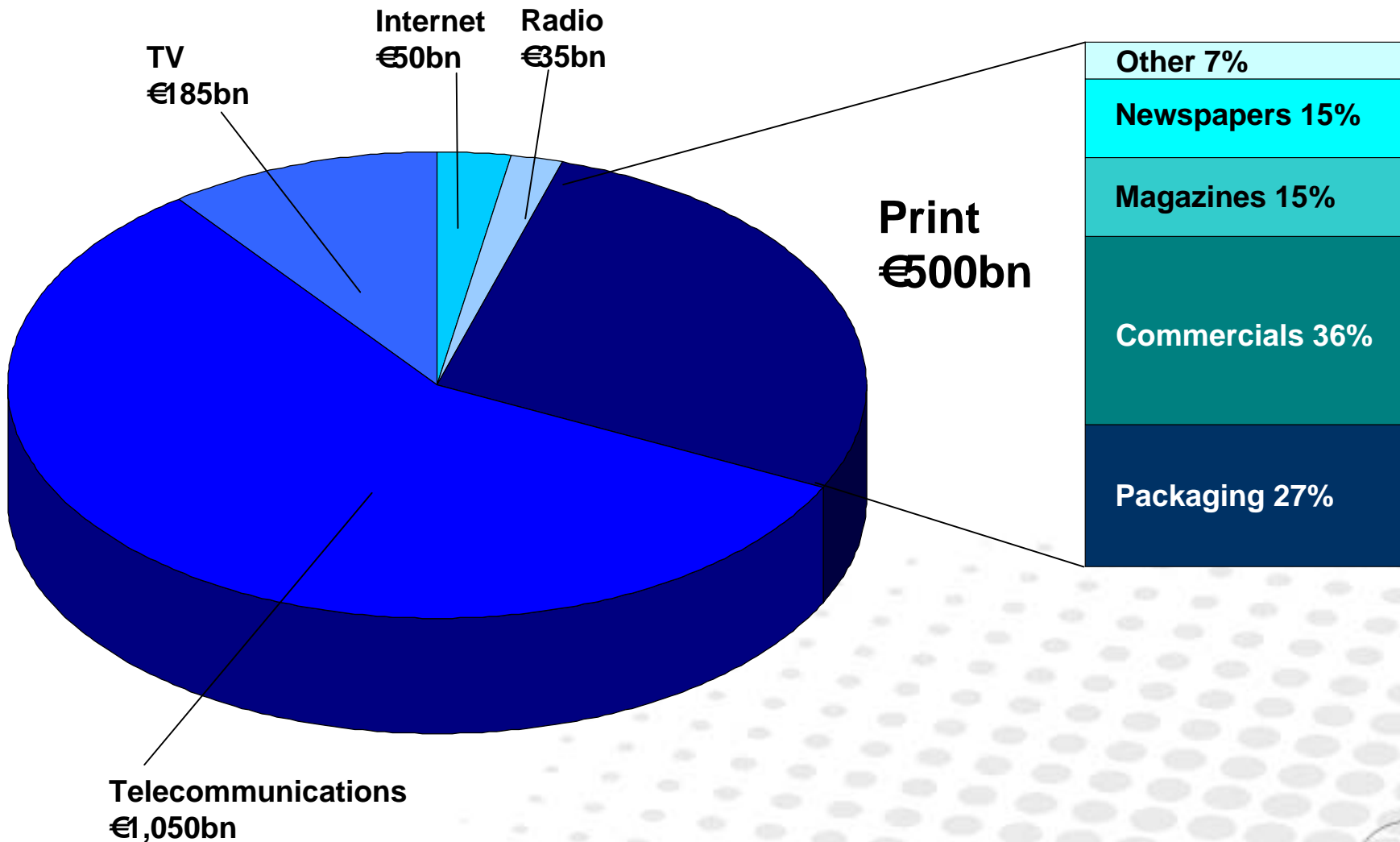
in €m	2004	2005
Revenue	257.9	311.3
Cost of sales	-195.7	-245.6
Gross profit	62.2	65.7
Distribution costs	-31.6	-34.2
Administrative expenses	-22.3	-21.4
Other operating expenses	-11.9	-14.3
Loss from operations	-3.6	-4.2
Financial result	-0.7	-1.6
Loss before taxes (EBT)	-4.3	-5.8
Taxes	0.6	1.0
Profit attributable to minority interests	-0.2	—
Net loss less minority interests	-3.9	-4.8



Market Situation

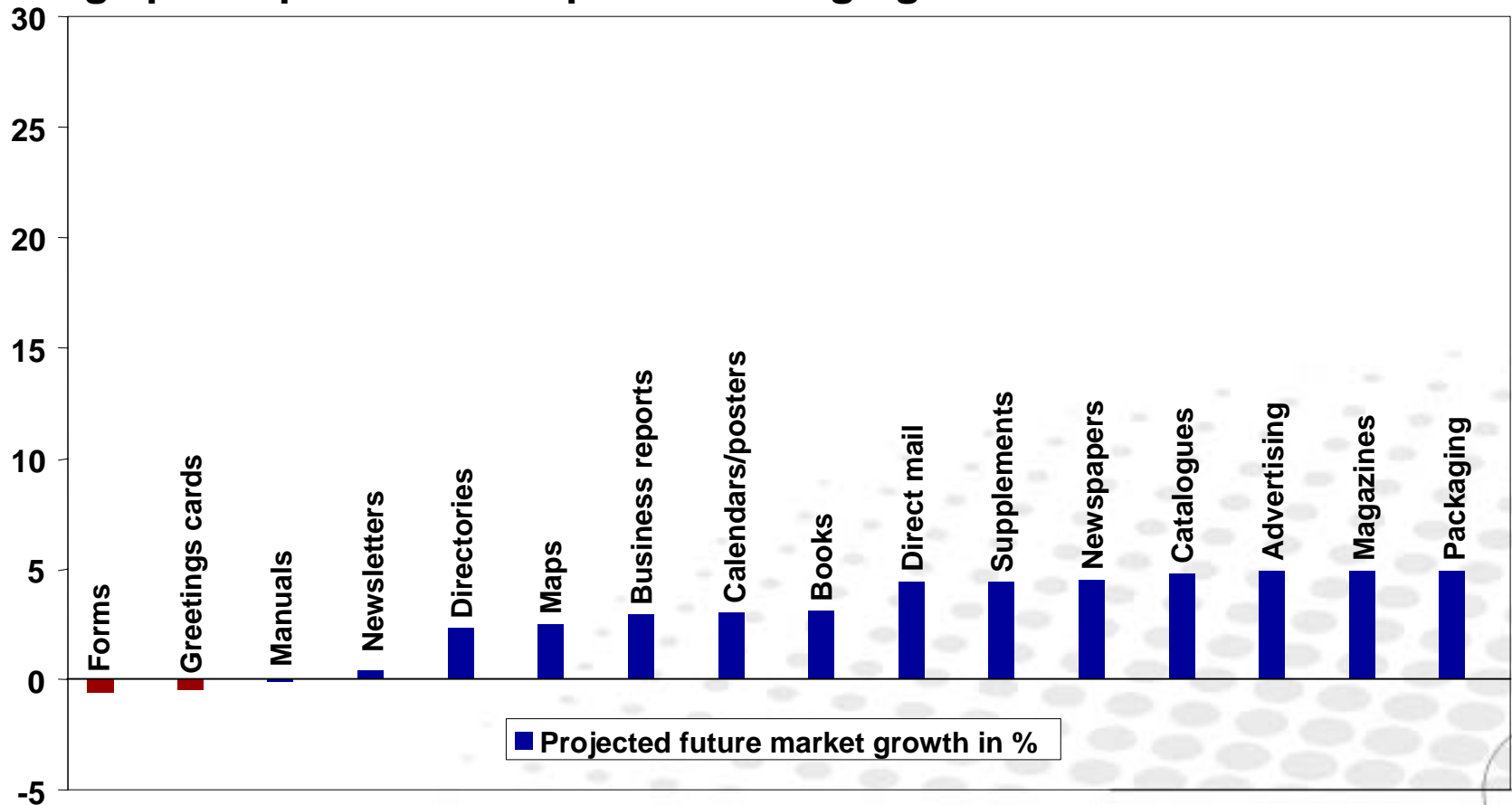


€1,820bn in total*

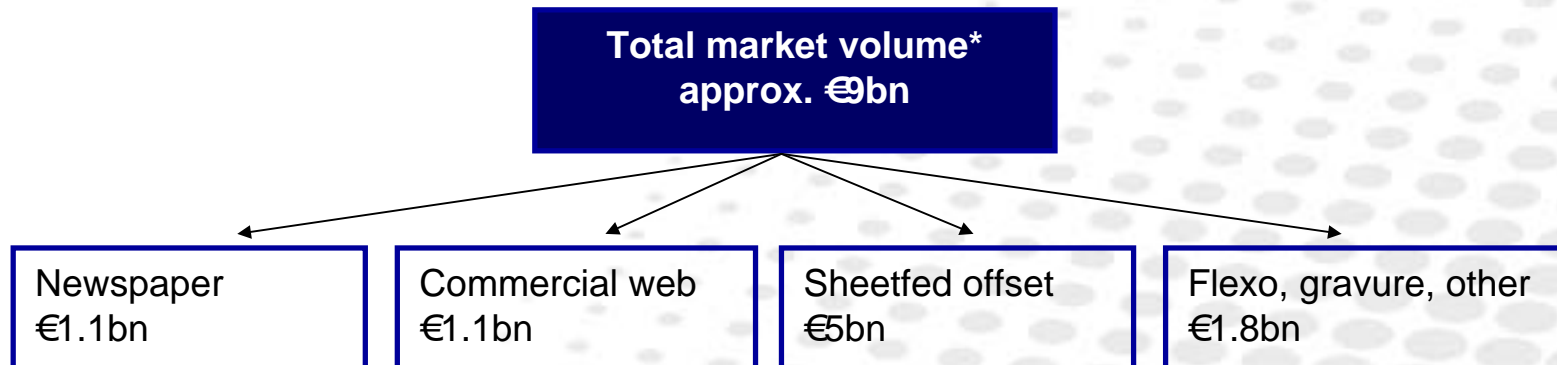


Key print products are expected to grow by 2-5% p.a.

- E-media complement print media, expanding demand
- Paper still offers many advantages as a vehicle of information
- Global paper consumption rose in the last few years, despite the internet
- Huge pent-up demand for print in emerging markets



- Modest recovery, perceptible since summer 2003, is still fragile and subject to geographical and segmental fluctuations
- German market remains a cause for concern, although domestic demand for KBA sheetfed and newspaper presses has improved
- Demand in pre-accession EU has picked up at a moderate pace
- Good growth prospects in the east European EU accession states, parts of Asia (especially China), in the oil-producing countries of the Middle East and in North Africa



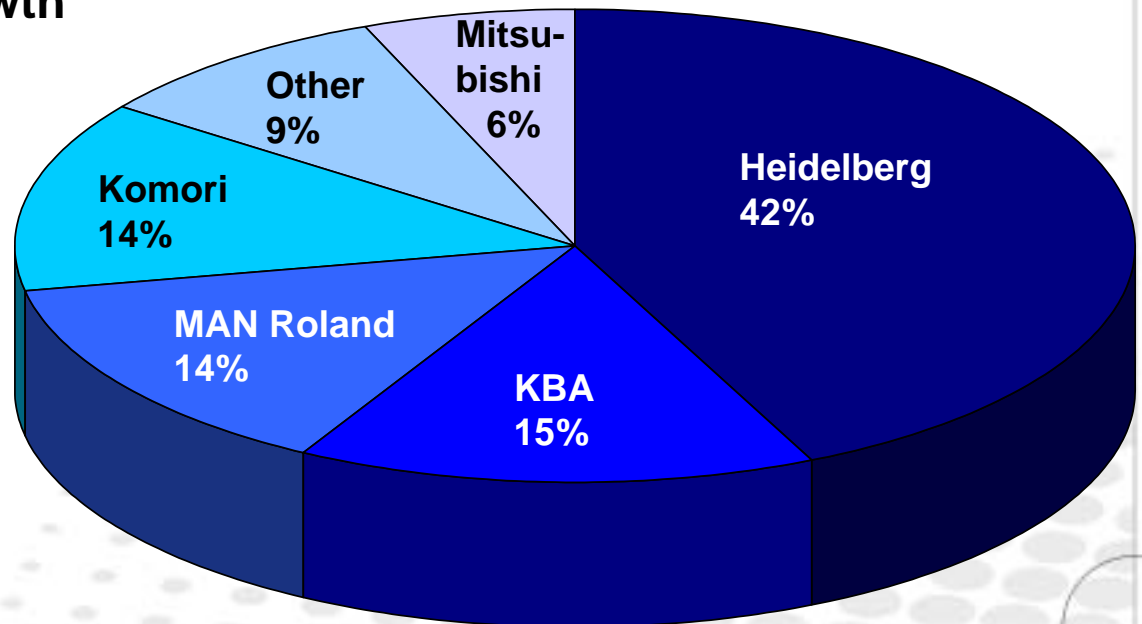


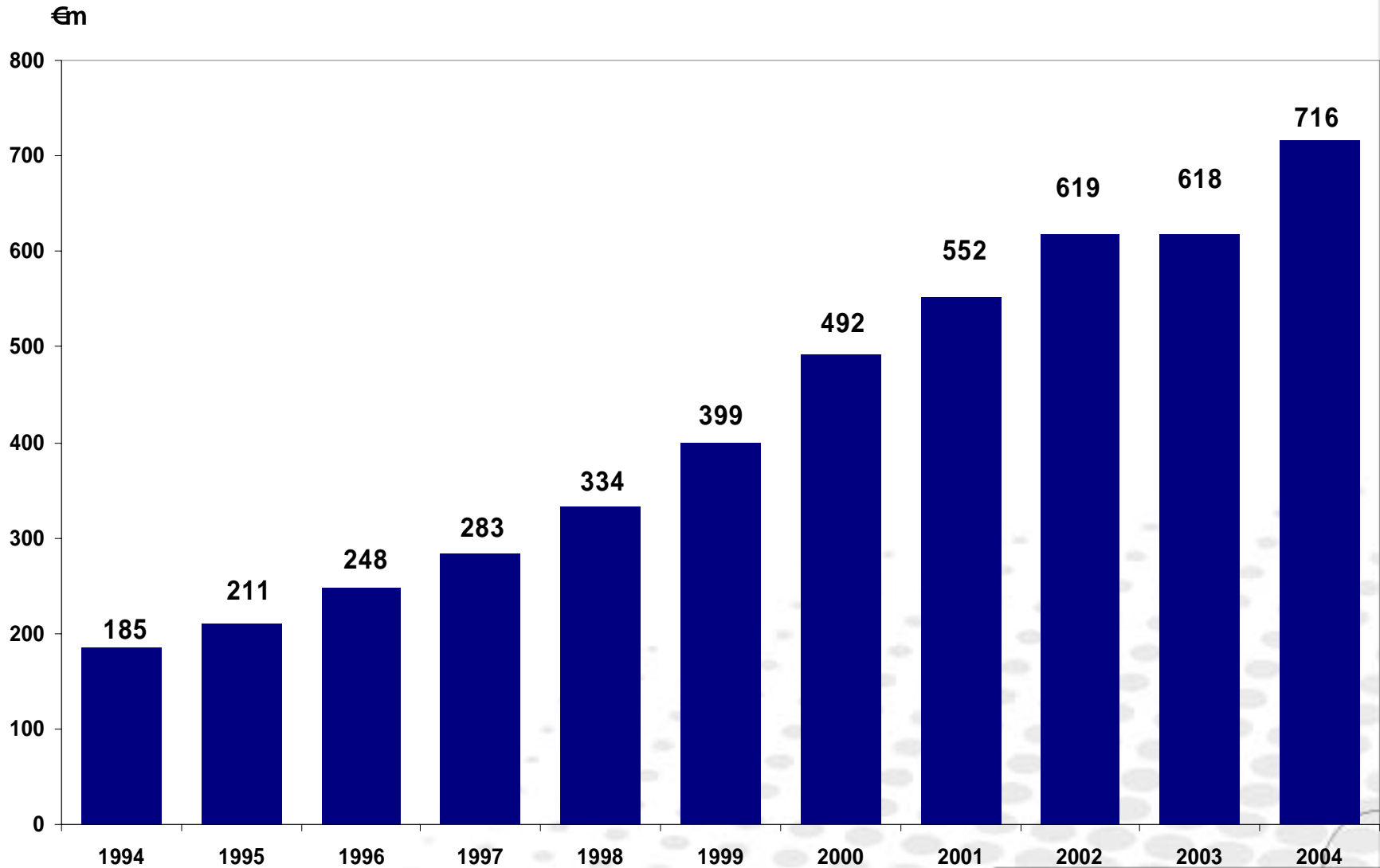
KBA's Strategies



Biggest single press market with a volume of €5bn

- Double-digit growth rates almost continuously for more than ten years, despite an industry downturn caused by the recent economic recession
- Current global market share of around 15% puts KBA in second place behind Heidelberg
- Targets:
 - Maintain dynamic growth in sheetfed offset
 - Consolidate second place behind Heidelberg





Expansion drive in small-format market (volume €2bn)



- Acquisition of Grafitec, a Czech manufacturer of small-format sheetfed offset presses, in March 2005
- 400 employees, €20m sales in 2004
- Complements existing KBA presses, which address high end of market
- Targets more price-conscious users in small-scale printshops and threshold markets

Expand share of medium-format market

- KBA market share in B1 (700 x 1,000mm), the largest sheetfed offset sector, worth €2.5bn: ~ 13%
- Dynamic growth in sales of medium-format KBA presses:
 - rapid transition to serial production of a new Rapida 105 version (18,000 sheets per hour) launched in March 2004
 - raft of features unique to our presses
 - market recognition of our initiatives in advancing process technology (example: cost-effective hybrid coating)



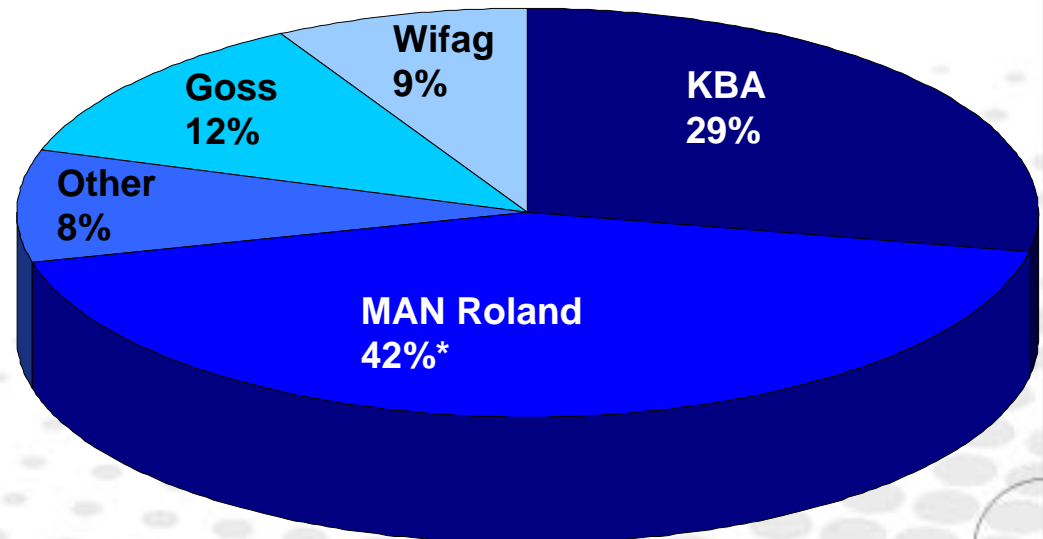
Defend pole position in large-format market

- KBA market share 2004 in large formats up to 1,510 x 2,050mm: ~ 60% (market volume: €0.5bn)
- KBA is the acknowledged international market leader in large format, the KBA Rapida 205 is the world's largest sheetfed offset press
- Ongoing demand for modern KBA technology



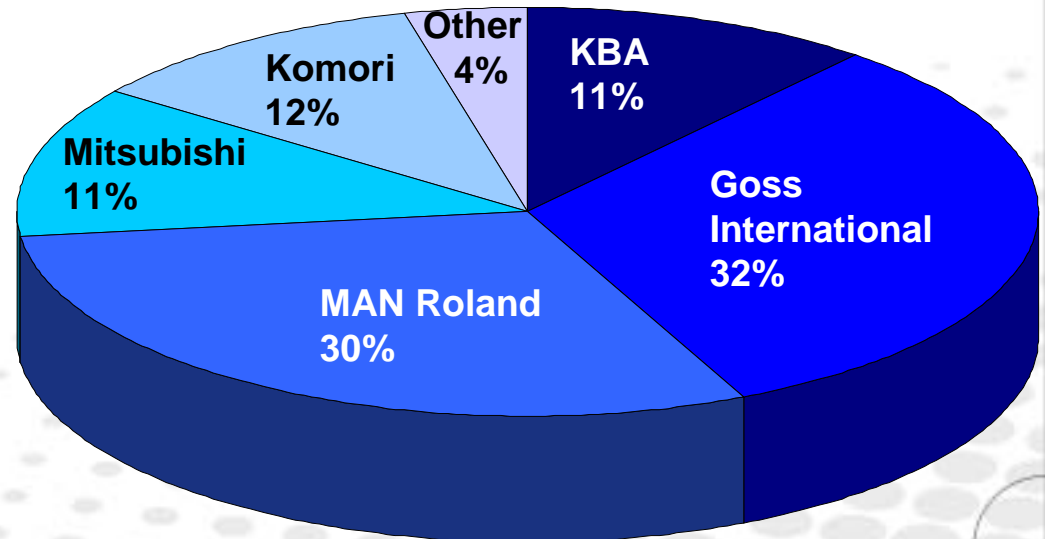
Extend technology lead and grow market share

- KBA market share 2004: ~ 29% (market volume: €1.1bn)
- KBA is one of the top two manufacturers of newspaper presses, market leadership alternates with MAN Roland
- KBA is a driver of technological and process innovation (6/2 configuration) aimed at making high-quality newspaper production more economical
- Stimulate investment with landmark innovations (e.g. KBA Cortina)



Medium-term expansion of market share to 15%

- **KBA market share 2004: ~ 11% (market volume: €1.1bn)**
- **Broad range of commercial presses for 16 to 72 pages offers a choice of performance levels and formats**
- **A number of unique features (eg variable format folders) and technology transfers from gravure support future growth**



Publication rotogravure presses

- **Market and technology leader in high-performance presses for web widths of more than 2.65m (market share: ~ 70%)**
- **Niche market with limited number of major players currently investing heavily (sales average €35m-€50m; in 2005 approx. €90m)**
- **New TR 12B for a web width of 4.32m is the broadest rotogravure press worldwide, with an output of 8.2 million full-colour A4 pages per hour**



Metal-decorating presses

- **Bauer+Kunzi, our subsidiary since 2003, is the technology and market leader in large-format, multicolour metal-decorating offset presses (based on Rapidas)**
- **Annual sales potential of €25m - €30m**
- **A small niche market with good prospects**



UV offset and industrial ID systems

- **Metronic, our subsidiary since 2004, has a well-established customer base in the market for industrial ID technology (inkjet, laser)**
- **Strong position in market for UV offset on smart cards and digital data storage devices (CD, DVD etc.)**
- **Current sales potential €35m - €40m, with good medium-term growth prospects**



Banknote and security presses

- KBA is the global leader in this sector and has an unparalleled systems competence embracing a broad choice of peripherals
- More than 90% of all banknotes worldwide are printed on presses marketed by our specialist subsidiary, KBA-GIORI
- A highly profitable niche market with annual sales potential of around €120m - €150m

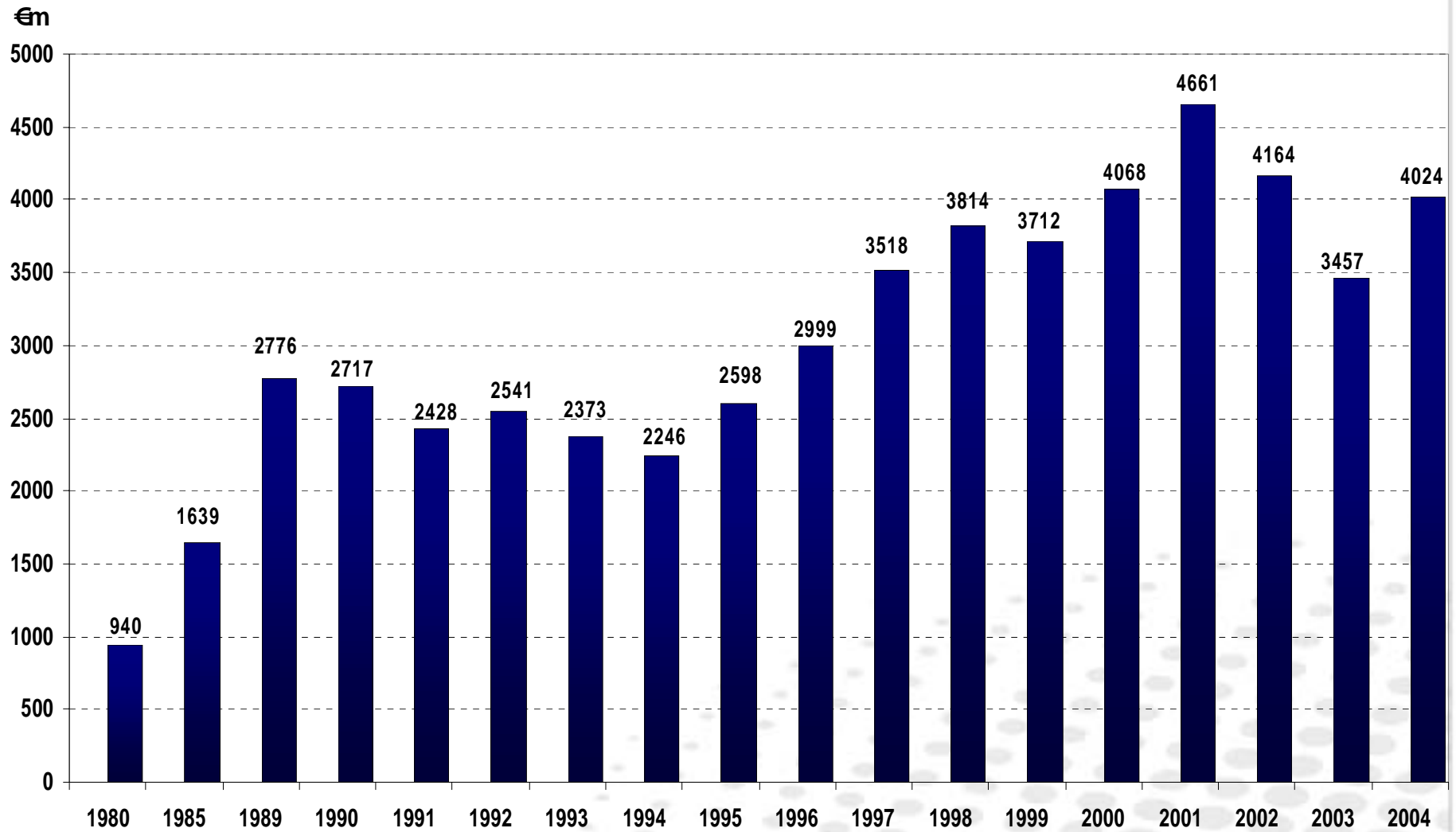




People & Print

Outlook for the future





Source: VDMA, KBA; figures from 1996 onwards estimated due to change in statistical database

*incl. finishing

- **Projected increase in Group sales to around €1.5bn
(2004: €1,423m)**
- **High level of plant utilisation at our web press division**
- **Huge backlog of orders for sheetfed offset presses**
- **Popularity of our new products has laid the foundations for
sustained growth**
- **Future growth will also be supported by our new Czech
subsidiary KBA-Grafitec, with its entry-level presses**



- **Further improvement in pre-tax Group earnings (2004: €15.9m)**
- **Gains are delivered by**
 - **cost-cutting initiatives (now completed) at our web press production facilities**
 - **more flexible labour agreements at all our German operations**
- **Negative impacts on profit**
 - **continued pricing pressures**
 - **uncertainty in currency markets**
 - **higher prices for steel**





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Thank you

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