

Corporate news release

28 April 2016

Krones has got 2016 off to a good start

- Revenue grew 4.5% to €772.1 million in the first quarter.
- New orders also increased 4.5%.
- Krones improved earnings. The EBT margin widened from 6.8% to 7.1%.
- Executive Board confirms targets for 2016. Krones expects 3% revenue growth and an EBT margin of 7.0%.

Krones, the world's leading manufacturer of filling and packaging technology, continued its stable growth trend in the first quarter of 2016 after a strong year in 2015. As a full-service supplier with a broad range of products and services, Krones was able to hold its own in highly competitive markets. In the period from January to March 2016, revenue increased 4.5% year-on-year from €738.9 million to €772.1 million. New orders also rose 4.5%, from €787.0 million in the year-earlier period to €822.2 million. The biggest increase in new orders came in Europe and North America. Demand was stable in China. At 31 March 2016, orders on hand at Krones totalled €1,144.7 million, which is 4.6% higher than at the end of 2015.

Krones' earnings increased further. In the period from January to March 2016, earnings before taxes (EBT) once again rose more than revenue, 9.8% from €50.2 million in the previous year to €55.1 million. The EBT margin, the ratio of earnings before taxes to revenue, rose from 6.8% to 7.1%. Krones benefited primarily from cost savings achieved as part of the Value strategy programme. Market prices did not improve in the reporting period.

Consolidated net income increased 9.7% in the first quarter of 2016 to €38.4 million. That corresponds to earnings per share of €1.23 (previous year: €1.11). The return on capital employed (ROCE), that is the ratio of earnings before interest and taxes to average net tied-up capital, improved to 16.7% in the reporting period (previous year: 16.5%).

Good start to the year affirms outlook for 2016 as a whole

Based on the current macroeconomic prospects and developments on the markets relevant to Krones, the company expects consolidated revenue to grow by 3% in 2016.

Krones' earnings are set to improve yet again this year. The Executive Board is forecasting an EBT margin of 7.0% for 2016. Krones aims to increase its third strategy target, ROCE, to 18% this year.

Krones published the complete Quarterly Statement for the first quarter of 2016 online today at http://www.krones.com/en/investor_relations/reports.php.

Key figures Q1 2016

		1 Jan –31 Mar 2016	1 Jan –31 Mar 2015	Change
Revenue	€ million	772.1	738.9	+4.5%
New orders	€ million	822.2	787.0	+4.5%
Orders on hand at 31 March	€ million	1,144.7	1,127.2	+1.6%
EBITDA	€ million	76.0	70.5	+7.8%
EBIT	€ million	54.2	49.2	+10.2%
EBT	€ million	55.1	50.2	+9.8%
EBT margin	%	7.1	6.8	–
Consolidated net income	€million	38.4	35.0	+9.7%
Earnings per share	€	1.23	1.11	+10.2%
Capital expenditure for PP&E and intangible assets	€ million	15.2	15.8	–€0.6m
Free cash flow	€ million	–115.1	–56.2	–€58.9m
Net cash and cash equivalents	€ million	249.5	280.2	–€30.7m
ROCE (liabilities side)	%	16.7	16.5	–
ROCE (assets side)	%	15.5	14.7	–
Employees at 31 March				
Worldwide		13,418	12,756	+ 662
Germany		9,780	9,414	+ 366
Outside Germany		3,638	3,342	+ 296

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