

20 July 2017

Corporate News Report

Krones continues stable growth in the first half of 2017

- Revenue and order intake increased 13.8% and 11.0%, respectively, in the first half.
- Earnings before taxes (EBT) improved by 12.8% in the period from January to June.
EBT margin is 6.8%.
- Ratio of working capital to revenue comes to 26.3% (previous year: 25.5%).
- Executive Board keeps forecast for 2017 unchanged. Krones expects 4% revenue growth and an EBT margin of 7.0%, excluding effects from acquisitions.

Krones, the world's leading manufacturer of filling and packaging technology, continued its stable growth in the first half of 2017. Overall, revenue improved 13.8% year-on-year to €1,775.2 million. Adjusted for acquisitions, revenue was up 10.2%. The increase was partly due to a relatively low baseline of sales in the first half of 2016. The strongest revenue growth came in the North and Central America, Asia-Pacific, and South America/Mexico regions in the period from January to June 2017.

Order intake at Krones increased 11.0% in the first half of 2017 to €1,779.3 million. Adjusted for acquisitions, order intake was up 4.7% year-on-year. Orders growth in Western Europe and Latin America was higher than overall orders growth. Order intake in China was lower. In the Asia-Pacific, North America, and Middle East/Africa sales regions, order intake was stable. At €1,148.8 million, orders on hand at Krones at the end of June 2017 were up 1.1% over the year-earlier period.

EBT margin is 6.8% after six months

Krones improved earnings before taxes (EBT) by 12.8% to €121.0 million in the period from January to June 2017 despite a highly competitive market situation. As expected, market prices provided no support. By contrast, the Value strategy programme, with which Krones is increasing efficiency throughout the company, had a positive impact. At 6.8%, the EBT margin for the first six months of 2017 was nearly unchanged year-on-year (previous year: 6.9%). After taxes, net income was up 10.8% to €2.4 million. Earnings per share increased from €2.37 in the previous year to €2.64.

The ratio of average working capital for the past four quarters to revenue came to 26.3%, after 25.5% in the year-earlier period. However, the ratio is an improvement over the first quarter of 2017 (26.8%).

The return on capital employed (ROCE) increased to 16.3% (previous year: 15.6%). In the period from January to June 2017, the company generated operating free cash flow of –€26.7 million (previous year: –€55.5 million), which is an improvement of around €30 million.

Krones forecast for 2017 is unchanged

The company's revenue growth target (excluding acquisitions) for the year 2017 as a whole remains 4%. Profitability should be stable this year. Krones expects the EBT margin to be around 7.0% for the year 2017. For its third financial performance target, working capital to revenue, the company is forecasting 27% for the current financial year.

Krones has published the complete half-yearly report online at <https://www.krones.com/en/company/investor-relations/reports.php>.

Key figures for H1 2017		1 Jan – 30 Jun 2017	1 Jan – 30 Jun 2016	Change
Revenue	€ million	1,775.2	1,560.3	+ 13.8%
Order intake	€ million	1,779.3	1,602.4	+ 11.0%
Orders on hand at 30 June	€ million	1,148.8	1,136.7	+ 1.1%
EBITDA	€ million	164.4	147.2	+ 11.7%
EBIT	€ million	117.1	103.3	+ 13.4%
EBT	€ million	121.0	107.3	+ 12.8%
EBT margin	%	6.8	6.9	–
Net income	€ million	82.4	74.4	+ 10.8%
Earnings per share	€	2.64	2.37	+ 11.4%
Capital expenditure for PP&E and intangible assets	€ million	46.1	34.1	+ €12.0 million
Free cash flow	€ million	– 159.5	– 169.2	+ €9.7 million
Net cash and cash equivalents at 30 June*	€ million	160.4	149.6	+ €10.8 million
Working capital to revenue **	%	26.3	25.5	–
ROCE	%	16.3	15.6	–
Employees at 30 June				
Worldwide		14,794	13,742	+ 1,052
Germany		10,106	9,734	+ 372
Outside Germany		4,688	4,008	+ 680
* Cash and cash equivalents less debt ** Average of last 4 quarters				

Key figures for Q2 2017		1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	Change
Revenue	€ million	875.8	788.2	+ 11.1%
Order intake	€ million	903.8	780.2	+ 15.8%
EBITDA	€ million	77.2	71.2	+ 8.4%
EBIT	€ million	53.1	49.1	+ 8.1%
EBT	€ million	55.0	52.2	+ 5.4%
EBT margin	%	6.3	6.6	–
Net income	€ million	38.7	36.0	+ 7.5%
Earnings per share	€	1.24	1.15	+ 7.8%

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