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## Investment Profile

### NYSE Amex: BLD

February 16, 2010

# Baldwin Reports 7% Sequential Increase in Revenues to \$38.8 Million in Fiscal Q2.

### Company Description

Baldwin Technology Company is a leading supplier of process automation technology for the printing and publishing industry worldwide. The company provides an extensive range of market-leading technologies, products, systems and related consumables that enhance the quality of printed products, improve the economics and reduce the environmental impact of the printing process.

Baldwin maintains product development, manufacturing and sales and service facilities in 10 countries. During fiscal year 2009, 48% of Baldwin's revenues were generated in Europe, while 29% of its revenues were from Asia/Australia and the remaining 23% from the Americas.

The company's products and systems make it easier to clean key areas of the press, manage temperature, chemistry, ink and water balances, protect against paper breaks and speed the curing and drying of printed materials. Products are priced from less than \$100 to approximately \$75,000.

The company sells and markets its products through dealers, distributors and direct sales representatives around the world. Providing a balanced revenue base, approximately 42% of Baldwin's net sales are to OEM press manufacturers and 58% are sales made directly to printers and publishers. Manufacturers incorporate the company's products into their own printing systems prior to sale. Printers and publishers use Baldwin products to improve the performance and economics of their printing operations. The company's products help all parties meet the increasingly demanding requirements of environmental regulations and safety issues.

Baldwin has more than 100 patents relating to its advanced pressroom technology and has received several GATF InterTech awards and Fogra certifications. It also relies on unpatented proprietary technologies and

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Closing Price (02/12/10)	\$1.17
Market Cap.	\$18.17 mil.
52-Week Range	\$0.72 - \$2.10
Avg Daily Trading	22,105
FY '09 EPS (diluted)	(\$0.77)
FY '09 Revenue	\$176.6 mil.
FY '09 Net Income	(\$11.8 mil.)
Total Assets (12/31/09)	\$123.5 mil.
Total Liabilities (12/31/09)	\$71.0 mil.
Basic Shares*	15.4 mil.
Diluted Shares*	15.4 mil.
Est. Public Float	13.8 mil.
Insider Ownership	10.0%
Fiscal Year End	June 30

\* Weighted Average Shares Outstanding

processes, including engineering required to adapt its products to a wide range of models of printing presses. R&D has been important in establishing and maintaining the company's position as a market leader.

Established in 1918, Baldwin went through a management-led buyout in 1985. The company's initial public offering was in 1987 on the American Stock Exchange (now NYSE Amex.)

Most of Baldwin's business is driven by offset printing, the largest sector of the domestic and international printing markets. Offset printing is used for printing books, magazines, business forms, catalogs, greeting cards, packaging and newspapers.

### Highlights

#### 02/10/10

FQ2 '10 net sales \$38.8 mil. vs. \$46.3 mil. in FQ2 '09. Net loss \$0.03 vs. net income \$0.03 a year ago.

#### 12/07/09

Baldwin secures \$1.2 M for newspaper press equipment from Japanese newspaper Chunichi Shimbun.

#### 11/19/09

Baldwin and PRISCO extend Marketing and Distribution Alliance

#### 11/11/09

FQ1 '10 net sales \$36.2M vs. \$55.9M in Q1 a year ago. Net income \$3.9M or \$0.25 per diluted share vs \$1.2M or \$0.08 EPS. Includes \$9.6 M gain on settlement with technotrans

#### 10/26/09

Baldwin announces \$1.2 M in new press equipment orders from Japanese newspaper, commercial publishers

#### 08/20/09

FY '09 net sales \$177.8 mil. vs. \$236.3 mil. in 2008. Net loss (\$11.4 mil.) or (\$0.74) per diluted share compared to \$6.4 mil. or \$0.41 per share in FY '08. FY '09 Adjusted (non-GAAP) EPS \$0.07 vs. \$0.41 in FY '08. FQ4 '09 net sales \$39.5 mil. vs. \$65.3 mil. in FQ4 '08. FQ4 '09 net income \$0.4 mil or EPS \$0.02.

#### 05/15/09

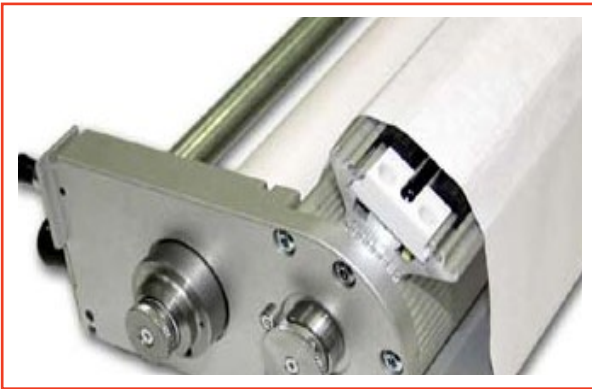
FQ3 '09 net sales \$36.1 mil. vs. \$59.2 mil. in FQ3 '08. Adjusted (non-GAAP) EPS (\$0.10) vs. \$0.13 EPS a



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# Investment Profile

BLD - NYSE Amex



Blanket Cleaning IMPACT flex

## Mergers and Alliances

In 2009 Baldwin added four new alliance partners including Q.I. Press Controls, Swedish in-line stitching company Tolerans, German ink supply specialist Betz Technologies and industry-leading provider of UV/IR curing systems, Nordson UV. Since 2006, Baldwin has concluded mergers or partnerships with a number of companies including Falk (Germany) for filtration technology, Oxy-Dry (U.S., Germany) for brush cleaning technology, Robatech (Switzerland) for gluing systems, Hildebrand Systems (Switzerland) for paper dust removal, Thermal Care/AWS (U.S.) for dampening conditioning and temperature control and Eltex Electrostatic (Germany) for UV technology for newspaper applications.

These relationships have played a valuable role in driving revenue growth by expanding Baldwin's product lines and enhancing the company's competitive technological advantages. This has further strengthened the company's position as a global leader in the \$1 billion process automation equipment sector of the printing equipment market and the \$0.75 billion specialty chemicals sector of the consumables market in which the company operates.

In the Americas, Baldwin operates in North, Central and South America through its U.S. subsidiaries and a dealer network in Latin America. In Europe, the company operates through subsidiaries in the U.K., Germany, France, and Sweden. In Asia, Baldwin operates through subsidiaries in China, India, Japan and Australia. All subsidiaries are wholly owned except for two, of which Baldwin holds 90% and 80% interests.

## The Outlook

Still facing a slump in the global printing industry, Baldwin said in its FQ2'10 report that it has adjusted its cost structure to the current market demand and as such has been able to achieve a positive operating performance during the second quarter despite significantly lower volumes compared to a year ago.

The company is now diligently focused on leveraging Baldwin's brand equity through identified growth opportunities in emerging markets, as well as promotion of alliance partner products. Management noted it was especially pleased with the recent progress made in India and China. During the second quarter, Baldwin received its first orders for its newly introduced Cobra Spray Dampening System in both of those countries.

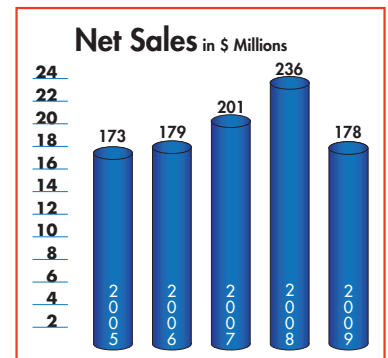
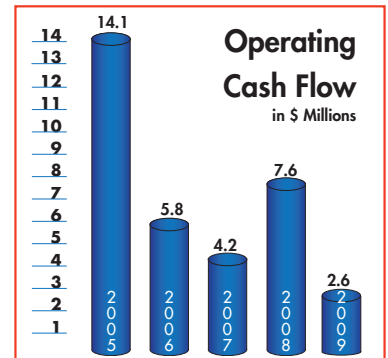
Management said cash flow from operations during the quarter was \$10.8 million, primarily resulting from the proceeds of settlement of the long-standing patent dispute with a German competitor. Excluding the effect of the settlement in the face of a very challenging market, the company's disciplined management of working capital generated operating cash flow of \$1.2 million. Absolute values of accounts receivable and inventory, as well as DSO and DOI made healthy improvements from the September, 2009 levels.

Net debt also decreased by more than \$10 million from \$16.2 million at September 30, 2009 to \$5.7 million at December 31, 2009, as a result of the application of the settlement proceeds and internally-generated cash. Operating expenses (excluding restructuring charges in prior years) for the quarter of \$11.6 million were \$1.5 million (12%) lower than Q2 Fiscal 2009 OPEX, which in turn were lower than Q2 Fiscal 2008 OPEX by \$2.5 million, or 16%, reflecting the benefits from the company's restructurings and other cost reduction initiatives.

## Investor Web Sites

Copies of BLD press releases, SEC filings, current price quotes, stock charts and other investor information may be found online at:

[hawkassociates.com](http://hawkassociates.com)  
and  
[baldwintech.com](http://baldwintech.com)



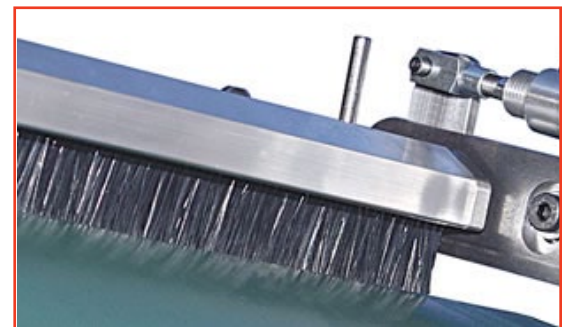
## Risk Factors

- Exchange rate risk
- Health of international printing industry
- Political and economic risk in international markets
- Infringement of intellectual property rights

## Management Team

**Karl S. Puehringer**,  
President and CEO

**John P. Jordan**, Vice President,  
Chief Financial Officer and Treasurer



Tower Clean Cleaning Systems for Newspaper Presses