

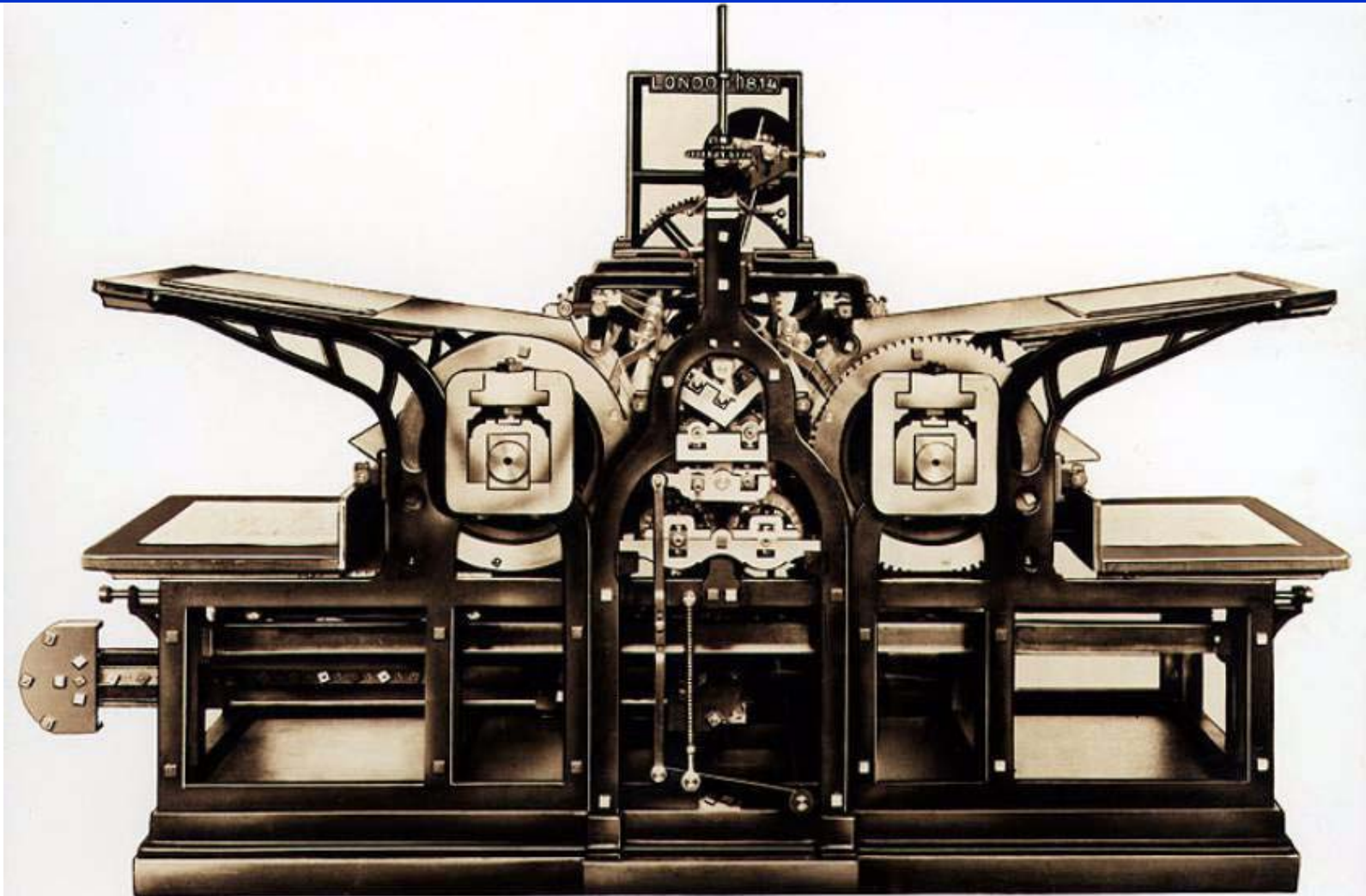


***KBA at Drupa 2004 –
Current Trends, Future Advances***

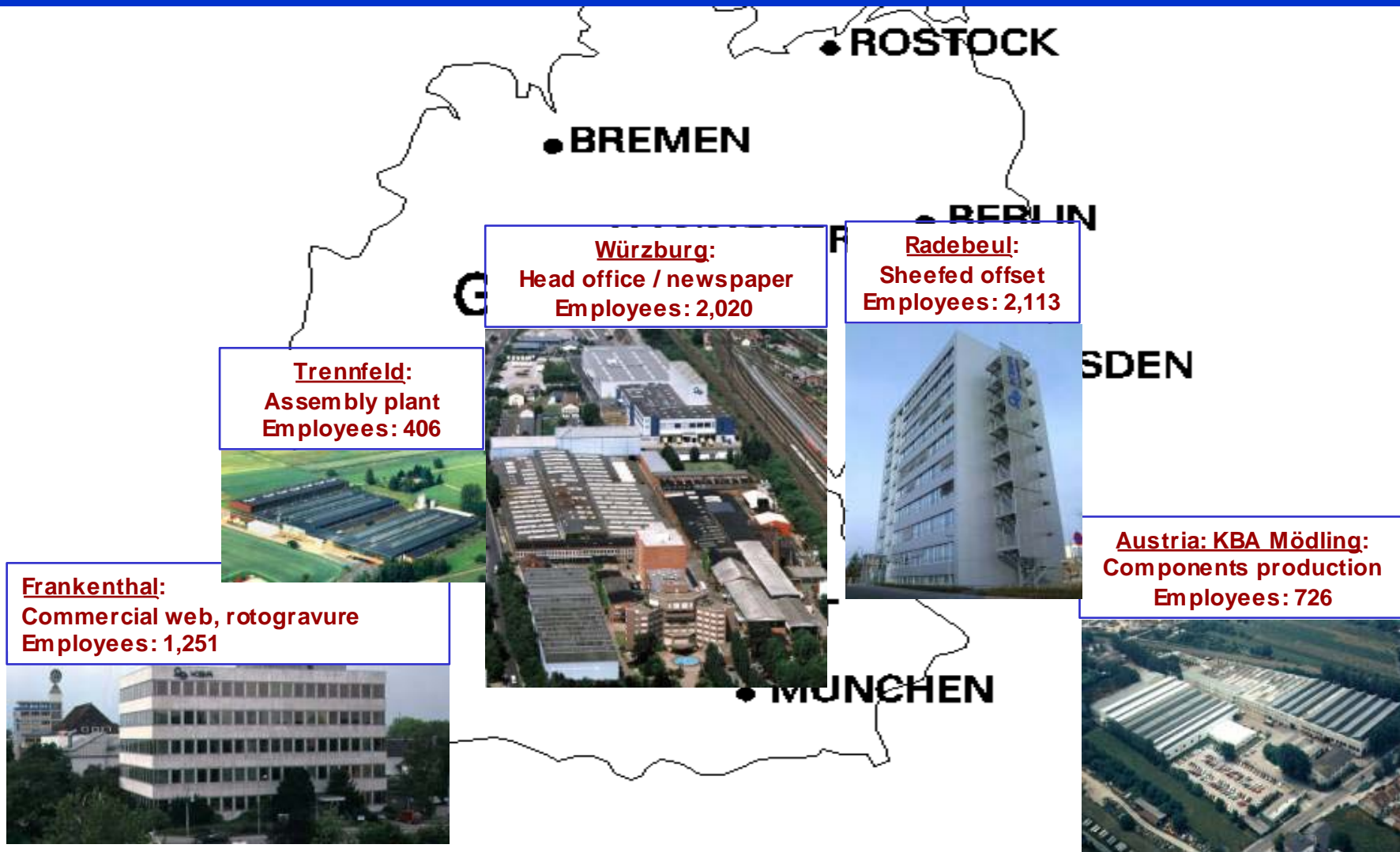
11 May 2004

Klaus Schmidt, Head of Communications

The Times, London, 1814



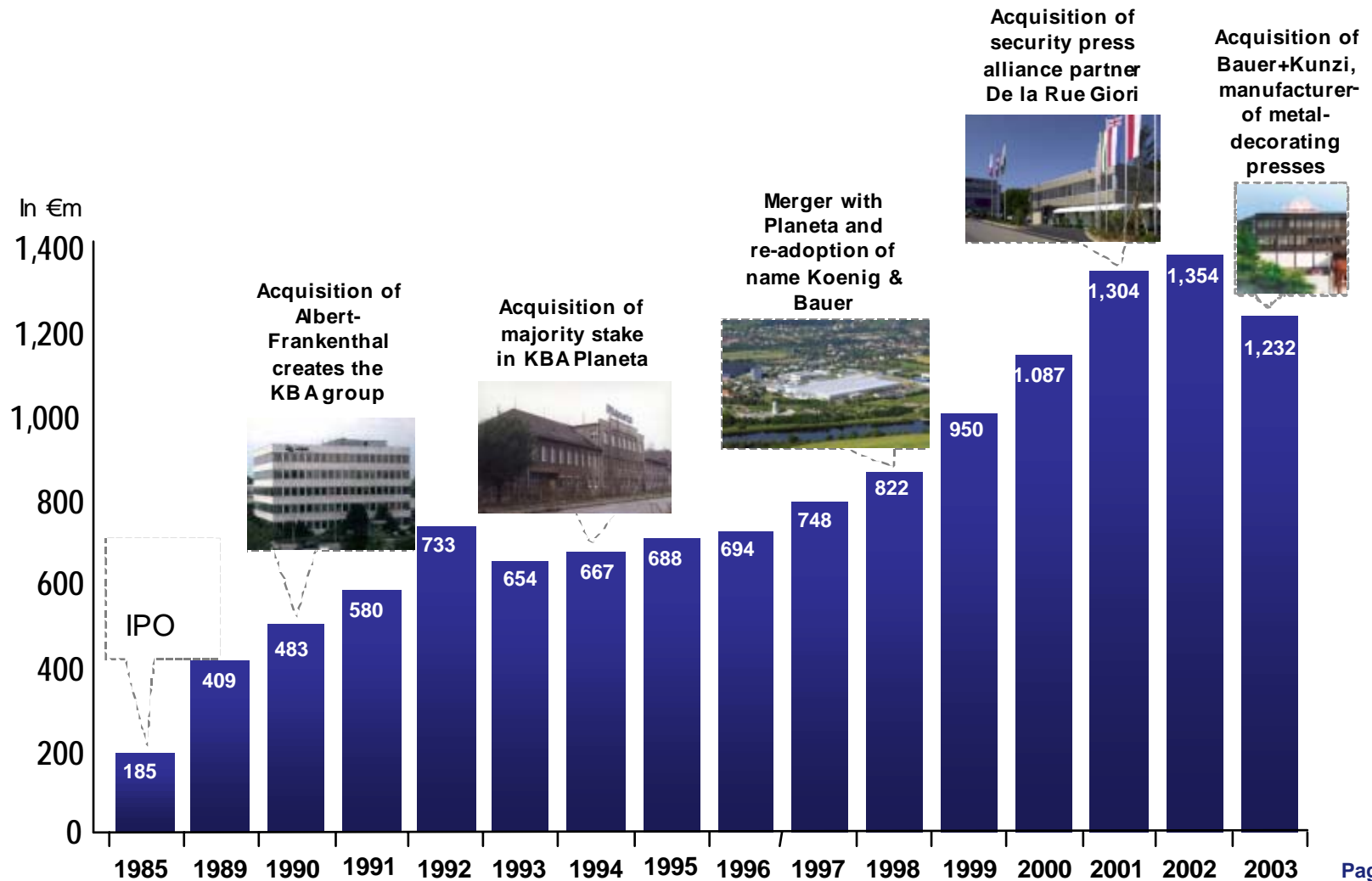
Main Production Sites



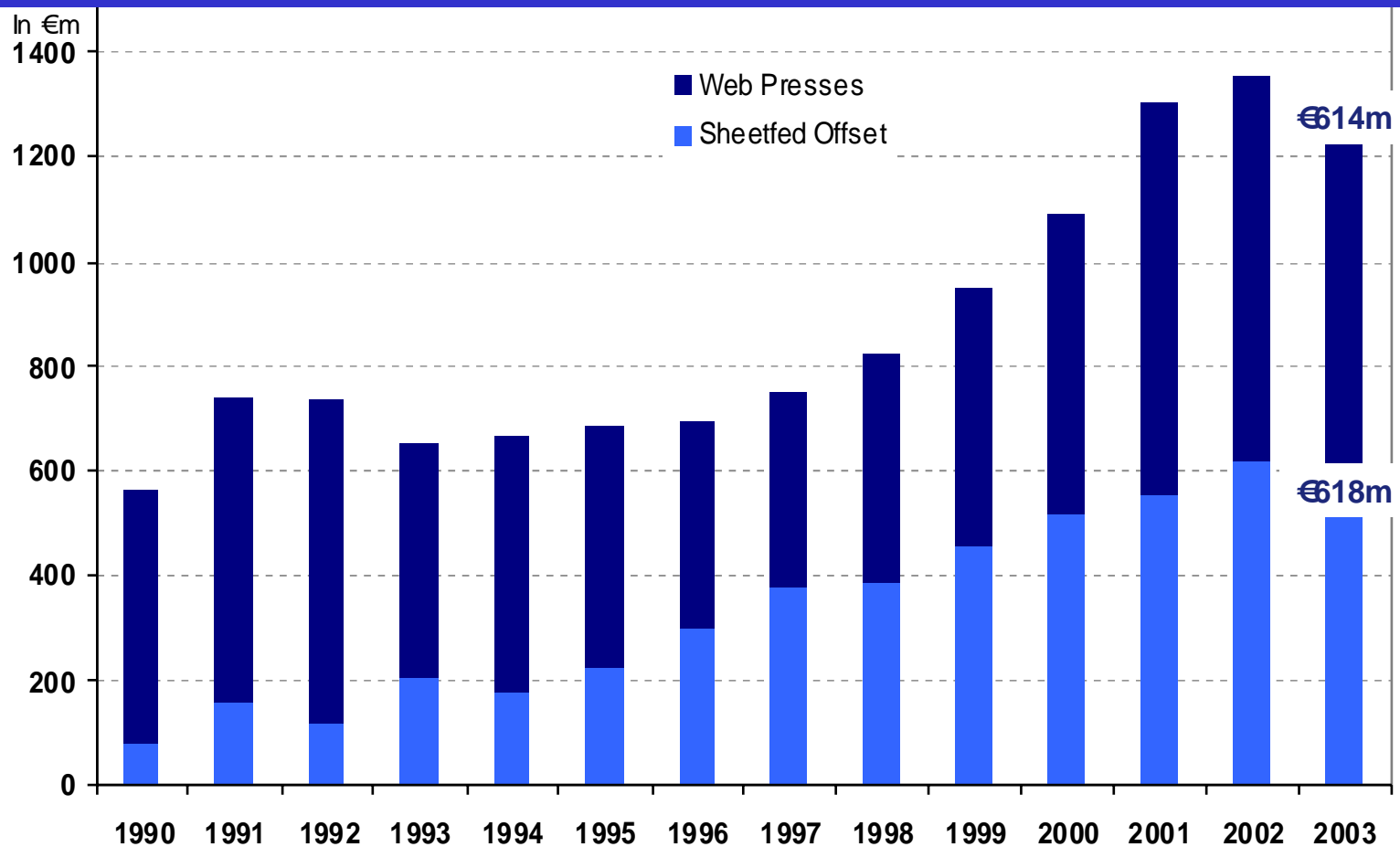
Product Portfolio

NEWSPAPER	SHEETFED	GRAVURE	COMMERCIAL	DIGITAL
Offset: single-width KBA COMPACTA 213 KBA CONTINENT KBA COM ET Offset: double-width KBA PRISMA KBA COLORA KBA COMMANDER KBA ANILOX-COLORA Offset: triple-width KBA COMMANDER 6/2 Offset: waterless KBA CORTINA Flexo KBA FLEXO-COURIER	Offset KBA GENIUS 52-4/-5 KBA RAPIDA 74-2/-10 KBA RAPIDA 105-2/-8 KBA RAPIDA 105 universal -2/-14 KBA RAPIDA 130-2/-8 KBA RAPIDA 130a-2/-8 KBA RAPIDA 142-2/-8 KBA RAPIDA 162-2/-8 KBA RAPIDA 162a-2/-8 KBA RAPIDA 185-2/-6 KBA RAPIDA 205-2/-6 Offset waterless KBA RAPIDA 74 G TM -2/-8 Flexo for Corrugated KBA Corrugaph	Webfed gravure KBA TR 5 B KBA TR 6 B KBA TR 8 B KBA TR 10 B KBA TR 12B Proofing KBA CT 5 KBA CT 6 KBA CT 8 KBA CT 10 KBA CT 12	Web offset KBA COMPACTA 215 KBA COMPACTA 217 KBA COMPACTA 318 KBA COMPACTA 408 KBA COMPACTA 418 KBA COMPACTA 618 KBA COMPACTA 818	Digital offset Karat 46 Karat 74 Karat Pre-press Presstek Dimension 200/400

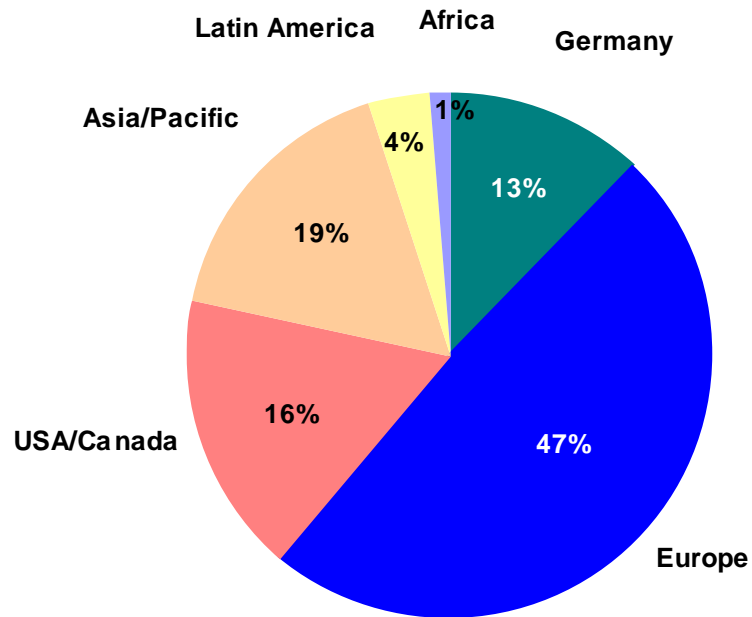
Evolution



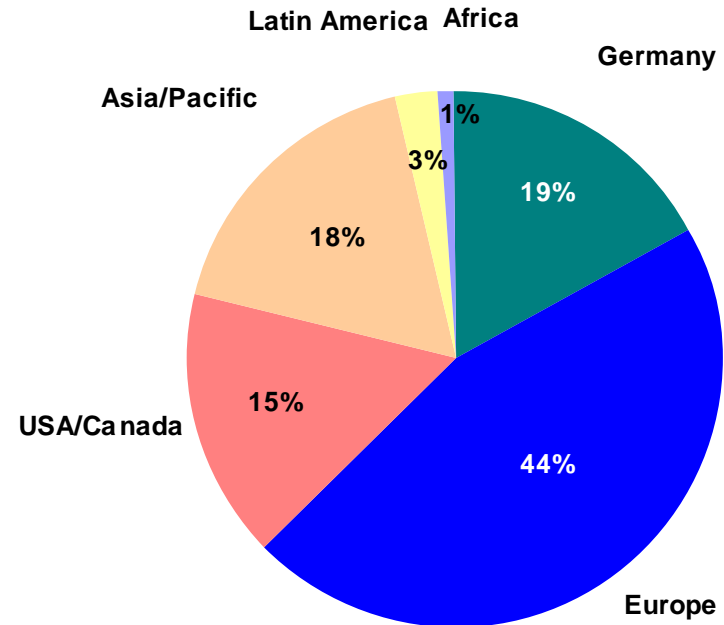
Group Turnover by Divisions



Turnover by Region



2003



2002



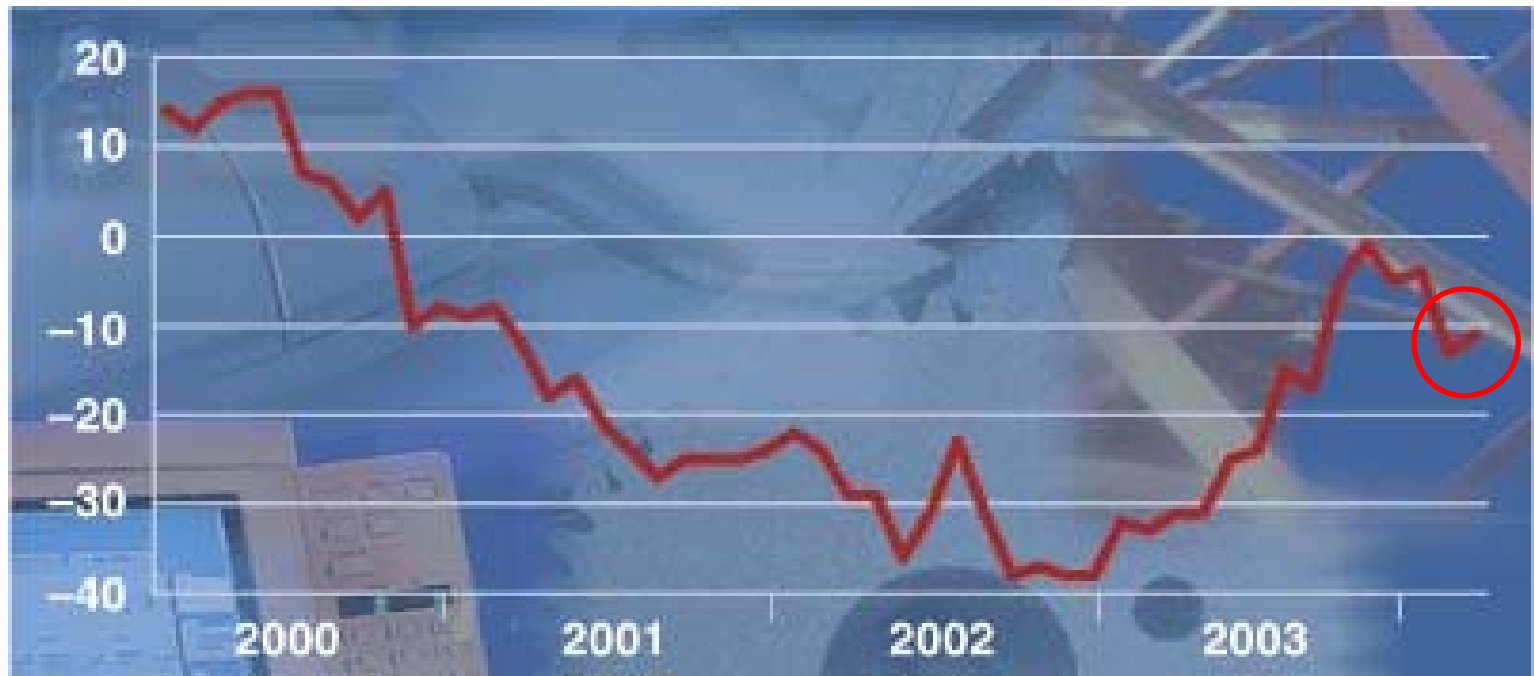
Market

Economic Environment and Outlook

- ➡ **2002 / 2003 were challenging years for the printing press industry**
- ➡ **Economic recovery is still fragile**
- ➡ **KBA order intake improved in 2003/2004**
- ➡ **Current IMF projections estimate 4% economic growth in 2004**
- ➡ **China is again one of the fastest growing regions**

Ifo Sentiment Index German Printing Press Industry

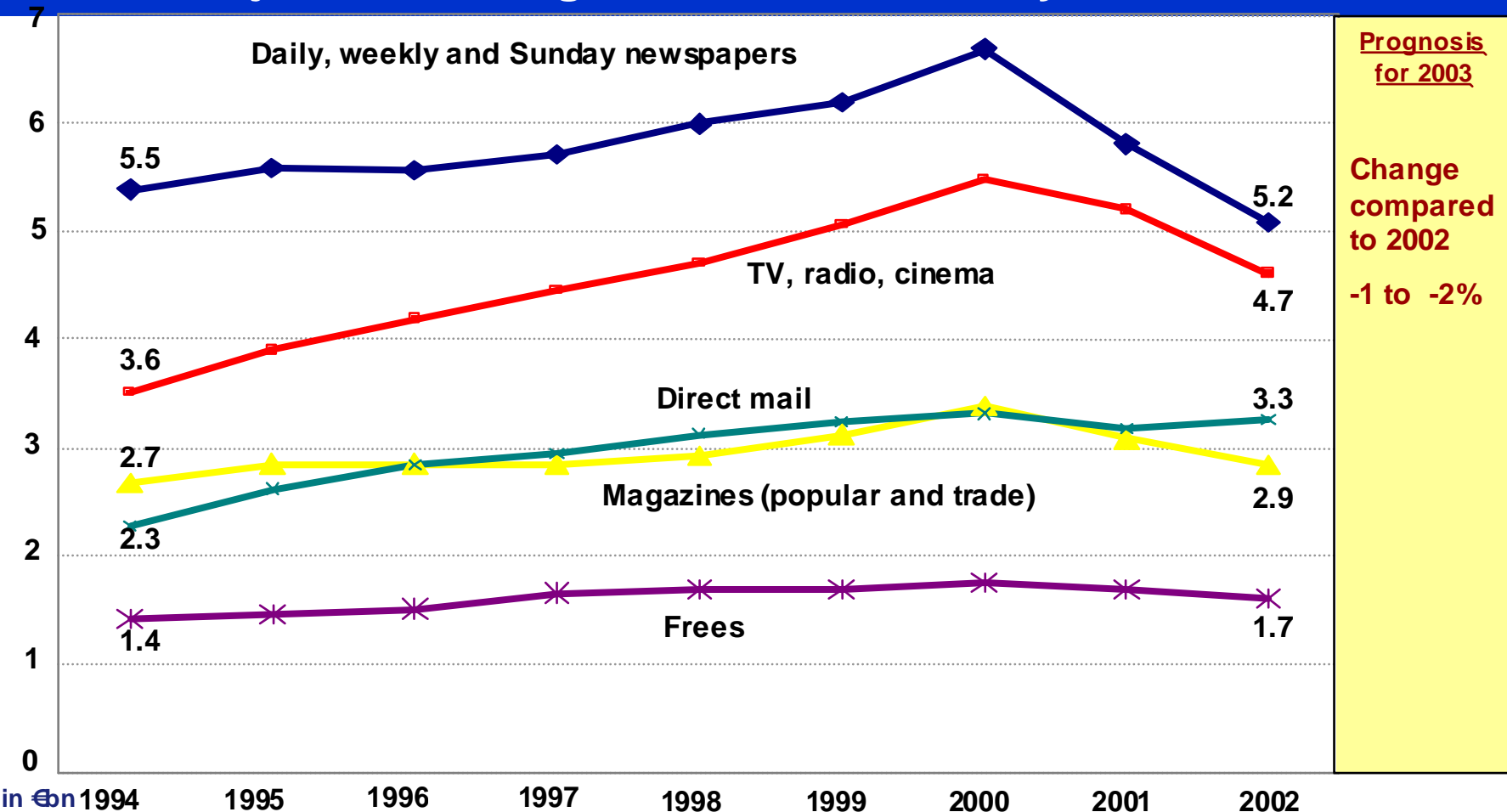
Current situation: 60% fair; 30% unsatisfactory; 10% good



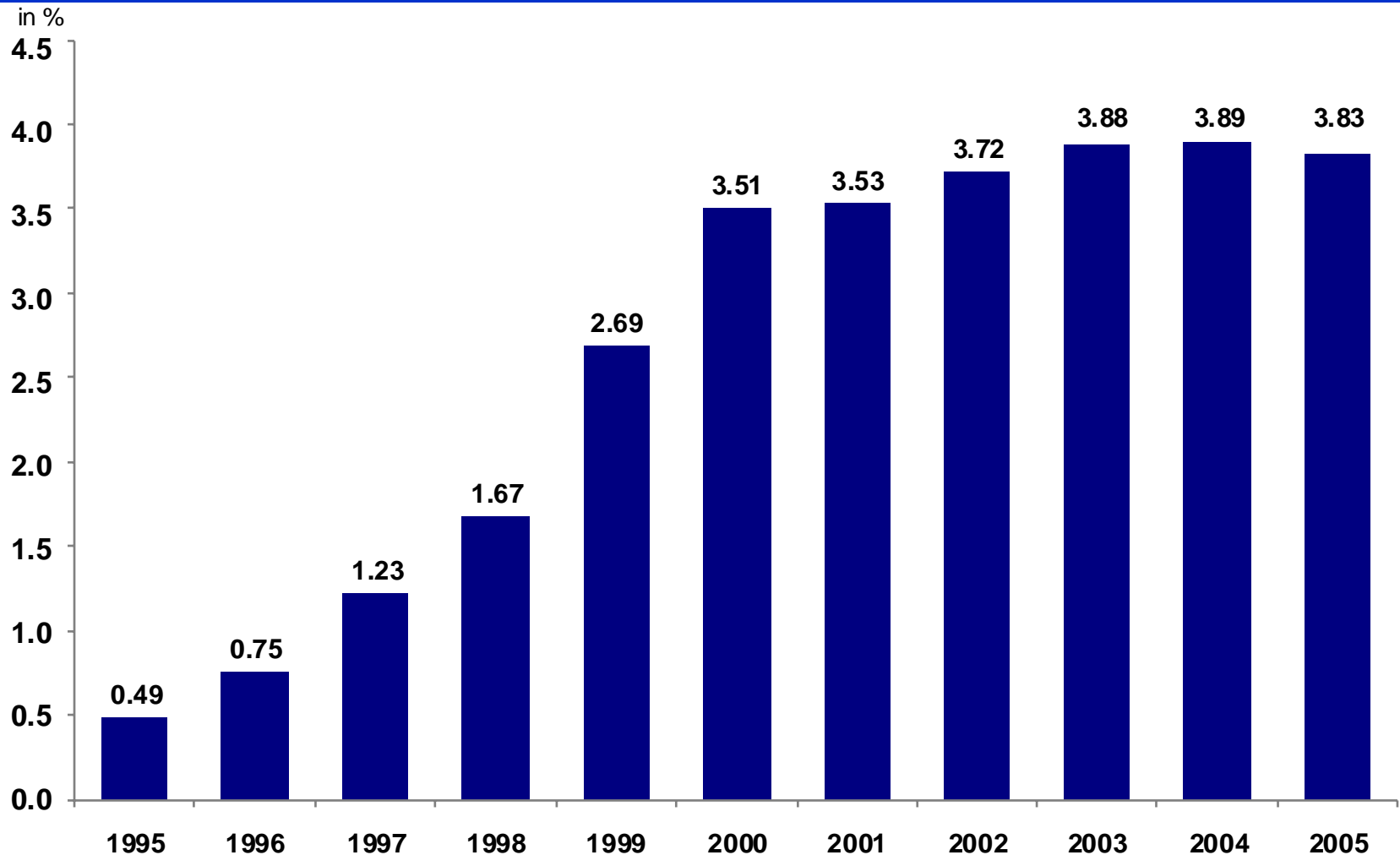
Media Market Trends 2001 - 2003

- ➡ **Dramatic drop in advertising spend**
- ➡ **Even major publishing houses have posted losses**
- ➡ **Pay TV is *back to normal business***
- ➡ **Euphoria for the internet as a “money machine” has died**
- ➡ **Rising number of acquisitions and mergers in the printing and graphics industries**
- ➡ **Shift towards shorter print runs, tighter deadlines and lower prices**
- ➡ **Print and e-media are gradually converging, but are being used more and more selectively**

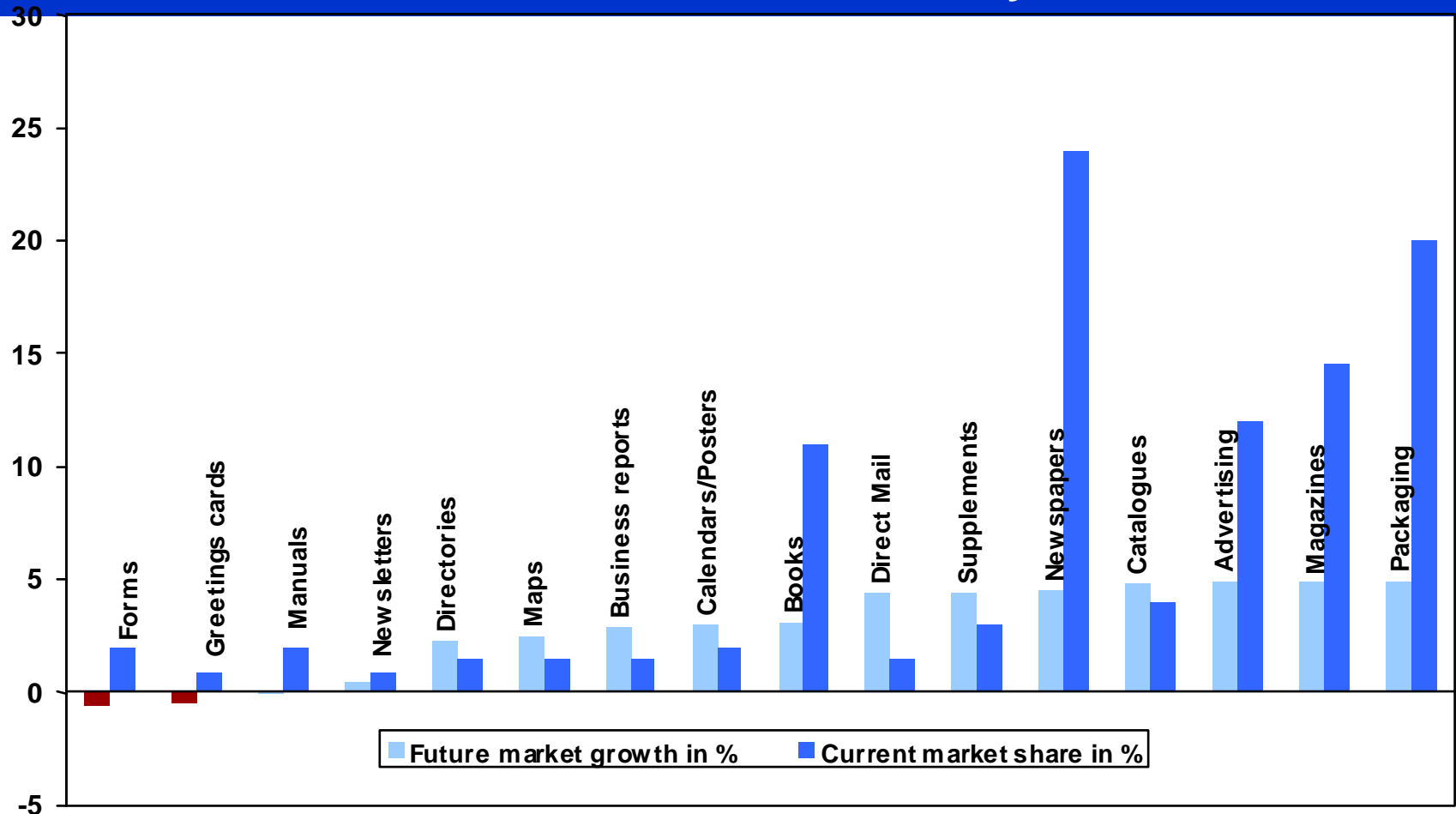
Major Advertising Vehicles in Germany 1994 - 2002



Internet's Share of Total Ad Spend (USA/Europe)



Current Market Share and Growth of Key Print Products



Conclusion for Print

- ☞ **Cost cutting, personalisation and differentiation are key topics in the print media industry**
- ☞ **Prerequisites for cutting production costs are more standardised processes and more communication among industry players**
- ☞ **Print producers must play to their products' strengths (haptic and optic qualities, durability, credibility) in the media arena**
- ☞ **Print and packaging must be produced faster, in an even better quality and more ecologically on presses with a wider range of capabilities**

KBA's Contribution as Print Media Partner

- A. Qualitative differentiation from the standards obtaining in a mass market**
 - ☞ **cost-effective inline finishing with hybrid processes**
- B. High-automation, high-output presses that support production flexibility, minimise makeready and deliver a superior print**
- C. Enhanced quality and cost-efficiency by standardising process sequences and reducing the number of parameters**
 - ☞ **waterless, keyless offset**
- D. Cutting-edge technology in tandem with new consumables (e.g. oxidative inks on plastic as a new business sphere for printers)**
- E. Environmentally friendly eco-package**

Newspaper Presses: 6/2 Commander



The Challenge:

Newspapers with medium to large circulations and page counts must reduce their investment, manning and floorspace costs

The Solution: 6/2 KBA Commander

- 6-wide press with proven technology
- 2 huge press lines already sold to Switzerland
- Fewer aggregates, smaller footprint, lower investment costs and a higher net output enhance cost efficiency
- User-friendly lock-up slots on plate cylinder
- Minigaps and metal-backed blanket plates on blanket cylinder
- KBA's solution for a streak-free print on webs more than 2 metres wide
- Makes economic sense for many newspapers with 48, 72, 96, 120 or more pages broadsheet

Newspaper Presses: KBA Cortina



The challenge:

- Enhance four-colour print quality
- Accelerate production and distribution
- Accelerate production changes to support local editions
- Lower production costs
- Standardise production
- Increase automation, reduce manning
- Cut waste and hence paper costs
- Increase press utilisation with extra products

The solution: KBA Cortina:

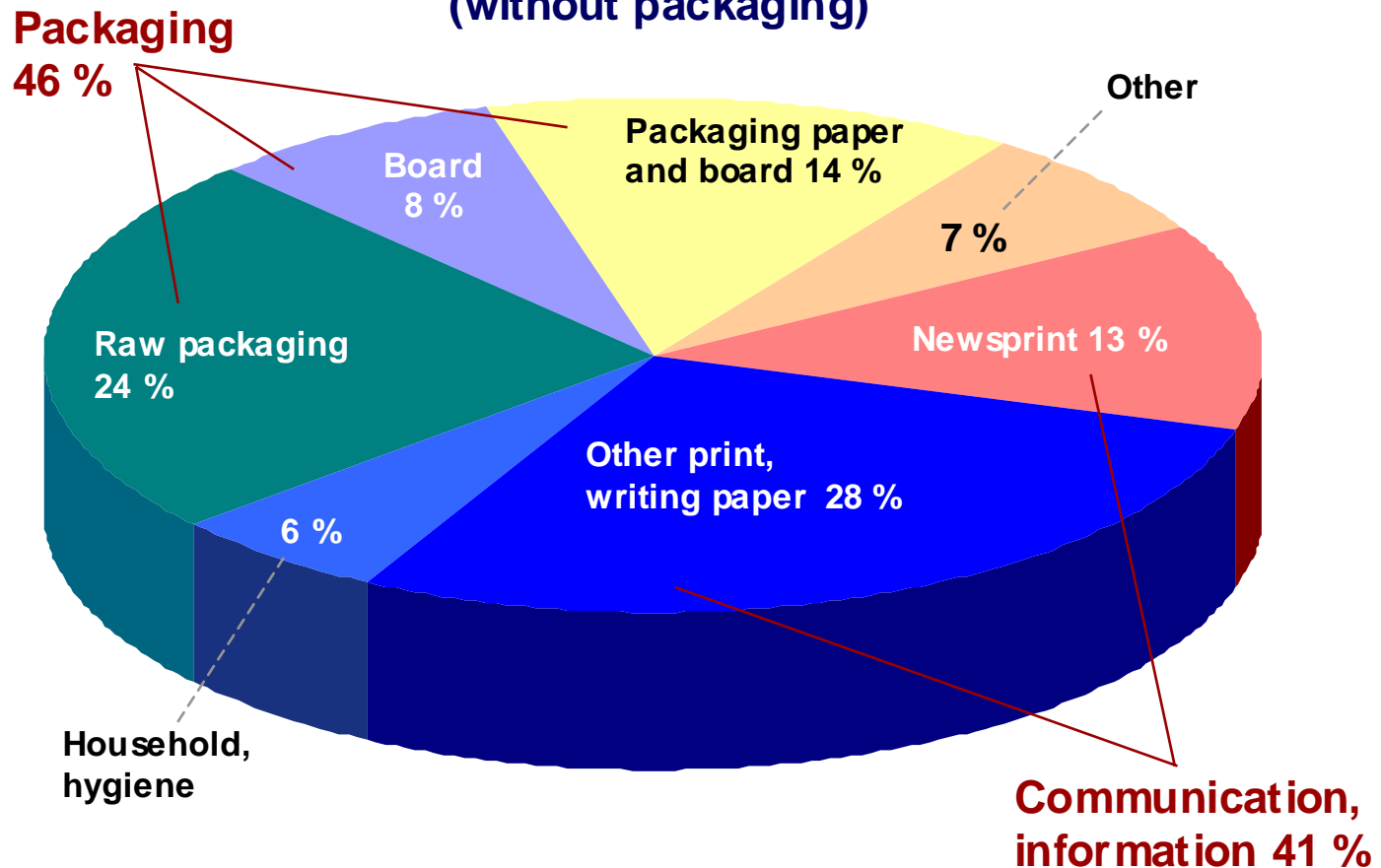
- Compact design cuts investment costs and supports print on demand
- Waterless inking promotes superior print quality regardless of operator
- Absence of ink keys and dampeners minimises start-up waste
- Extensive automation reduces manning levels (automatic plate change < 100 seconds)



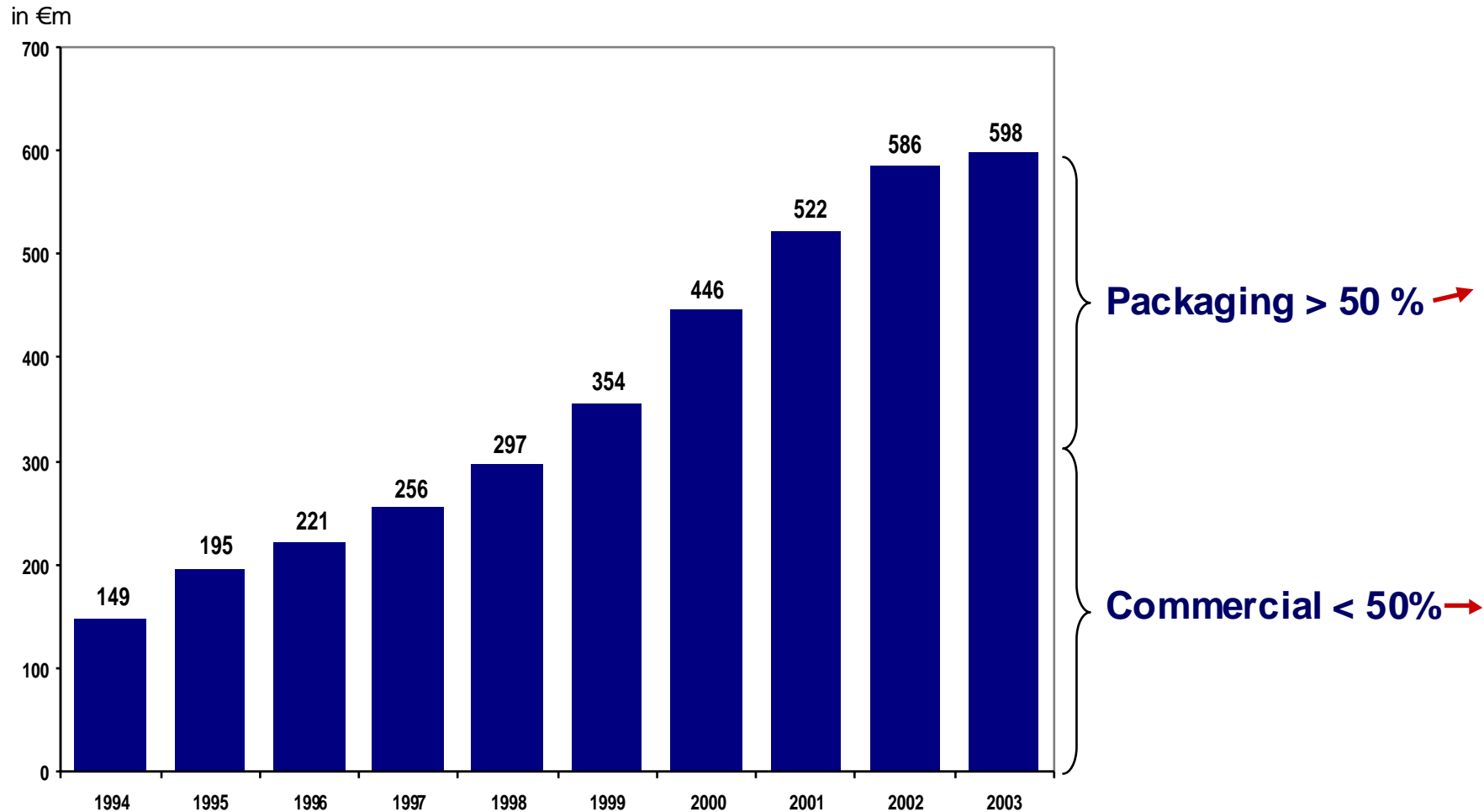
Printing Industry

Global Paper Consumption by Use in %

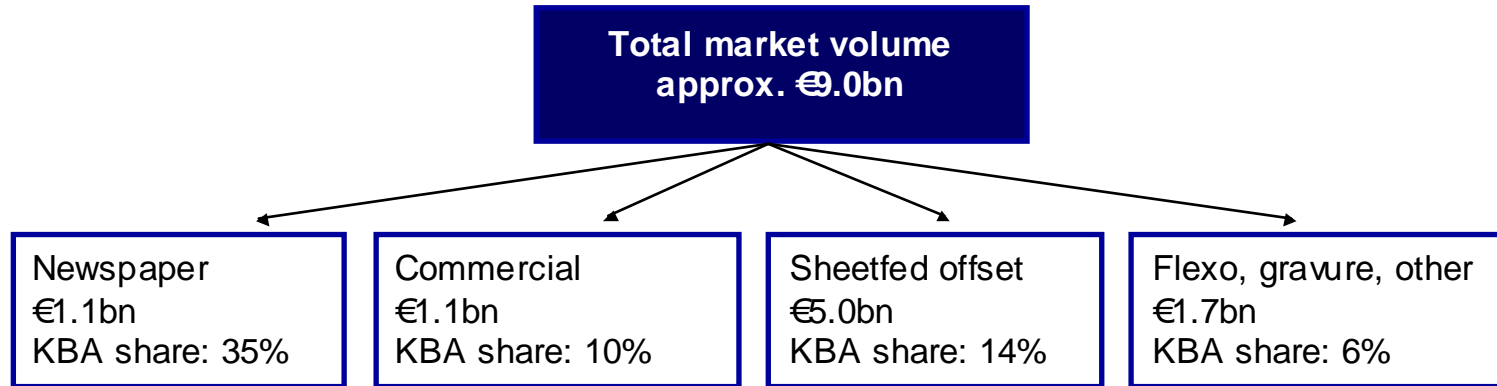
Global paper consumption 2001: 350 million tonnes
including approx. 70 million tonnes (20 %) for commercial print production
(without packaging)



Sheetfed Offset: Turnover Radebeul Plant



Global Press Market* / KBA Share



Newspapers, supplements, magazines, advertising, packaging, books, posters, metal-decorating, banknotes

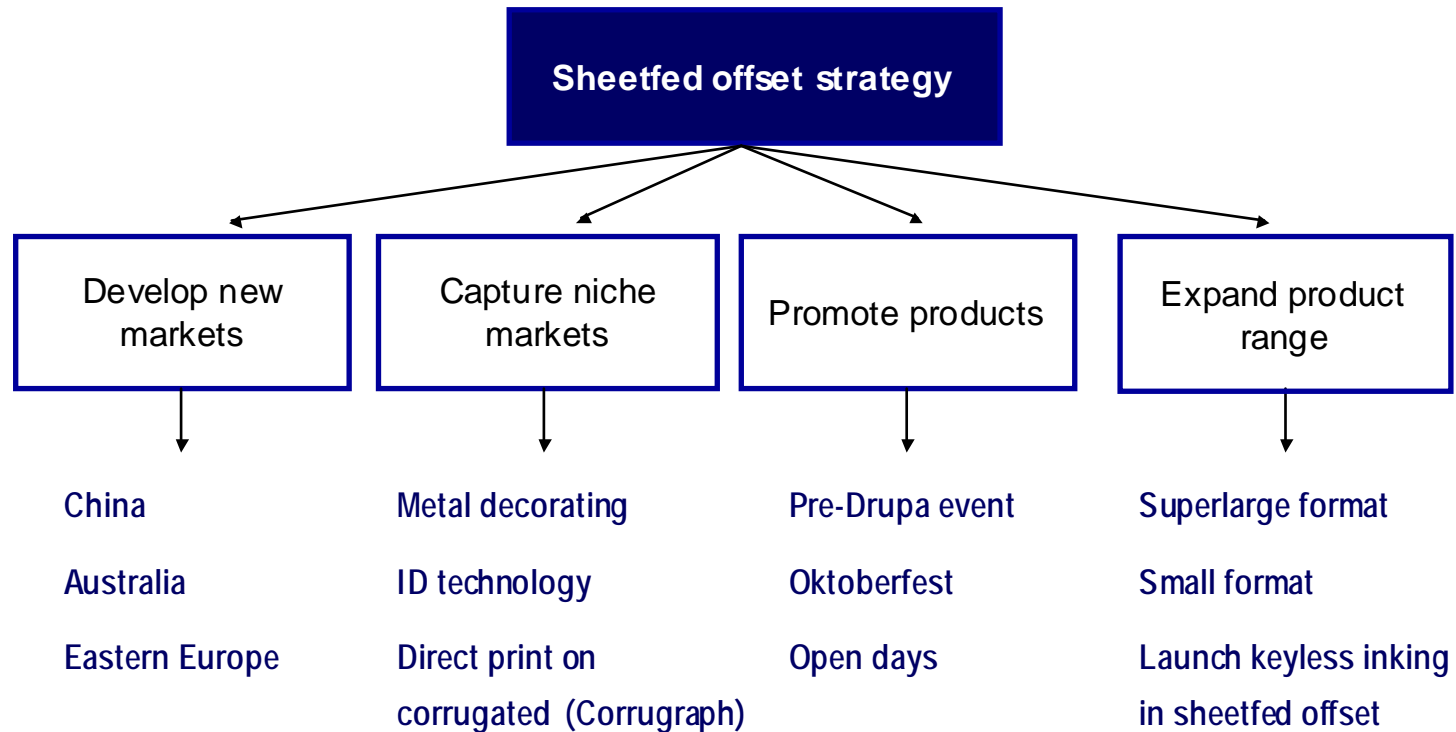


*excluding toner-based technologies and digital print



KBA's Strategy

Sheetfed Offset



Sheetfed Offset: New Markets



Niche market metal decorating:

- 2003: acquisition of Bauer+Kunzi, Ditzingen, a specialist manufacturer of metal-decorating presses
- Technology leader with Metalstar 2 based on Rapida
- World's longest metal-decorating presses
- Goal: market leader

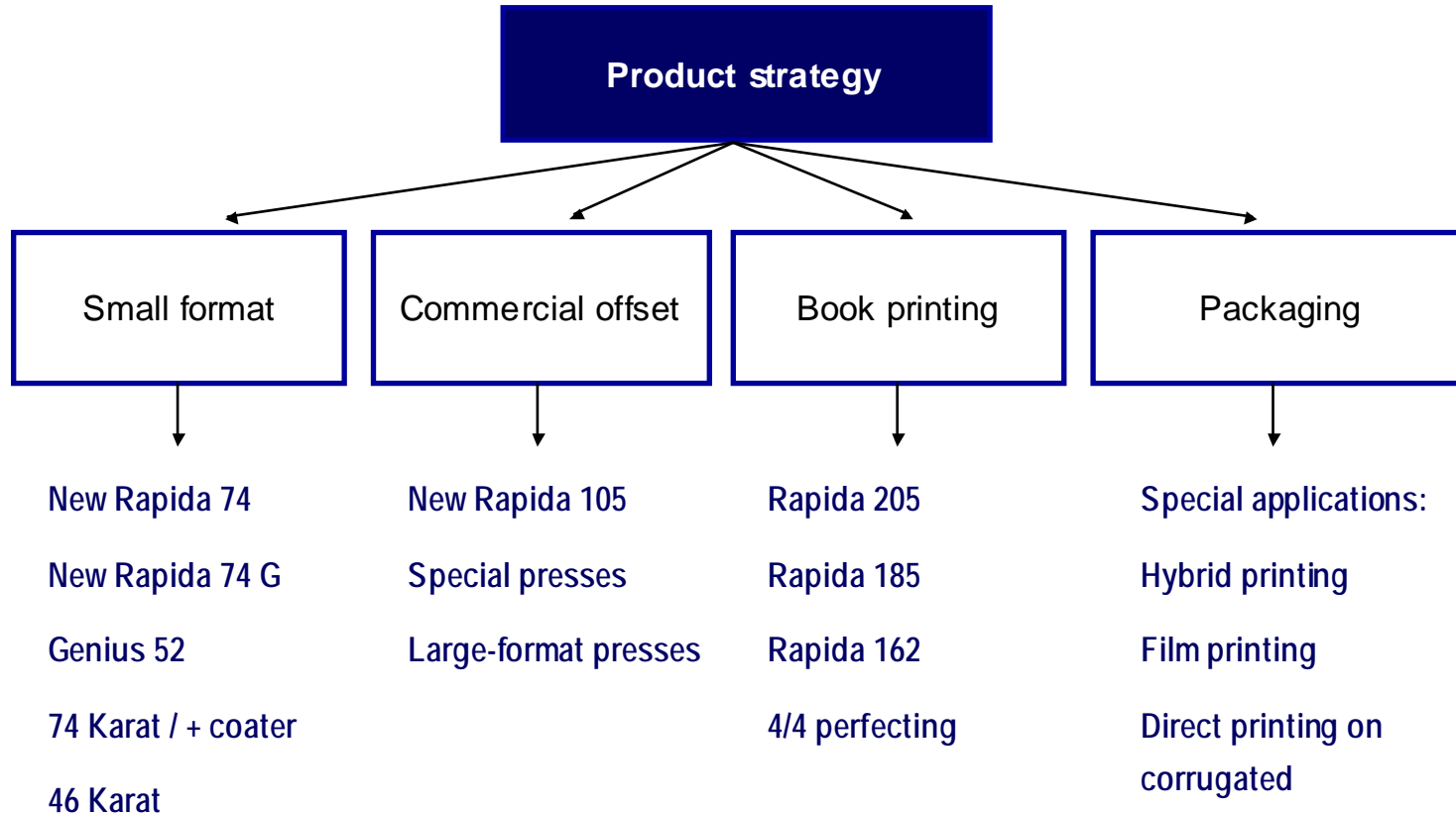
Sheetfed Offset: New Markets

Niche market ID technology:

- Potential for growth in industrial ID technologies (inkjet, laser, heat-stamping)
- Smooths KBA's entry into digital print
- February 2004: acquisition of 73.9% stake in Metronic
- Goal: expansion in Metronic's core markets
- Exploitation of technology gains for KBA's own product range (inkjet, laser)



Sheetfed Offset



Sheetfed Offset: Genius 52 for Short-run Colour



- Ideal for small-format, short-run production
- Just a few sheets start-up waste

Sheetfed Offset: 46 / 74 Karat Digital Presses



- PowerMix package for photo-like print quality
- JDF integration (from 09/04)

Rapida⁷⁴ and Rapida⁷⁴ G



- World first among unit-type B2 presses • Enhances productivity & flexibility in B2

New Rapida *105*

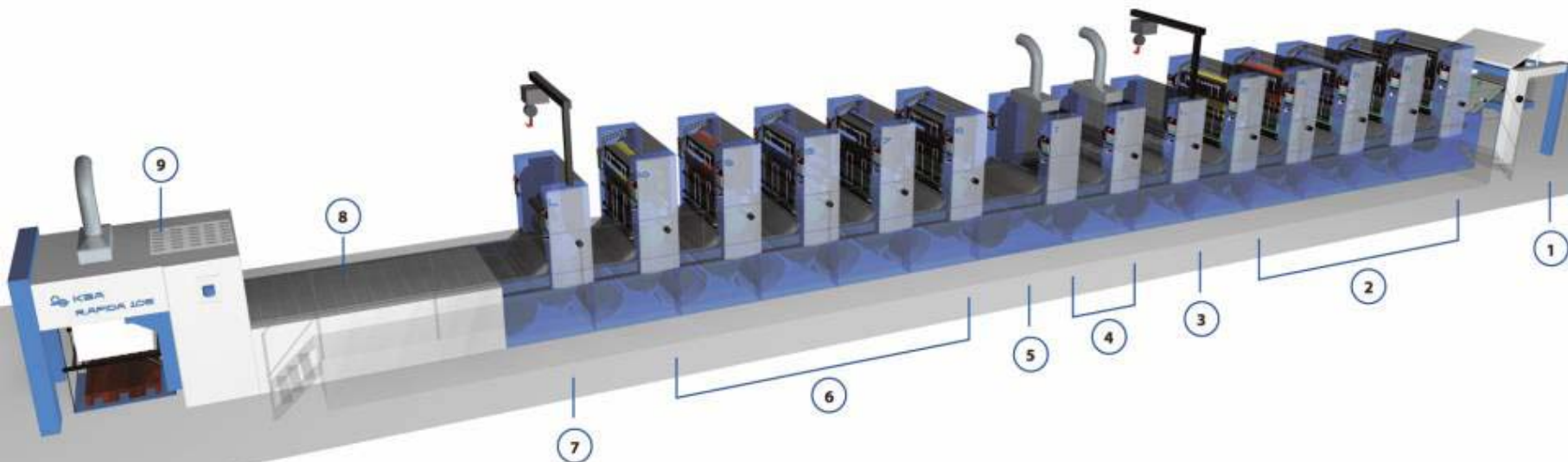


- Fastest and most advanced B1 press worldwide, maximum rated output 18,000

Sheetfed Offset: “EffectPress”

Rapida 105 Universal-5+C+D+D+P8+5+C+DDE:

- | | |
|---|---|
| 1 Shaftless feeder | 5 Automatically convertible perfecting |
| 2 5 inking units for standard and hybrid inks | 6 5 inking units for standard and hybrid inks |
| 3 Coater for aqueous and UV coatings | 7 Coater for aqueous and UV coatings |
| 4 2 dryers (IR/hot-air and UV) | 8 Delivery extension with UV/hot-air |
| | 9 Delivery with UV end-of-press curing |



Rapida 162



- The most powerful and versatile LF press on the market

Sheetfed Offset: Super Large Format

SLF Rapida 185/205 versus B3 Genius 52



- The biggest sheetfed offset press worldwide offers new options for poster, display, book and packaging printers

Sheetfed Flexo: Direct Printing on Corrugated Packaging



- First press shipped to Central Graphics & Container Group Ltd., Canada



Outlook 2004 / Drupa 2004

KBA at Drupa 2004: “Driving Advances – Together”

- ➡ **Raise print’s profile in the media arena**
- ➡ **Promote the industrialisation of print production in the sense of transforming it into an automated function**
- ➡ **Drive advances in technology to enhance standardisation, quality and economy, and take the guesswork out of print production (waterless/keyless: e.g. Cortina, Rapida 74 G, Genius 52)**
- ➡ **Combine cutting-edge technologies with new consumables (e.g. hybrid coating, ecological offset, oxidative inks for printing plastic)**
- ➡ **Target strong sales during and after Drupa with a product range boasting cutting-edge technology and a raft of unique features**

Targets 2004

- **Double-digit growth in group sales**
- **Group profit**
- **Higher level of plant utilisation and balanced result in web and special press division**
- **Growth in sheetfed offset sales, increased market share with new products and expanded product range**



Thank you