

KRONES

Conference Call

January – September 2015

October 22, 2015



# Krones continues profitable growth trend

Revenue climbed 4.9% to €2,270.7 million.

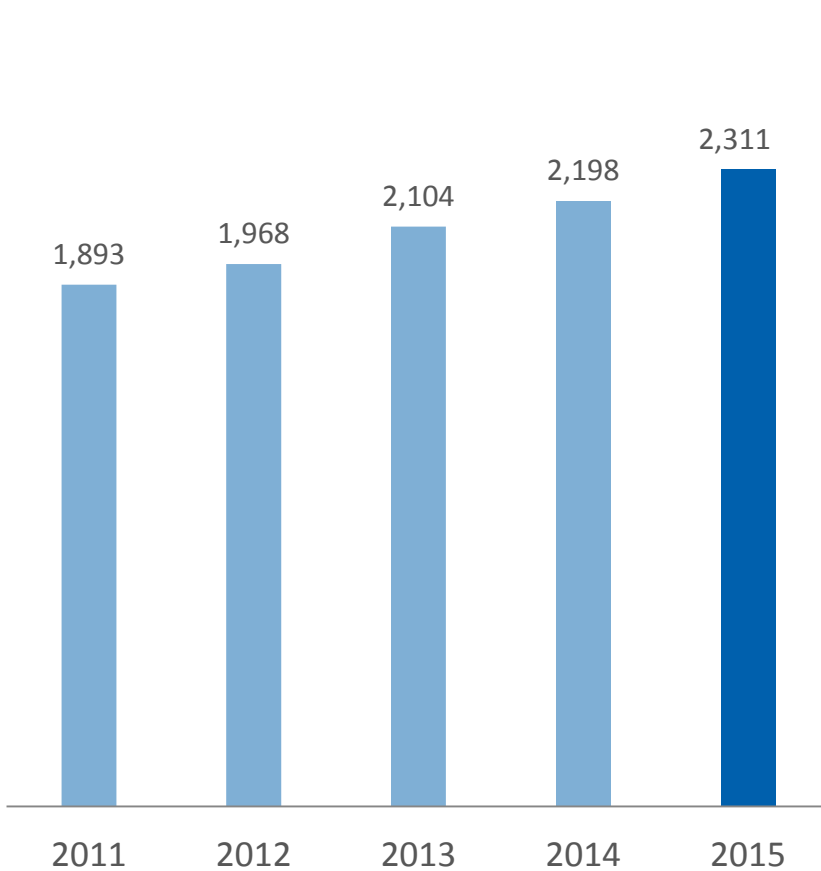
New orders increased 5.2% to €2,311.3 million for the period from January to September.

EBT margin improved from 6.3% to 6.9% thanks to the Value strategy programme.

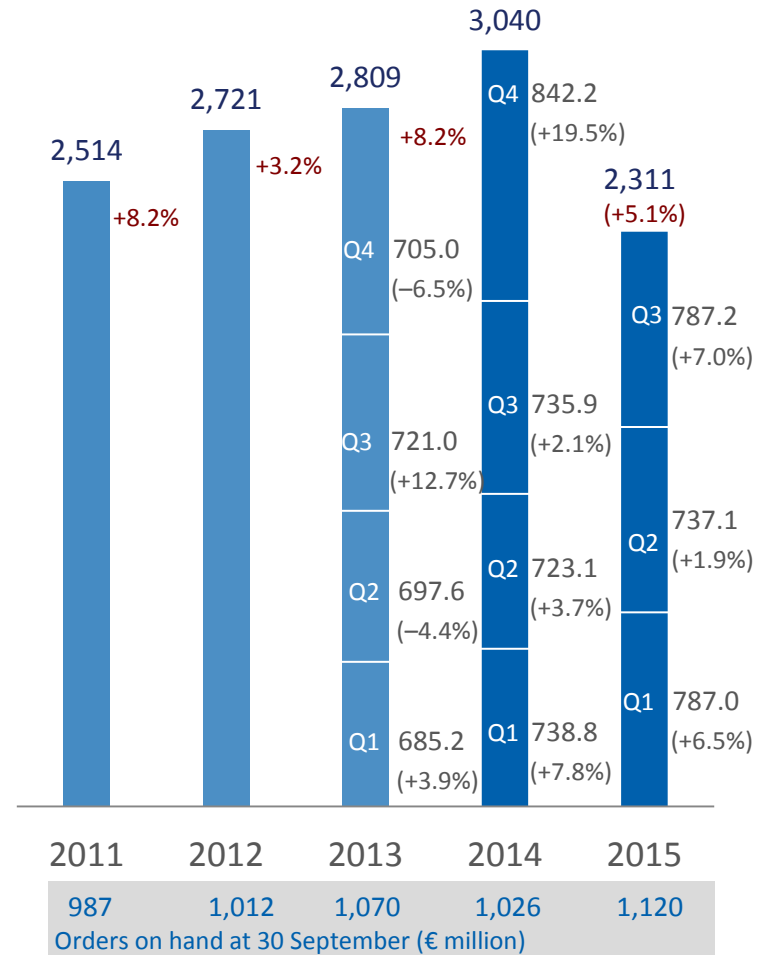
Krones confirms growth and earnings targets for 2015.

# New orders rose 5.2% in the first three quarters

New orders Q1 – Q3 (€ million)

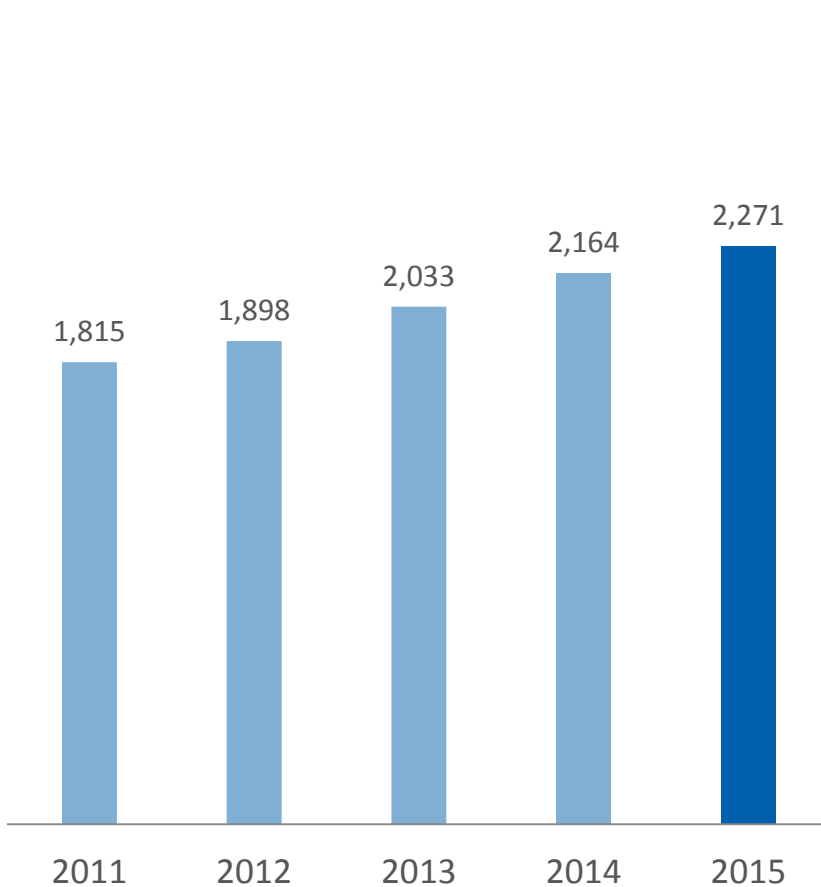


New orders by quarter (€ million)

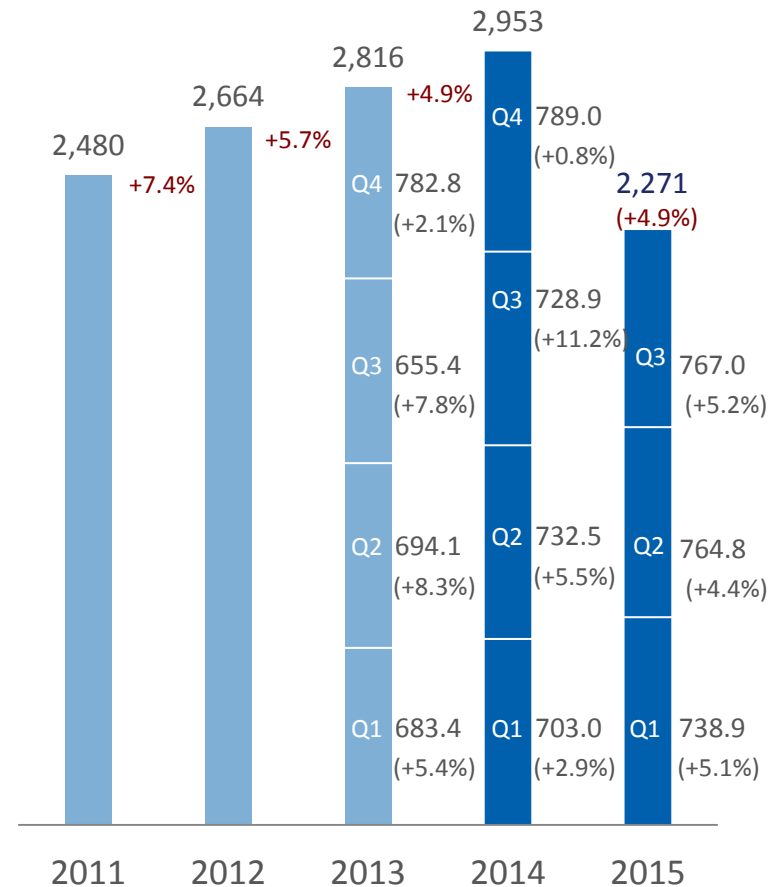


# Revenue rose 4.9%

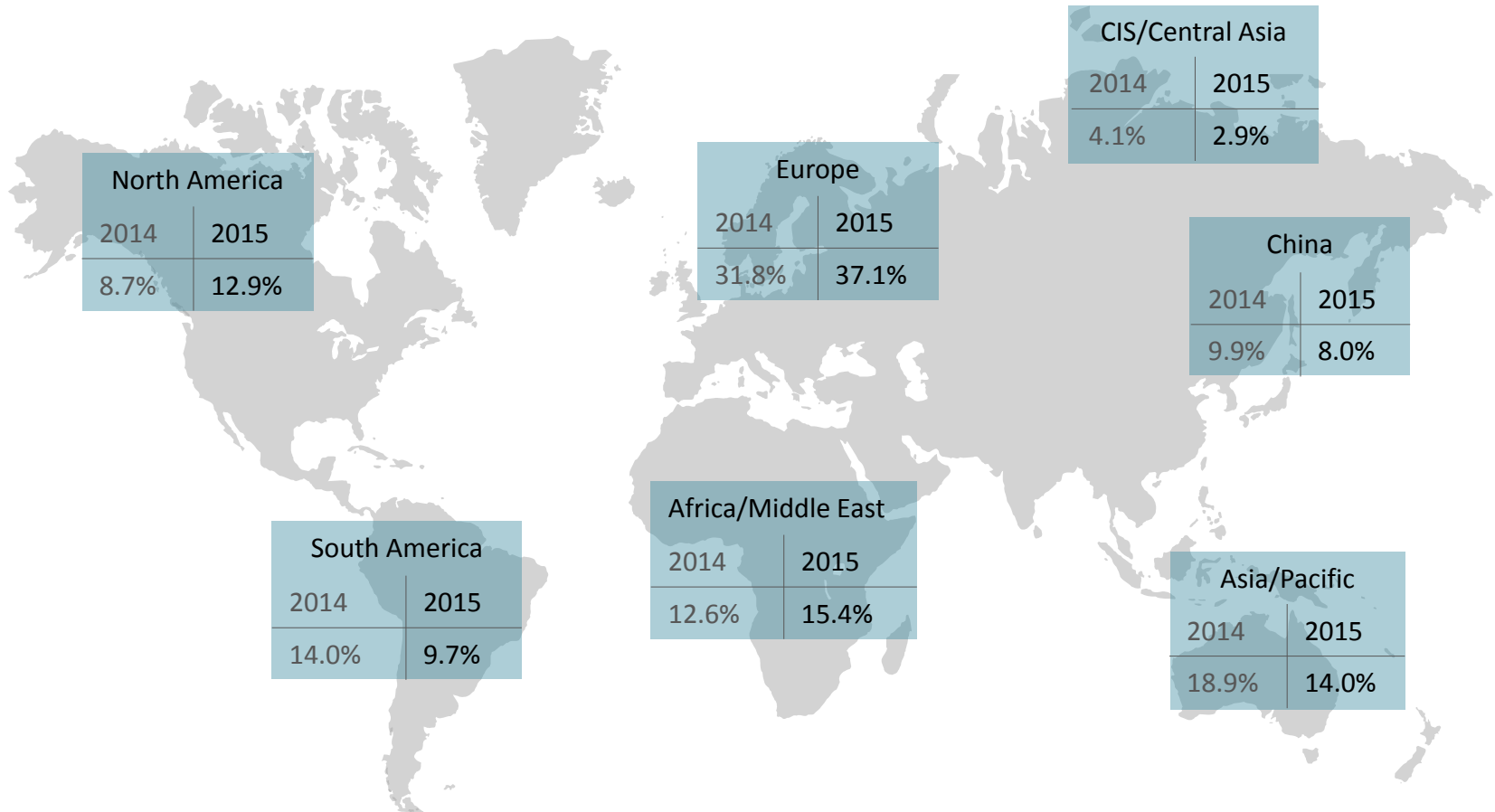
Revenue development Q1 – Q3 (€ million)



Revenue development by quarter (€ million)



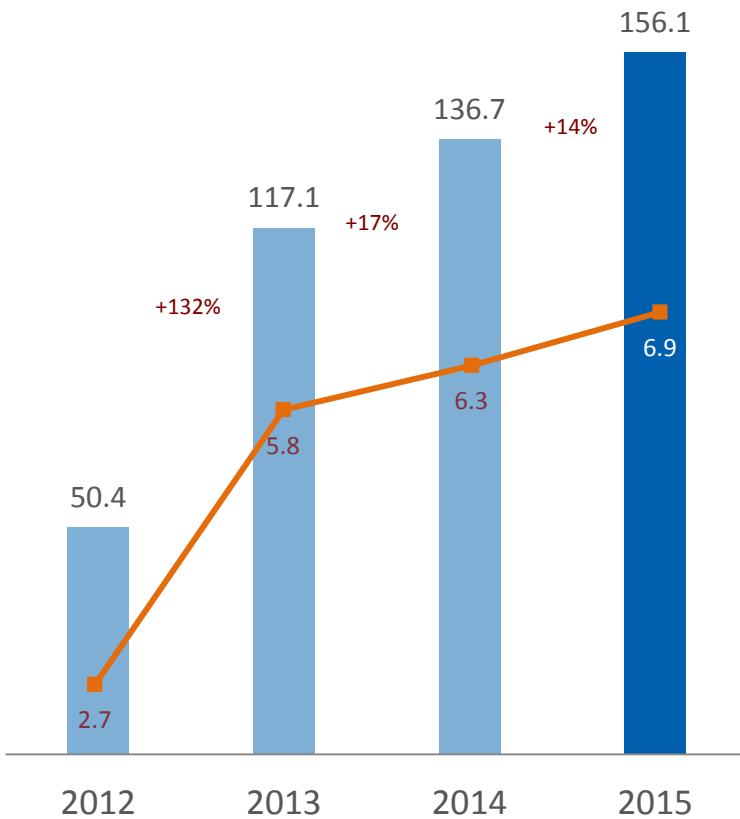
# Revenue per region in Q1 – Q3 2015



Share of emerging markets of consolidated revenue: 52.9% (Prior year: 62.4%)

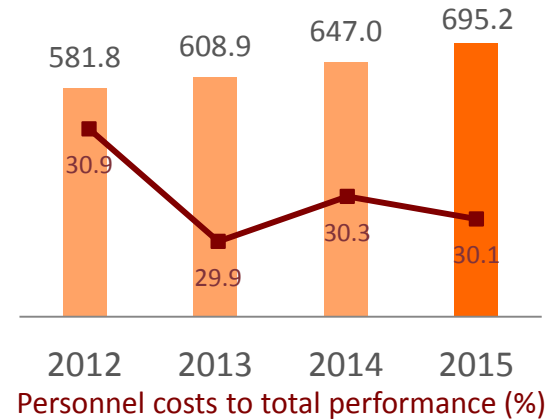
# Strong increase of EBT margin based on the performance improvement

EBT Q1 – Q3 (€ million)

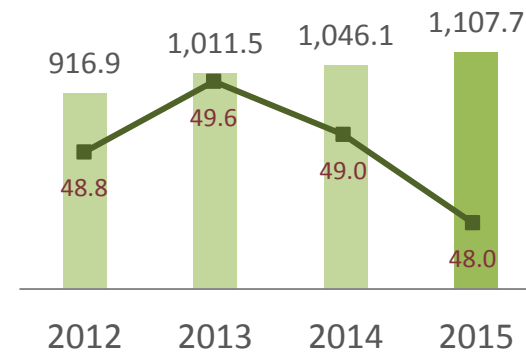


Return on sales (on EBT) (%)

Personnel costs Q1 – Q3 (€ million)



Material costs Q1 – Q3 (€ million)



Material costs to total performance (%)

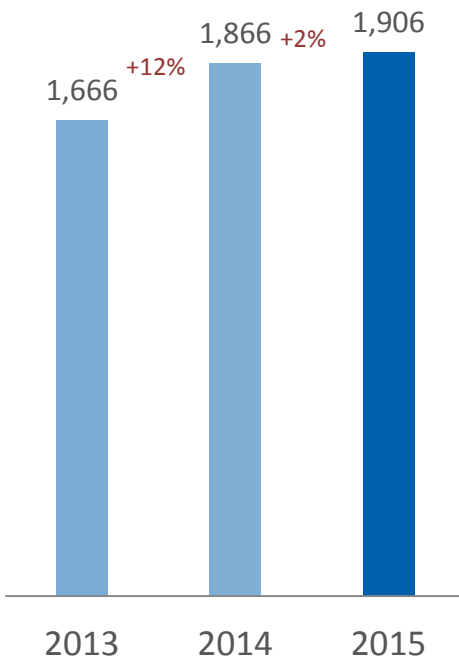


# Machines and lines for product filling and decoration

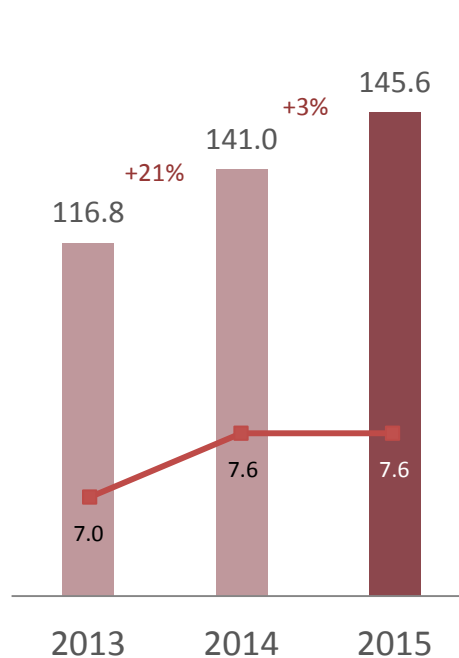


# Product filling and decoration: Further improvement of profitability

Revenue development Q1 – Q3  
(€ million)



EBT development Q1 – Q3  
(€ million)



— Return on sales (%)

- Regionalization of the LCS business
- Cost reduction program to compensate cost increases
- Expansion of modular production for dry part and labelling
- Global procurement strategy
- Midterm targets:  
Growth 4-6%; EBT margin 8%



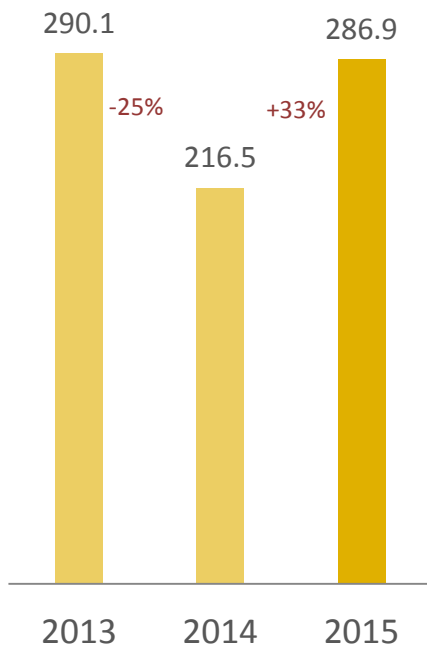
Machines and lines for  
beverage production /  
process technology



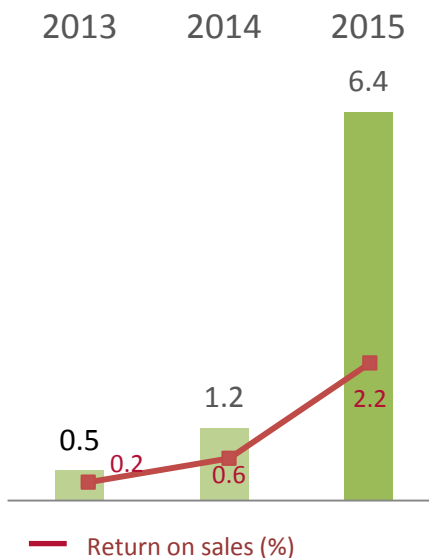
STEINECKER

# Beverage production/process technology: volatile sales development in the quarters

Revenue development Q1 – Q3  
(€ million)



EBT development Q1 – Q3  
(€ million)



Expansion of the component business

Strengthening the product portfolio for carbonated softdrink applications and water treatment.

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

Syskron Holding founded as independent entity to bundle Intralogistic business of Krones

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

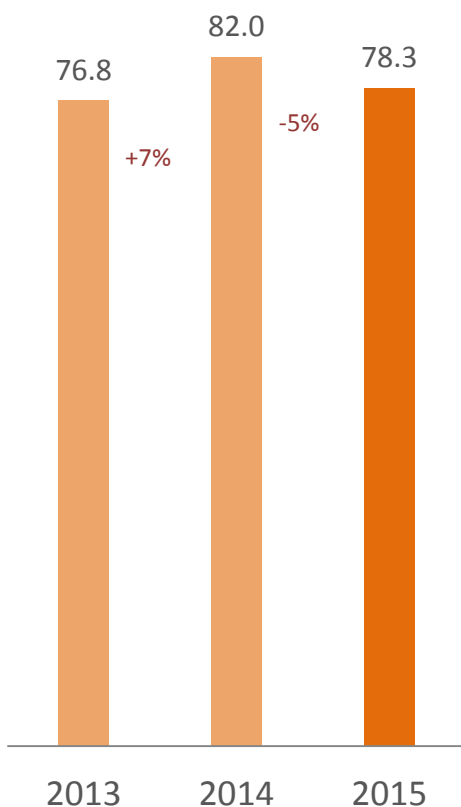


# Machines and lines for the compact class

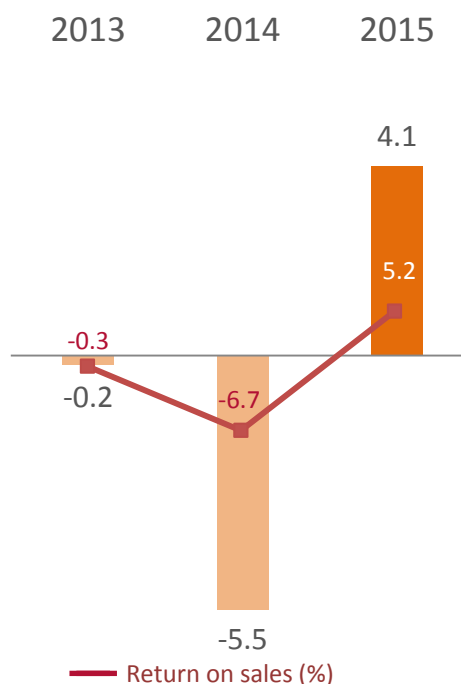


# Segment for the low output range: Successful restructuring, sustainable margin situation

Revenue development Q1 – Q3  
(€ million)



EBT development Q1 – Q3  
(€ million)



Restructuring program in the final stage.  
Operating result is in proving profitability

Strengthening product portfolio of  
Kosme Italy in Filling and Labelling.  
Emphasise on Labelling

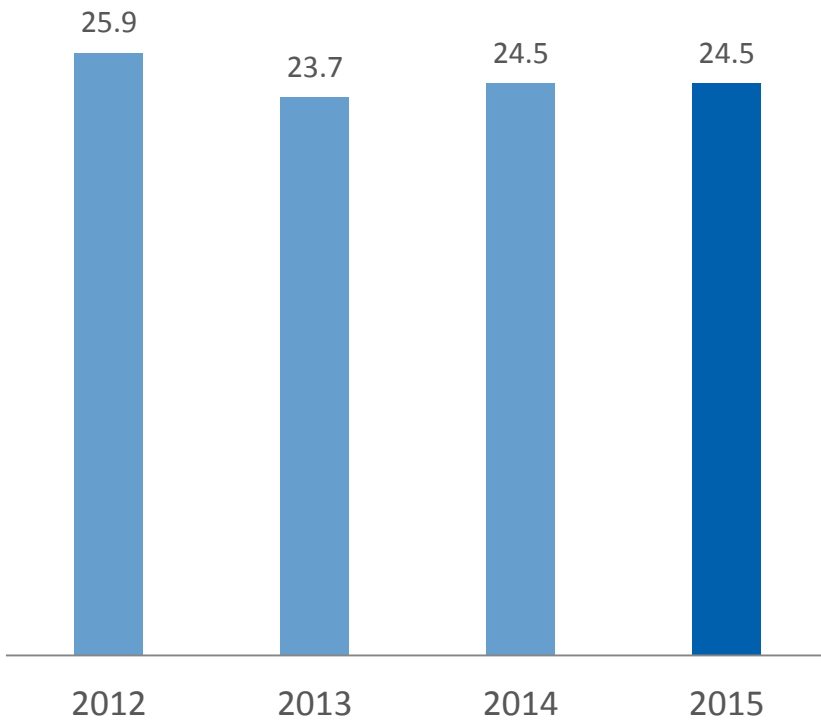
Further investment in Kosme  
sales structure

Target for 2015:  
EBT margin 4%

Midterm targets:  
Growth 5%; EBT margin 5%

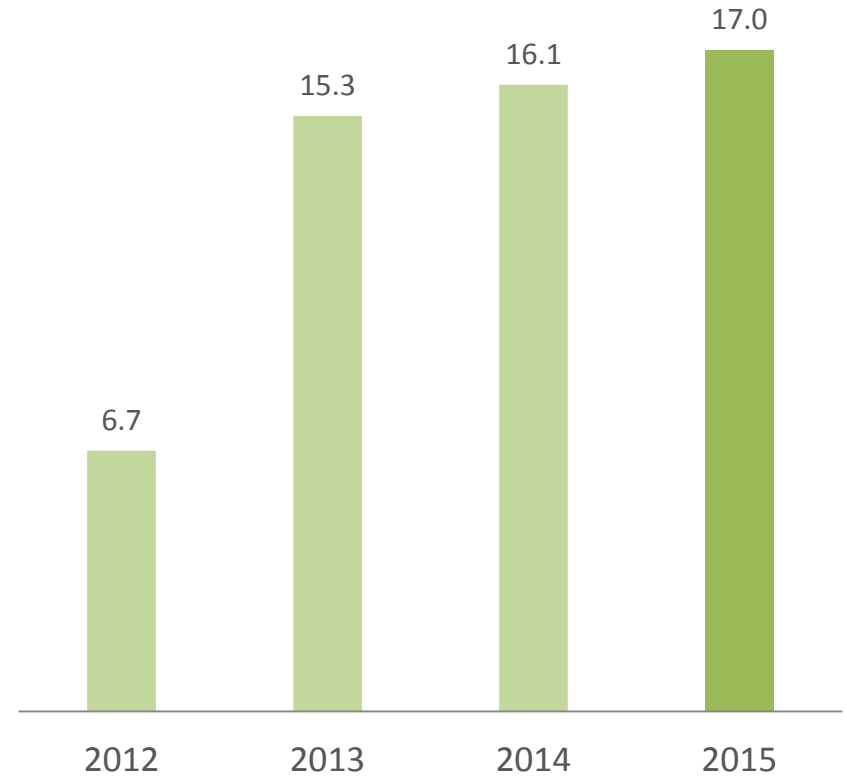
# ROCE increases as planned

Working capital\* Q1 – Q3 (%) of revenue



\*LTM (Last twelve months)

ROCE\* Q1 – Q3 (%)



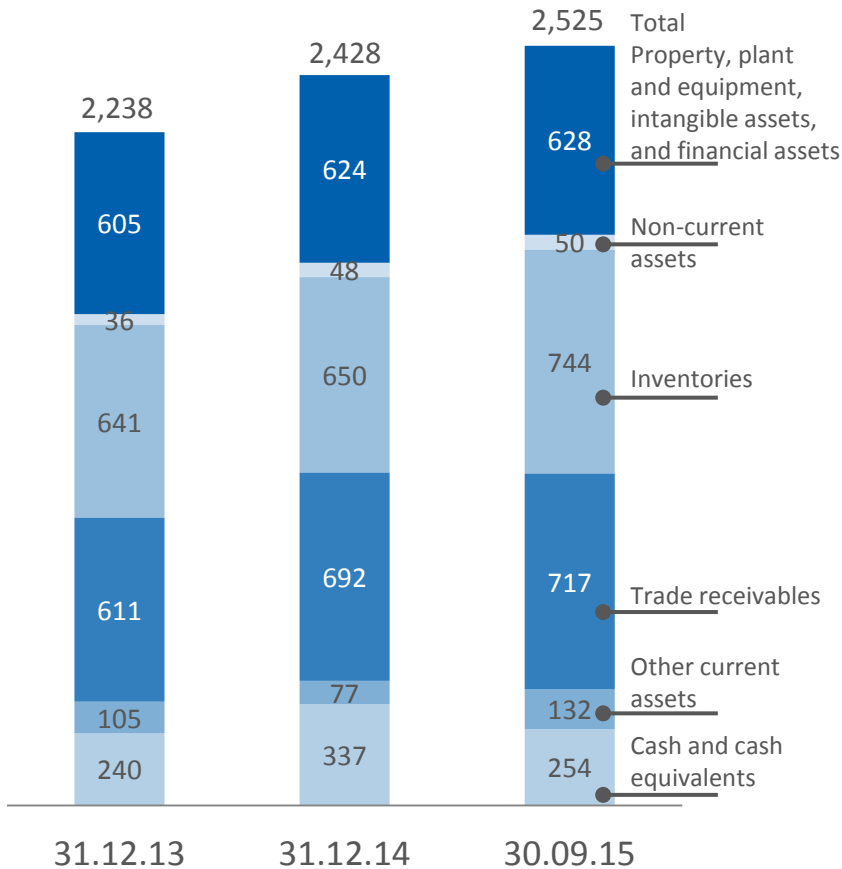
\*LTM (Last twelve months)

# Free cash flow decreased

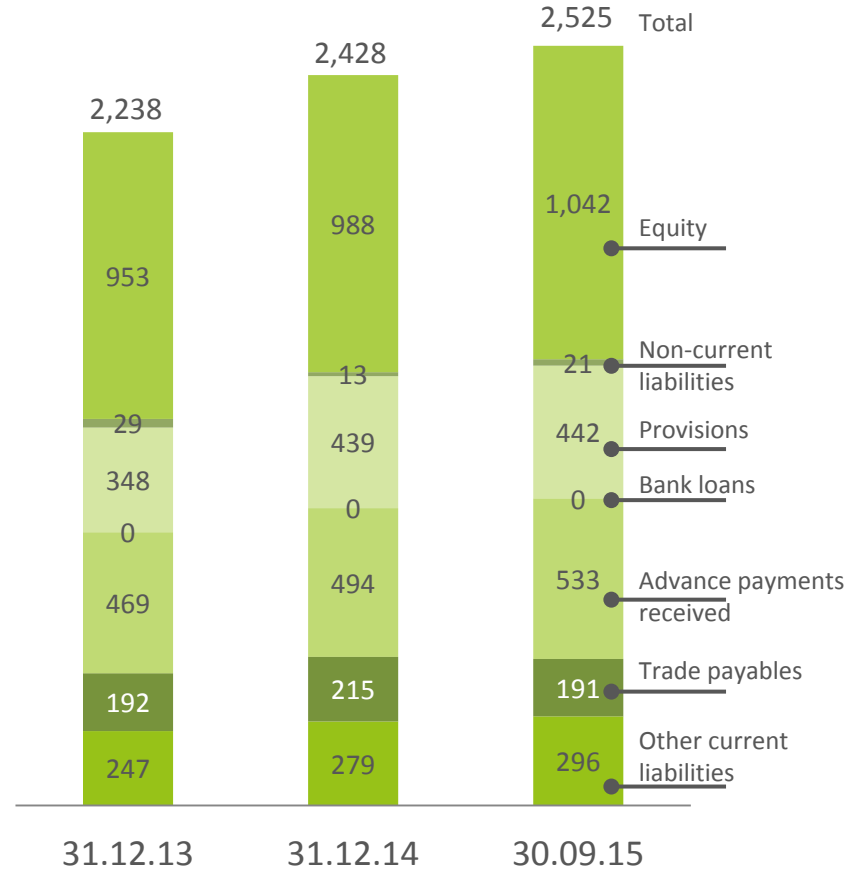
(€ million)	Q1 – Q3 2015	Q1 – Q3 2014
Earnings before taxes	156.1	136.7
+/- non-cash expenses and income	+83.4	+128.9
+/- change in Working Capital	-189.0	-161.1
+/- other (mainly tax payments)	-29.5	-24.6
<b>Cash flow from operating activities</b>	<b>+21.0</b>	<b>+79.9</b>
+/- Capex, intangible Assets and property plant and equipment	-55.4	-49.6
+/- other	-13.7	+0.1
<b>Free cash flow</b>	<b>-48.1</b>	<b>+30.4</b>
+/- Financing activities	-39.5	-63.4
+/- Changes in cash and cash equivalents arising from exchange rates	+4.9	+0.2
Net change in cash	-82.7	-32.8
<b>Cash at the end of period</b>	<b>253.7</b>	<b>207.1</b>



# Equity rose over 1 billion €, ratio at 41%



Assets in € million



Equity and liabilities in € million

# Krones raises EBT margin target for 2015 from 6.8% to 7.0%

Target:  
Revenue growth  
+ 4%



Q1 - Q3 2015:  
4.9%



Target:  
EBT margin  
7%



Q1 - Q3 2015:  
6.9%



Target:  
ROCE  
17%



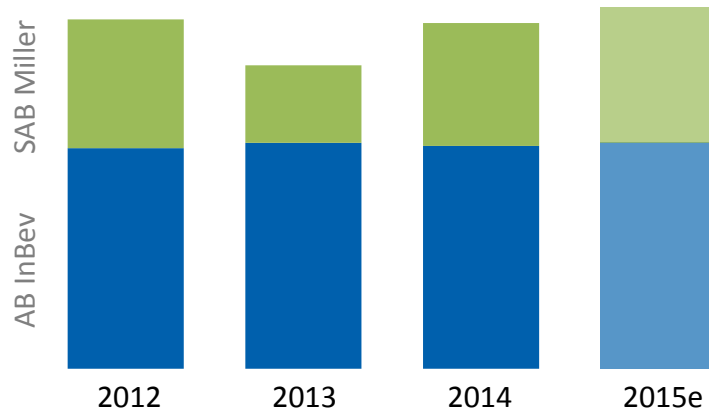
Q1 - Q3 2015:  
17.0%



# Merger between AB InBev – SAB Miller



## Sales split



## Threats

- Substantially reduced capital investment levels in the next few years
- Pressure on prices due to purchasing power
- Concessions with regard to payment terms

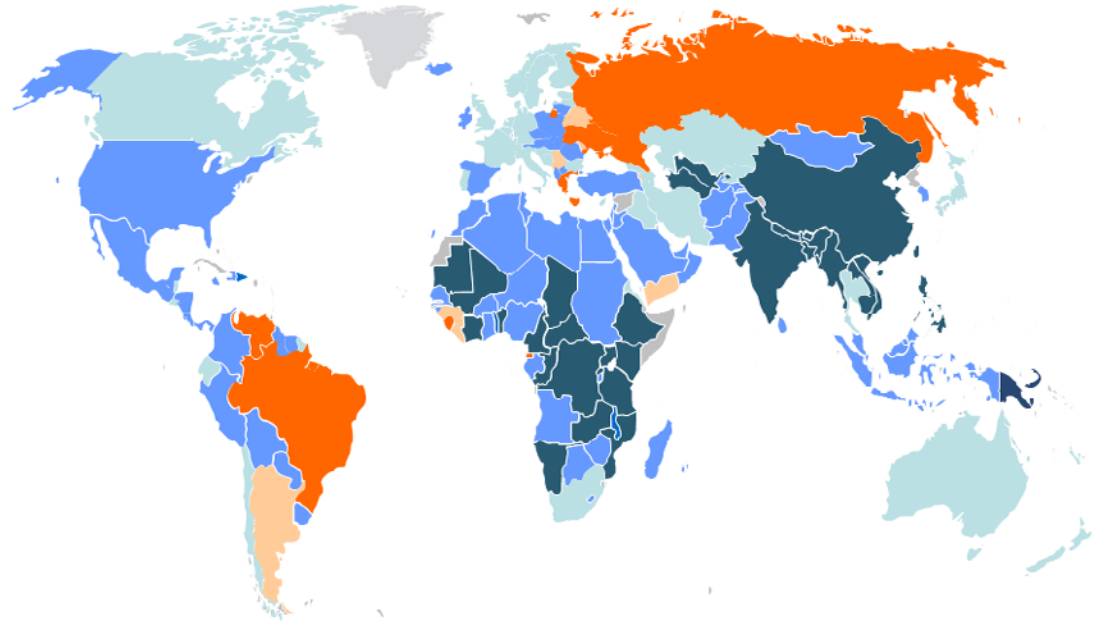
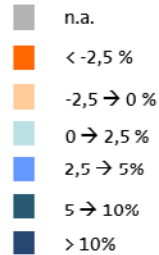
## Opportunities

- Global package deals are an opportunity for Krones
- A profitable organization with a high investment volume over the upcoming years is expected to develop
- Smaller suppliers will have difficulties in working with the newly formed organization
- With the possible sale of CRB China and MillerCoors in the USA, new opportunities are created for Krones
- Low experience of AB InBev in African Market creating chances

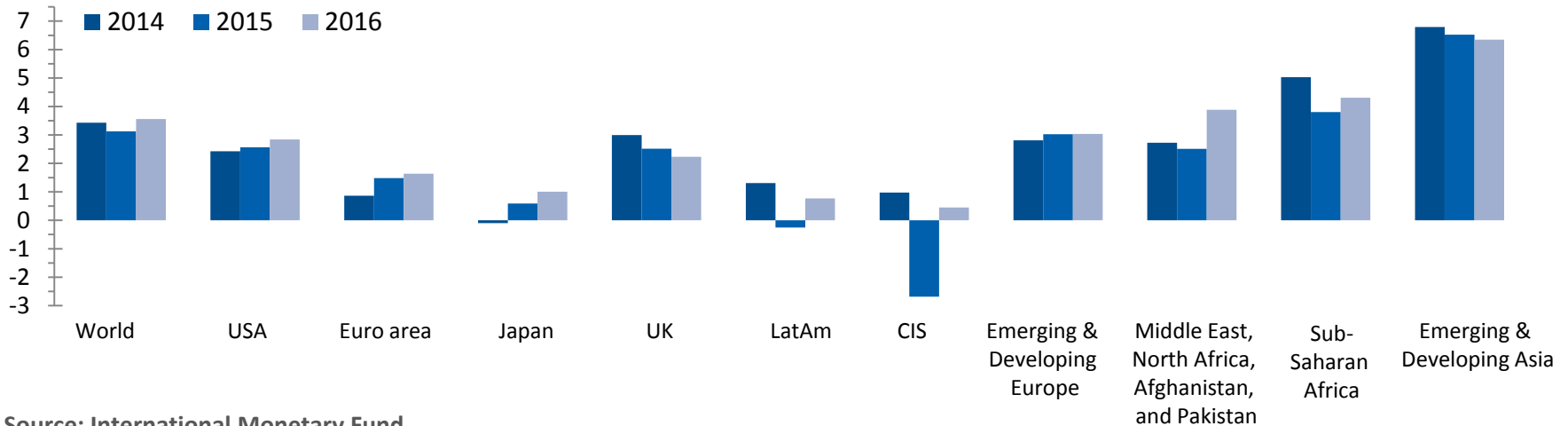


# World Economic Outlook

## Real GDP growth 2015



## Real GDP growth % yoy



Source: International Monetary Fund

# Future Trends

## Growth

**USA, Asia and Africa**

- USA, Asia and Africa form the hubs of global growth
- Different growth levels in LatAm (critical: Brasil, Argentina, Venezuela)
- Russia is facing an increasing recession

**Krones stable growth based on well-balanced sales split**

## Financials in emerging markets

**Increasing Risks**

- Consistently low prices of crude oil and commodities have a negative effect on emerging markets' economies
- Possible increase of interest rates by the US Fed may lead to a substantial capital outflow from emerging markets to the US
- Adverse development of emerging markets exchange rates to Euro and USD

**Krones international customers are relatively independent of cash and F/X developments**

## China

**Slowing Growth**

- Risks are increasing with a slowing economic growth
- But growth in absolute terms of GDP still huge

**Krones development in other EMs is very strong, BRIC are only 15% of sales**

Thank you  
for your attention!



# Financial Calendar 2016

- 28.04.2016 Interim Report as per March 31st 2016  
and Annual Report 2015  
Conference Call concern Q1 2016
- 15.06.2016 Annual General Meeting
- 21.07.2016 Interim Report as per June 30th 2016  
Conference Call concern 1HY 2016
- 26.10.2016 Interim Report as per September 30th 2016  
Conference Call concern Q1 – Q3 2016



Olaf Scholz  
Head of Investor Relations

KRONES AG  
Böhmerwaldstraße 5  
93073 Neutraubling  
Germany

Phone +49 9401 70-1169  
Fax +49 9401 70-911169

# Disclaimer

This investor presentation contains forward-looking statements that are based on current estimates, forecasts and assumptions made by KRONES AG management to the best of its knowledge and other information currently available to KRONES AG.

The forward-looking statements of this presentation are by their very nature subject to various known and unknown risks, uncertainties and other factors, the non-occurrence or occurrence of which could cause material differences in future results of operations, financial situation, development or performance of KRONES AG. Factors that could cause such differences include but are not limited to changes in political, business, economic and competitive environment, effects of future legal and legislative issues, fiscal, and other regulatory measures, foreign exchange rate fluctuations, interest rates, the availability of financing, developments in raw material and personnel costs, launches of competing products or services, poor acceptance of new products or services, and changes in business strategy.

KRONES AG does not intend and does not assume any liability whatsoever to publicly update or revise any forward-looking statements or other information contained in this presentation as a result of new information, future events or otherwise. No representation or warranty, express or implied, is made by KRONES AG and/or its management with respect to the fairness, completeness, correctness, reasonableness, or accuracy of any information, facts, expectations or opinions contained herein. Neither KRONES AG nor any of its affiliates, representatives or advisors shall have any liability whatsoever (in negligence or otherwise) for any losses or damages arising from any use of this presentation or its content or otherwise arising in connection with the statements given herein.