8 April 2005 - Programme

- **Opening address**

  Albrecht Bolza-Schünemann, President and CEO of Koenig & Bauer AG

- **Group financial statements for 2004**

  Albrecht Bolza-Schünemann

- **Trends in the print media industry and at KBA**

  Klaus Schmidt, Director Communications, KBA Group

- **Outlook for 2005**

  Albrecht Bolza-Schünemann

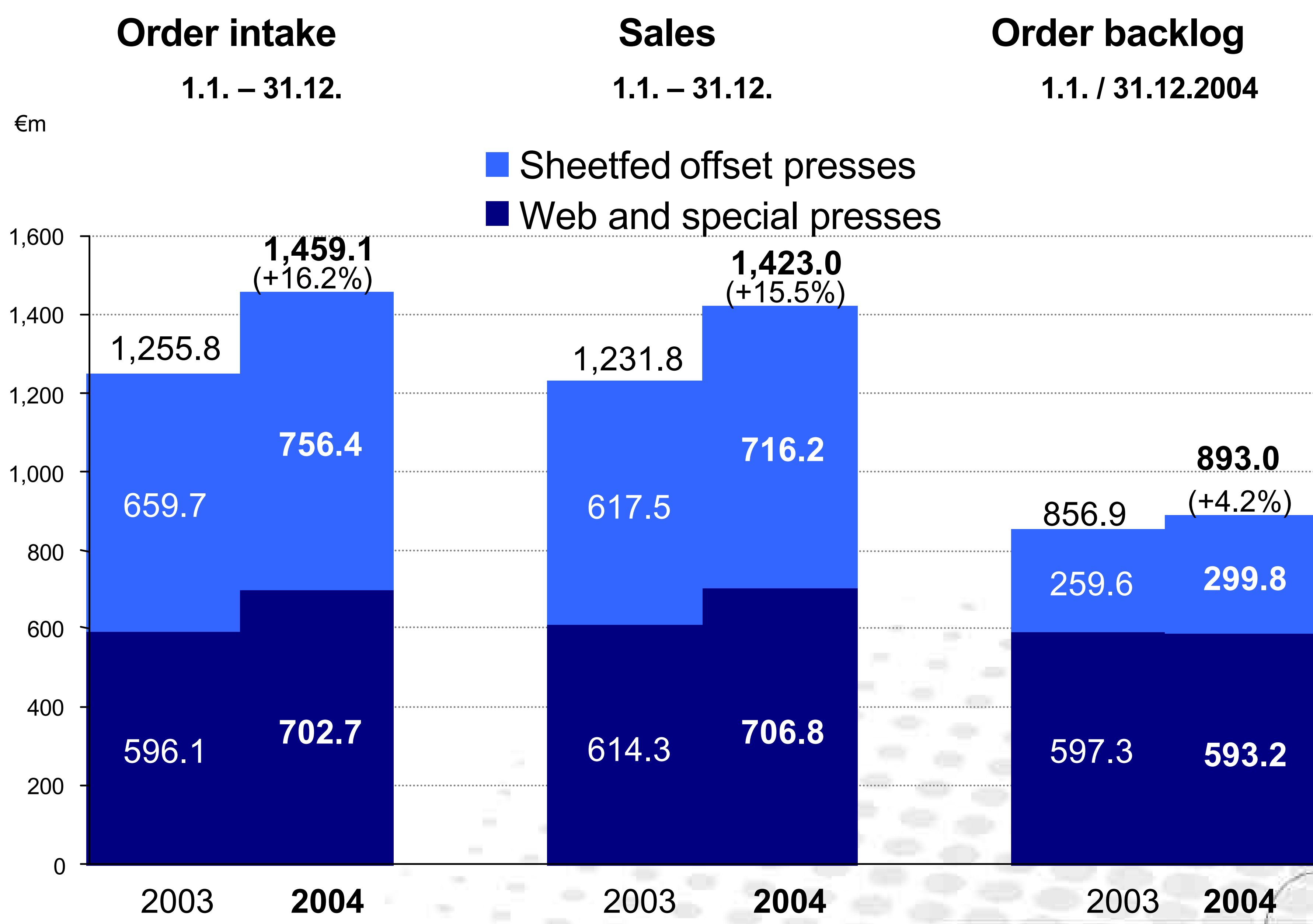
- **Discussion**

- **Tour of factory, lunch**

Group financial statements for 2004

Albrecht Bolza-Schünemann, President and CEO of Koenig & Bauer AG

Group business operations (IFRS)



Group income statement (IFRS) Jan-Dec

in €m	WEB 2003	WEB 2004	SHEET 2003	SHEET 2004	GROUP 2003	GROUP 2004
Revenue	614,3	**706,8**	617,5	**716,2**	1.231,8	**1.423,0**
Costs of conversion	-	-	-	-	-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	-21,8	**10,5**	19,9	**9,8**	-1,9	**20,3**
Restructuring expenses	-45,1	-	-	-	-45,1	-
Post-restr. operating profit/loss	-66,9	**10,5**	19,9	**9,8**	-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**

Group balance sheet (IFRS) to 31.12.

Assets (in €m)	Dec 2003	Dec 2004
Non-current assets		
Intangible assets	20,9	**22,4**
Property, plant and equipment	239,3	**259,2**
Financial assets	22,1	**17,0**
	282,3	**298,6**
Current assets		
Inventories	371,1	**392,4**
Trade receivables	374,1	**442,1**
Other receivables and assets	126,9	**107,1**
Securities	13,2	**13,9**
Cash and cash equivalents	71,6	**32,2**
	956,9	**987,7**
Deferred tax assets	60,2	**61,6**
Balance sheet total	1.299,4	**1.347,9**

Equity and liabilities (in €m)	Dec 2003	Dec 2004
Equity		
Issued capital	42,0	**42,2**
Capital reserve	82,2	**83,1**
Revenue reserves	349,5	**311,7**
Net profit/loss	-30,0	**11,9**
	443,7	**448,9**
Provisions		
Pension provisions	86,6	**88,4**
Tax provisions	0,4	**1,6**
Other provisions	221,9	**211,3**
	308,9	**301,3**
Liabilities		
Bank borrowings	148,0	**137,1**
Payment received on account of orders	216,3	**247,9**
Trade payables	69,8	**109,9**
Other liabilities	59,3	**49,4**
	493,4	**544,3**
Deferred tax liabilities	53,4	**53,4**
Balance sheet total	1.299,4	**1.347,9**

Group cash flow (IFRS) Jan - Dec

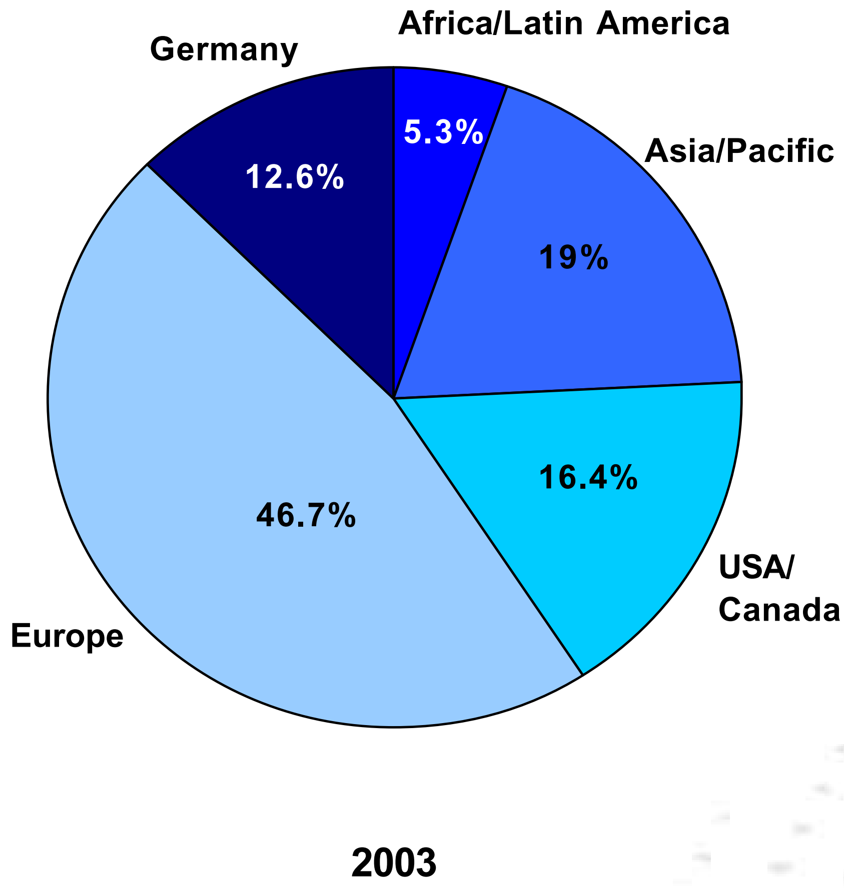
in €m	2003	2004
Profit/loss from ordinary activities	-49,6	**15,9**
Appreciation/depreciation on non-current assets	57,1	**46,2**
Changes in provisions	41,1	**-16,0**
Changes in inventories, receivables and other assets	-23,7	**-50,4**
Changes in liabilities	44,0	**47,1**
Other	-7,3	**-3,8**
Cash flows from operating activities	61,6	**39,0**
Cash flows from investing activities	-40,2	**-48,8**
Balance (free cash flow)	21,4	**-9,8**
Cash flows from financing activities	12,3	**-26,3**
Effects of changes in exchange rates	-6,0	**-2,6**
Change in funds	33,7	**-36,1**
Funds at beginning of period	57,1	**84,8**
Funds at end of period	84,8	**46,1**
Bank borrowings	148,0	**137,1**

Additional group figures

➢ Investment	€57.0m (prior year: €45.3m)
➢ Depreciation	€46.3m (prior year: €57.2m)
➢ Payroll on 31.12.	7,398* (prior year: 7,054)
	*Metronic 290, Bauer+Kunzi 50
➢ Earnings per share	€0.74 (prior year: -€1.86)
➢ Projected dividend per no-par share	€0.25

Group turnover by region

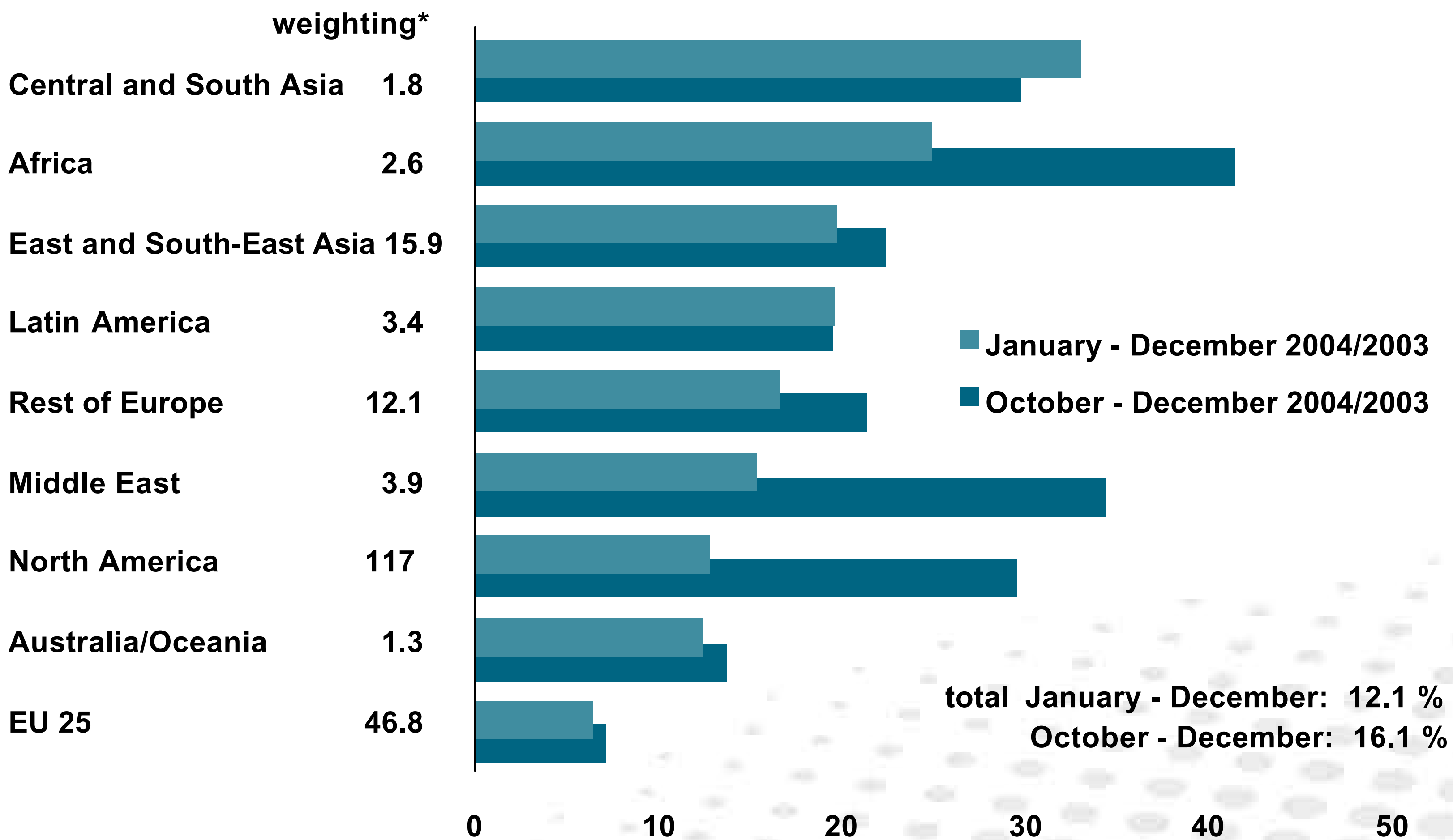
% of turnover



Trends in the print media industry and at KBA

Klaus Schmidt, Director Corporate Communications, KBA

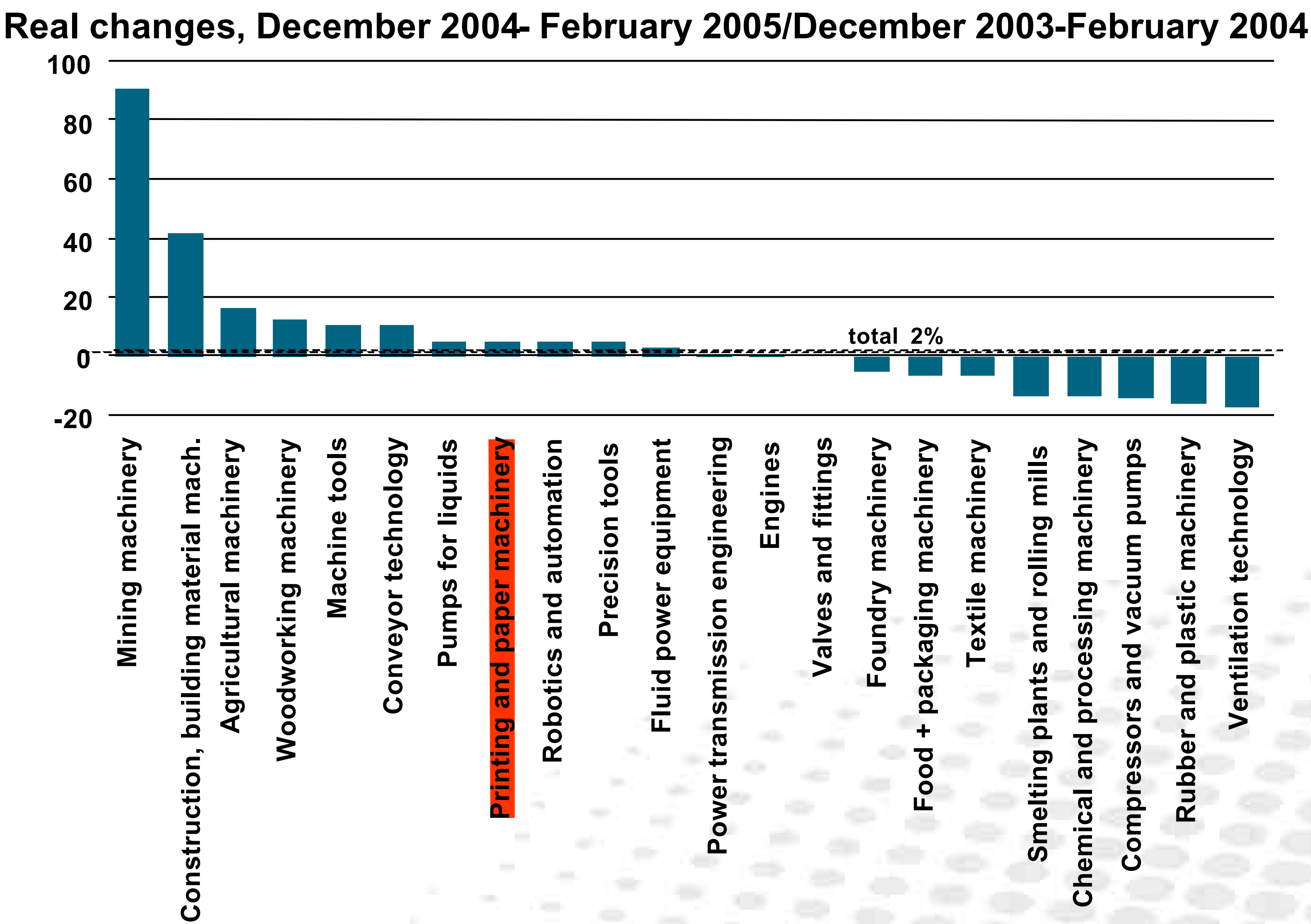
German machine exports by region



*) current share of German exports to all countries

Source: VDMA Konjunkturbulletin 4/2005

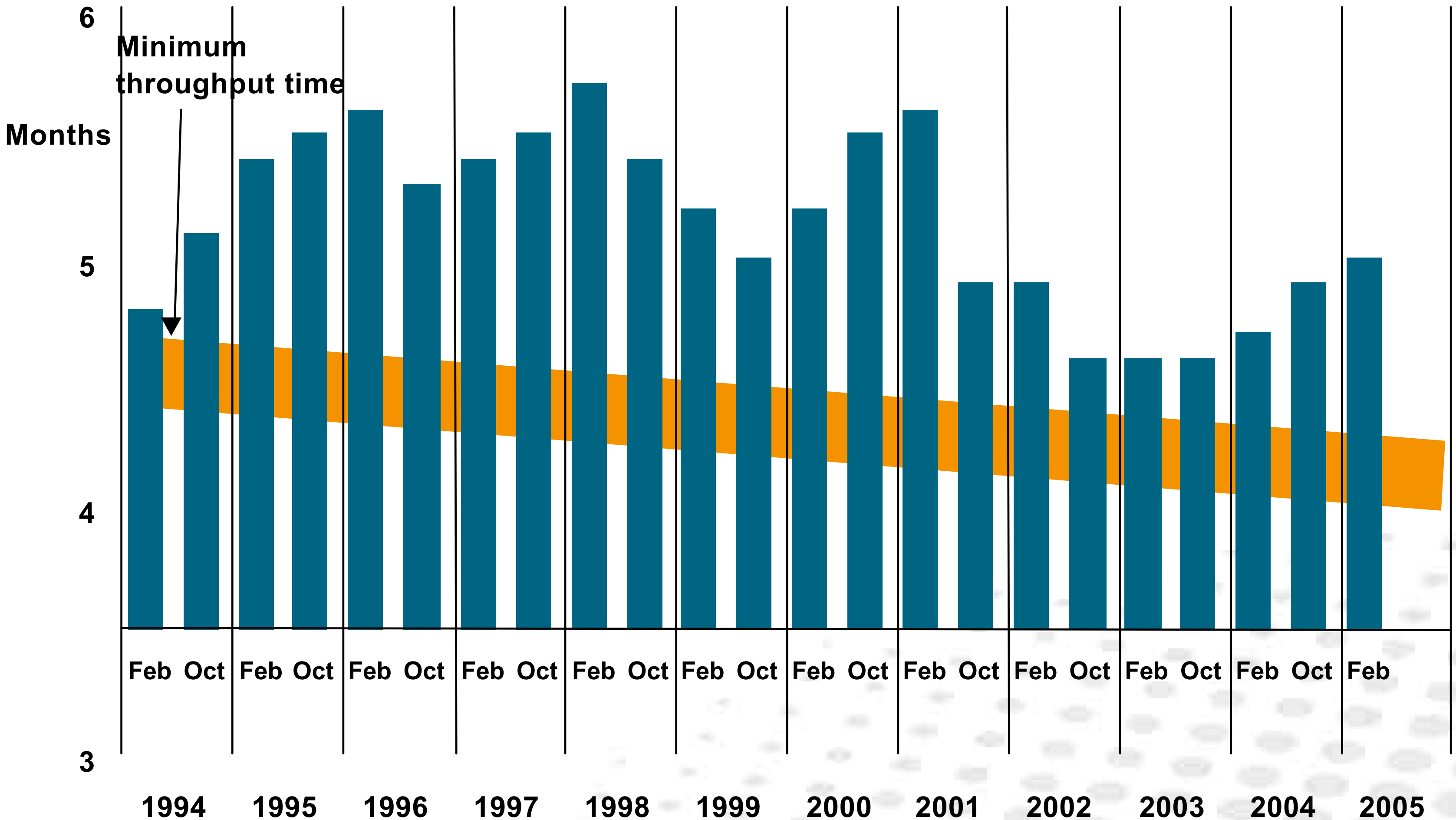
German order intake in selected subsectors



Source: VDMA Konjunkturbulletin 4/2005

Machine order backlog

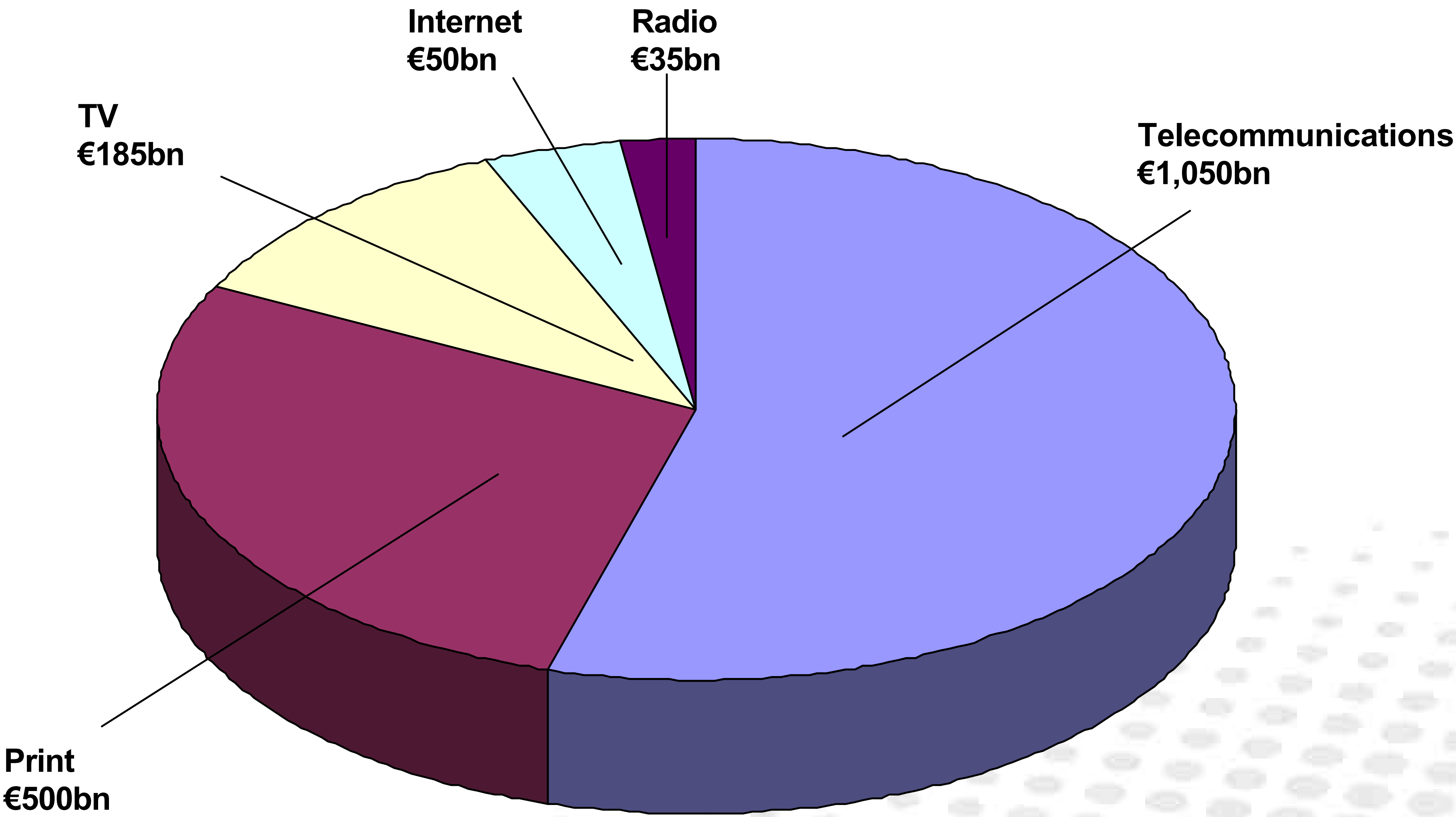
Expressed in production months



Source: VDMA Konjunkturbulletin 4/2005

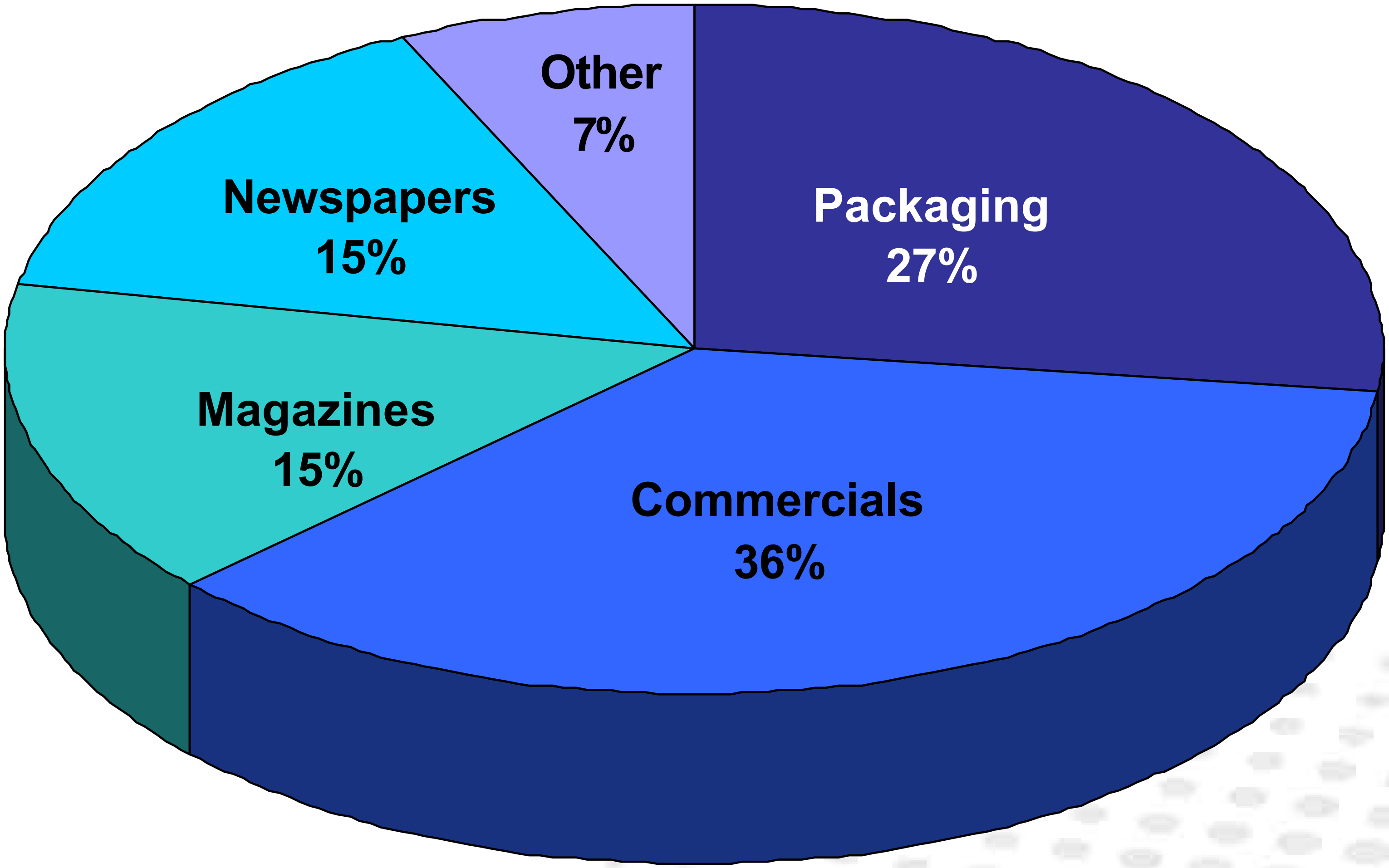
Global communications market 2003

€1,820bn in total*



 *projected

Global market by segment

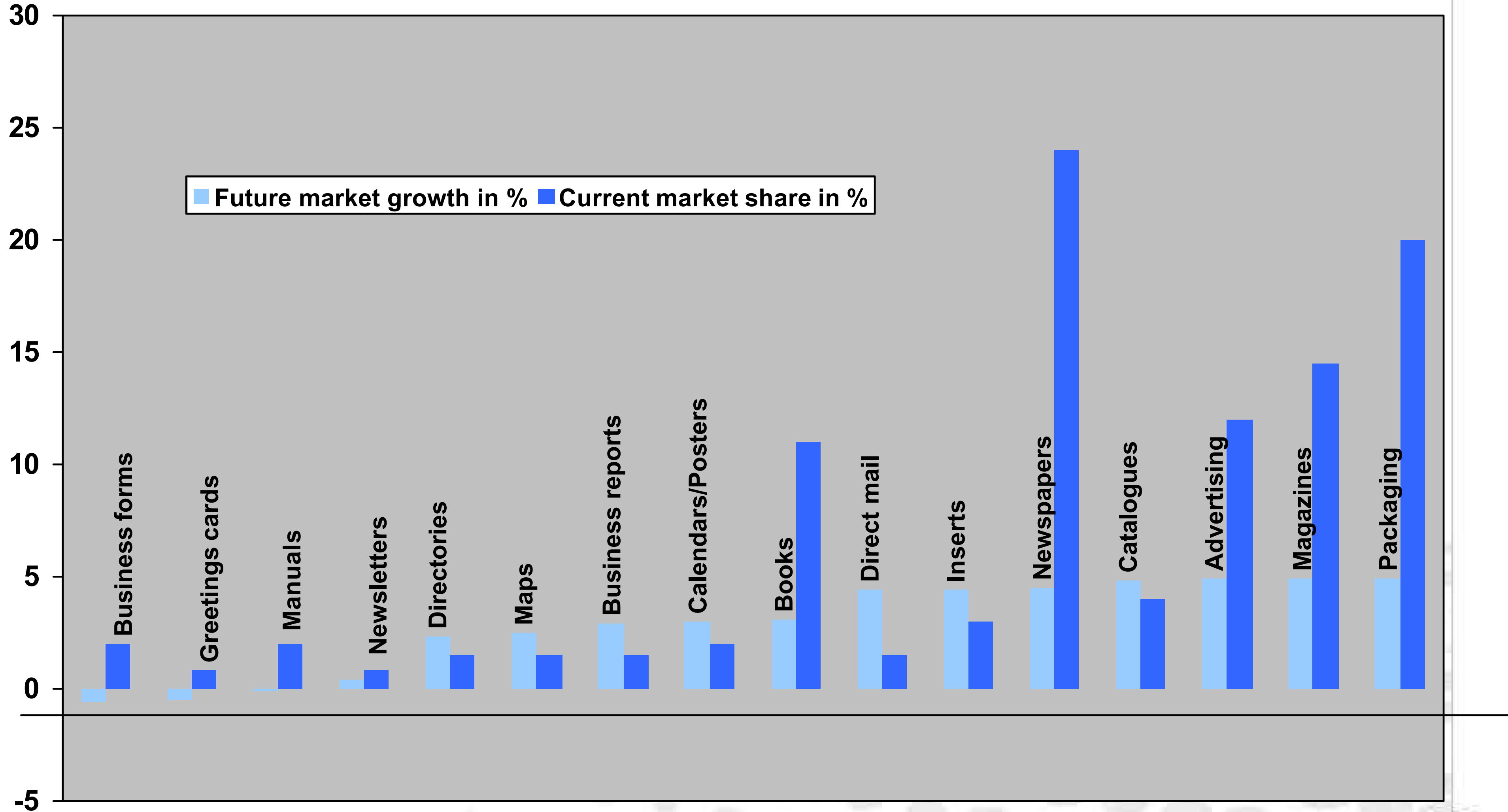


€500bn production value in 2003

Source: AGFA 2003

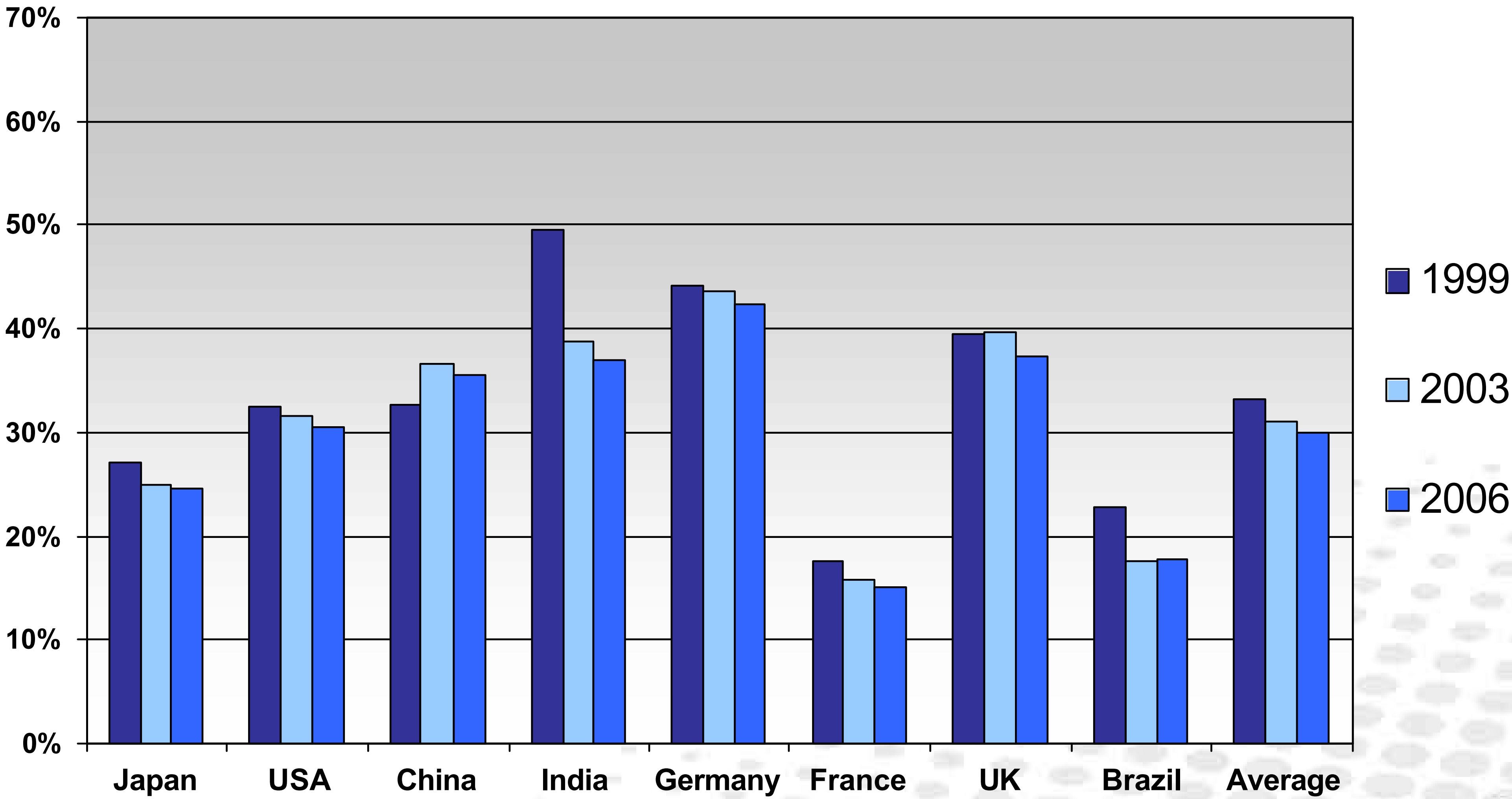
Global print markets

Current market share / future market growth



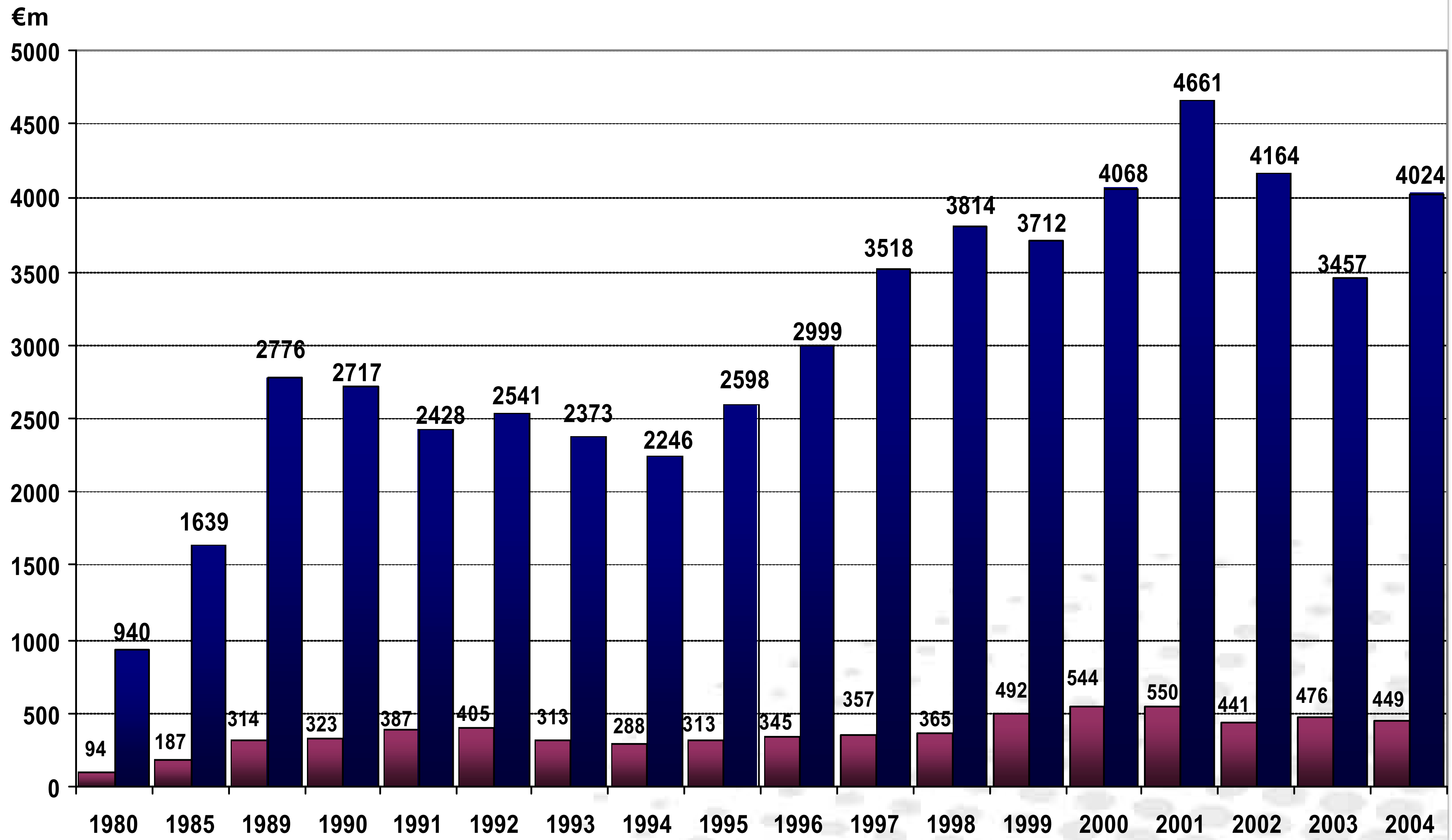
Biggest newspaper markets worldwide

Newspaper advertising revenue 1999 - 2006



 Source: WAN - World Press Trends 2004

Imports and exports of printing presses*



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

*incl. finishing

World printing press market 2004*

KBA's share

Total market volume approx. €9bn

Newspaper	Commercial web	Sheetfed offset	Flexo, gravure, other
€1.1bn	€1.1bn	€5bn	€1.8bn
KBA share: 29%	KBA share: 11%	KBA share: 15%	KBA share: 8%

Newspapers, supplements, magazines, promos, packaging, books, posters, cans, banknotes

*excluding toner-based technologies/digital print and office print

World printing press market 2004*

KBA's position

Market volume (MV)
100%
(€9.0bn)
KBA market share :~15%

Letterpress, flexo, gravure
20%
(€1.8bn)
KBA market share:~ 8%

Offset presses
80%
(€7.2bn)
KBA market share:~16%

Sheetfed offset
70%
(€5.0bn; 56% of MV)
KBA market share:~15%

Web offset
30%
(€2.2bn; 24% of MV)
KBA market share:~22%

B3
350 x 500 mm
16 %
(€0.8bn; 8.9% of MV)
KBA market share: > 1%

B2
500 x 700 mm
24%
(€1.2bn; 13.3% of MV)
KBA market share: >6%

B1
700 x 1,000 mm
50%
(€2.5bn; 27.8% of MV)
KBA market share:~ 13%

Large format
up to 1,510 x 2,050 mm
10%
(€0.5bn; 5.5% of MV)
KBA market share:~ 60%

Coldset
50%
(€1.1bn; 12% of MV)
KBA market share:~ 29%

Heatset
50%
(€1.1bn; 12% of MV)
KBA market share:~11%

*excluding toner-based technologies/digital print

Current situation in global print market

- Mature markets approaching saturation, enormous growth potential in threshold markets
- Structural change from craft to industry, with increasing digitisation of processing chain
- Ongoing need to invest, trend towards mergers
- Edition splitting, reduced stocks lead to smaller circulations and page counts
- Mounting pressure on prices, costs, delivery/service conditions
- Print and e-media are melding, but are consumed more selectively

KBA's response as print media partner

- Quality as differentiator in mass market
  (example: cost-effective hybrid coating)
- Flexible printing systems with high level of automation
  (example: new Rapida 105 medium-format press)
- Milestone innovations to promote standardisation
  (example: combination of waterless offset and keyless inking in Rapida 74 G, Genius 52, Cortina)
- Alliances to advance new processes
  (example: brand protection, lenticular printing)
- Combination of cutting-edge technologies and new consumables
  (example: oxidative plastic and foil printing)
- Enhanced press ecology

Koenig & Bauer Aktiengesellschaft (KBA)

Facilities: Würzburg, Frankenthal, Radebeul, Trennfeld

- 100% — **KBA-Mödling AG**, Mödling / Austria — Production, sales and service
- 100% — **KBA North America Inc.**, Wilmington / Delaware, USA — Holding
  - 100% — **KBA North America Inc.** Sheetfed Division, Williston / VT, USA — Sales and service
  - 100% — **KBA North America Inc.** Web Press Division, York / PA, USA — Production, sales and service
- 100% — **KBA-Metronic AG**, Veitshöchheim / Germany — ID and UV offset systems
- 100% — **Bauer+Kunzi GmbH**, Ditzingen / Germany — Metal-decorating presses
- 100% — **KBA-Grafitec, spol. s r. o.**, Dobruška / Czech Republic — Small-format sheetfed offset

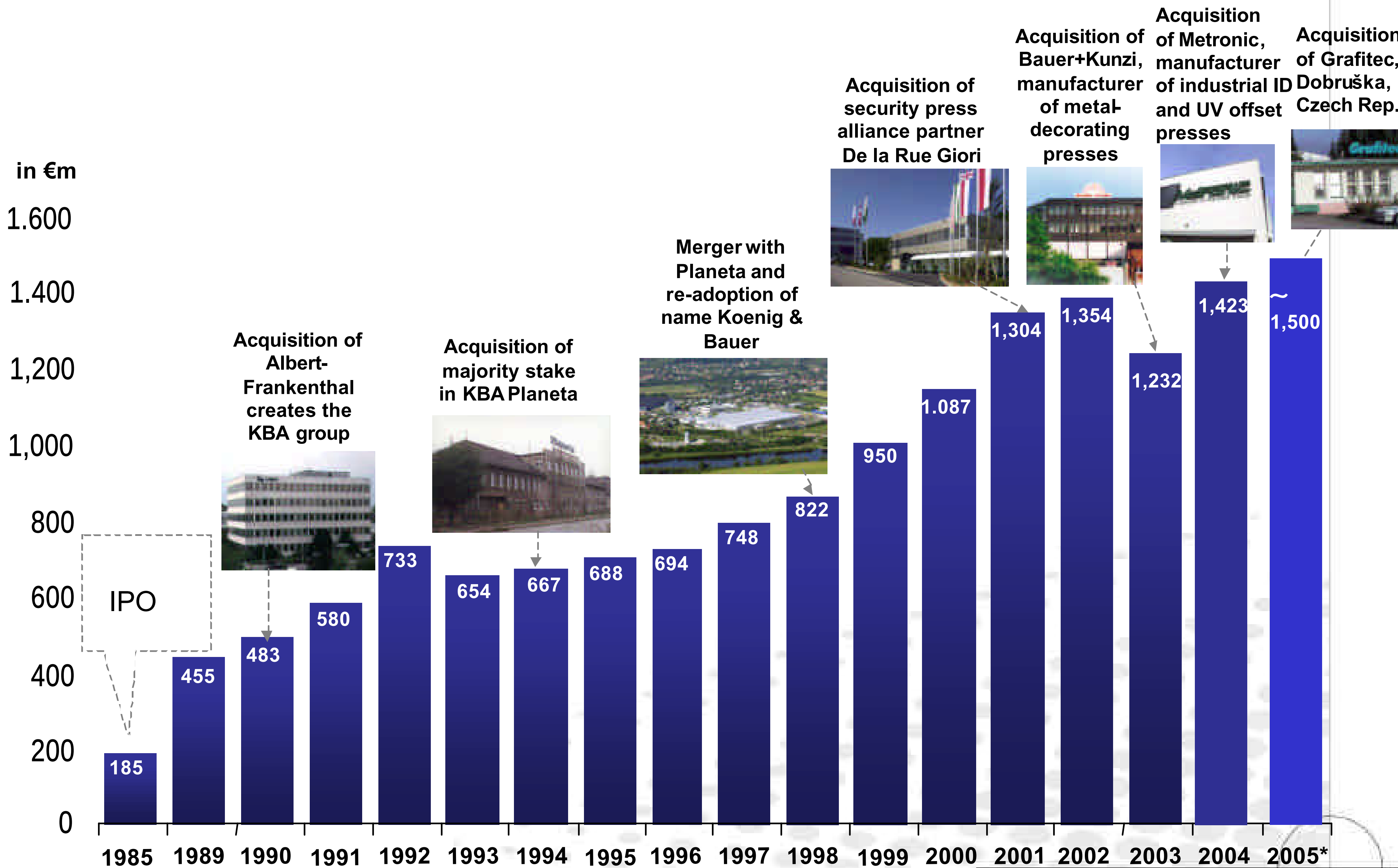
- 100% — **KBA (UK) Ltd.**, Watford / UK — Sales and service
- 100% — **KBA-France SAS**, Tremblay-en-France / France — Sales and service
- 100% — **KBA-Italia S.p.A.**, Milan / Italy — Sales and service
- 100% — **KBA Asia Pacific Sdn. Bhd.**, Kuala Lumpur / Malaysia and Singapore — Sales and service
- 100% — **KBA Australasia Pty Ltd**, Sydney / Australia — Sales and service
- 51% — **KBA (HK) Co. Ltd.**, Hong Kong / China — Sales and service
- 100% — **KBA RUS**, Moscow / Russia — Sales and service

- 100% — **KBA-Le Mont-sur-Lausanne SA**, Lausanne / Switzerland — Holding
  - 100% — **KBA-GIORI S.A.**, Lausanne / Switzerland — Sales and service security presses
  - 100% — **Print Assist AG**, Höri / Switzerland — Sales and service
- 100% — **Holland Graphic Occasions**, Wieringerwerf / Netherlands — Second-hand sheetfed offset sales
- 100% — **KBA Printing Machinery (Shanghai) Co., Ltd.** / China — Sales and service
- 50.2% — **KBA Nordic A/S**, Herlev / DK, Upplands Väsby / S and Vantaa / SF — Sales and service
- 24.9% — **KBA Leasing GmbH**, Radebeul / Germany — Leasing

Consolidated group 2004: approx. €1,423m turnover / 7,398 employees

03/2005

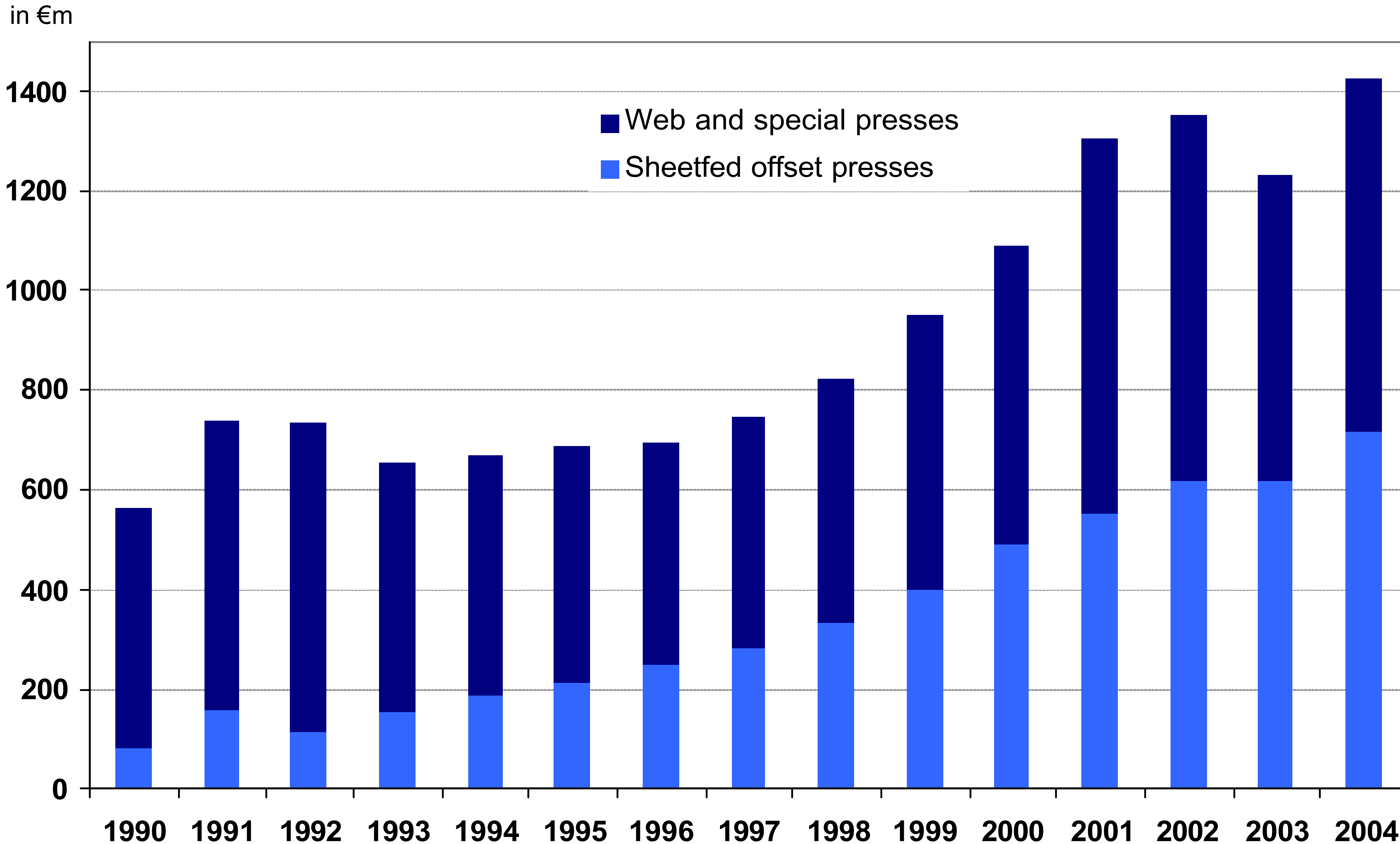
Group sales



*projected

KBA Group

Turnover by divisions



Post-2001 figures as per IFRS

KBA product range

KBA is one of the top two manufacturers of newspaper presses

NEWSPAPER

Offset: single-width

KBA COMPACTA 213

KBA COMET

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

KBA product range

KBA's broad range of commercial presses for 8 to 64 pages offers a choice of performance levels and formats

COMMERCIAL

Web offset

KBA COMPACTA 215
KBA COMPACTA 217
KBA COMPACTA 318
KBA COMPACTA 408
KBA COMPACTA 418
KBA COMPACTA 618
KBA COMPACTA 818

KBA product range

KBA Frankenthal, the global market leader in publication rotogravure, manufactures presses for web widths up to 4.32 m

GRAVURE

Webfed gravure

KBA TR 5B
KBA TR 6B
KBA TR 8B
KBA TR 10B
KBA TR 12B

Proofing

KBA CT 5
KBA CT 6
KBA CT 8
KBA CT 10
KBA CT 12

KBA product range

Broadest sheetfed offset range in the market, from small (360 x 520 mm) to superlarge format (1510 x 2050 mm) for commercials, books, posters and packaging.

KBA Radebeul is the world market leader in large format.

KBA Corrugraph flexo press for direct offset on corrugated.

Sheetfed

KBA Radebeul

KBA GENIUS 52
KBA RAPIDA 74
KBA RAPIDA 74 G
KBA RAPIDA 105
KBA RAPIDA 105 univ.
KBA RAPIDA 130
KBA RAPIDA 130a
KBA RAPIDA 142
KBA RAPIDA 162
KBA RAPIDA 162a
KBA RAPIDA 185
KBA RAPIDA 205

Entry level/Grafitec

PERFORMA 66
PERFORMA 74

KBA NA, York

Flexo for corrugated
KBA CORRUGRAPH

KBA product range

DIGITAL

Digital offset Karat

46 Karat

74 Karat

74 Karat and 46 Karat digital offset presses for short-run colour

KBA product range

90% of all banknotes worldwide are printed on presses made by KBA-GIORI

Security

- Super Simultan IV
- NotaScreen II
- OptiNota H
- Super Orlof Intaglio
- NotaCheck III
- NotaProtector
- Super Numerota III
- CutPak III
- NotaNumber III
- Flow Sys

Plus broad choice of security devices and features

KBA subsidiary Bauer+Kunzi

Metal-decorating presses

- Acquired in 2003
- Approx. 50 employees, based in Ditzingen, Germany
- Technological leader with Metalstar 2 (based on Rapidas)
- High-potential niche market
- Buoyant sales in Far East

KBA subsidiary KBA-Metronic AG

UV offset and industrial ID systems

- Acquired in 2004
- Growth potential in inkjet, laser, hot stamping
- Eased entry into digital print
- Strong market standing in UV offset on smart cards and digital data storage devices
- High earnings potential
- Possible synergies with core KBA processes (inkjet, laser)

KBA subsidiary KBA-Grafitec, Czech Republic

Small-format sheetfed offset presses

- Acquired in March 2005
- 400 employees, €20m sales in 2004
- Budget-priced entry-level presses
- Product line renamed KBA PERFORMA
- Complements existing KBA presses (Rapida 74, Rapida 74 G and 74 Karat), which address high end of the market
- Targets more price-conscious users in small-scale printshops and threshold markets
- Potential for boosting sales via KBA brand and sales organisation

KBA Cortina: milestone innovation for high-quality newspaper production

A new dimension in rotogravure

max. web width 4.32 m

Max. web speed:

approx. 16 m/s

Max. production speed:

approx. 60,000 cyl. rph

Max. production output:

- 144 A4 pages per impression
- 8.2 million A4 pages per hour

Compact, advanced, functional and cost-effective:

KBA Genius 52 for short-run colour

Paper printing press: KBA Radebeul

Plastic-printing UV press: KBA-Metronic

KBA Rapida 205

Biggest sheetfed offset press worldwide

Maximum sheet size 1510 x 2050 mm

Outlook for 2005

Albrecht Bolza-Schünemann, President and CEO of Koenig & Bauer AG

Outlook for 1st quarter 2005

- Big increase in new sheetfed offset bookings compared to 1st quarter 2004
- Ongoing demand for cutting-edge KBA technology for medium and large formats
- Good growth prospects for large-format sheetfed offset in Far East (China)
- Sustained pricing pressures arising from overcapacity among manufacturers
- Strong euro continues to impair competitiveness against Japanese rivals
- Increase in orders for web and special presses compared to prior year
- Revival in volume of major contracts and project in German newspaper industry (e.g. several presses for Dr. Ippen publishing group and Leipziger Volkszeitung)
- Continuing interest in new presses like the KBA Cortina
- Revival in demand for commercial web offset
- German publishers continuing to invest in publication rotogravure
- Sales below annual target

KBA targets 2005

- Single-figure growth at Group level
- Further improvement in Group profit
- Tighter focus on earnings when negotiating new contracts
- Pre-tax profit margin of 5% as medium-term goal
- Maintain dynamic growth in sheetfed offset with an even broader range of more highly advanced products
- Stimulate investment among newspaper publishers with milestone innovations (e.g. KBA Cortina)
- Grow market share in commercial web offset
- Continue successful differentiation of products, processes and more profitable niche markets
- Expand sales and service network in growth markets

Thank you

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