

KRONES

# Financial Press Conference

April 30, 2015





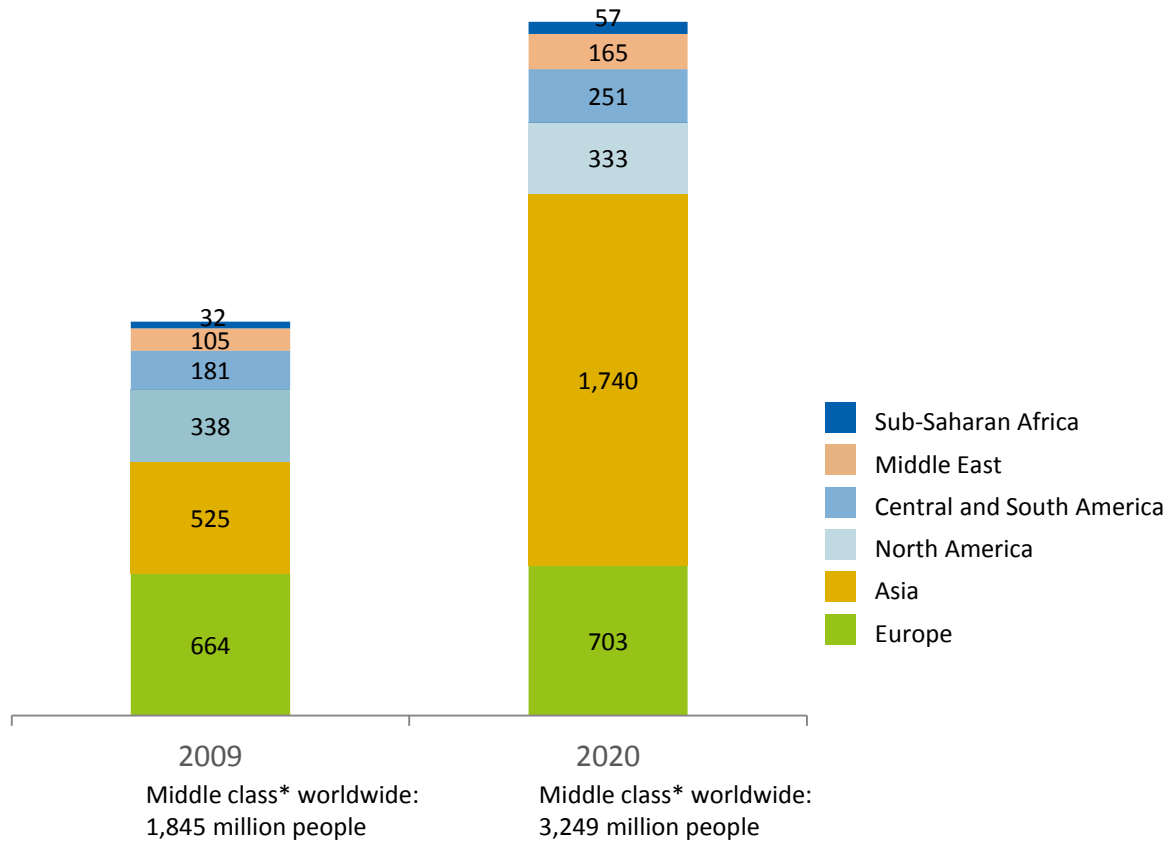
Market overview

Financials 2014

Q1 2015

Outlook 2015

# High-consuming middle class is growing



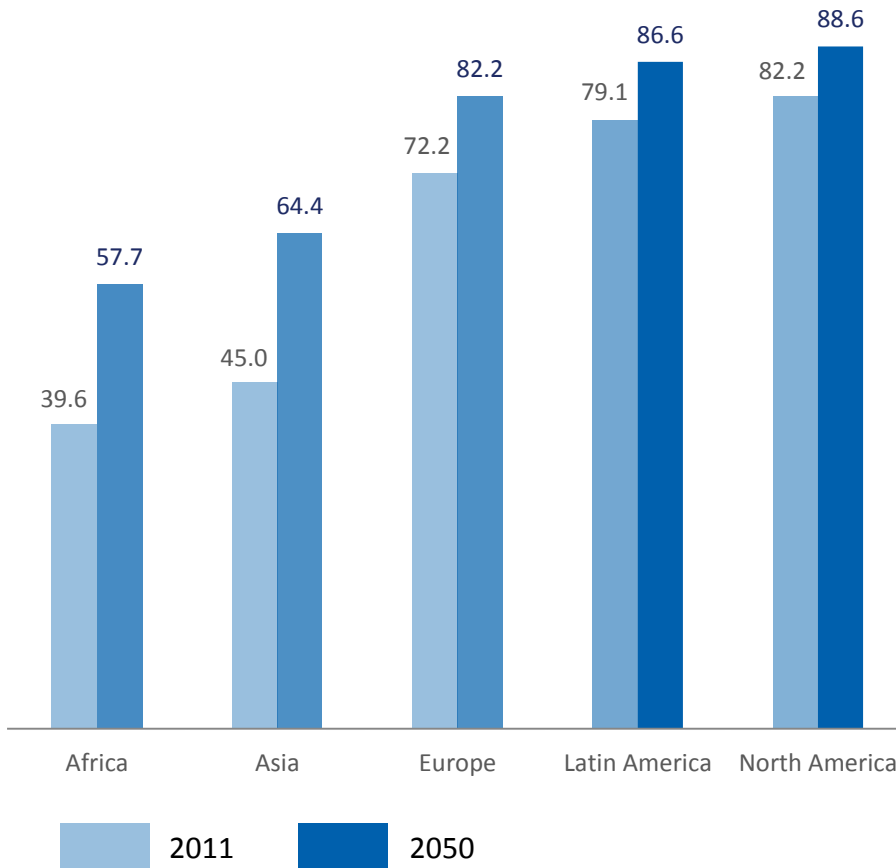
\* The term “middle class” includes people who earn or spend between 10 and 100 US dollars per day (based on purchasing power from 2005)

Source: Brookings Institution 2012

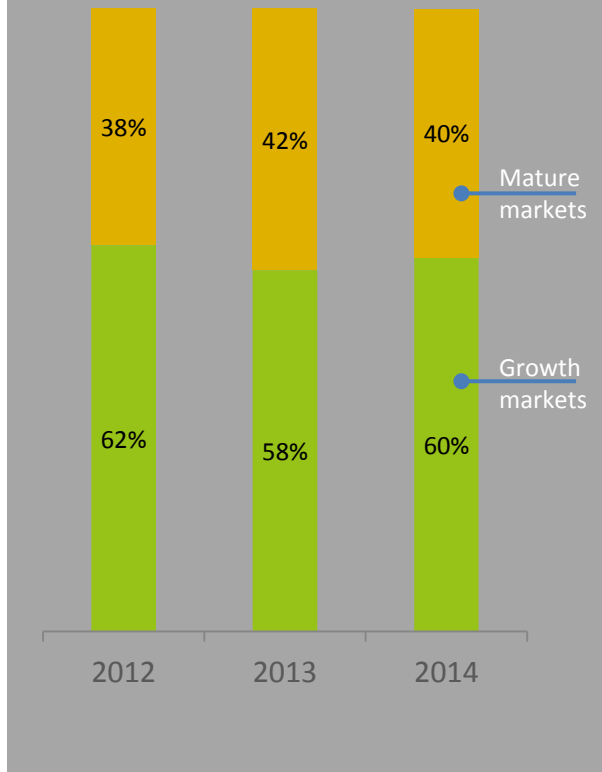


# Urbanisation continues to drive growth

Urban population (% of total)

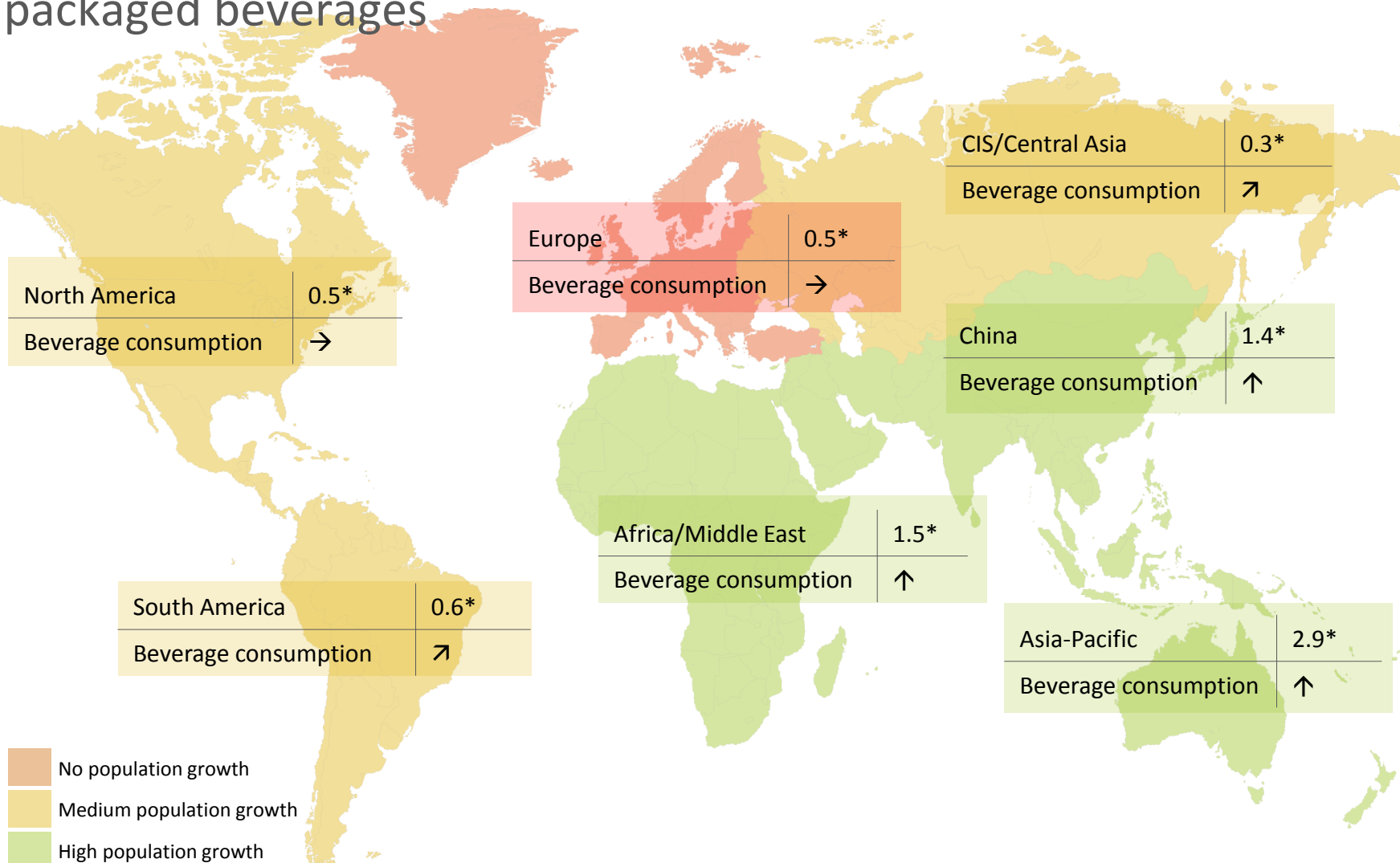


Change over time  
Emerging markets' share of  
KRONES' total revenue (%)



Source: United Nations

# Population growth is driving demand for packaged beverages



Source: International Monetary Fund

\*approx. population 2020 (billion)

Market overview

Financials 2014

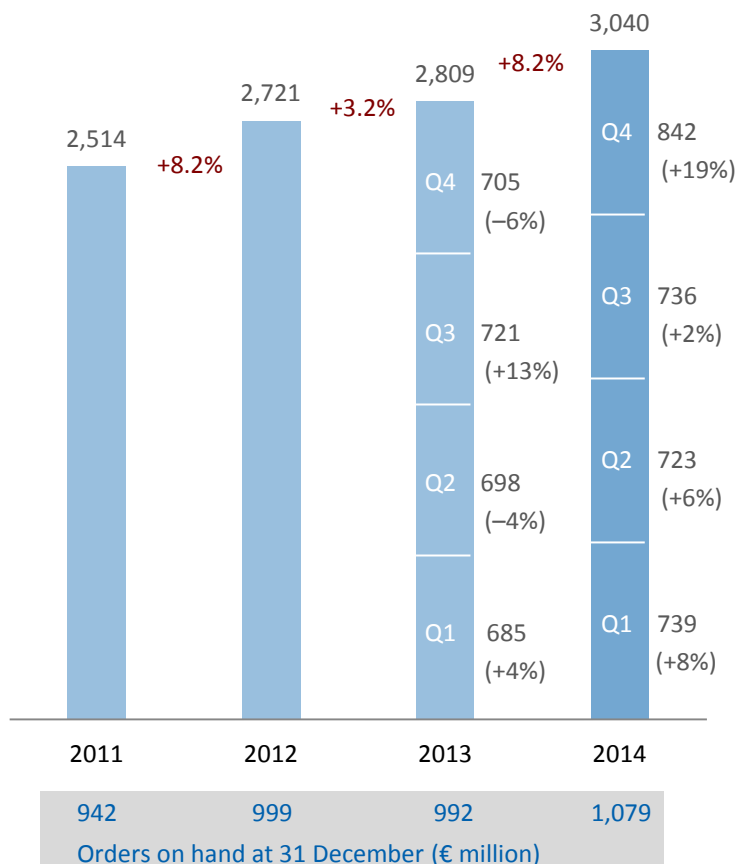
Q1 2015

Outlook 2015



# Orders received on very high level

New orders (€ million)



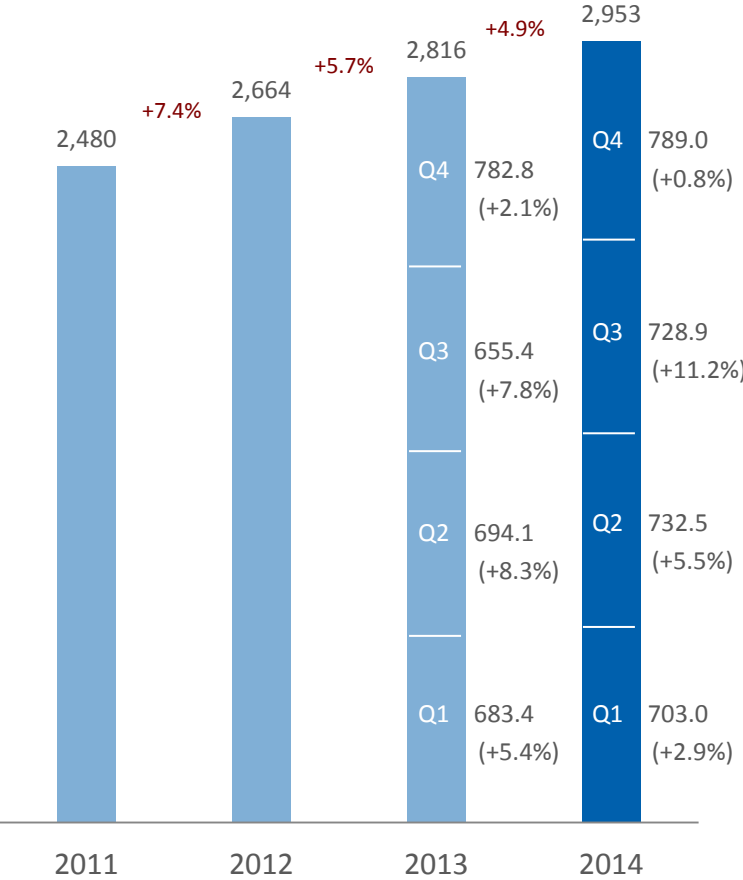
Trend by region

Central Europe	→
Western Europe	↘
Eastern Europe	↗
CIS/Central Asia	→
Middle East/Africa	↗
China	↘
Asia/Pacific	→
North and	↗
South America	↗



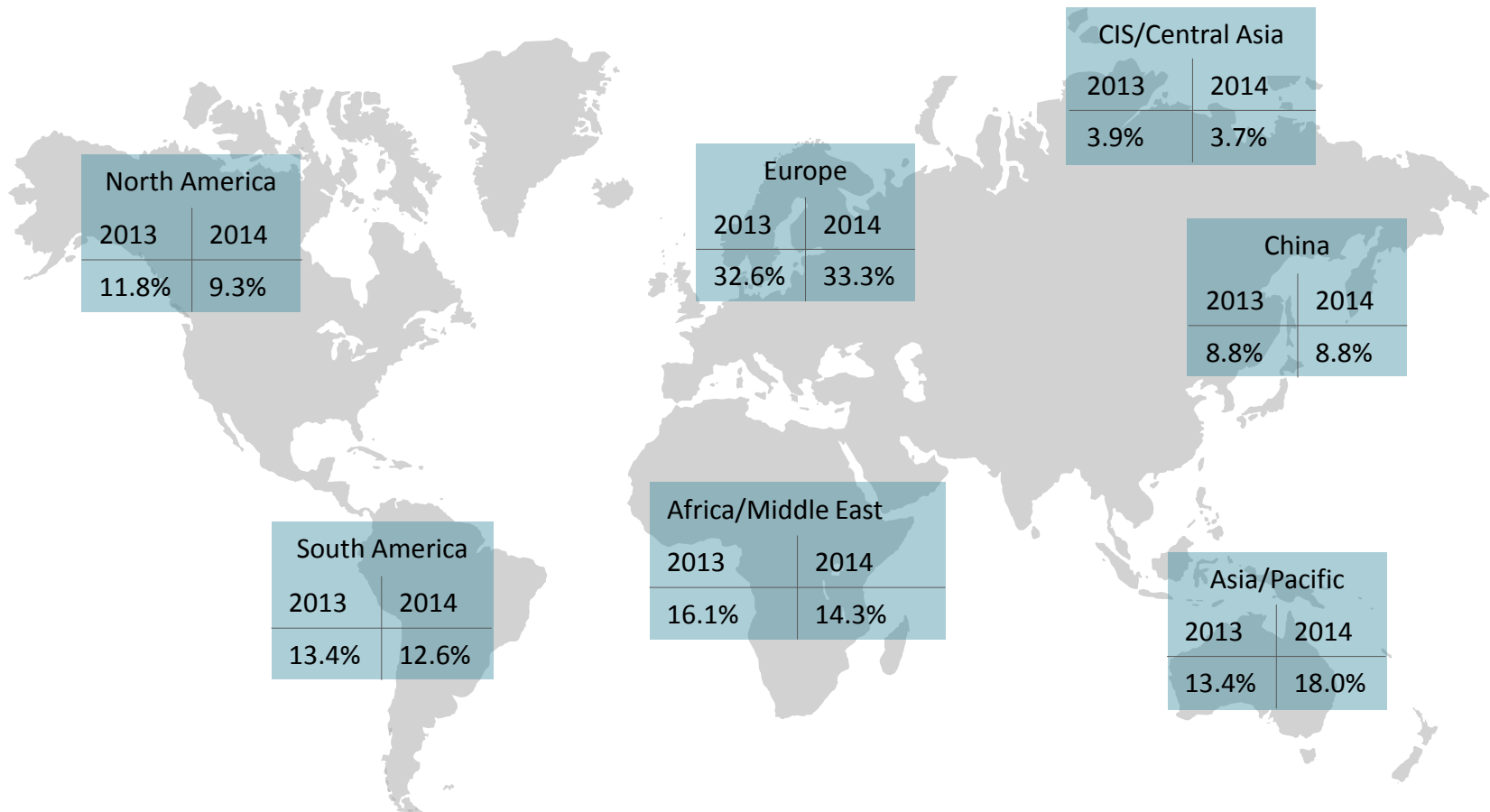
# KRONES continues growth trend

Revenue development (€ million)





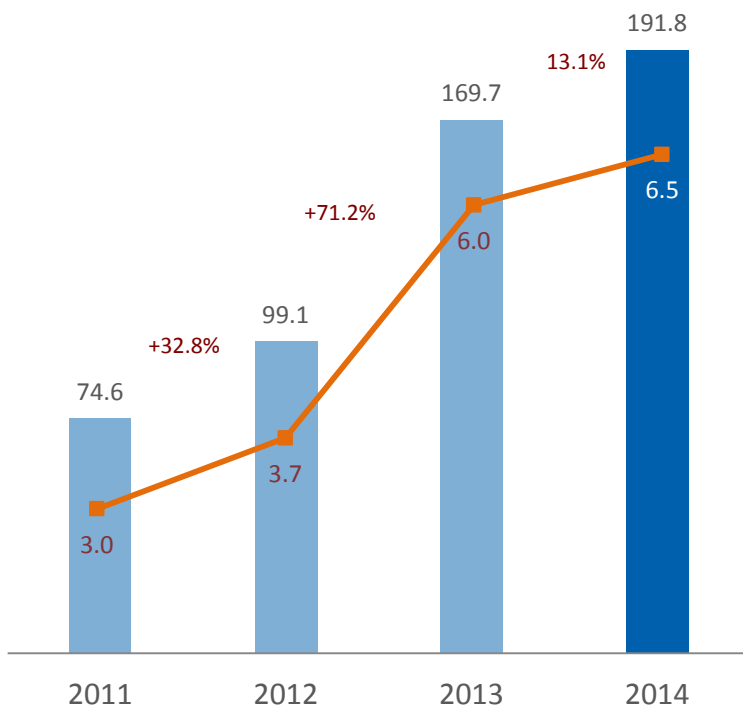
# Revenue by region: Emerging markets growing more than markets overall



Emerging markets share of consolidated revenue: 60.4% (previous year: 58.2%)

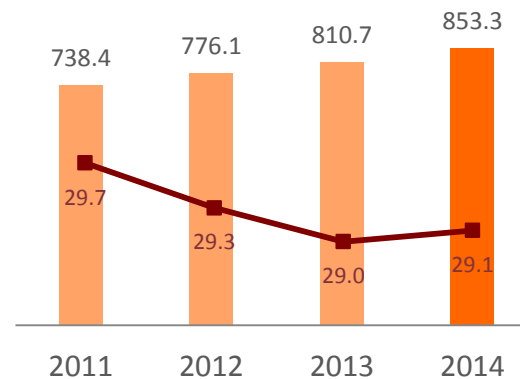
# Strong increase of EBT margin based on improved performance

EBT (€ million)



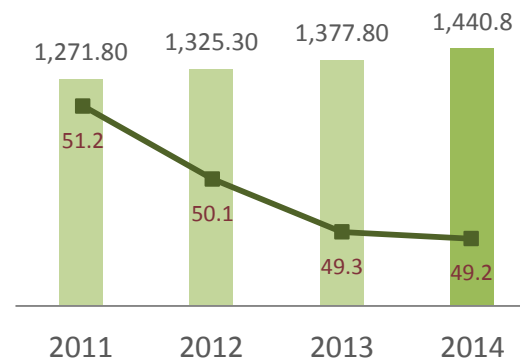
Return on sales (EBT margin, %)

Personnel costs (€ million)



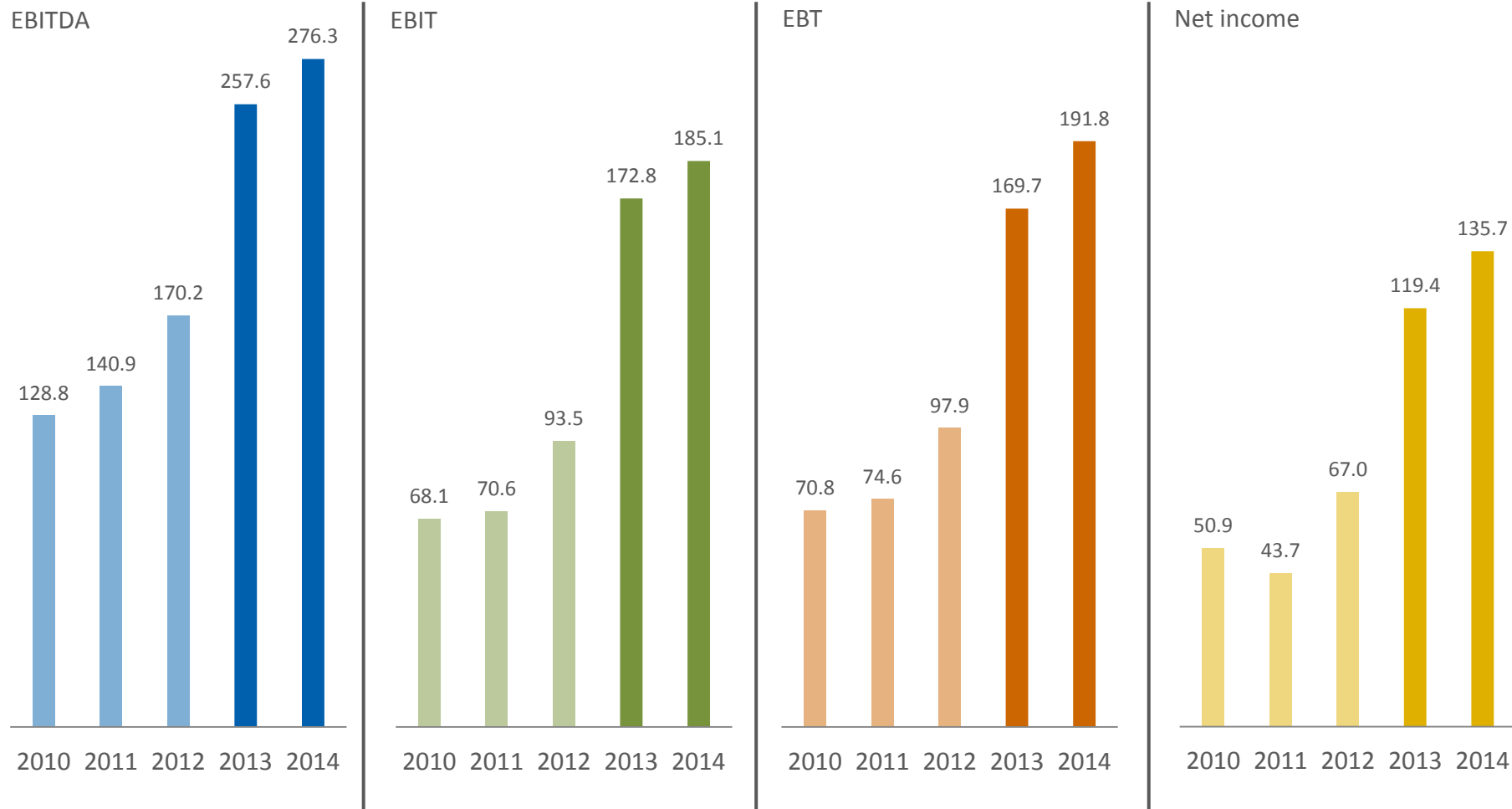
Personnel costs to total performance (%)

Material costs (€ million)



Material costs to total performance (%)

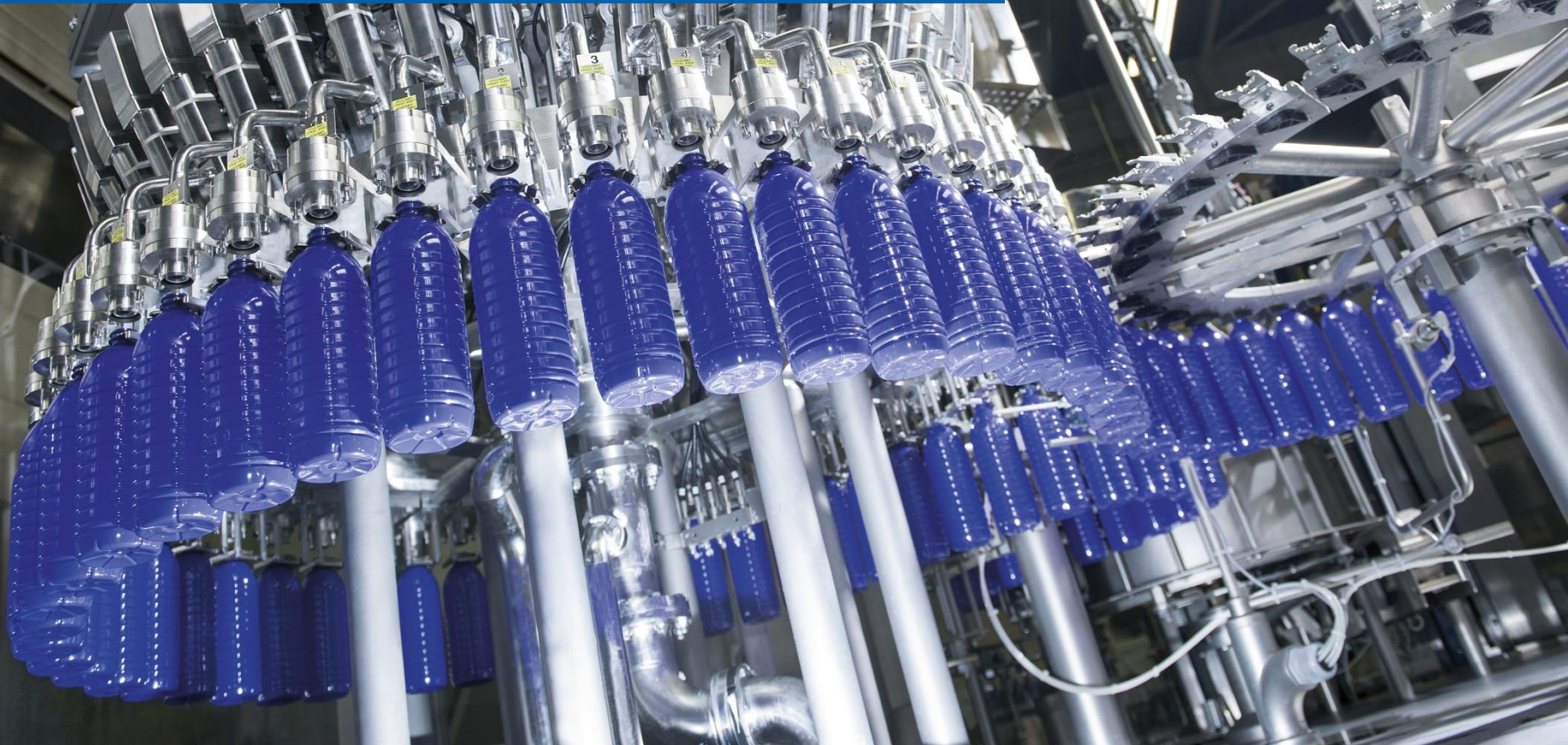
# All earnings figures are up



(€ million)

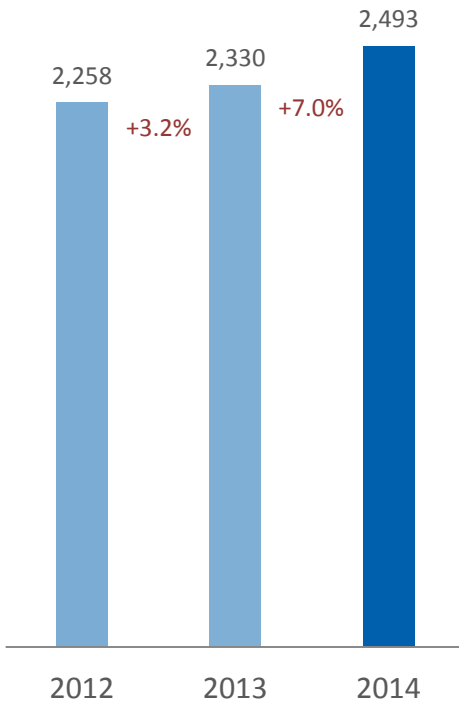


# Machines and lines for product filling and decoration

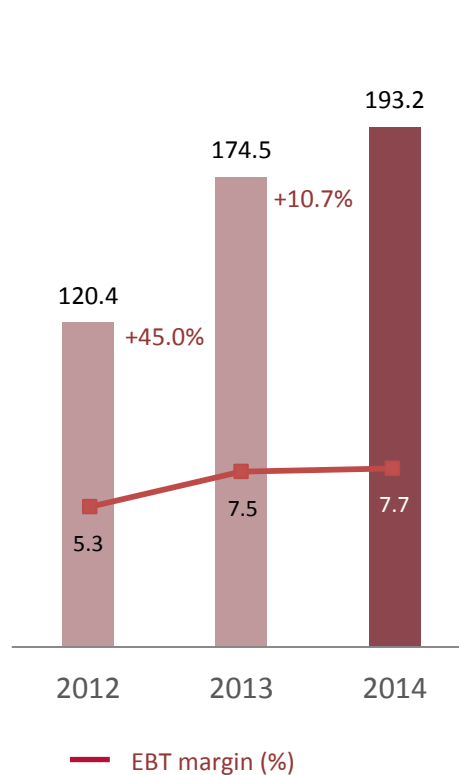


# Product filling and decoration: Improving of profitability

Revenue development (€ million)



EBT development (€ million)



Regionalization of our LCS business

Cost reduction program to offset cost increases

Expansion of modular production for dry part and labelling

Global procurement strategy

Midterm targets:  
Growth 4% – 6%; EBT margin 8%



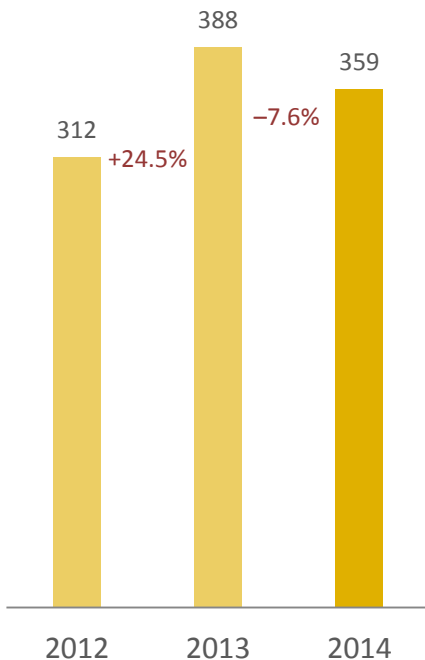


Machines and lines for  
beverage production /  
process technology

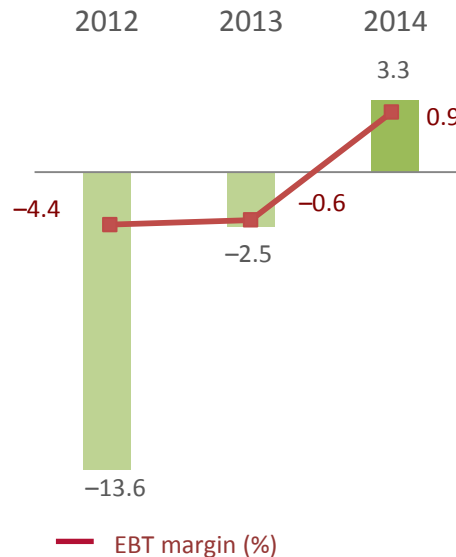


# Beverage production/process technology: in line with expectations

Revenue development (€ million)



EBT development (€ million)



Expansion of components business  
(operative start of Evoguard in 2014 and  
acquisition of HST homogenizers)

Strengthening the product portfolio for  
carbonated softdrink applications and water  
treatment

Regional structures for processing, including  
engineering, procurement and project  
management

Syskron Holding founded as independent  
entity to bundle KRONES' intralogistics  
business

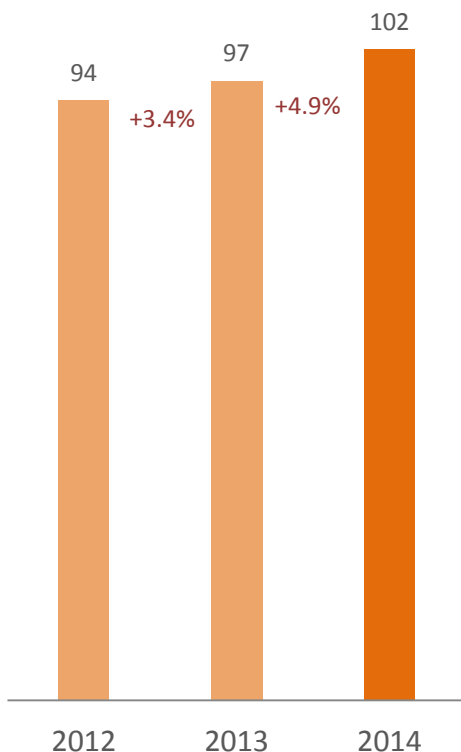
Midterm targets:  
Growth 8% – 10%; EBT margin 4%

Machines and lines for the  
low output range

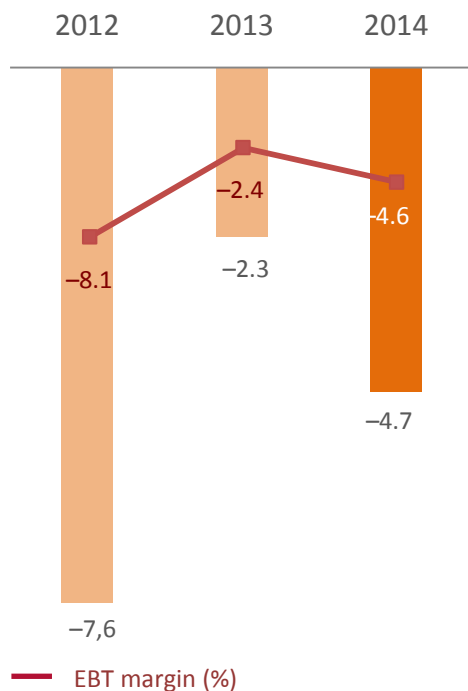


# Segment for the low output range breaks even in terms of operating earnings

Revenue development (€ million)



EBT development (€ million)



Restructuring program in the final stage  
Operating result is proving profitability

Strengthening Kosme Italy's product portfolio  
in filling and labelling  
Emphasis on labelling

Further investment in Kosme's  
sales structure

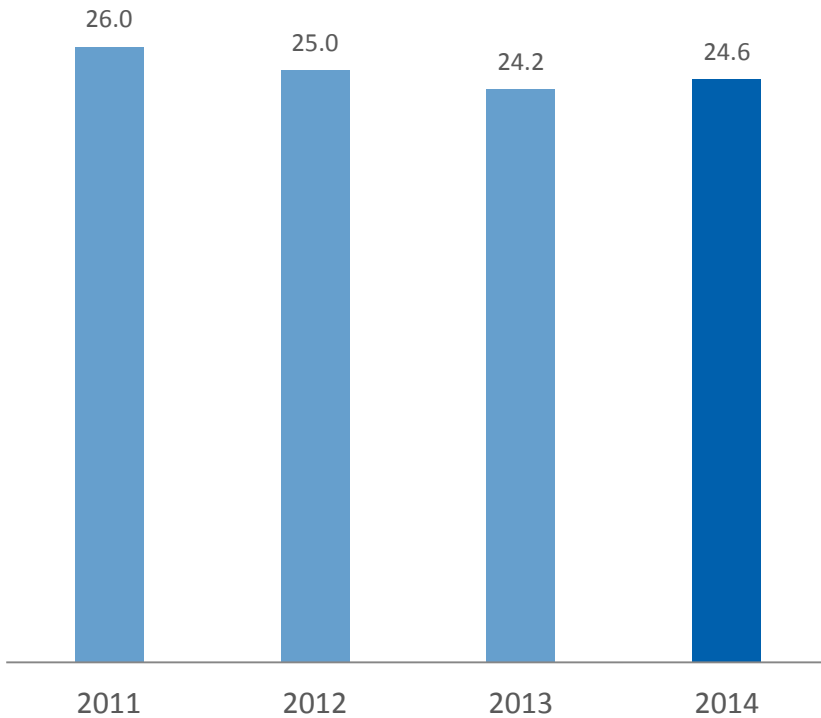
Target for 2015:  
EBT margin 4%

Midterm targets:  
Growth 5%; EBT margin 5%



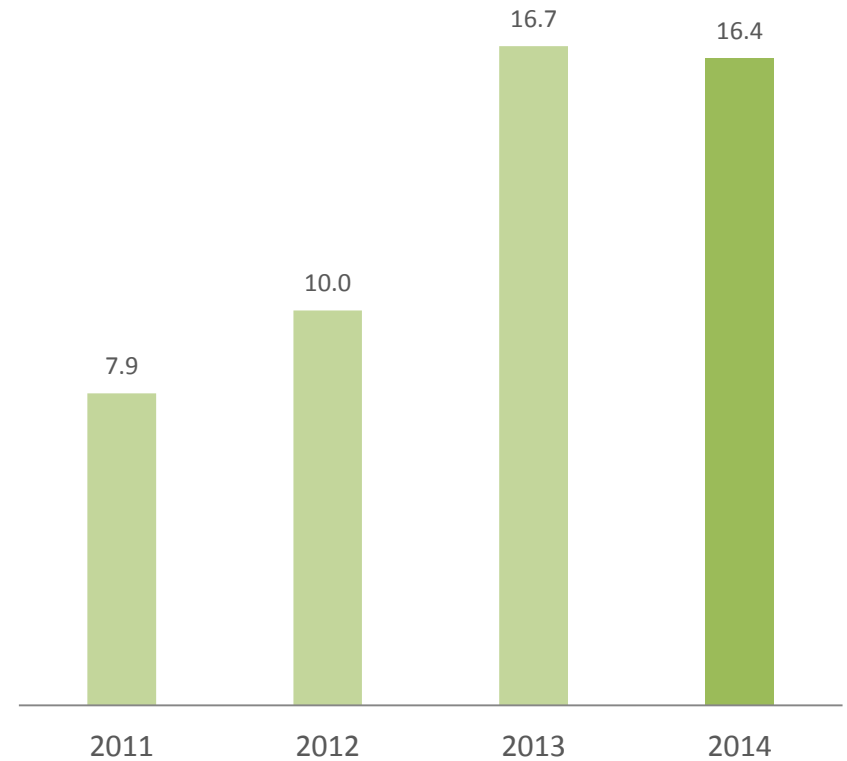
# ROCE target met

Working capital\* (% of revenue)



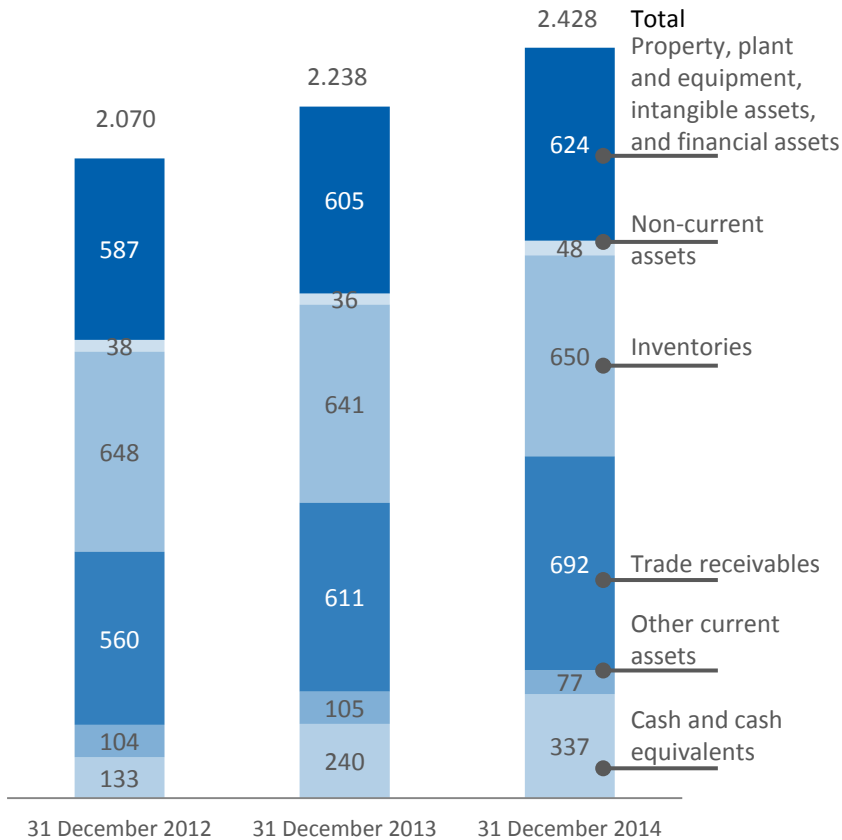
\*LTM (last twelve months)

ROCE\* (%)

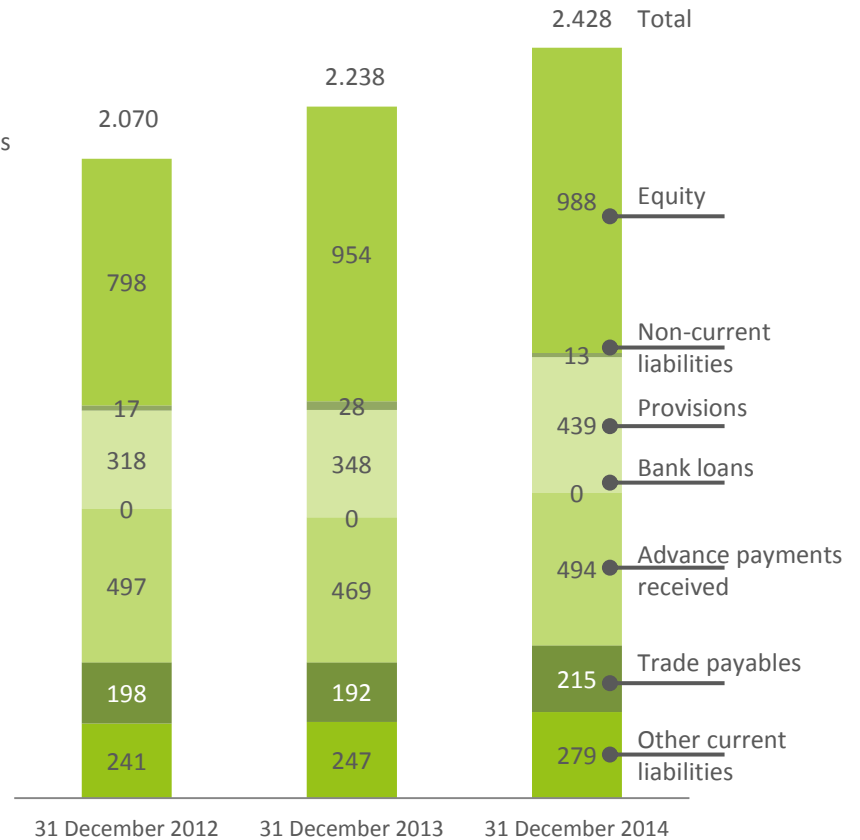


\*LTM (last twelve months)

# KRONES maintains a stable balance sheet



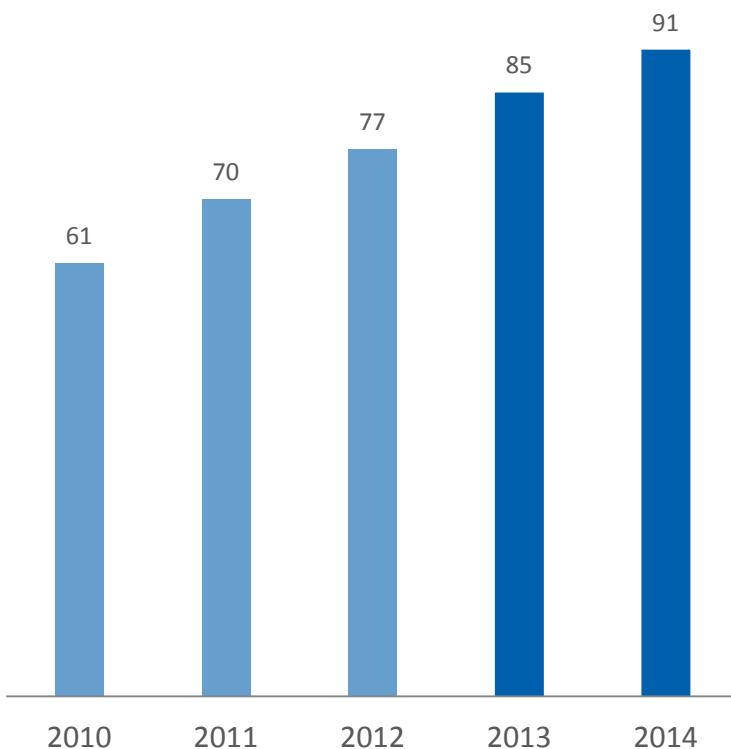
Assets (€ million)



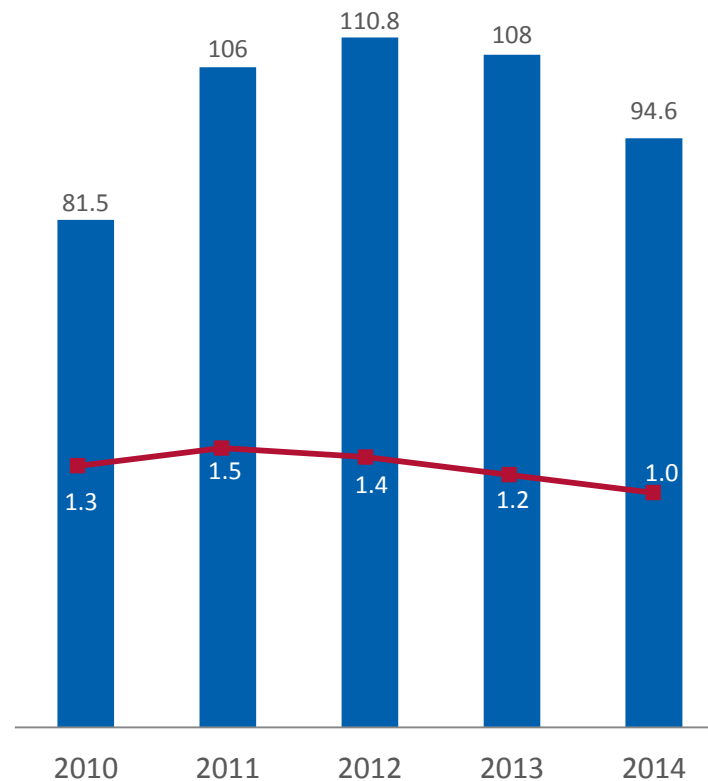
Equity and liabilities (€ million)

# Ratio of capital expenditure to depreciation and amortisation: 1.0

Depreciation, amortisation and write-downs (€ million)



Capital spending (€ million)



— Capital expenditure vs. depreciation, amortisation and write-downs

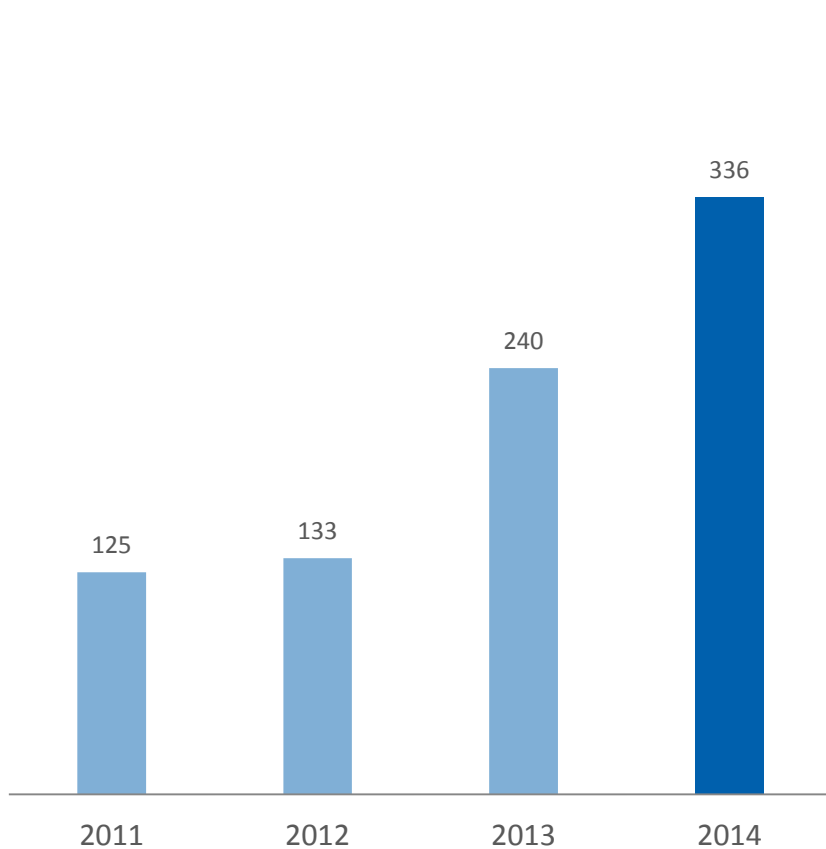
# Free cash flow much improved

(€ million)	2014	2013
Earnings before taxes	191.8	169.7
+/- Non-cash expenses and income	+137.2	+126.4
+/- Change in working capital	-38.9	-85.4
+/- Other (mainly tax payments)	-41.3	-36.1
<b>Cash flow from operating activities</b>	<b>248.8</b>	<b>174.6</b>
+/- Capex, mainly intangible assets and property plant and equipment	-94.6	-108.1
+/- Other	-2.1	+0.5
<b>Free cash flow</b>	<b>152.1</b>	<b>67.0</b>
+/- Financing activities, including dividend payments (€63.2 million)	-63.2	+50.0
+/- Changes in cash and cash equivalents arising from exchange rates	+7.6	-10.0
Net change in cash and cash equivalents	+96.5	+107.0
<b>Cash and cash equivalents at the end of the period</b>	<b>336.4</b>	<b>239.9</b>

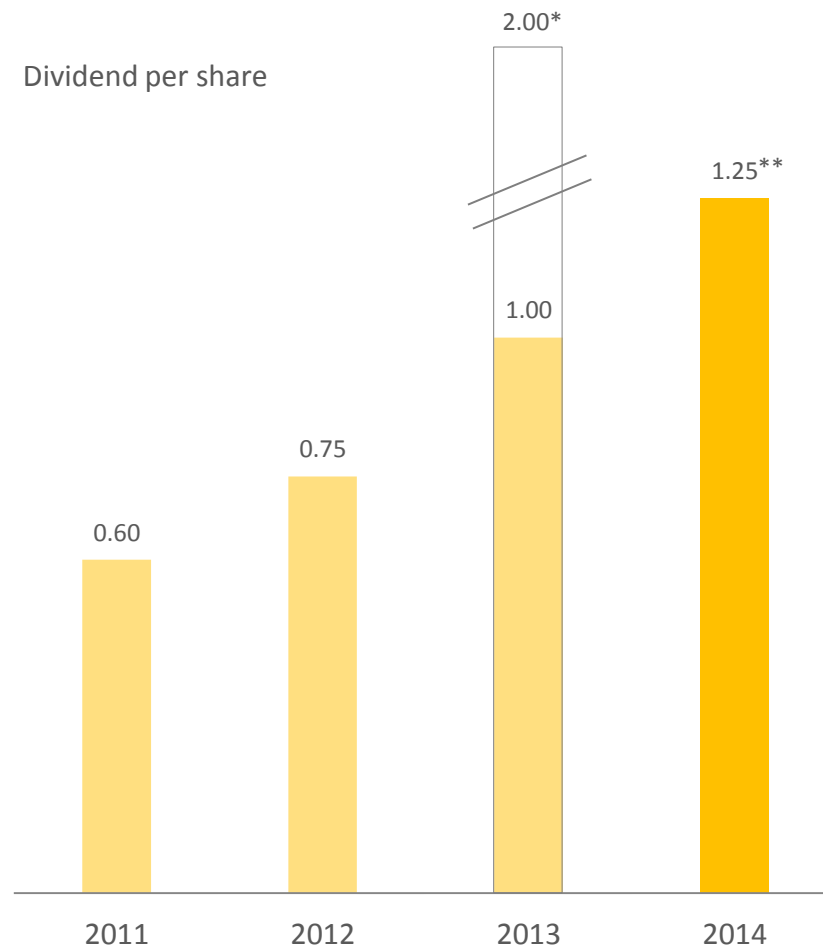


# Regular dividend proposal increases by 25 % to €1.25

Cash and cash equivalents (€ million)



Dividend per share

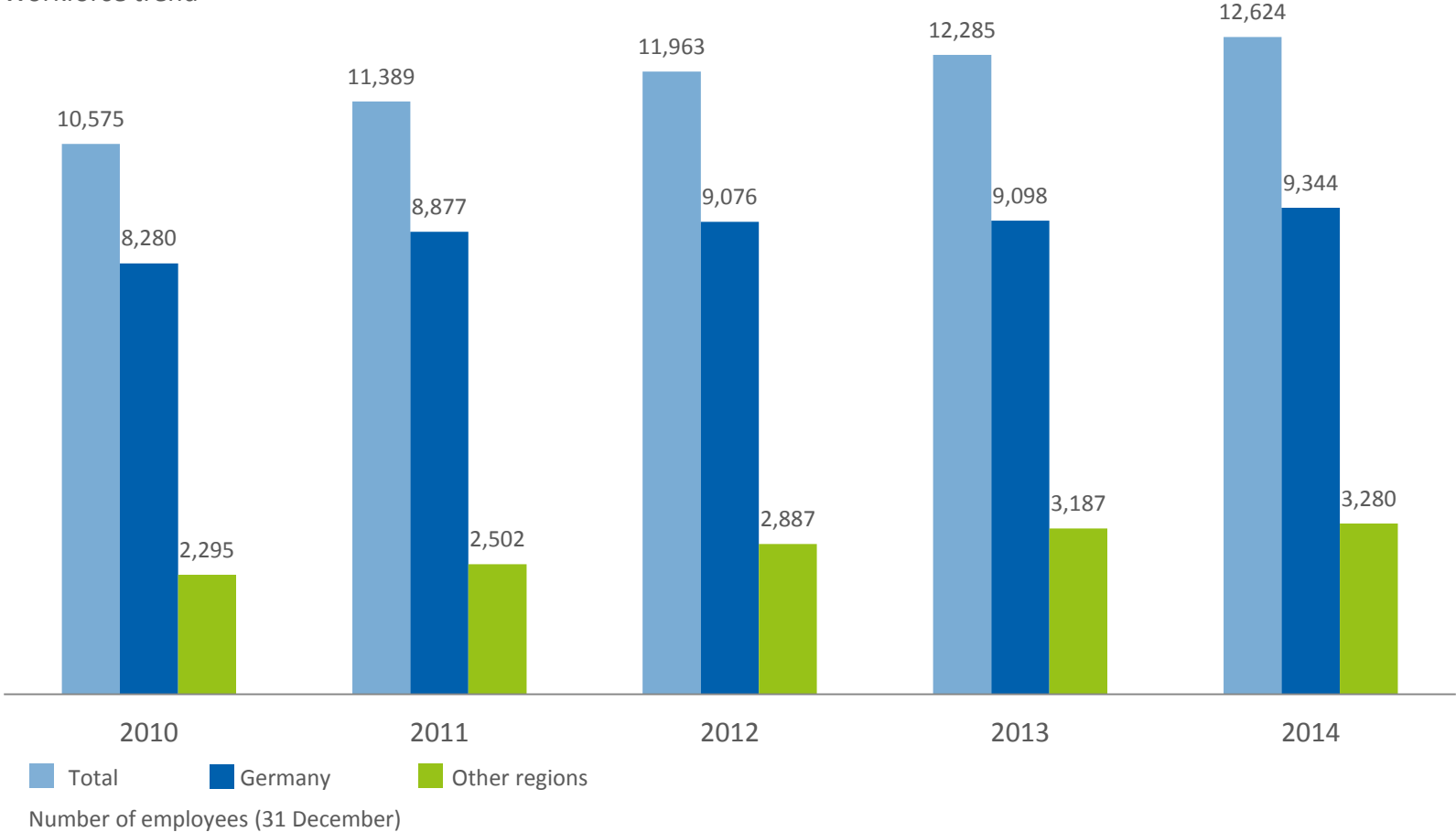


\* including a €1.00 special dividend

\*\* as per proposal for the appropriation of retained earnings

# KRONES employs around 26% of its workforce outside Germany

Workforce trend





Market overview

Financials 2014

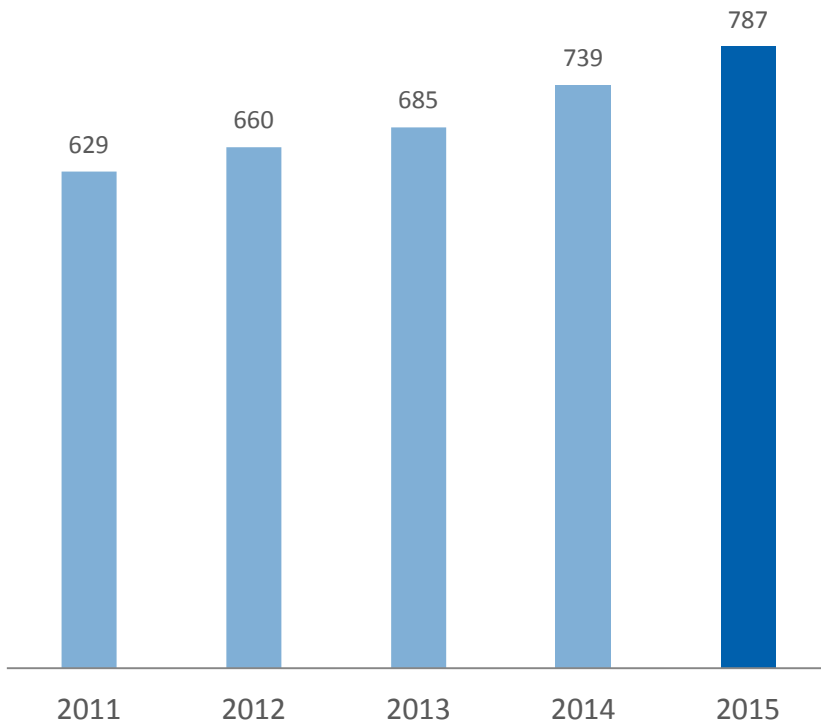
Q1 2015

Outlook 2015

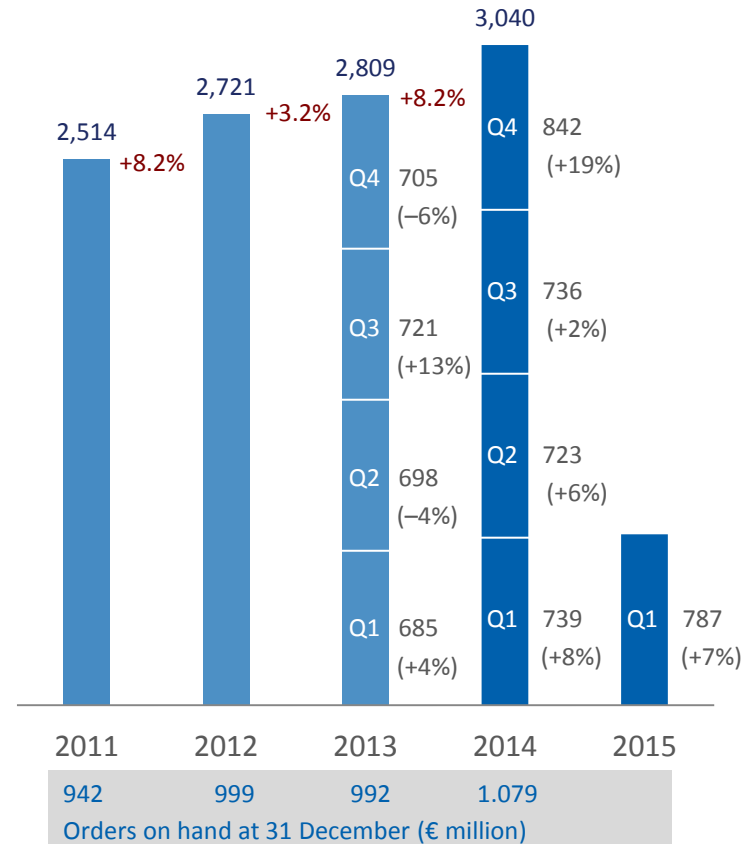


# New orders up 6.5%

New orders Q1 (€ million)

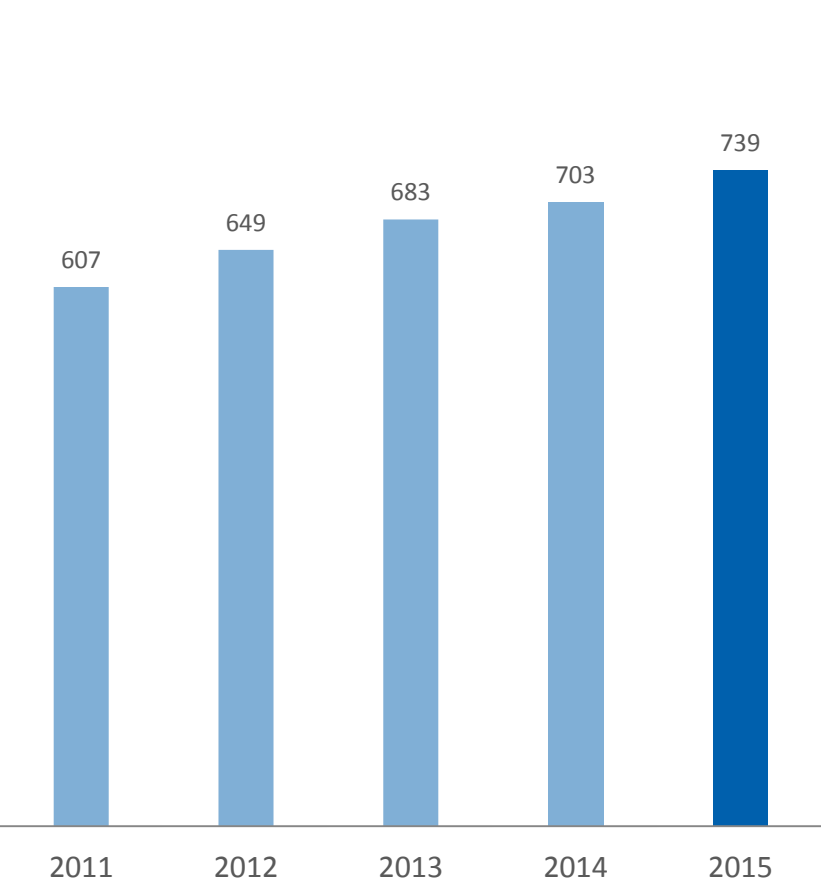


New orders by quarter (€ million)

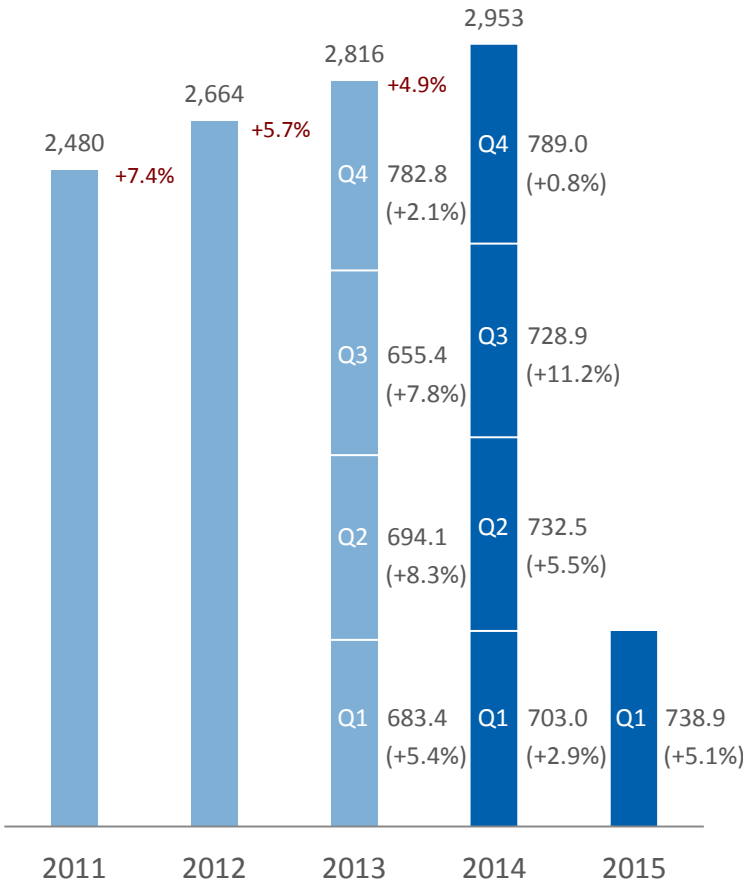


# KRONES increased revenue 5.1% in the first quarter

Revenue development Q1 (€ million)

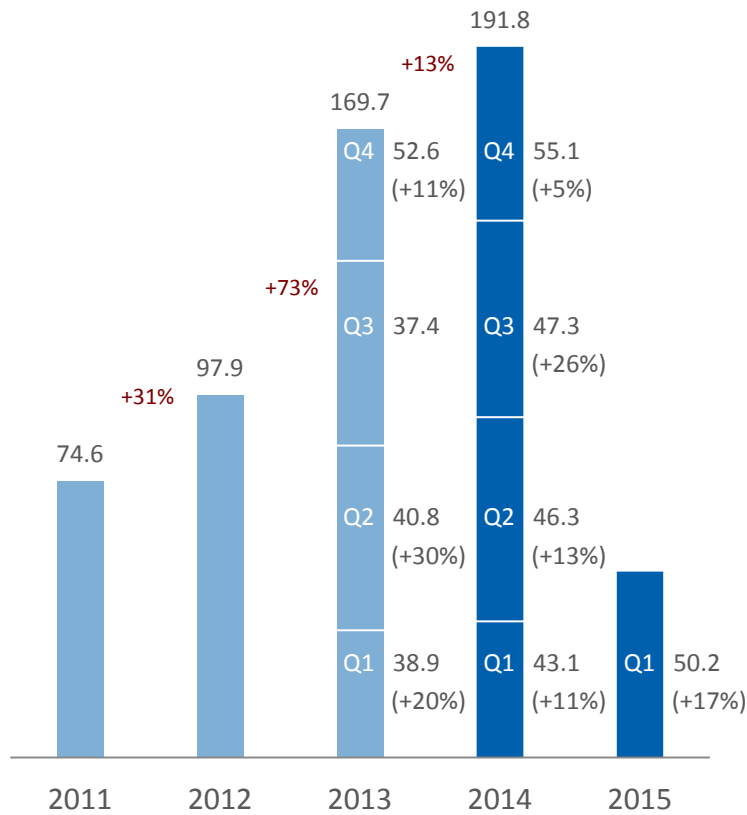


Revenue development by quarter (€ million)

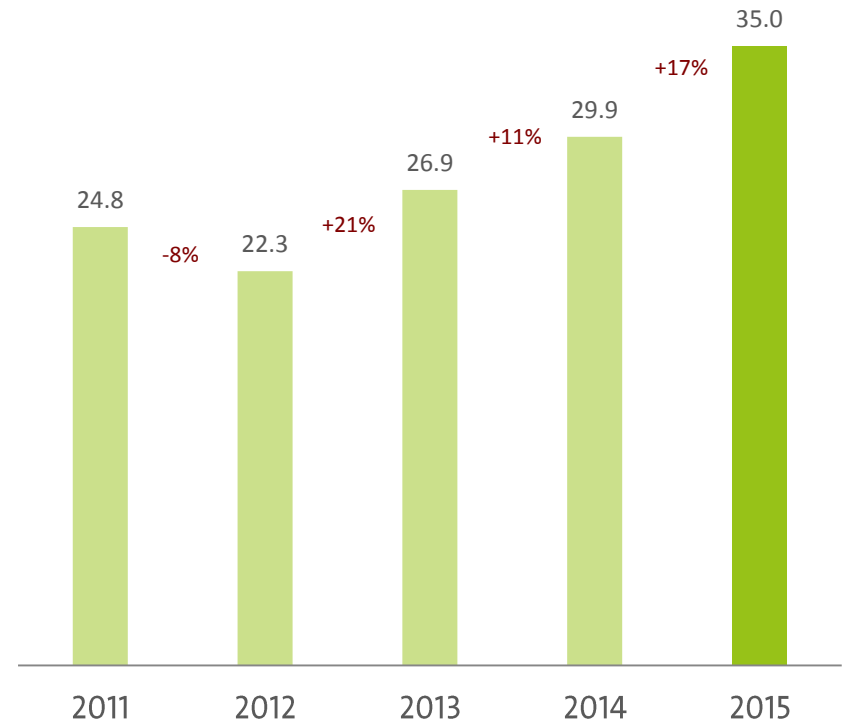


# Profitability improved more sharply than revenue

EBT by quarter (€ million)



Net income Q1 (€ million)



# All segments in the black in 2015



Machines and lines for product filling and decoration

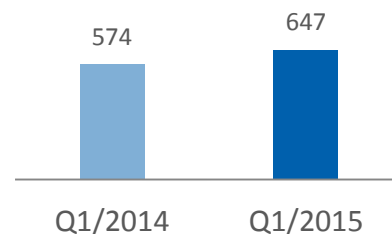


Machines and lines for beverage Production / process technology

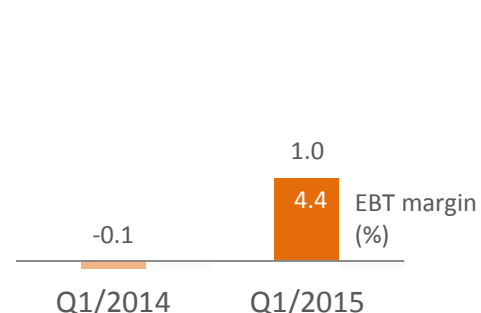
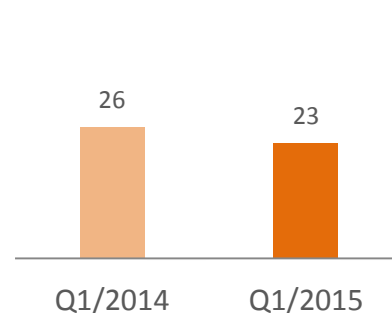
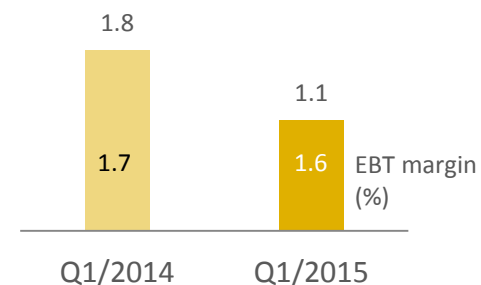
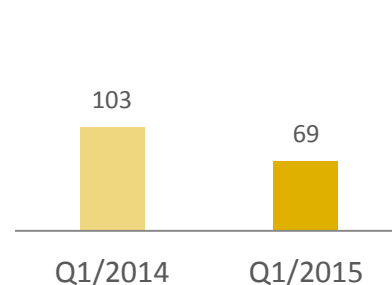
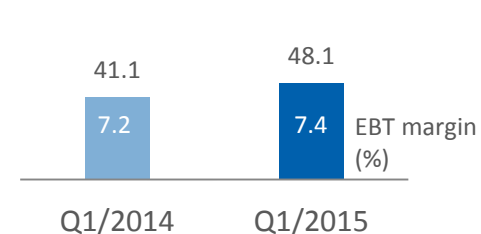


Machines and lines for low output range

Segment revenue development Q1 (€ million)



Segment EBT development Q1 (€ million)







Market overview

Financials 2014

Q1 2015

Outlook 2015

# Economic outlook for 2015

Target 2015:  
Revenue growth  
+ 4%



Target 2014:  
4%



Target 2015:  
EBT margin  
6.8%



Target 2014:  
6.2%



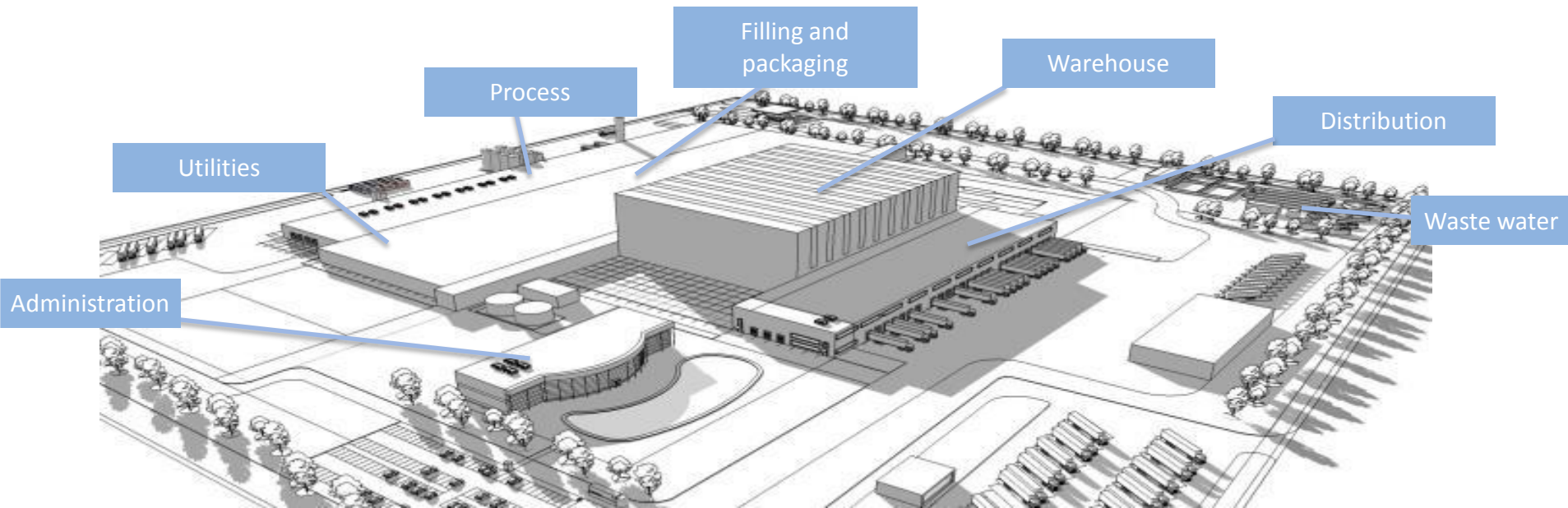
Target 2015:  
ROCE  
17%



Target 2014:  
>16%



# KRONES plans and delivers complete production plants



Fulfilling customer specifications efficiently requires a high-level understanding of material and data flows

Production areas  
(Process, filling, and packaging)

Utilities  
(Steam, compressed air, CO<sub>2</sub>, refrigeration, etc)

Waste management

Logistics (material flow, warehousing,  
yard management)

IT solutions (MES)

# Industry 4.0 holds great opportunities for KRONES



## Internet of Things

Machines are interlinked horizontally and vertically by way of Internet technology and communicate with people, the environment, and manufacturers (KRONES).

## Internet of Services

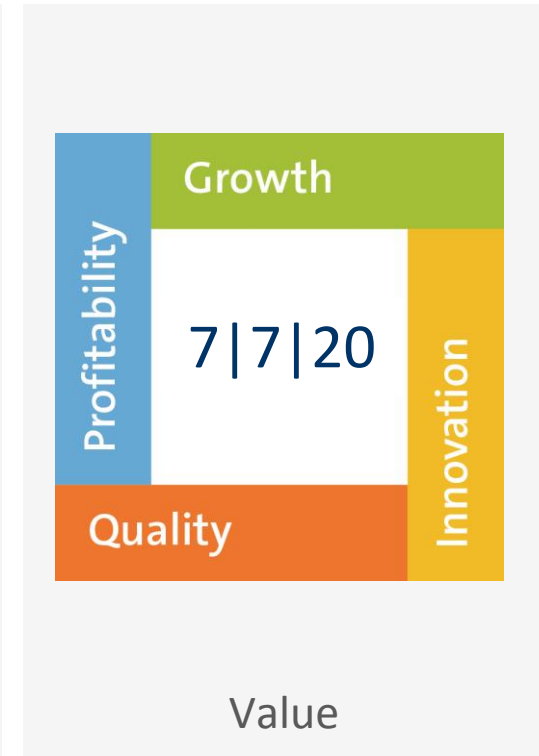
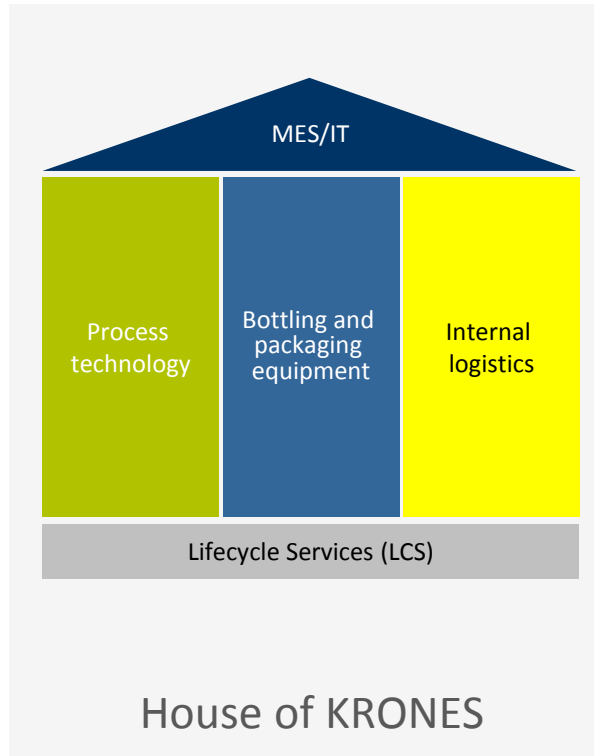
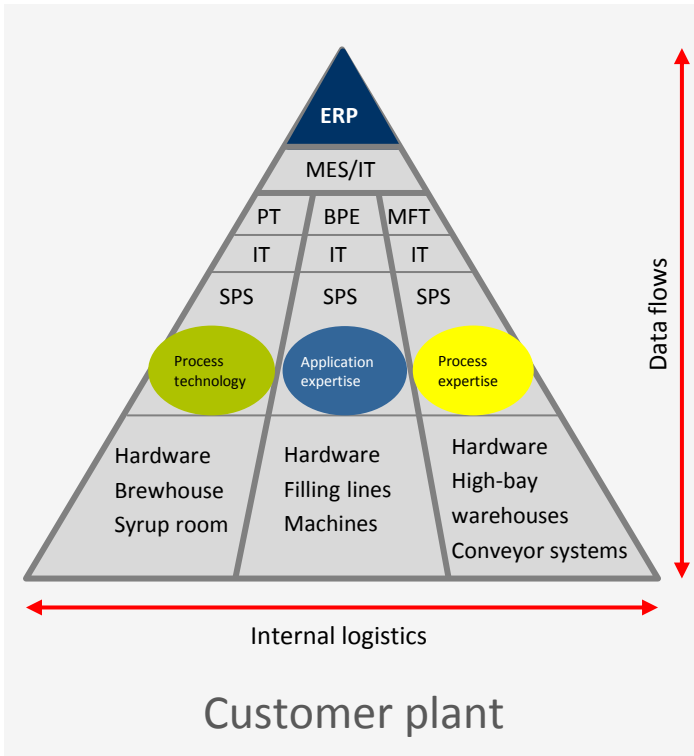
Need-oriented services (e.g. intelligent maintenance) and product-related services (e.g. knowledge sharing) improve value

## Internet of Data

Managing and analysing large quantities of data (both product and production data) generates expert knowledge from which we can derive further actions (e.g. recommendations for our customers)



# Big Picture KRONES

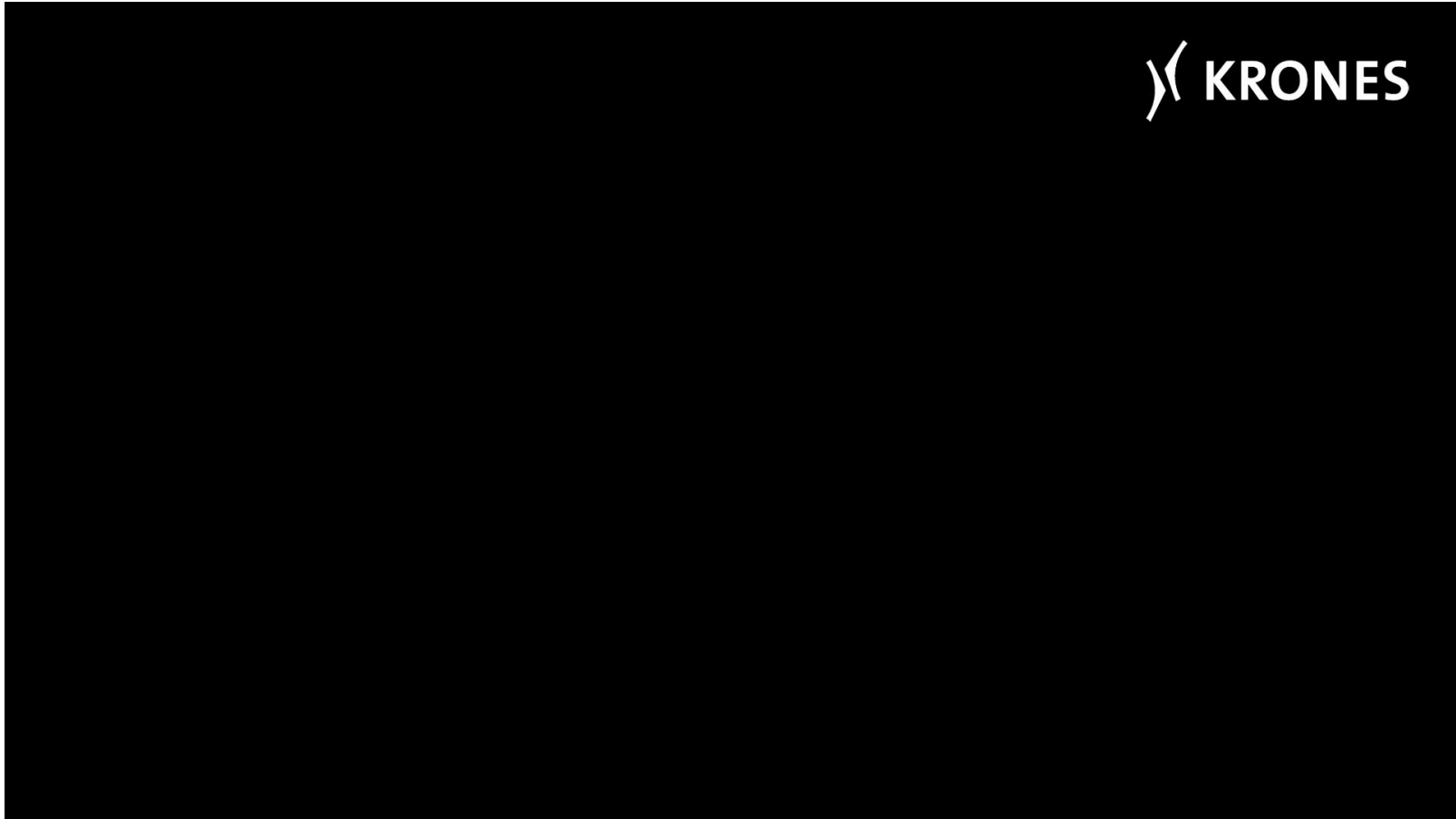


# KRONES intralogistics



# Innovations

## Packaging line Varioline



# Innovations

## Direct print DecoType





# Change in Executive Board in 2016



2015

Volker Kronseder  
CEO

Christoph Klenk  
CFO

Longterm experience in the packaging industry in various financial roles

2016

Volker Kronseder intends to join the Supervisory Board

Christoph Klenk  
CEO

CFO

Thank you  
for your attention!

# Financial Calendar 2015

- 17.06.2015 Annual General Meeting
- 23.07.2015 Conference Call KRONES Group Q2 2015
- 23.07.2015 Interim Report as per June 30
- 22.10.2015 Conference Call KRONES Group Q3 2015
- 22.10.2015 Interim Report as per September 30



Olaf Scholz  
Head of Investor Relations

KRONES AG  
Böhmerwaldstrasse 5  
93073 Neutraubling  
Germany

Phone +49 9401 70-1169  
Fax +49 9401 70-3205

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