

24 October 2013

Corporate news release

Krones continues solid, profitable growth trend

- Revenue improved 7.1% from €1,897.6 million in the year-earlier period to €2,032.9 million in the first three quarters of 2013.
- Krones generated an EBT margin of 5.8% in the period from January to September 2013.
- All three segments are on the right track to achieve their targets for 2013.
- Krones confirms its growth and earnings target for 2013 and expects higher revenue and further improved profitability in 2014.

Krones, the world's market leader for beverage filling and packaging technology, continued to grow profitably in the third quarter of 2013 despite the challenging macroeconomic environment. In the period from July to September, revenue increased 7.8% year-on-year from €607.9 million to €655.4 million. Sales in the first nine months of 2013 were up 7.1% year-on-year, from €1,897.6 million to €2,032.9 million. Krones' growth was especially strong in the North and Central America and South America/Mexico sales regions in the third quarter.

In the period from July to September 2013, new orders were up 12.7% year-over-year, from €639.5 million to €721.0 million. At €2,103.8 million, new orders in the first nine months of 2013 were 6.9% higher than the year-earlier figure of €1,967.3 million.

Orders on hand at Krones were up 5.7% at 30 September 2013, from €1,012.1 million a year earlier to €1,070.2 million. The large orders cushion will enable the company to balance its capacity utilisation in the fourth quarter. It also ensures a good basic level of capacity utilisation for the first quarter of 2014.

Higher revenue and the positive effects of the "Value" strategy programme have also enabled Krones to improve its earnings margins despite continued price pressures. Earnings before taxes (EBT) were up to €17.1 million in the first nine months of 2013, from €0.4 million in the year-earlier period, which was affected by a one-time expense of €40.6 million. The EBT margin – the ratio of EBT to revenue – was 5.8% after the first three quarters (previous year "operating" EBT margin: 4.8%). Net income amounted to €81.7 million for the first nine months of 2013 (previous year: €36.2 million). That corresponds to earnings per share of €2.64 (previous year: €1.20).

Krones increased its return on capital employed (ROCE), the ratio of EBIT to average net tied-up capital, to 15.3% in the period from January to September (previous year: 6.7%). The company still

has a very sound financial and capital structure. The company's equity ratio was 43.5% at the end of the third quarter (31 December 2012: 37.8%). Moreover, the company's net cash and cash equivalents (cash and cash equivalents less bank debt) amounted to €120.4 million at the end of September.

Outlook

The company expects to achieve 4% growth year-on-year and an EBT margin of 5.8% to 6.0% for the year 2013 as a whole. Krones' management is confident that the company will achieve its ROCE target of 15%, in 2013. The company also intends to generate a level of free cash flow in 2013 similar to that of the previous year.

Krones intends to continue to grow profitably in 2014

According to forecasts by leading economic research institutions, momentum is likely to be somewhat stronger in 2014 than it was in 2013, both in the industrialised countries and in the emerging economies.

From today's perspective, Krones expects consolidated revenue to grow by 4% in 2014. Revenue in our core segment, "machines and lines for product filling and decoration", will increase more steeply compared with 2013. Following the strong growth achieved in 2013, revenue in the "process technology" segment will likely hold steady in the year ahead. For Kosme, the company expects revenue to decline slightly in 2014.

Under the Value strategy programme, Krones aims to increase efficiency along the entire value chain in 2014. Market prices are expected to remain tight. Overall, the company expects to achieve an EBT margin of around 6.2% in 2014. KRONES aims to increase its third strategy target, ROCE, to 16% in 2014.

Krones' medium-term goals

In the medium term, Krones intends to grow with the market, an average of 4% to 6%, and is targeting an EBT margin of 7%. In order to achieve this goal, the company intends to generate an EBT margin of 8% in the "machines and lines for product filling and decoration" segment in the medium term, 4% in the "machines and lines for beverage production/process technology" segment, and 3% in the "machines and lines for the low output range (Kosme)" segment. The medium-term ROCE target is 20%.

In addition, the company is pleased to announce that Markus Tischer has been appointed to the Executive Board for "International Services and Operations" effective 1 January 2014.



Details on the third quarter of 2013 can be found in the quarterly report, which is available at http://www.krones.com/downloads/Q3_2013_e.pdf

Contact:

Olaf Scholz

Senior Vice President of Investor Relations Krones AG

Phone: +49 9401 70-1169

E-mail: olaf.scholz@krones.com