

**For the attention of  
customers and business partners  
of Koenig & Bauer AG**

Würzburg, 16<sup>th</sup> of December 2013

Dear Sir or Madam,

Over the past months, the management board of Koenig & Bauer AG (KBA) has been working on a concept for the strategic realignment of the KBA Group, and has now adopted a package of measures aimed at strengthening the company's profitability long term and future development potential. With this letter, we would like to give you a personal insight into the fundamental motives behind our decisions, because we are firmly convinced that you, as our customer, will also draw long-term benefits.

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. It is imperative that we react to this situation in order to preserve not only competitiveness on our core markets, but also our positions in future-oriented and growth segments. The principal focus in all such deliberations has been long-term partnership with you, our customers.

Against this background, we have elaborated a corporate strategy under the heading "fit@all", with a series of measures to strengthen the long-term sustainability and profitability of the company. And we are doing this despite the fact that we have mastered the difficult recent years better than our direct competitors.

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To ensure that this remains the case, attention has been 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 company, placing a focus on future growth fields.

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. This lays foundations for sustainable realignment and interesting future prospects, which will at the same time broaden the basis for long-term partnerships with our customers.

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).

We are convinced that the adopted measures will support and strengthen the future sustainability of the company, and that we can thus further expand our long-standing partnership with you.

We look forward to further mutually fruitful cooperation in the future.

With best regards,

A handwritten signature in blue ink, appearing to read "Claus Bolza-Schünemann".

**Claus Bolza-Schünemann**  
President & CEO

A handwritten signature in blue ink, appearing to read "Christoph Müller".

**Christoph Müller**  
Executive Vice-President  
Webfed

A handwritten signature in blue ink, appearing to read "Ralf Sammeck".

**Ralf Sammeck**  
Executive Vice-President  
Sheetfed