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Baldwin Announces Third Quarter FY2009 Results

Shelton, Conn., – May 15, 2009 – Baldwin Technology Company, Inc. (NYSE Amex: BLD), a global leader in process automation technology for the printing industry, today reported its financial results for the company's fiscal third quarter ended March 31, 2009.

Highlights

- ⊕ Year to date adjusted (non-GAAP) net income per share was \$0.04 -- reported loss of (\$0.77)
- ⊕ Adjusted (non-GAAP) net loss per share was (\$0.10) in the quarter -- reported loss of (\$0.88)
- ⊕ Reduced operating expenses (adjusted for one-time charges) in the quarter by \$4.3 million or 27% compared to the comparable period of the prior year
- ⊕ Cash generated from operating activities in the quarter and fiscal year to date \$2.8 million
- ⊕ Completed the implementation of additional restructuring initiatives including facility consolidation, capacity adjustments and closure of offices
- ⊕ Received positive final decision from the German Supreme Court in a patent dispute against a German competitor
- ⊕ Extended credit agreement waiver through July 31, 2009

Third Quarter and Year to Date FY2009 Results

The company reported third quarter FY2009 net sales of \$36.1 million, compared to \$59.2 million for the third quarter last year. Currency translation negatively impacted sales by \$3.9 million for the quarter. Reported net loss for the quarter was (\$13.4) million or (\$0.88) per diluted share compared to net income of \$2.0 million, or \$0.13 per diluted share for the comparable period of the prior year.

Net sales for the nine months ended March 31, 2009 were \$138.3 million compared to \$171.1 million in the prior year period. Currency translation negatively impacted sales by \$3.3 million for the nine month period. The net loss for the nine months was (\$11.8) million or (\$0.77) per diluted share, compared to net income of \$3.3 million, or \$0.21 per diluted share for the comparable period in the prior year.

The results of the quarter were negatively impacted by a goodwill impairment charge in the amount of \$5.7 million, a restructuring charge of \$4.1 million, an inventory write-off of \$4.2 million and a write-off of accounts receivable in the amount of \$0.5 million for a customer who is in Chapter 11 reorganization.

Adjusted for the non-cash charges mentioned above, the company reported a net loss of (\$1.5) million or (\$0.10) per basic and diluted share for the quarter compared to net income of \$2.0 million or \$0.13 per basic and diluted share in the prior year's third quarter. For the nine months ended March 31, 2009, adjusted net income was \$0.6 million or \$0.04 per basic and diluted share compared to net income of

\$4.0 million or \$0.25 per basic and diluted share for the comparable prior year period. Please refer to the attached schedule, "Pro-forma non-GAAP Statements of Operations," for a reconciliation of GAAP results to adjusted results.

Backlog at the end of the quarter was \$39.8 million, compared to a backlog of \$48.2 million at the beginning of the fiscal year, and \$45.3 million on December 31, 2008.

Restructuring Initiatives

As a result of the company's cost reduction initiatives, operating expenses during the third quarter of FY2009 were reduced by \$4.3 million (adjusted for one-time charges) or 27% versus the comparable quarter in the prior year. Approximately \$1.1 million of the reduction was due to currency translation. During the third quarter, the company completed the consolidation of its production operations formerly located in Egelsbach, Germany, into its Friedberg facility. The company also closed its sales and service office in Italy, and made additional capacity adjustments in the U.S., Germany, Sweden, Japan and the UK.

As announced on April 22, 2009, the German Federal Supreme Court issued a favorable decision upholding the validity of a Baldwin patent that had been challenged by a competitor. Baldwin had previously prevailed in an infringement action on that patent and expects to win when the appeal to that action is heard next year. Baldwin intends to pursue its Euro 32.7 million (\$46 million) claim for damages.

Credit Facility Agreement

Due to the restructuring and other adjustments recorded during the third quarter, the company was not in compliance with certain provisions of its credit agreement. The company has entered into an Amended and Restated Modification and Limited Waiver Agreement with Bank of America and the other lenders whereby the banks have agreed to a waiver of the non-compliance through July 31, 2009. The company is continuing discussions with its banks and expects to have a restructured credit agreement in place by July 31, 2009.

Comments

President and CEO, Karl S. Puehringer, commented: "We have responded quickly and aggressively to this challenging market environment by adjusting our capacities and successfully implementing several restructuring initiatives. Although we had a loss in the third quarter, we mitigated the impact of a significantly reduced market demand by adjusting our cost structures globally. In addition, we continue to focus on opportunities in emerging countries, and on leveraging our global brand and our exceptionally strong global footprint through alliances and the close business relationships we have with OEM press manufacturers."

Vice President and CFO, John P. Jordan, noted: "The reduction of accounts receivable associated with the lower sales levels was a major contributor to reduced working capital and operating cash flow. But we also continue our aggressive management of the components of working capital to generate positive cash flow from operations, resulting in an increase in our cash balance of \$5.4 million from June 30, 2008. The additional provision for obsolescence in inventory resulted primarily from a change in the business model in the United States. The \$5.7 million impairment charge was due to the recent macro economic conditions and diminished stock market valuation of the company. Long-term debt has been reclassified as short term on the balance sheet until an amended credit agreement is in place. We believe we have a good working relationship with our lenders, and we are discussing provisions of a permanent amendment with them. We expect to have that amendment in place by July 31."

FY 2009 Q3 Earnings Conference Call Scheduled for Monday

Baldwin will host a conference call on Monday, May 18th at 11:00 AM Eastern Time to review the financial results and conduct a question-and-answer session. To participate, call (800) 935-5014 any time after 10:55 AM Eastern Time. The number for local and international calls is (212) 231-2902. The passcode is "Baldwin Q3 earnings release." Interested parties may also listen to a webcast of the call on the company's website, <http://www.baldwintech.com>.

A replay of the call will be available from one hour after the call through May 25 at 6:30 PM Eastern Time by calling (800) 633-8625 or toll (402) 977-9141 and entering reservation #21422237. A webcast will also be available on the company's website for 90 days after the call.

About Baldwin

Baldwin Technology Company, Inc. is a leading international supplier of process automation equipment for the printing and publishing industries. Baldwin offers its customers a broad range of market-leading technologies, products and systems that enhance the quality of printed products and improve the economic and environmental efficiency of printing presses. Headquartered in Shelton, Connecticut, the company has operations strategically located in the major print markets and distributes its products via a global sales and service infrastructure. Baldwin's technology and products include cleaning systems, fluid management and ink control systems, web press protection systems and drying systems and the related consumables. For more information, visit <http://www.baldwintech.com>

Information for investors, including an investment profile about Baldwin is available at www.hawkassociates.com/profile/bld.cfm. Investors may contact Julie Marshall or Frank Hawkins, Hawk Associates, at (305) 451-1888, e-mail: baldwin@hawkassociates.com. An online investor kit including press releases, current price quotes, stock charts and other valuable information for investors is available at <http://www.hawkassociates.com>.

Forward-Looking Statements

In this press release, the use of the words "expect," "will," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent the company's current judgment about possible future events. The company believes these judgments are reasonable, but these statements are not guarantees of any events or financial results, and actual results may differ materially due to a variety of important factors. Such factors might include, among others, the company's ability to negotiate an amendment to its credit agreement; the company's ability to comply with the requirements of its credit agreement; the availability of funding under that credit agreement; the company's ability to maintain adequate liquidity and financing sources and an appropriate level of debt; changes in general economic conditions which could affect customer payment practices or capital spending; the impact of changes in general economic conditions on the company's customers; changes in demand for the company's products; significant changes in the competitive environment and the effect of competition on the company's markets, including on the company's pricing policies, financing sources and an appropriate level of debt. Other factors include, but are not limited to, those detailed in the company's periodic filings with the Securities and Exchange Commission.

Baldwin Technology Company, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except per share data)

	<u>Quarter ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net sales	\$ 36,087	\$ 59,200
Cost of goods sold	25,816	40,709
Inventory reserve adjustment	<u>4,250</u>	<u>---</u>
Gross profit	6,021	18,491
Operating expenses	12,099	15,910
Restructuring	4,066	---
Impairment	<u>5,658</u>	<u>---</u>
Operating (loss) income	(15,802)	2,581
Interest expense	438	846
Interest (income)	(10)	(25)
Other expense (income), net	<u>311</u>	<u>(17)</u>
(Loss) income before income taxes	(16,541)	1,777
Provision (benefit) for income taxes	<u>(3,094)</u>	<u>(219)</u>
Net (loss) income	<u>(13,447)</u>	<u>1,996</u>
Net income (loss) per share – basic	<u>\$ (0.88)</u>	<u>\$ 0.13</u>
Net income (loss) per share – diluted	<u>\$ (0.88)</u>	<u>\$ 0.13</u>
Weighted average shares outstanding – basic	<u>15,344</u>	<u>15,496</u>
Weighted average shares outstanding – diluted	<u>15,344</u>	<u>15,671</u>

	<u>Nine Months ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net sales	\$ 138,283	\$ 171,060
Cost of goods sold	96,304	117,355
Inventory reserve adjustment	<u>4,250</u>	<u>---</u>
Gross profit	37,729	53,705
Operating expenses	39,996	45,540
Restructuring	4,747	960
Impairment	<u>5,658</u>	<u>---</u>
Operating (loss) income	(12,672)	7,205
Interest expense	1,688	2,410
Interest (income)	(28)	(162)
Other expense (income), net	<u>(938)</u>	<u>28</u>
(Loss) income before income taxes	(13,394)	4,929
Provision for income taxes	<u>(1,620)</u>	<u>1,630</u>
Net (loss) income	<u>(11,774)</u>	<u>3,299</u>
Net (loss) income per share – basic	<u>\$ (0.77)</u>	<u>\$ 0.21</u>
Net (loss) income per share – diluted	<u>\$ (0.77)</u>	<u>\$ 0.21</u>
Weighted average shares outstanding – basic	<u>15,319</u>	<u>15,473</u>
Weighted average shares outstanding – diluted	<u>15,319</u>	<u>15,803</u>

Baldwin Technology Company, Inc.
Condensed Consolidated Balance Sheets
(In thousands, unaudited)

	March 31, <u>2009</u>	June 30, <u>2008</u>
Assets		
Cash and equivalents	\$ 14,748	\$ 9,333
Trade receivables	30,883	49,565
Inventory	21,836	31,804
Prepaid expenses and other	<u>9,820</u>	<u>8,513</u>
Total current assets	77,287	99,215
Property, plant and equipment	5,024	6,159
Intangible assets	31,678	39,700
Other assets	<u>14,032</u>	<u>14,584</u>
Total assets	<u><u>128,021</u></u>	<u><u>159,658</u></u>
Liabilities		
Loans payable	\$ 4,042	\$ 3,767
Current portion of long-term debt	23,984	3,472
Other current liabilities	<u>43,003</u>	<u>60,884</u>
Total current liabilities	71,029	68,123
Long-term debt	--	17,963
Other long-term liabilities	<u>11,755</u>	<u>11,959</u>
Total liabilities	82,784	98,045
Shareholders' equity	<u>45,237</u>	<u>61,613</u>
Total liabilities and shareholders' equity	<u><u>\$ 128,021</u></u>	<u><u>\$ 159,658</u></u>

Baldwin Technology Company, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands, unaudited)

	<u>For the nine months ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net cash provided by operating activities	\$ 2,764	\$ (2,912)
Net cash (used for) investing activities	(1,721)	(2,992)
Net cash (used) provided by financing activities	4,964	(3,931)
Effects of exchange rate changes	<u>(592)</u>	<u>1,146</u>
Net (decrease) increase in cash and cash equivalents	5,415	(8,689)
Cash and cash equivalents at beginning of period	<u>9,333</u>	<u>16,034</u>
Cash and cash equivalents at end of period	<u><u>14,748</u></u>	<u><u>7,345</u></u>

In addition to reporting financial results in accordance with accounting principles generally accepted in the United States ("GAAP"), the company is providing operating results adjusted for certain items including asset impairment, write-down of inventory and accounts receivable, and restructuring charges. These non-GAAP measures are provided to enhance the user's overall understanding of the company's current financial performance. Specifically, the company believes the non-GAAP results provide useful information to both management and investors by excluding certain items that may not be indicative of the company's core operating results. These measures should be considered in addition to results prepared in accordance with GAAP, but are not a substitute for or superior to GAAP results.

Pro-forma (non-GAAP) Statements of Operations
(Unaudited, in thousands, except per share data)

<u>Quarter ended March 31, 2009</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Net sales	\$ 36,087	--	\$ 36,087
Cost of goods sold	25,816	--	25,816
Inventory reserve adjustment	<u>4,250</u>	<u>4,250</u>	<u>--</u>
Gross profit	6,021	(4,250)	10,271
Operating expenses	12,099	465 ⁽¹⁾	11,634
Restructuring	4,066	4,066	--
Impairment	<u>5,658</u>	<u>5,658</u>	<u>--</u>
	21,823	10,189	11,634
Operating (loss) income	<u>(15,802)</u>	<u>(14,439)</u>	<u>(1,363)</u>
Other (income) expense, net	<u>739</u>	<u>--</u>	<u>739</u>
Loss before income taxes	(16,541)	(14,439)	(2,102)
Provision (benefit) for income taxes	<u>(3,094)</u>	<u>(2,482) ⁽²⁾</u>	<u>(612)</u>
Net loss	<u>(13,447)</u>	<u>(11,957)</u>	<u>(1,490)</u>
Net loss per share: Basic and Diluted	\$ (0.88)	\$ (0.78)	\$ (0.10)
Weighted average shares outstanding:			
Basic and Diluted	15,344	15,344	15,344
<u>Quarter ended March 31, 2008</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Net sales	\$ 59,200	--	\$ 59,200
Cost of goods sold	<u>40,709</u>	<u>--</u>	<u>40,709</u>
Gross profit	18,491	--	18,491
Operating expenses	15,910	--	15,910
Restructuring	<u>--</u>	<u>--</u>	<u>--</u>
	15,910	--	15,910
Operating income	<u>2,581</u>	<u>--</u>	<u>2,581</u>
Other (income) expense, net	<u>804</u>	<u>--</u>	<u>804</u>
Income before income taxes	1,777	--	1,777
Provision (benefit) for income taxes	<u>(219)</u>	<u>--</u>	<u>(219)</u>
Net income	<u>1,966</u>	<u>--</u>	<u>1,966</u>
Net income per share: Basic and Diluted	\$ 0.13	\$ --	\$ 0.13
Weighted average shares outstanding:			
Basic	15,496	15,496	15,496
Diluted	15,671	15,671	15,671

⁽¹⁾ represents write-off of account receivable from a customer who filed for bankruptcy protection.

⁽²⁾ adjustment to tax provision reflects no benefit on impairment of goodwill as it is not deductible for tax purposes.

<u>Nine months ended March 31, 2009</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Net sales	\$138,283	--	\$138,283
Cost of goods sold	96,304	--	96,304
Inventory reserve adjustment	<u>4,250</u>	<u>4,250</u>	<u>--</u>
Gross profit	37,729	(4,250)	41,979
Operating expenses	39,996	465 ⁽¹⁾	39,531
Restructuring	4,747	4,747	--
Impairment	<u>5,658</u>	<u>5,658</u>	<u>--</u>
	<u>50,401</u>	<u>10,870</u>	<u>39,531</u>
Operating (loss) income	<u>(12,672)</u>	<u>(15,120)</u>	<u>2,448</u>
Other (income) expense, net	<u>722</u>	<u>--</u>	<u>722</u>
(Loss) income before income taxes	(13,394)	(15,120)	1,726
Provision (benefit) for income taxes	<u>(1,620)</u>	<u>(2,738)</u> ⁽²⁾	<u>1,118</u>
Net (loss) income	<u>(11,774)</u>	<u>(12,382)</u>	<u>608</u>
Net income (loss) per share:			
Basic and Diluted	\$ (0.77)	\$ (0.81)	\$ 0.04
Weighted average shares outstanding:			
Basic and Diluted	15,319	15,319	15,319

<u>Nine months ended March 31, 2008</u>	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Net sales	\$ 171,060	--	\$ 171,060
Cost of goods sold	<u>117,355</u>	<u>--</u>	<u>117,355</u>
Gross profit	53,705	--	53,705
Operating expenses	45,540	--	45,540
Restructuring	<u>960</u>	<u>960</u>	<u>--</u>
	<u>46,500</u>	<u>960</u>	<u>45,540</u>
Operating income	7,205	(960)	8,165
Other (income) expense, net	<u>2,276</u>	<u>--</u>	<u>2,276</u>
Income before income taxes	4,929	(960)	5,889
Provision (benefit) for income taxes	<u>1,630</u>	<u>(276)</u>	<u>1,906</u>
Net income	<u>3,299</u>	<u>(684)</u>	<u>3,983</u>
Net income per share – Basic and Diluted	\$ 0.21	\$ (0.04)	\$ 0.25
Weighted average shares outstanding:			
Basic	15,473	15,473	15,473
Diluted	15,803	15,803	15,803

⁽¹⁾ represents write-off of account receivable from a customer who filed for bankruptcy protection.

⁽²⁾ adjustment to tax provision reflects no benefit on impairment of goodwill as it is not deductible for tax purposes.