

24 July 2014

Corporate news release

Krones continues to grow profitably

- Revenue increases 4.2% to €1,435.5 million in the first half
- New orders improve by 5.7%
- Earnings continue to gain strength – EBT margin up from 5.8% to 6.2%
- Krones is cautiously optimistic about achieving its targets for 2014

Krones, the world's market leader in beverage filling and packaging technology, improved all key financial performance indicators over the previous year in the first half of 2014. At €732.5 million, the company's revenue was up 5.5% year-on-year in the period from April to June 2014. First-quarter revenue growth was 2.9%. In all, revenue rose 4.2% year-on-year in the first half of 2014, from €1,377.5 million to €1,435.5 million. The emerging markets contributed an important part of this growth.

Demand for Krones' products and services remained high in the period from January to June 2014. New orders increased 5.7% year-on-year to €1,461.9 million. Given the strong demand, the company's orders backlog grew despite the increase in revenue. At the end of June 2014, Krones had orders on hand totalling €1,018.8 million (previous year: €1,004.6 million).

EBT margin up from 5.8% to 6.2%

Although Krones' markets were extremely competitive in the first half of 2014 and there was no support from price levels, the company was able to strengthen earnings performance as planned. The accomplishments made under the Value strategy programme were key to this improvement. Earnings before taxes (EBT) rose 12.2% from €79.7 million in the previous year to €89.4 million. With that, the EBT margin – the ratio of earnings before taxes to revenue – improved from 5.8% in the previous year to 6.2% in 2014. Krones' net income also increased 12.2%, to €62.4 million. Earnings per share advanced from €1.81 in the previous year to €1.98 in the reporting period.

Krones improved its return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, to 15.9% in the first half of 2014 (previous year: 15.6%).

In June 2014, Krones paid out an exceptionally high dividend. Nevertheless, the company still has high cash and cash equivalents and a very sound financial and capital structure.

At the end of June, Krones had no bank debt and held net cash and cash equivalents (cash and cash equivalents less bank debt) of €157.2 million.

The company's equity ratio was 42.4% at the end of the first half (31 December 2013: 42.6%).

Krones is cautiously optimistic about achieving its targets for 2014

Overall, based on the development of the markets relevant to Krones and the continuing uncertain economic outlook, the company expects revenue to grow by 4% in 2014. Krones does not expect any support from price levels.

Earnings performance should continue to increase. Krones expects the EBT margin to be around 6.2%.

For its third financial target, Krones intends to achieve a ROCE of over 16% this year. The company's medium- to long-term target is 20%.

Details on the first half/second quarter of 2014 can be found in the quarterly report, which is available at http://www.krones.com/en/investor_relations/reports.php

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