

KRONES Aktiengesellschaft, Neutraubling
Annual general meeting of KRONES AG
on Tuesday, 20 June 2017, 2:00 pm,
in the Stadthalle Neutraubling,
Regensburger Strasse 9,
93073 Neutraubling, Germany.

Report of the Supervisory Board

Ladies and Gentlemen,

I retired from KRONES' Executive Board at the end of 2015 after two decades as its chairman. It was very important to me that I continue to take responsibility for KRONES and I am pleased that shareholders at the annual general meeting on 15 June 2016 elected me to serve on the Supervisory Board. I would like once again to thank Ernst Baumann, my predecessor as Chairman of the Supervisory Board, for his outstanding, highly effective work over all these years.

In Prof. Dr. Susanne Nonnast, the Supervisory Board has another new member besides me since the last annual general meeting. Dr. Nonnast succeeds Dr. Alexander Nerz, who, I am sad to report, passed away on 30 May 2016. In keeping with Item 5.4.7 of the German Corporate Governance Code, I am compelled to report that, due to illness, Dr. Alexander Nerz was able to attend fewer than half of the Supervisory Board meetings that took place while he was in office in 2016.

Although there are new faces on the board, nothing has changed with respect to the fundamental way the Supervisory Board conducts its business. The entire board is a team to which each individual member contributes his or her skills to promote the company's welfare. The Supervisory Board works closely with the Executive Board in a relationship that is based on trust.

Advising and oversight

In 2016, the Supervisory Board of KRONES AG continuously oversaw and advised the company's Executive Board as prescribed by the law and the articles of association. One area on which the Supervisory Board focused in 2016 was supporting the company's strategic planning. In collaboration with the Executive Board, the Supervisory Board examined potential acquisitions and KRONES' new medium-term targets. The board regularly obtained information from the Executive Board about the progress of business, the company's financial position, and risk management in the form of written and oral reports, both in and outside the Supervisory Board meetings.

Five regular Supervisory Board meetings were held in 2016. One Supervisory Board resolution was made in a procedure in which the relevant documents are circulated to each member. This decision related to approving the acquisition of 80% of the business operations of the US company TRANS-MARKET in August of 2016.

The first meeting of the Supervisory Board of 2016 was held on 16 March. Under the agenda item "Supervisory Board and Executive Board matters", Supervisory Board Chairman Ernst Baumann presented the current tenures of the Supervisory Board members and pointed out that several members' terms were set to expire in June 2016. He explained to the board the legal conditions under which Volker Kronseder could be elected to the Supervisory Board at the 2016 annual general meeting despite the mandated cooling-off period. Mr. Baumann confirmed that he had received a nomination from shareholders whose combined holdings represented more than 25% of voting rights in KRONES AG, as required under Section 100 (2) Sentence 1 Number 4 of the German Stock Corporation Act (Aktiengesetz). Additional topics covered in the meeting were adjustments to Executive Board remuneration and a formal decision that the gender quota for Supervisory Board participation would be met separately by employee and shareholder representatives. The Executive Board then presented the preliminary consolidated financial statements for 2015 to the Supervisory Board along with the group's key financial performance indicators.

The Supervisory Board convened its second meeting of 2016 on 27 April. Representatives from KRONES' auditing firm were present for a portion of the meeting. The auditors explained to the Supervisory Board their audit mandate and the areas on which their review of the 2015 annual financial statements focused and provided a detailed overview of the audit. The Supervisory Board then ratified the annual financial statements for KRONES AG and the consolidated financial statements. Shareholder representatives also resolved unanimously to nominate Volker Kronseder, Philipp Graf von und zu Lerchenfeld, Norman Kronseder, Hans-Jürgen Thaus, and Prof. Dr. Susanne Nonnast for election to the Supervisory Board at the annual general meeting on 15 June 2016. The Supervisory Board and Executive Board then set the agenda for the annual general meeting of KRONES AG, which would be held on

15 June 2016. In its report on economic position, the Executive Board presented to the Supervisory Board the figures for the first quarter of 2016, the outlook for the year as a whole, and reports from the individual segments.

The Supervisory Board convened its third meeting, which was also its constitutive meeting, on 15 June 2016 following the annual general meeting. Deputy Chairman of the Supervisory Board Werner Schrödl presided over the meeting, congratulating re-elected members Philipp Graf von und zu Lerchenfeld, Norman Kronseder, and Hans-Jürgen Thaus and newly elected members Prof. Dr. Susanne Nonnast and Volker Kronseder. Ernst Baumann participated in the meeting as a guest. Werner Schrödl thanked him for his many years of service and collaboration. The Supervisory Board then unanimously elected Volker Kronseder as its new Chairman. Executive Board Chairman Christoph Klenk congratulated Volker Kronseder on behalf of the entire Executive Board on his election and expressed that he looks forward to working with him.

The Supervisory Board convened its fourth meeting of 2016 on 28 September. As the first order of business, the Chairman of the Supervisory Board presented to the Supervisory Board the results of an efficiency review of the Supervisory Board's work. The board received a very positive efficiency rating. The Executive Board's report on economic position followed, in which the Executive Board explained the financial statements for the period ended 30 June 2016 and the current market and competitive environment. In addition, the respective Executive Board members provided current reports on the segments for which they are responsible. The Executive Board then reported to the Supervisory Board on strategic measures and on the company's medium-term targets.

The fifth and final meeting of the Supervisory Board of 2016 was held on 30 November. The meeting opened with a discussion of general matters relating to the Executive Board and the Supervisory Board. The Supervisory Board followed the Standing Committee's recommendation that Executive Board member Ralf Goldbrunner's contract be renewed through 31 December 2021. The board then discussed risk management. The Chairman of the Supervisory Board explained that, overall, the group's risk profile had not changed from the previous year. Forecasting for the year 2017 was another focus of the fifth Supervisory Board meeting.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee consists of Supervisory Board Chairman Volker Kronseder and Deputy Chairman Werner Schrödl as well as the following Supervisory Board members: Norman Kronseder, Philipp Graf von und zu Lerchenfeld, Josef Weitzer, and Johann Robold. Chairman of the committee is Philipp Graf von und zu Lerchenfeld. The Audit and Risk Management Committee oversees the accounting and financial reporting process and the audit of the financial statements and prepares corresponding proposals for Supervisory Board resolutions. The Committee also prepares the Supervisory Board's review of the annual financial statements, the management report, and the auditor's report for the separate and consolidated financial statements and makes recommendations. In addition, the Audit and Risk Management Committee monitors the effectiveness of the internal control system, the risk management system, and the compliance system.

The Audit and Risk Management Committee met three times in 2016. On 26 April, ahead of the Supervisory Board meeting held to ratify the financial statements, the Committee prepared the Supervisory Board's review of the annual financial statements, the management report, and the auditor's report on the separate and consolidated financial statements for 2015.

At its second meeting of 2016, on 8 August, the planned acquisition of 80% of the business operations of the US company TRANS-MARKET was on the agenda. The company and the structure of the intended transaction were explained in detail to the committee. The Audit and Risk Management Committee then unanimously resolved to recommend to the Supervisory Board that the Executive Board be granted approval for the acquisition.

The committee convened for its third meeting of 2016 on 29 November, to prepare for the 30 November meeting of the entire Supervisory Board. In this meeting, the Audit and Risk Management Committee examined the company's current risk profile and received status reports from the "Internal Audit" and "Compliance Management departments".

The work of the Standing Committee

The Standing Committee consists of Werner Schrödl, Norman Kronseder, Josef Weitzer, and Volker Kronseder. Chairman of the Standing Committee is Volker Kronseder. The committee deals with all other topics that fall outside the scope of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration. The Standing Committee met twice in 2016.

On 15 March, the committee prepared the matters relating to the Supervisory Board and Executive Board for discussion at the 16 March Supervisory Board meeting. Another topic of the meeting was the planned acquisition of a 60% stake in the Italian intralogistics solutions provider SYSTEM LOGISTICS. After thoroughly reviewing the transaction, the members of the Standing Committee unanimously agreed to recommend to the Supervisory Board that the planned acquisition be approved.

At its 29 November meeting, the Standing Committee discussed the tenures of the members of the Executive Board. Ralf Goldbrunner's original contract was set to expire on 31 August 2017. Because the Standing Committee takes a very positive view of Mr. Goldbrunner's work, it resolved to recommend to the Supervisory Board that Mr. Goldbrunner's contract be renewed through 31 December 2021.

The Supervisory Board concurs with the audit result

The annual financial statements of KRONES AG, the consolidated financial statements, the management report for KRONES AG, and the consolidated management report prepared by the Executive Board for the period ended 31 December 2016 were examined by the auditors elected by the annual general meeting, KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, and each received an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report for KRONES AG, and the consolidated management report prepared for

the period ended 31 December 2016 were submitted to all members of the Supervisory Board in good time for the members' own review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 22 March 2017. Representatives of the auditing firm also participated in the meeting and reported to the Supervisory Board on their findings and the areas on which their review focused.

The Supervisory Board noted and approved the audit result. The final results of the examination by the Supervisory Board prompted no objections. The Supervisory Board has approved the annual financial statements for KRONES AG and the consolidated financial statements as well as the Executive Board's proposal for the appropriation of retained earnings. The 2016 annual financial statements for KRONES AG are thereby ratified.

The members of the Supervisory Board would like to thank the Executive Board and all of the company's employees for their dedication and accomplishments in 2016.

Neutraubling, March 2017

The Supervisory Board



Volker Kronseder

Chairman of the Supervisory Board