

Value 
Shaping success

Conference Call
January – September 2014
October 23, 2014

 KRONES

KRONES fulfil the complete demand of the customers

MES/ITS

Process technology

- Beer
- Malt drinks
- Soft drinks
- Juices
- Water
- Liquid dairy products

Filling and packaging technology

- Labelling
 - Inspection
 - Filling
 - Cleaning
 - Plastics
 - Packing and palletising
 - Conveying and systems
- } Wet part

Material flow technology

- Warehouse management
- In-house logistics
- Order picking systems

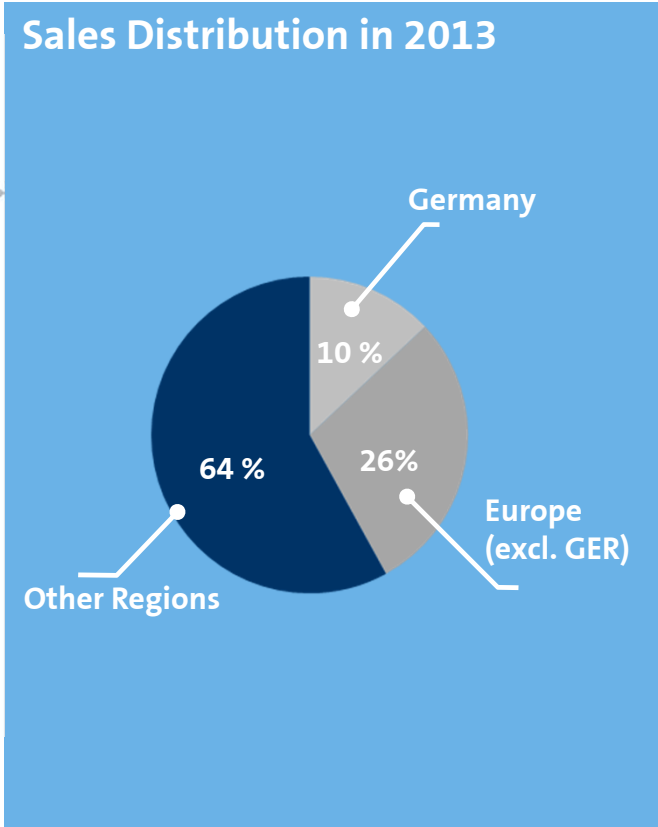
Lifecycle Services (LCS): products and services

KRONES' clear strategic alignment as a systems supplier continues to apply without restriction.

Objective: Offer products for the complete supply chain of the customer as a "one-stop shop" and optimize the TCO of the customer

KRONES is established in all regions

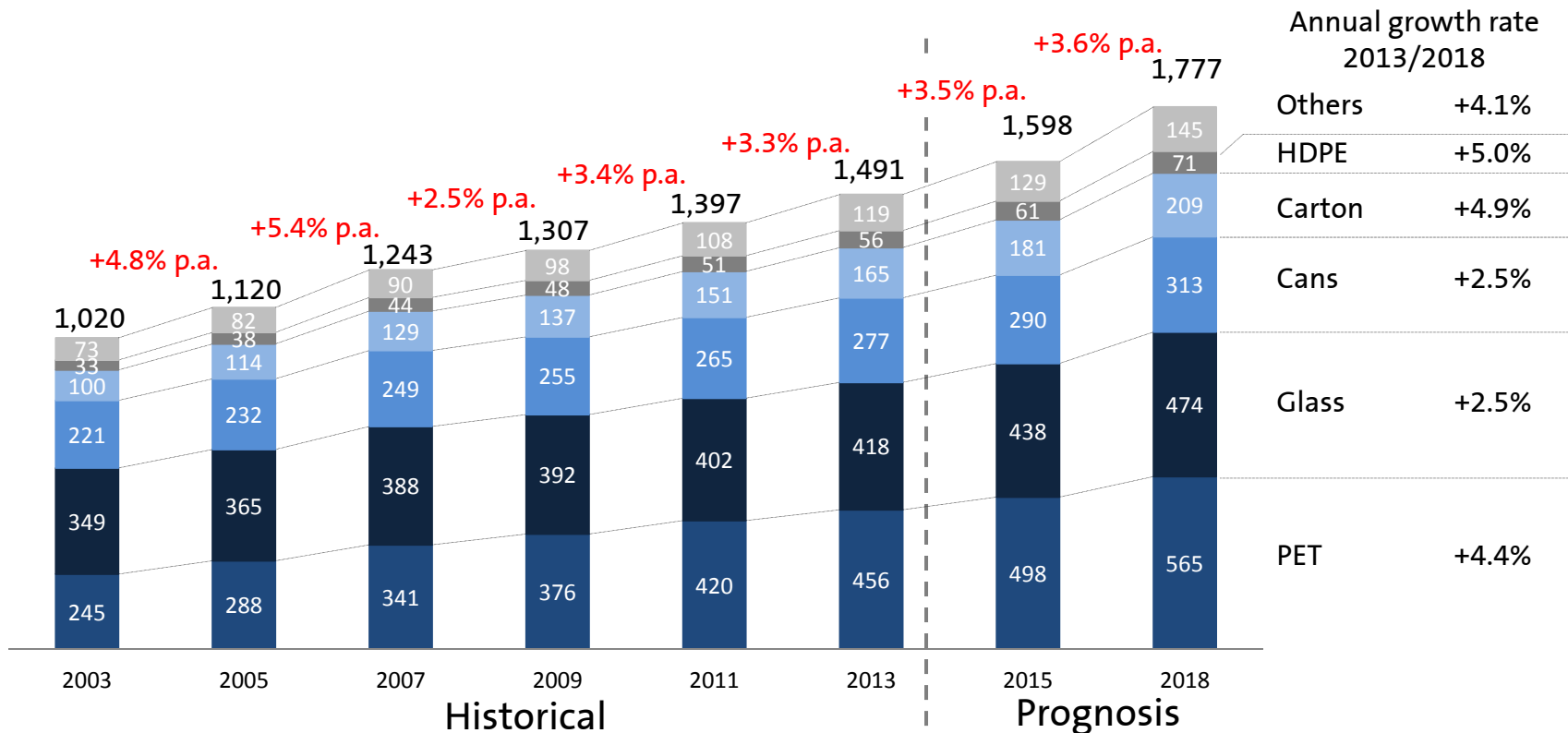
KRONES worldwide



Development of primary packaging 2003-2018

Market development

Beverage packaging in billion units



The use of PET has grown considerably over the last few years and will continue to be the dominant packaging in the future. The use of glass and cans will also continue to rise, but not to the same extent.

Source: Euromonitor2014 /Sales, Marketing

Highlights Q3/2014

KRONES' value strategy program is working

- Revenue up 6.5 % to € 2,164.4 million at the end of nine months
- Krones further improves profitability
- EBT margin climbs from 5.8 % to 6.3 %
- Krones streamlines Kosme Italy's portfolio

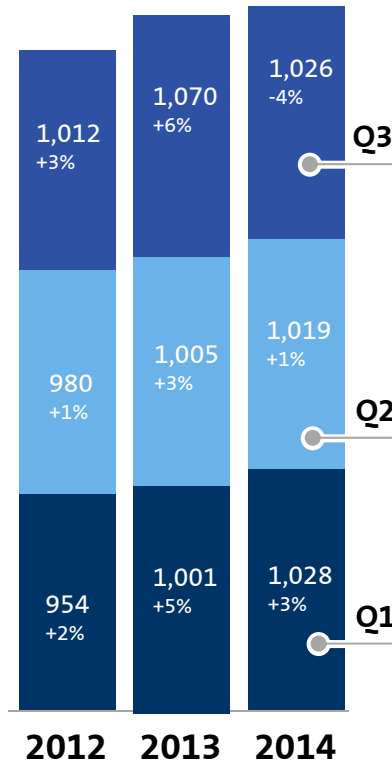
KRONES is optimistic about achieving its targets for 2014

With an increase of 4,5 % in orders received KRONES is in line with the targets

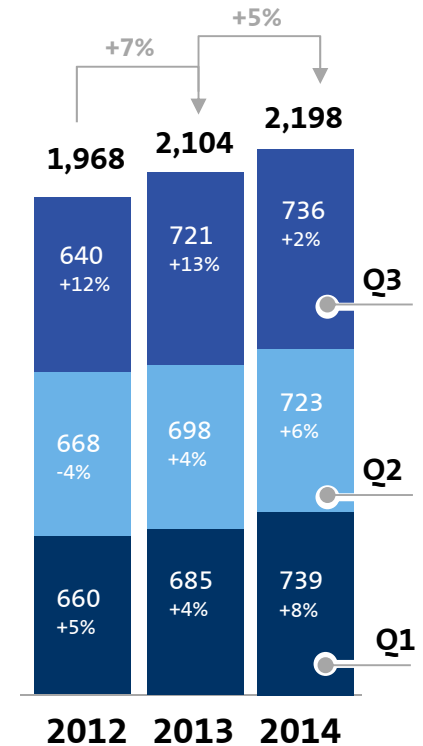
Trend by region



Orders on hand in €m

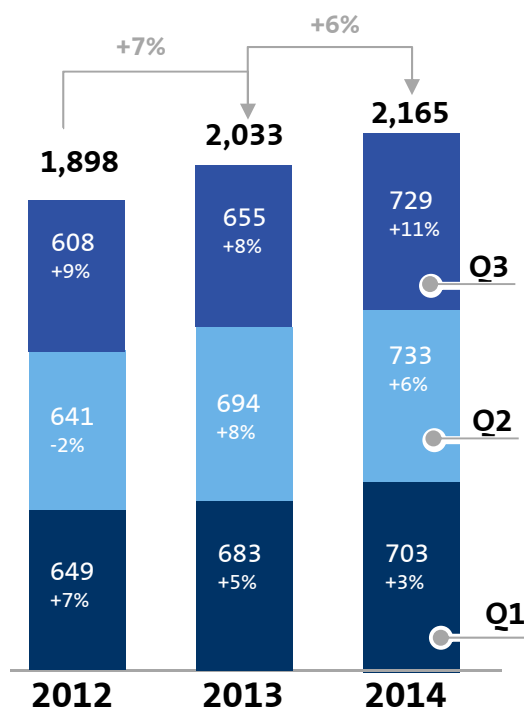


Orders received in €m



Sales are increasing after 9 months by 6,5 %

Sales Q1 – Q3

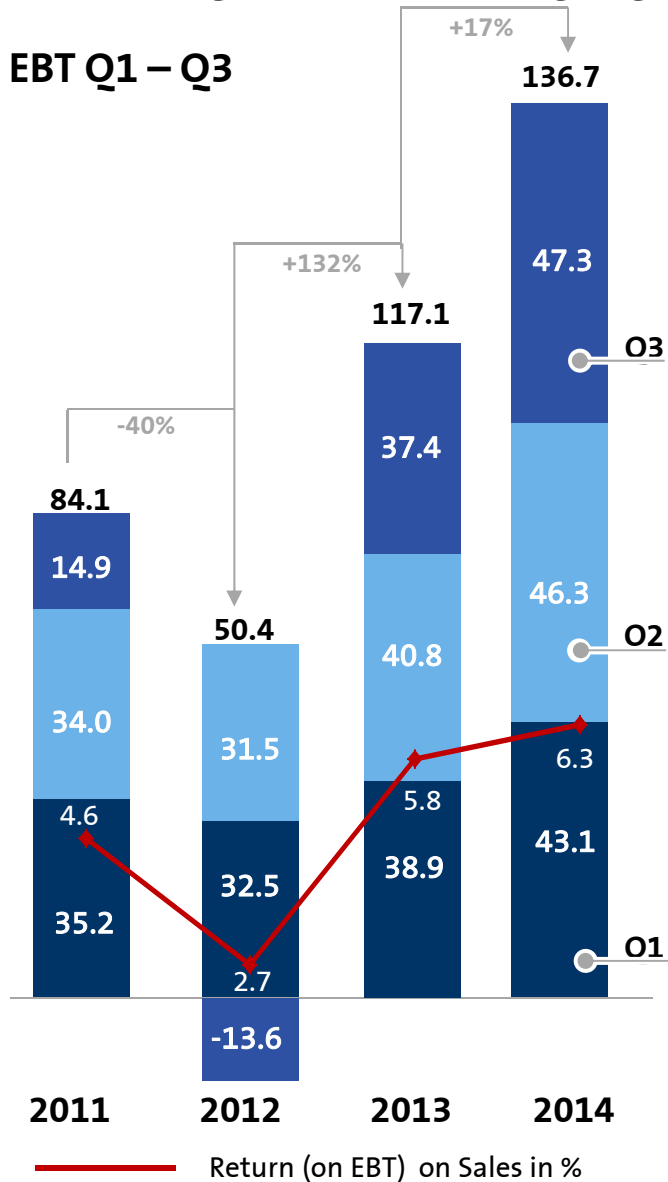


Sales per Region (in €m)

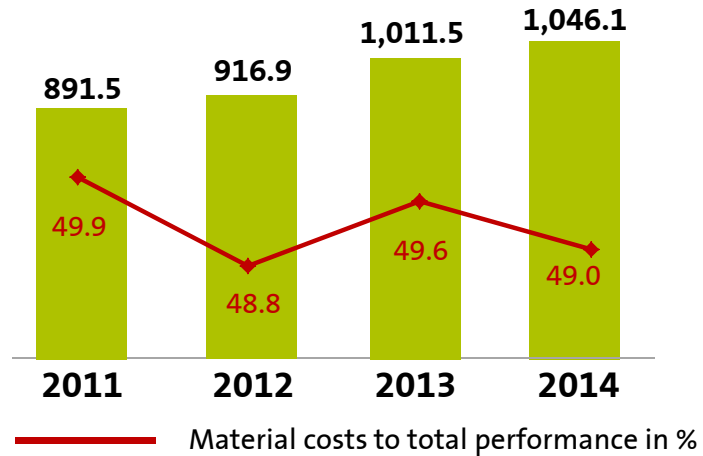
Germany	189.2	8.7 %
Central Europe	70.5	3.3 %
Western Europe	366.2	16.9 %
Eastern Europe	62.0	2.9 %
CIS and Central Asia	89.8	4.1 %
Middle East/Africa	272.6	12.6 %
Asia/Pacific	409.8	18.9 %
China	213.8	9.9 %
South America/Mexico	302.8	14.0 %
North America	187.7	8.7 %
Σ	2,164.4	100.0 %

EBT-Margin is increasing significantly because of higher productivity

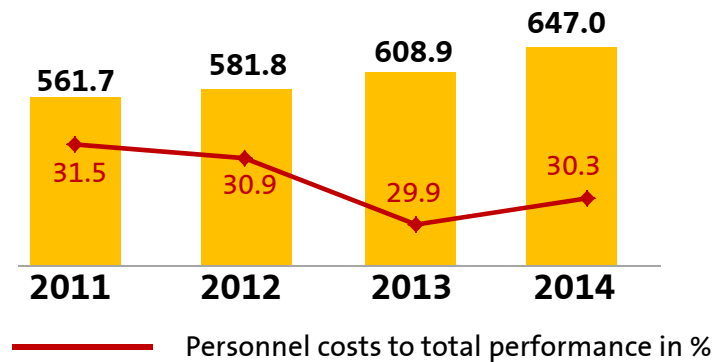
EBT Q1 – Q3



Material costs Q1 – Q3

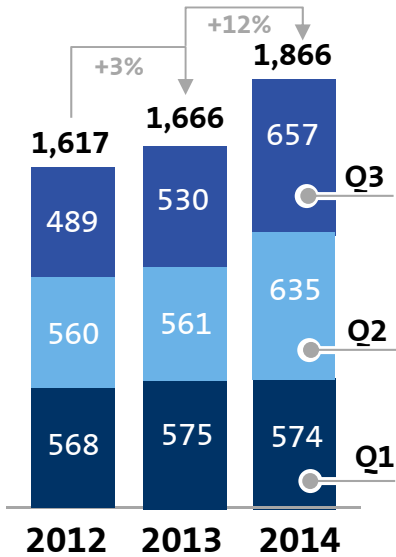


Personnel costs Q1 – Q3



Product filling and packaging: cost efficiency program increases margin

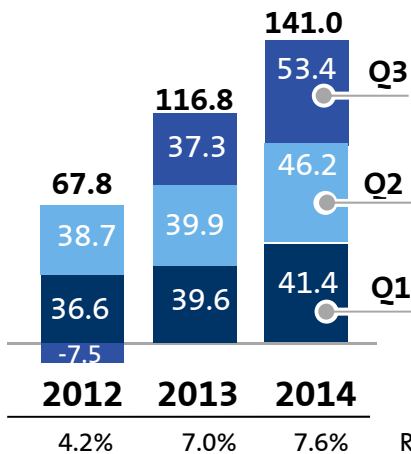
Sales development



Key Topics 2014

- Taking our LCS business further into the regions
- Reducing costs now to offset future cost increases
- Increasing modular production of dry end equipment
- Buying globally and benefit from low-cost countries
- Putting our new in-house logistics concept to work

EBT development



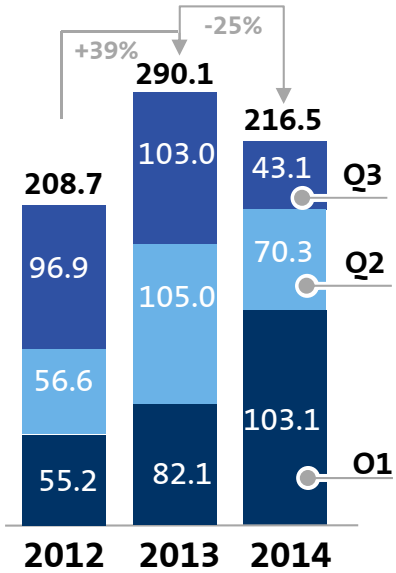
Mid term targets:

Growth 4 – 6%, EBT Margin 8%

Return on Sales 9 months

Process technology: Sales development is not satisfactory

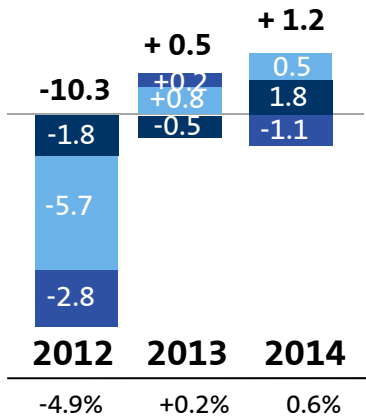
Sales development



Key Topics 2014

- Expansion of the component business (Operational start of Evoguard in 2014 and Acquisition of HST Homogenizers)
- Extension of the product portfolio to include process technology for non-alcohol products
- Local structure of services for turnkey projects
- Mid-term Intralogistic strategy in evaluation

EBT development



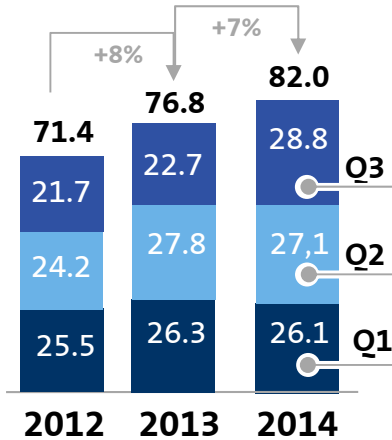
Mid term targets:

Growth 8 – 10%, EBT Margin 4%

Return on Sales 9 months

KOSME: Restructuring provision results in a negativ EBT

Sales development



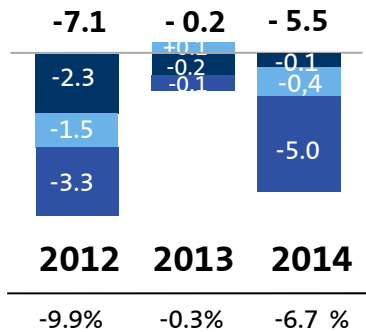
Achievements 2013

- Long term strategy evaluated
- Kosme will be long term part of the product strategy

Measures 2014

- Cost reduction program
- Headcount reduction program
- Product portfolio optimisation

EBT development



Mid term targets:

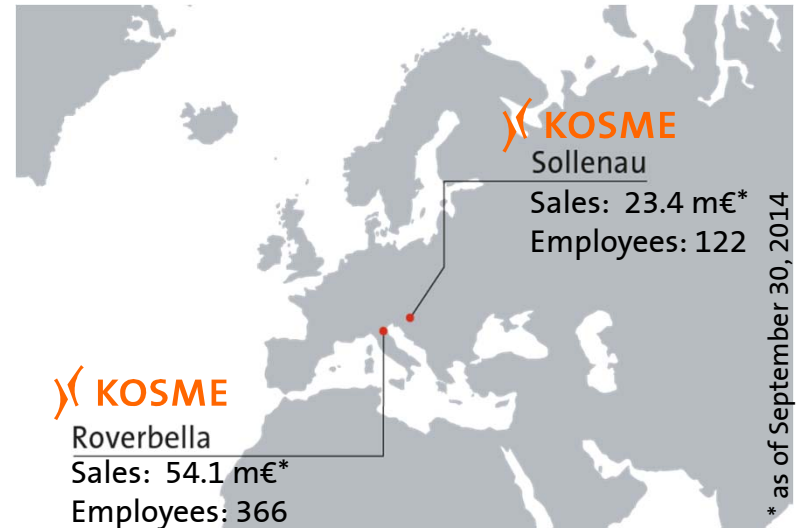
Flexible Infrastructure, EBT Margin 3%

Return on Sales 9 months

KOSME status

Root cause analysis, KOSME Italy

- The product mix has experienced a critical development
- Packing technology has declined in terms of profitability far more than other product groups
- Revenues in single machines are declining compared to revenues in lines
- Increase in personnel costs significantly higher than increase in turnover



KOSME status

The following principle measures are the result of this analysis

- Termination of packing technology
- Personnel reductions in packing technology
- Tightening of management structure
- Additional turnover in labelling technology
- Expansion of sales and quotation structure
- Plan of measures for additional cost reductions

The most significant measure by far is to cut 115 - 140 jobs



KOSME status

Summary of measures and their effects

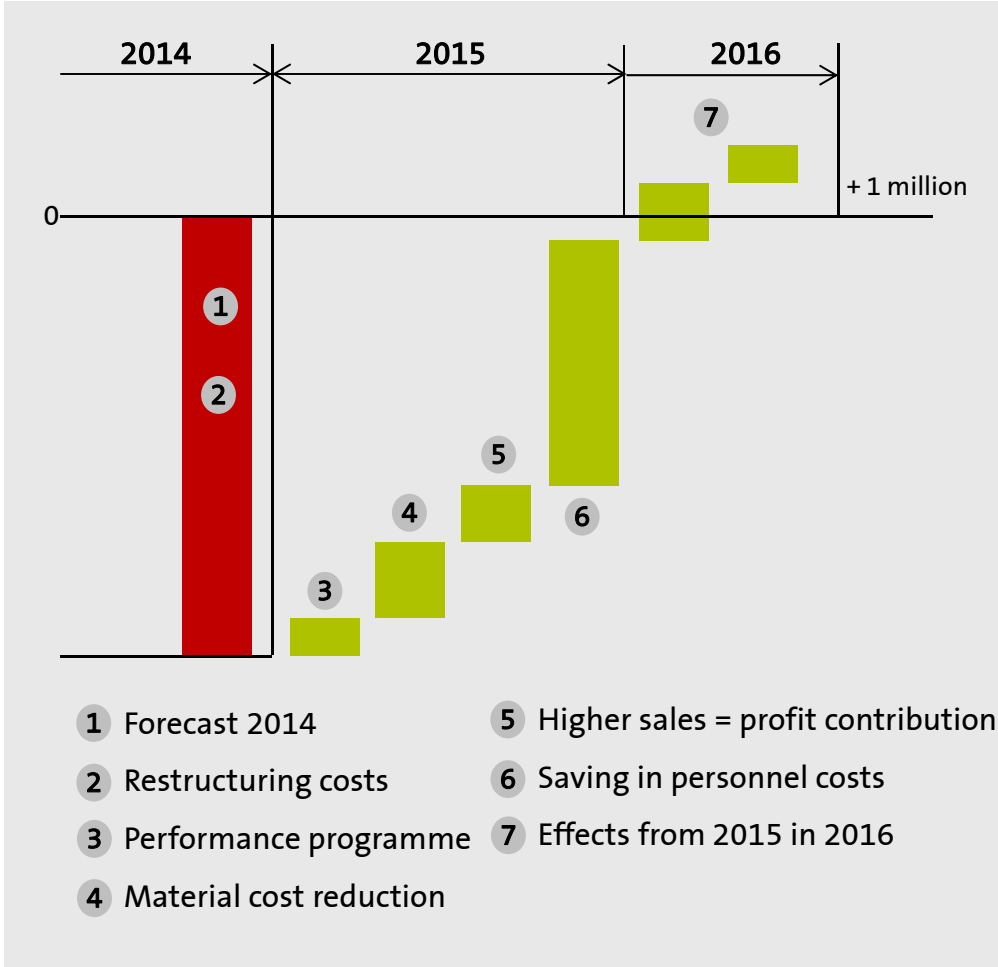


69 million € sales

Employees
 Permanent employees: 384
 Loan workers: 73

Business concept

- Individual machines and lines
- Labelling technology
- Filling technology
- Dry section
- Conveyors



- 1 Forecast 2014
- 2 Restructuring costs
- 3 Performance programme
- 4 Material cost reduction
- 5 Higher sales = profit contribution
- 6 Saving in personnel costs
- 7 Effects from 2015 in 2016



54 million € sales

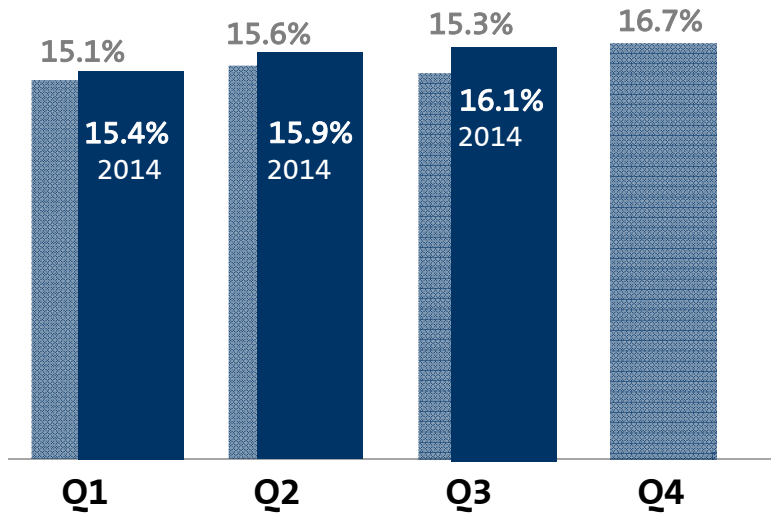
Employees
 Permanent employees: 250
 Loan workers: 20

Business concept

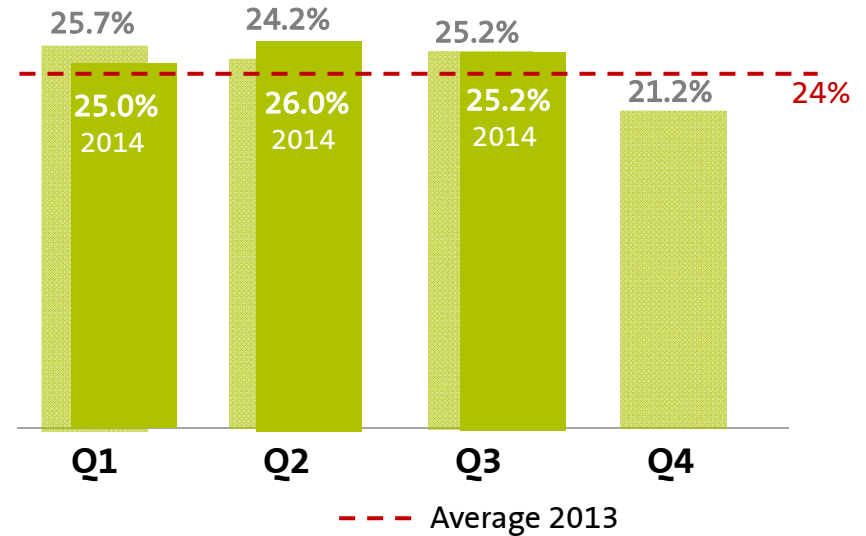
- Individual machines and lines
- Labelling technology
- Filling technology

ROCE improved again

ROCE



Working Capital



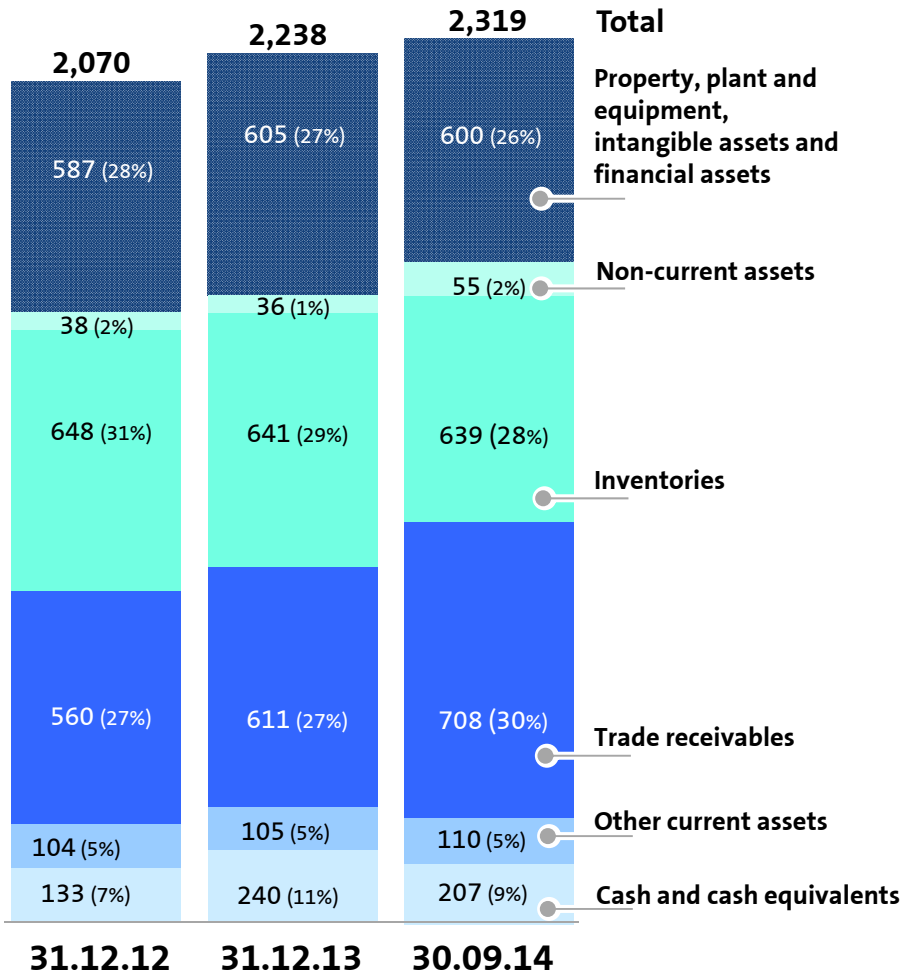
**KRONES generated a ROCE of 16.1 % which is in line with full year targets
Working Capital was 25.2% (average 24.5%)**

Free Cash Flow has further improved in Q1 – Q3 2014

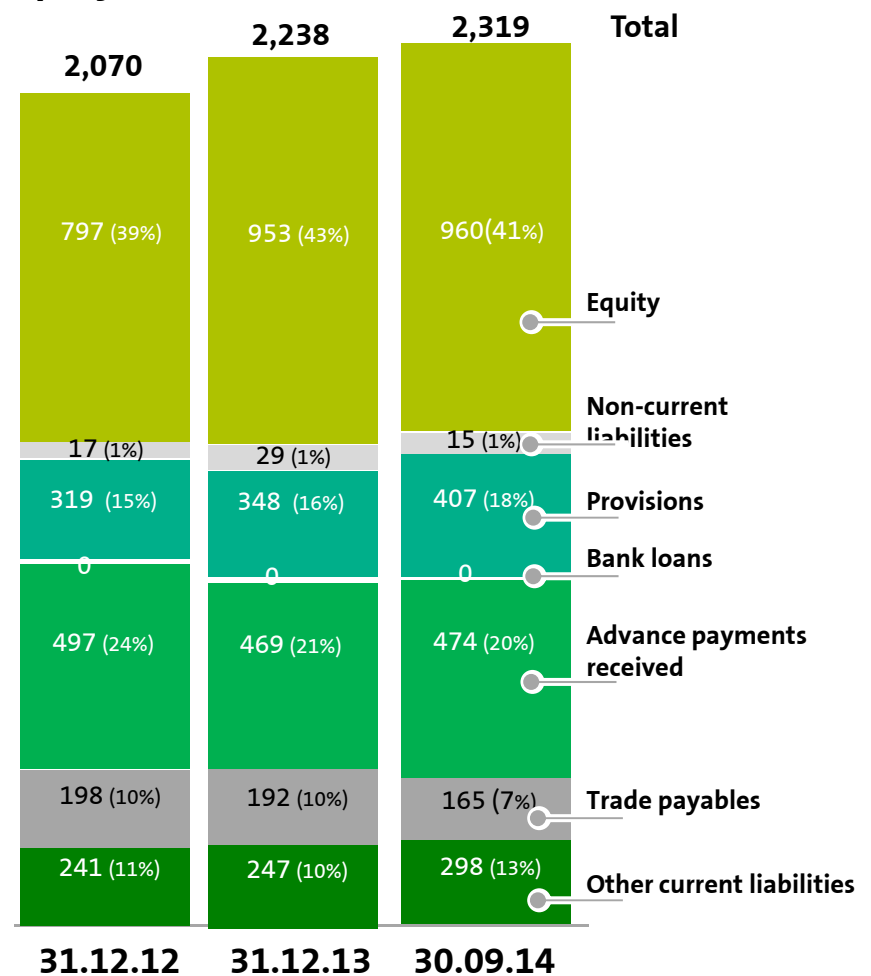
		Q1-Q3 2014	Q1-Q3 2013
Earnings before tax	in €m	136.7	117.1
+/- non-cash expenses and income	in €m	128.9	126.7
+/- change in Working Capital	in €m	-161.1	-229.7
+/- other (mainly tax payments)	in €m	-24.6	-19.0
Cash flow from operating activities	in €m	79.9	-4.9
+/- Capex, mainly intangible Assets and property, plant and equipment	in €m	-49.6	-57.7
+/- other	in €m	0.1	0
Free cash flow	in €m	30.4	-62.6
+/- Financing activities and other	in €m	-63.2	51.5
Net change in cash	in €m	-32.8	-11.1
Cash at the end of the period	in €m	207.1	121.8

Balance sheet in € million

Assets

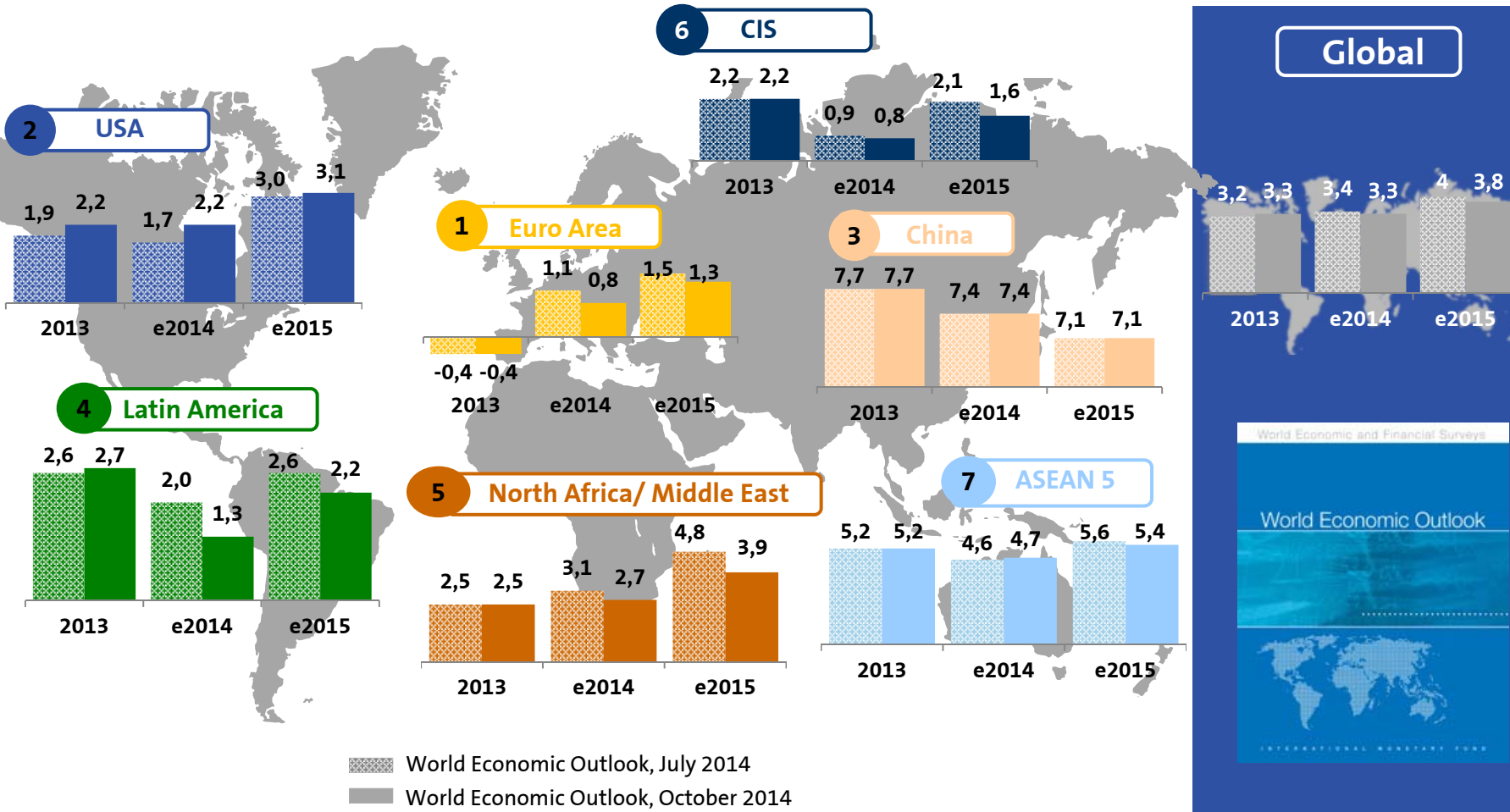


Equity and liabilities



Economic Development by Region

GDP Development 2013 – 2015 (October 2014)



Global GDP growth for 2014 is stagnating at prior year level: The decrease in GDP growth in Latin America, CIS and China is mainly compensated by an increase in GDP growth in the Euro Area (Germany).



Targets for 2014 confirmed



In 2014, KRONES will focus even further on the value strategy for profitable growth.

KRONES is optimistic to achieve the three targets:

- Revenue growth of 4%
- EBT Margin of around 6.2%
- ROCE above 16%



Thank you!

Financial calendar

Interim report
as per March 31th 2015
and Annual Report 2014 30.04.2015

Annual General Meeting
(Neutraubling) 17.06.2015

Interim report
as per June 30th 2015 23.07.2015

Interim report
as per September 30th 2015 22.10.2015



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