Q1 2009

Interim report for the period from 1 January to 31 March 2009

KRONES

Key figures at a glance		Q1 2009	Q1 2008	Change
Sales	€m	482.3	595.2	–19.0%
New orders, cumulative, including Lifecycle Service	€m	414.5	607.3	–31.7%
Orders on hand at 31 March, including Lifecycle Service	€m	769.6	903.0	–14.8%
Capital expenditures	€m	22.0	15.7	40.1%
Employees at 31 March				
Worldwide		10,273	9,853	4.3%
Germany		8,206	7,942	3.3%
Earnings per share	€	–0.17	0.98	–
EBITDA	€m	8.2	57.1	–85.6%
EBIT	€m	–5.9	45.4	–
EBT	€m	–4.0	45.6	–
Consolidated earnings	€m	–5.1	30.7	–
Cash flow, gross	€m	9.0	42.4	–78.8%

Dear shareholders and friends of KRONES,

One year ago, we declared confidently in our first quarterly report for 2008 that demand for our products is not heavily dependent on economic cycles. Although the global economy was on course for recession even then, the years of growth KRONES had been enjoying continued throughout the first three months of 2008. What even highly acclaimed economists were unable to prophesy twelve months ago is now a certainty: the current economic crisis is on a scale far exceeding the kind of »normal« downturn against which our business model would undoubtedly have proved resilient. What we are witnessing is a de facto collapse of the global economy which naturally has made our customers in the food and beverages industry wary about investing. What projects there are in the pipeline, moreover, are proving difficult to finance because of the banks' reluctance to provide loans.

The figures for the first quarter of 2009 show all too clearly that the economic crisis has now reached KRONES as well. Sales in the months January to March 2009 were down 19% on the previous year at €482.3m, while new orders fell nearly 32% to €414.5m, so that we have had to close the first quarter with an EBT of –€4.0m.

The Executive Board began its counteroffensive by adopting a whole raft of measures back in the fourth quarter of 2008. The restructuring already in progress reflects the need for swift action. But we are also working on strengthening our company's long-term standing. These short-term measures will therefore be followed by still more structural changes in the months to come.

We cannot prevent the global crisis, but thanks to our solid finances and an excellent credit rating, we stand every chance of being able to emerge from this crisis as one of the winners.

Volker Kronseder
Chairman of the
Executive Board

Hans-Jürgen Thaus
Deputy Chairman of the
Executive Board

The global economy is shrinking

Turmoil on the financial markets has plunged the global economy into a serious crisis.

2009 will likely see the industrialised nations in deep recession. Blame for the poor economic prospects can be laid on the crisis in the financial markets, which is having a huge knock-on effect on the real economy. The International Monetary Fund (IMF) expects the global economy to shrink by 0.5% to 1.0% in 2009.

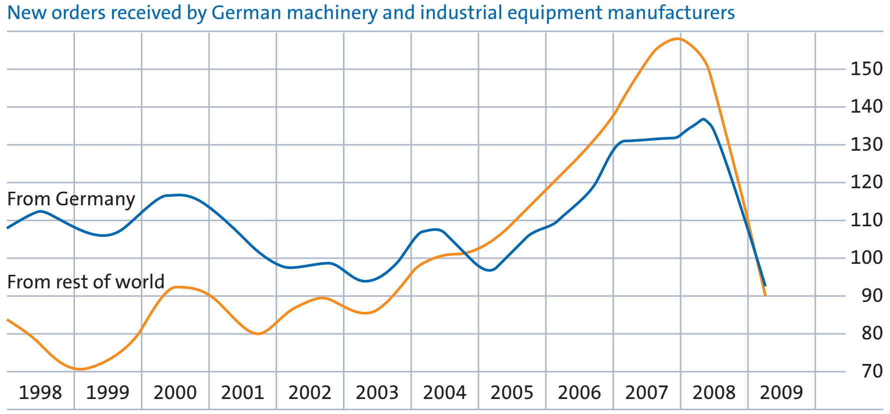
Whether the stimulus packages adopted in various countries will have an impact at all remains to be seen. But the important indicators leave little room for hope that the global economy will pull out of its tailspin in the near future. Industrial production in the USA fell continuously throughout the first quarter, so that by March, industrial capacity was at its lowest since 1967. IWF economists expect gross domestic product (GDP) in the USA to fall by 2.6% in 2009. And the outlook in Europe is even worse, with the IMF predicting a decline of 3.2% for the eurozone.

The global economic collapse has hit Germany especially hard because of the dominance of its export industry. The first quarter of 2009 saw GDP shrink by more than two percent compared with the same period last year. The IFO Business Climate Index, one of the most important early warning systems, is still falling and most economic institutes expect Germany's GDP to drop by more than 4% for the year as a whole.

Orders for machinery in decline

After five consecutive years of growth, the German machine construction industry is now facing a dramatic slump in 2009. New orders from both Germany and abroad have been in decline for months. In February 2009 the volume of new orders was a whole 49% down on the previous year. Domestic business plummeted 45%, while demand from the rest of the world dropped to half last year's level. The three-month period from December 2008 to February 2009, a period that tends to be less susceptible to short-term fluctuations, saw a year-on-year fall in orders of 44%. The 7% decline in production forecast in early February by the German Engineering Federation (VDMA) had to be corrected within a matter of weeks. The VDMA now expects production to fall by between 10% and 20% in the course of this year.

New orders received by German machinery and industrial equipment manufacturers



Price-adjusted index, basis: 2005 = 100

Source VDMA, 1 April 2009

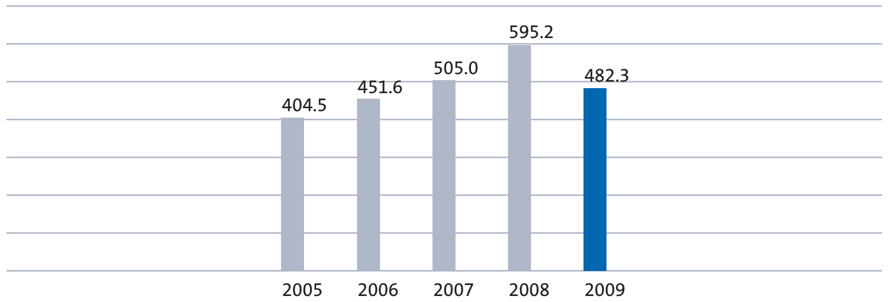
Quarterly sales 19% down on last year

The global downturn weighed heavily on KRONES' performance in the first quarter of 2009. At €482.3m, sales in the months January to March 2009 were 19% below those reported for Q1 2008. Whereas in the first quarter of 2008 we profited from both an exceptionally vigorous machinery sector and buoyant demand for lines for beverage production and bottling, KRONES was hit hard by the sharp fall in investment activity in the period under review.

Above all the market for single machines has become very competitive and in the first three months of the year KRONES chose to forego sales without adequate margins.

While sales of new machines went into decline, the first quarter saw continued growth in our service business, indicating that our major strategic expansion of this area is paying off. The focus is on regions in which we have sold large numbers of new machines in recent years, such as Africa and Russia.

KRONES Group sales in €m, 1 Jan – 31 March



After a long period of sustained growth, KRONES' sales fell year-on-year in Q1 2009.

Sales by region

From January to March 2009, our sales in Germany rose by 34.1% year-on-year to €88.4m (previous year: €65.9m), a result that is attributable mainly to invoice timing.

That our European sales fell 47.6% from €293.6m in Q1 2008 to €153.9m in the period under review has to do with the ailing economy in Western Europe. The economic collapse in parts of Eastern Europe also had a negative impact on our sales.

Sales in the rest of the world on the other hand increased by 1.8% from €235.7m in Q1 2008 to €240.0m in Q1 2009. While we continued to grow in regions such as Asia, South America and Africa, sales by KRONES in North America shrank.

Orders intake well below last year's level

One knock-on effect of the global economic crisis was a slowdown in investment activity on the part of our customers in Q1 2009. From January to March 2009, KRONES' orders intake fell 31.7% year-on-year from €607.3m to €414.5m. Average order volume decreased at the same time owing to the difficulty of financing large-scale projects at present. There was no demand at all for green field projects, i.e. projects in which KRONES, as the general contractor, oversees the construction of an entire beverage production plant.

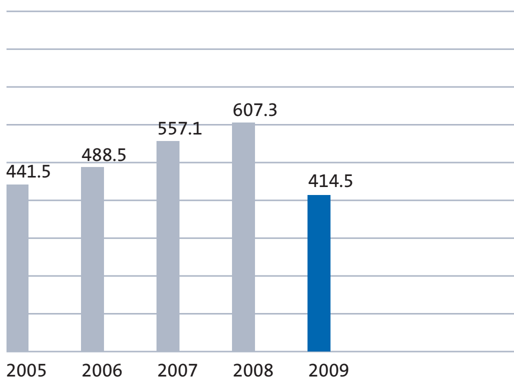
In many regions, the economic downturn accelerated in the first quarter of 2009. This put a dampener on investment activity by KRONES' customers.

The sharpest fall in orders in the first quarter of 2009 was felt by KRONES in those regions in which the economic downturn actually worsened in the first few weeks of the year, including both Eastern and Western Europe. The order situation in China and Africa, on the other hand, is comparatively good.

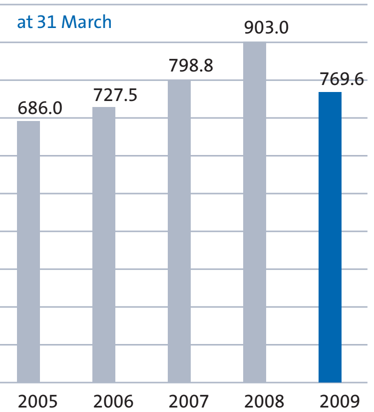
Orders on hand have fallen

KRONES began the year 2009 cushioned by orders on hand worth €837m. This level fell in the first three months of the year and by 31 March had reached €769.6m (previous year: €903.0m).

KRONES Group new orders in €m, 1 Jan – 31 March



KRONES Group orders on hand in €m at 31 March



KRONES' has more than 10,000 employees

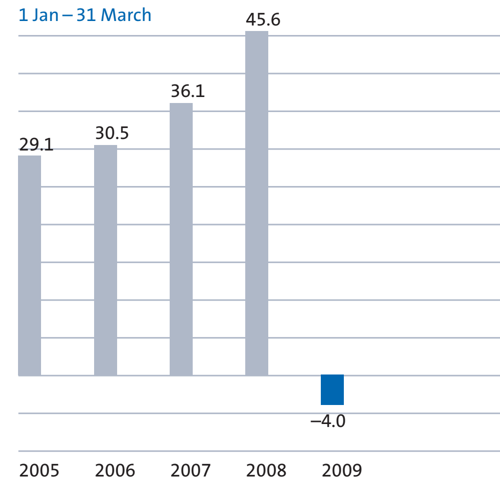
At the end of the first quarter of 2009, KRONES employed 10,273 people worldwide, of which 8,206 were in Germany. This represents a decrease of 60 compared with 31 December 2008. KRONES was training 438 young people as at 31 March 2009.

KRONES reports loss in first quarter

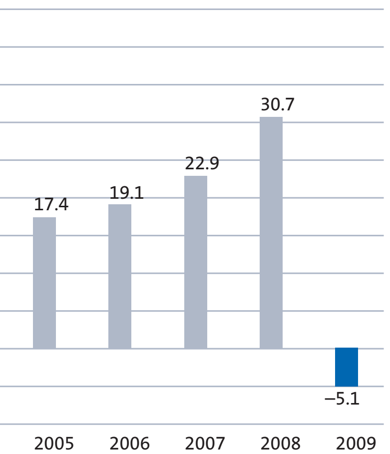
KRONES' earnings before taxes in the first quarter of 2009 deteriorated year-on-year from €45.6m to –€4.0m due to the sharp fall in sales. Although we have already implemented extensive cost-reduction measures in the first quarter, these will not be felt in full until later in fiscal 2009. Personnel costs, which remain high, were the main contributory factor in the unsatisfactory quarterly figures.

As we firmly believe that our markets will grow again in the long term, we intend to retain our permanent staff. This is having an additional dragging impact on earnings in the difficult economic climate. In the medium and long term, however, it is crucial to have sufficiently qualified personnel in the company.

KRONES Group earnings before taxes (EBT) in €m, 1 Jan – 31 March



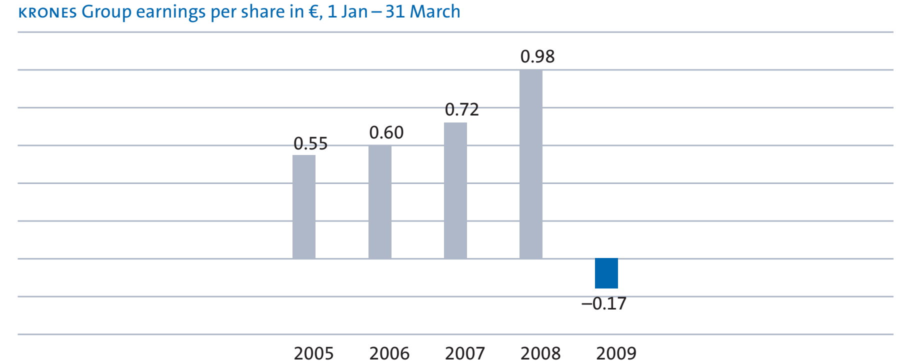
KRONES Group earnings after taxes in €m, 1 Jan – 31 March



KRONES slipped into negative territory due to a sharp drop in sales in the first quarter of 2009.

Following after-tax earnings of €30.7m in the first quarter of 2008, KRONES posted a loss after tax of €5.1m in the three months from January to March 2009. Earnings per share declined from €0.98 to –€0.17.

KRONES Group earnings per share in €, 1 Jan – 31 March



KRONES Group earnings structure in €m

	2009 1 Jan – 31 Mar	2008 1 Jan – 31 Mar	Change
Sales revenues	482.3	595.2	–19.0%
Changes in inventories of finished goods and work in progress	–26.5	5.4	
Total operating revenue	455.8	600.6	–24.1%
Goods and services purchased	–234.2	–310.5	–24.6%
Personnel expenses	–160.0	–160.8	–0.5%
Other operating income (expenses) and own work capitalised	–53.4	–72.2	–26.0%
EBITDA	8.2	57.1	–85.6%
Depreciation, amortisation, and write-downs on non-current assets	–14.1	–11.7	20.5%
EBIT	–5.9	45.4	–
Net financial income (expense)	1.9	0.2	–
EBT	–4.0	45.6	–
Taxes on income	–1.1	–14.9	–92.6%
Consolidated earnings	**–5.1**	**30.7**	–

The abridged income statement shows that the drop in sales in the quarter under report impacted heavily on KRONES' earnings due to the high level of fixed costs, largely incurred in human resources. Strategic reasons led us to refrain from compulsory redundancies despite the poor business situation. This and the fact that we did not introduce short-time working in the reporting period meant that personnel expenses in the period January to March 2009 were, at €160.0m, almost as high as in the first quarter of 2008 (€160.8m). The personnel expenses ratio, i.e. the ratio of personnel expenses to the total operating revenue of €455.8m, worsened from 26.8% to 35.1%.

The unchanging high personnel costs had a significant negative impact on KRONES' earnings in the reporting period.

At €234.2m, expenses for goods and services purchased declined 24.6% on the previous year, which was more than proportionately. The »services purchased« item of the expenses for goods and services purchased includes expenses for temporary workers. With KRONES having made only limited use of temporary workers in the first quarter of 2009, the cost of purchased services fell by some €18m compared with the previous year. The ratio of goods and services purchased to total operating revenue slipped from 51.7% to 51.4%.

At –€53.4m the balance of other operating income and expenses and own work capitalised improved €18.8m. Here we see the first effects of our savings measures in response to the increasingly difficult business environment.

Cash flow

Consolidated cash flow statement in € m

	2009 1 Jan – 31 Mar	2008 1 Jan – 31 Mar	Change in €m
EBT	–4.0	**45.6**	–49.6
Cash flow from operating activities	–54.7	–22.8	–31.9
Cash flow from investing activities	–24.8	–15.2	–9.6
Free cash flow	**–79.5**	**–38.0**	–41.5
Cash flow from financing activities	20.0	26.7	–6.7
Net change in cash and cash equivalents	–59.5	–11.3	–48.2
Change in cash and cash equivalents arising from exchange rates	–0.4	0.2	–0.6
Cash and cash equivalents at the beginning of the period	108.4	53.8	54.6
Cash and cash equivalents at the end of the period	**48.5**	42.7	5.8

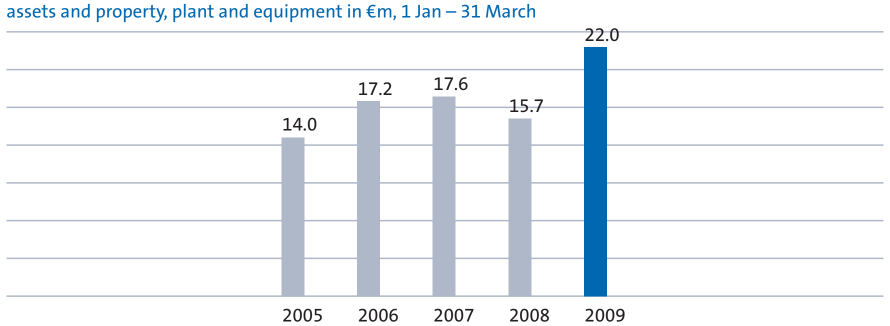
Our cash flow suffered from the sharp decrease in earnings.

KRONES' cash flow from operating activities (operative cash flow) deteriorated €31.9m year-on-year in the first quarter of 2009 to –€54.7m. This can be attributed both to the drop of nearly €50m in pre-tax earnings combined with higher tax prepayments and to the fact that the advance payments received decreased around 21% for business reasons. That we were able to achieve a sizeable reduction in our inventories and trade receivables in the first quarter had a positive impact on the operative cash flow.

KRONES invested €22.0m (previous year: €15.7m) in property, plant and equipment, and intangible assets in the first quarter. Capital expenditures for intangible assets rose because KRONES is spending more on research and development in preparation for »drinktec«, the global industry's most important trade fair, in September 2009. In the period under report we also boosted our indirect and direct stake in the subsidiary KOSME from 70% to 100%. Free cash flow, i.e. operative cash flow less capital expenditure, came to –€79.5m in the first quarter of 2009 (previous year: –€38.0m).

KRONES started a share buyback programme in January 2009. By the end of March 2009 the company had bought €20.2m worth of treasury shares on the stock market. To optimise its financing position, the company drew on €40.7m in credit lines (previous year: €27.2m) by the end of the first quarter. Taking into account changes due to exchange rates, KRONES had cash and cash equivalents of €48.5m (previous year: €42.7m) at 31 March 2009.

KRONES Group capital expenditures for intangible assets and property, plant and equipment in €m, 1 Jan – 31 March



Balance sheet structure

KRONES Group asset and capital structure, in € m

	31 Mar 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Non-current assets	537	534	475	430
of which property, plant and equipment, intangible assets, and financial assets	490	482	422	374
Current assets	1,180	1,291	1,209	1,042
of which cash and equivalents	49	108	54	58
Equity	760	790	708	629
Total debt	957	1,035	976	843
Non-current liabilities	143	144	155	147
Current liabilities	814	891	821	696
Total	**1,717**	**1,825**	**1,684**	**1,472**

KRONES has a solid balance sheet structure. At the end of March 2009 its equity ratio was 44.3%.

The decline in business brought the balance sheet total of the KRONES Group down to €1,716.9m by the end of March 2009 from the €1,752.2m recorded the previous year. The balance sheet total slipped nearly 6% compared with the total at the balance sheet date for 2008.

Property, plant and equipment, intangible assets, and financial assets amounted to €490.2m at the end of the first quarter (31 December 2008: €482.0m). At €389.8m, property, plant and equipment account for the lion's share. The more than 40% increase in intangible assets to €84.9m compared with the balance sheet at 31 March 2008 reflects above all the development costs incurred by KRONES for the development of new products in preparation for the »drinktec« trade fair in September 2009. At the end of the first quarter of 2009 the company had total non-current assets of €536.9m (31 December 2008: €534.3m).

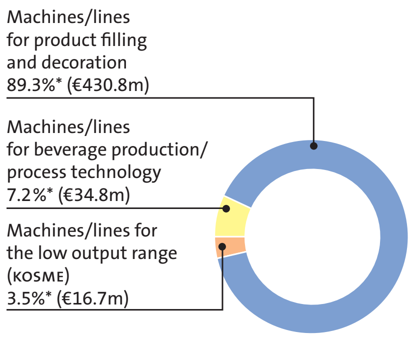
KRONES ran down inventories and trade receivables in the first three months of 2009. That liquid assets decreased nearly €60m compared with the 2008 balance sheet date is due partly to the share buyback programme implemented by the company. By 31 March KRONES had acquired shares totalling €20.2m in value on the stock market. Current assets stood at €1,180.0m (31 December 2008: €1,290.8m) at the end of the quarter under report.

At 31 March 2009 the non-current liabilities of KRONES, largely provisions for pensions and other provisions, amounted to €142.5m (31 December 2008: €144.1m). The main individual items in the current liabilities of €814.3m are advance payments received and other liabilities and accruals.

At the end of the first quarter of 2009 KRONES had €760.1m in equity, which was down €20.2m due to the share buyback programme now in place. The equity ratio was 44.3%. The very sound capital structure of KRONES is a good foundation for surviving, and exploiting opportunities during, the economic downturn.

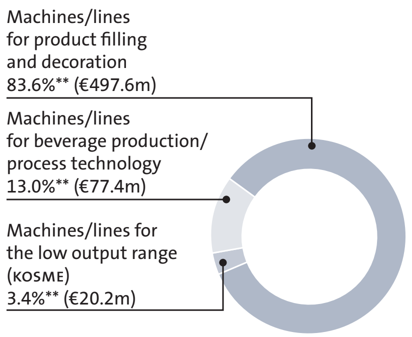
MANAGEMENT REPORT | KRONES IN FIGURES

Sales by segment 1 Jan to 31 March 2009



* Share of consolidated sales totalling €482.3m

Sales by segment 1 Jan to 31 March 2008



** Share of consolidated sales totalling €595.2m

Segment revenues

Our core segment saw the smallest drop in sales in the first quarter.

From January to March 2009 KRONES' core segment, »machines and lines for product filling and decoration«, suffered a 13.4% drop in sales on the previous year, down from €497.6m to €430.8m. The segment's sales in the reporting period were achieved largely with machines for producing plastic bottles (PET bottles) and the associated filling lines. In the first quarter the segment accounted for 89.3% (previous year: 83.6%) of consolidated sales.

At €34.8m, sales in the segment »machines and lines for beverage production/process technology« were 55.0% lower in the first quarter of 2009 than in the previous year. In the first quarter of 2008 KRONES had profited from lively demand for brewhouses. The number of realised projects declined sharply in the first three months of the current fiscal year due to invoice timing. After 13.0% in the same quarter of 2008, this segment contributed only 7.2% to consolidated sales in the first quarter of 2009.

Sales in KRONES' smallest segment, »machines and lines for the low output range (KOSME)«, shrank 17.3%. KOSME thus performed better in the first quarter than the market as a whole, which suffered a much greater drop in volume. The segment's share of consolidated sales climbed to 3.5% from 3.4% in the same quarter of the previous year.

Segment earnings

All three KRONES segments moved into the red in the quarter under report.

Pre-tax earnings in the segment »machines and lines for product filling and decoration« declined €44.7m year-on-year to stand at –€0.9m in the first quarter of 2009. Earnings were negatively impacted both by the strain on price quality from the weakness of the sector and by the lower utilisation of production capacity. In the first quarter the EBT margin, i.e. earnings before tax relative to segment sales, dropped from 9.0% to –0.2% compared with the same period last year.

The collapse of sales in the segment »machines and lines for beverage production/process technology«, which was also due to invoice timing, had a severe effect on quarterly results, with pre-tax earnings falling €4.1m from €1.4m to –€2.7m. In the quarter under review the EBT margin fell year-on-year from 1.8% to –7.8%.

Last year KRONES optimised all processes and workflows in the segment »machines and lines for the low output range (KOSME)«. These efforts had a positive effect in the first quarter of 2009. Although sales were well down on the previous year, pre-tax earnings improved by comparison with the first quarter of 2008, rising from –€0.5m to –€0.4m. The EBT margin was –2.4% (previous year: –2.5%).

Product filling and decoration		2009 1 Jan–31 Mar	2008 1 Jan–31 Mar
EBIT	in €m	–2.8	44.4
EBT	in €m	–0.9	44.7
EBT margin	in %	–0.2	9.0

Beverage production/process technology		2009 1 Jan–31 Mar	2008 1 Jan–31 Mar
EBIT	in €m	–3.0	1.3
EBT	in €m	–2.7	1.4
EBT margin	in %	–7.8	1.8

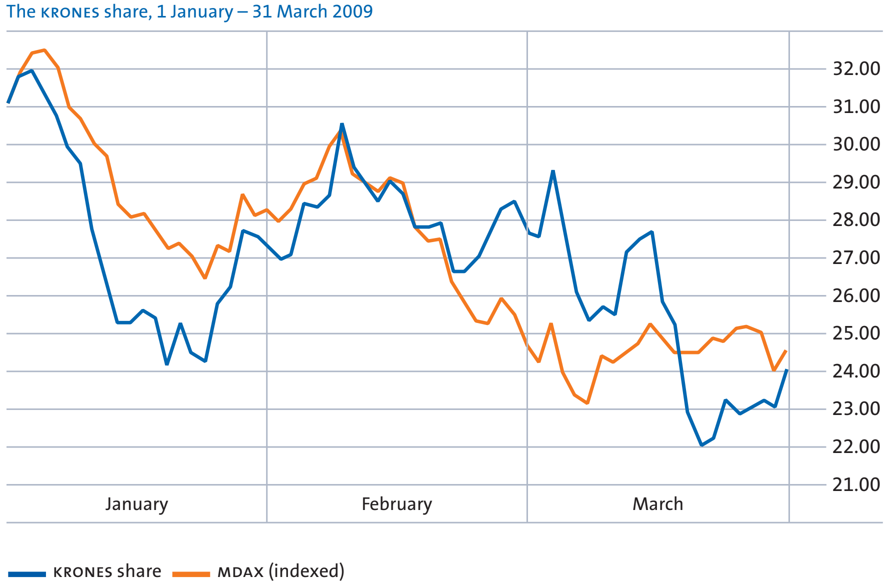
KOSME		2009 1 Jan–31 Mar	2008 1 Jan–31 Mar
EBIT	in €m	–0.1	–0.3
EBT	in €m	–0.4	–0.5
EBT margin	in %	–2.4	–2.5

Share prices under pressure in first quarter

The financial crisis and worsening economic data ensured that stock markets began the year in a downbeat mood. The DAX fell almost 25% to about 3650 points by the beginning of March. Optimistic comments from some bank directors on business trends in their institutions combined with the fact that for the first time in 40 years the US central bank, the FED, wants to buy American government bonds and flood the market with liquidity triggered a sharp recovery in prices. The DAX closed on 31 March 2009 at 4085 points, 15.1% down on the start of the year.

As banking and insurance stocks have little weight in the MDAX, it was unable to gain from the »March rise« led by the financial industry, slumping 21% in the first quarter. The KRONES share fared a little worse from January to March 2009. At nearly €24, our share was trading 22.8% lower at the end of the quarter than at the start of the year. In addition to the general weakness of the stock markets and disappointing figures from the entire machine construction industry, the price was also hit by the prospects for the current fiscal year.

The KRONES share, 1 January – 31 March 2009



The KRONES share came under pressure in the first quarter. The price fell about as heavily as the MDAX.

Share buyback programme started

The Executive Board firmly believes that the KRONES share price does not adequately reflect the company's earnings power and future prospects. Using the authority given to it by the general meeting of 18 June 2008, it therefore decided on 21 January 2009 to acquire up to 10% of the equity capital, 3,159,307 shares, on the stock market. The consideration per share (excluding ancillary purchase costs) must be not less than €22.61 and not more than €27.64. At 23 April 2009, 1,197,000 shares had been bought back at an average price of €25.91. The current status of the share buyback is published regularly on our website at http://krones.de/en/investor_relations/8352.htm.

KRONES expects a difficult fiscal 2009

KRONES is combating the effects of the economic crisis with an extensive action plan under the name »Conversion«.

The unprecedented general economic situation makes it impossible to offer a reliable prediction for consolidated earnings in 2009. We can only assume that the world financial and economic crisis will continue to have a significant impact on KRONES' sales and earnings as the year progresses. Should our customers' reluctance to invest continue for longer at the level we are now experiencing and should sales collapse as the result, we will no longer be able to exclude the possibility of negative consolidated earnings for 2009. We expect our markets to recover in 2010.

In the fourth quarter of 2008 the Executive Board had already begun to counteract the drop in earnings expected from the global economic crisis by implementing an extensive action plan under the name »Conversion«. These measures include the termination of more than 800 temporary and fixed-term contracts as well as even more flexible working hours and insourcing measures. We are also utilising natural fluctuation, planning extensive short-time working, and re-examining planned investments. These short-term measures will be followed in the months ahead by structural changes which we are in the process of planning. This is intended to enable KRONES to recover better and more quickly from the economic trough than its competitors and to continue expanding its leading role. The very solid net worth and financial position of the group is a key safety factor in the global crisis. We expect to see our markets return to growth in the long term. Our products and services in the »food and drink« segment put us very close to consumers, enabling us to profit indirectly from the growth in the world's population and rising global prosperity.

In September 2009 Munich will host »drinktec«, the most important worldwide industry trade fair for KRONES. KRONES will use this show, which is only held every 4 years, as an opportunity to convince customers of the benefits of our innovative capacity and solutions expertise at this difficult time. The company expects to return very quickly to its usual strength after the economic crisis is over.

Consolidated balance sheet

Assets	31 Mar 2009		31 Dec 2008	
	in €m	in €m	in €m	in €m
Intangible assets	84.9		79.8	
Property, plant and equipment	389.8		386.7	
Financial assets	15.5		15.5	
Property, plant and equipment, intangible assets, and financial assets	**490.2**		482.0	
Deferred tax assets	10.0		9.3	
Trade receivables	17.8		24.8	
Current tax receivables	12.4		12.1	
Other assets	6.5		6.1	
Non-current assets		**536.9**		534.3
Inventories	559.2		568.6	
Trade receivables	490.2		529.0	
Current tax receivables	4.2		5.1	
Other assets	77.9		79.7	
Cash and cash equivalents	48.5		108.4	
Current assets		**1,180.0**		1,290.8
Total		**1,716.9**		1,825.1

Equity and liabilities	31 Mar 2009		31 Dec 2008	
	in €m	in €m	in €m	in €m
Equity*		**760.1**		790.0
Provisions for pensions	75.9		74.5	
Deferred tax liabilities	14.0		14.7	
Other provisions	40.8		40.7	
Liabilities to banks	0.6		0.6	
Trade payables	0.0		0.1	
Other financial liabilities	5.1		7.1	
Other liabilities	6.1		6.4	
Non-current liabilities		**142.5**		144.1
Other provisions	116.5		121.4	
Provisions for taxes	14.8		17.2	
Liabilities to banks	40.7		0.1	
Advance payments received	228.5		288.7	
Trade payables	133.1		160.4	
Other financial liabilities	18.3		37.1	
Other liabilities and accruals	262.4		266.1	
Current liabilities		**814.3**		891.0
Total		**1,716.9**		1,825.1

*The decrease in equity and liabilities of €20.2m at 31 March 2009 results from the share buyback programme now in place.

Consolidated income statement

	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m	Change in %
Sales revenues	**482.3**	595.2	**–19.0**
Changes in inventories of finished goods and work in progress	–26.5	5.4	
Total operating revenue	**455.8**	600.6	**–24.1**
Goods and services purchased	–234.2	–310.5	–24.6
Personnel expenses	–160.0	–160.8	–0.5
Other operating income (expenses) and own work capitalised	–53.4	–72.2	–26.0
Depreciation, amortisation, and write-downs on non-current assets	–14.1	–11.7	20.5
EBIT	**–5.9**	45.4	
Net financial income (expense)	1.9	0.2	
Earnings before taxes (EBT)	**–4.0**	45.6	
Taxes on income	–1.1	–14.9	–92.6
Consolidated earnings	**–5.1**	30.7	
Profit (loss) share of minority interests	0.0	–0.2	
Profit (loss) share of shareholders of KRONES Group	–5.1	30.9	
Earnings per share (diluted/basic) in €	–0.17	0.98	

Consolidated cash flow statement

	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m
Earnings before taxes	**–4.0**	45.6
Depreciation and amortisation	14.1	11.7
Decrease (previous year: increase) in provisions	–3.4	20.8
Deferred tax item changes recognised in income	–1.4	2.6
Interest expenses and interest income	–1.3	–0.1
Proceeds and losses from the disposal of non-current assets	0.0	0.1
Other non-cash income and expenses	0.2	–1.5
Decrease (increase) in inventories, trade receivables and other assets not attributable to investing or financing activities	76.4	–76.9
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–114.2	–15.2
Cash generated from operating activities	**–33.6**	**–12.9**
Interest paid	–0.4	–1.2
Income taxes paid and refunds received	–20.7	–8.7
Cash flow from operating activities	**–54.7**	**–22.8**
Cash payments to acquire intangible assets	–10.4	–5.4
Proceeds from the disposal of intangible assets	0.0	0.1
Cash payments to acquire property, plant and equipment	–11.6	–10.3
Proceeds from the disposal of property, plant and equipment	0.0	0.7
Cash payments to acquire financial assets	0.0	–1.0
Cash payments to acquire shares in associated enterprises	–3.1	0.0
Interest received	0.3	0.7
Cash flow from investing activities	**–24.8**	**–15.2**
Acquisition of treasury shares	–20.2	0.0
Proceeds from new borrowing	40.6	27.1
Cash payments to pay lease liabilities	–0.4	–0.4
Cash flow from financing activities	**20.0**	**26.7**
Net change in cash and cash equivalents	–59.5	–11.3
Change in cash and cash equivalents arising from exchange rates	–0.4	0.2
Cash and cash equivalents at the beginning of the period	**108.4**	53.8
Cash and cash equivalents at the end of the period	**48.5**	42.7

Consolidated statement of changes in equity

	Parent company							Minority interest	Group equity
	Capital stock	Capital reserves	Retained earnings	Currency differences in equity	Other reserves	Group profit	Equity	Equity	
	in €m	in €m	in €m	in €m	in €m	in €m	in €m	in €m	in €m
At 31 December 2007	**40.0**	**103.7**	**409.3**	**–5.7**	**0.7**	**158.4**	**706.4**	**1.6**	**708.0**
Consolidated net income Q1 2008						30.9	**30.9**	–0.2	**30.7**
Currency differences				–4.7			**–4.7**		**–4.7**
Hedge accounting					1.3		**1.3**		**1.3**
At 31 March 2008	**40.0**	**103.7**	**409.3**	**–10.4**	**2.0**	**189.3**	**733.9**	**1.4**	**735.3**
Dividend payment (€0.70 per share)						–22.1	**–22.1**		**–22.1**
Consolidated net income 9 months 2008						76.1	**76.1**	–0.2	**75.9**
Allocation to retained earnings			67.4			–67.4	**0.0**		**0.0**
Currency differences				1.4			**1.4**		**1.4**
Hedge accounting					–0.5		**–0.5**		**–0.5**
At 31 December 2008	**40.0**	**103.7**	**476.7**	**–9.0**	**1.5**	**175.9**	**788.8**	**1.2**	**790.0**
Consolidated net income Q1 2009						–5.1	**–5.1**	0.0	**–5.1**
Treasury shares		–20.2					**–20.2**		**–20.2**
Currency differences				–0.4			**–0.4**		–0.4
Changes in the consolidated group			–2.6				**–2.6**	–1.2	–3.8
Hedge accounting					–0.4		**–0.4**		–0.4
At 31 March 2009	**40.0**	**83.5**	**474.1**	**–9.4**	**1.1**	**170.8**	**760.1**	**0.0**	**760.1**

Statement of income and expenses reported in the group equity

	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m
Consolidated earnings	–5.1	30.7
Difference from currency translation	–0.4	–4.7
Derivative financial instruments	–0.4	1.3
Total income and expenses reported directly in the equity	–0.8	–3.4
Total income and expenses reported in the equity	**–5.9**	27.3
of which minority interests	0.0	–0.2
of which KRONES Group interests	–5.9	27.5

KRONES group segment reporting

	Machines and lines for product filling and decoration		Machines and lines for beverage production/ process technology		Machines and lines for the low output range (KOSME)		KRONES Group	
	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m	2009 1 Jan–31 Mar in €m	2008 1 Jan–31 Mar in €m
Sales revenues	430.8	497.6	34.8	77.4	16.7	20.2	482.3	595.2
EBIT	–2.8	44.4	–3.0	1.3	–0.1	–0.3	–5.9	45.4
EBT	–0.9	44.7	–2.7	1.4	–0.4	–0.5	–4.0	45.6
EBT margin	–0.2%	9.0%	–7.8%	1.8%	–2.4%	–2.5%	–0.8%	7.7%
Employees at 31 March*	9,023	8,465	583	533	518	487	10,124	9,485

* Consolidated group

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES GROUP«) for the period ended 31 March 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, applicable on the reporting date, including the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the European Union. No early application was made of IFRSs that had not yet entered into force or their interpretations. A list of these standards and interpretations and of standards being applied for the first time is on page 30.

Minority interests in group equity are stated on the balance sheet as a special item within equity. Profit or loss shares attributable to minority interests are recognised on the income statement as part of consolidated earnings. The shares of consolidated earnings allocated to equity holders of the parent company and to minority interests are presented separately.

Minority interests have been added to the statement of changes in equity.

The following explanatory notes comprise disclosures and remarks that, under IFRSs, must be included as notes to the consolidated financial statements in addition to the balance sheet, income statement, statement of changes in equity and cash flow statement.

The »nature of expense« method has been used for the income statement. The Group's reporting currency is the euro.

Consolidated group

Besides KRONES AG, the consolidated financial statements for the period ended 31 March 2009 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

Smefin S.R.L., Roverbella, Italy was acquired in fiscal 2009 and consolidated along with KRONES O.O.O., Moscow, Russian Federation and KRONES (Thailand) Co. Ltd., Bangkok, Thailand.

KRONES AG holds a direct 100% stake in these companies. The acquisition of Smefin S.R.L., Roverbella, Italy means that KRONES AG holds an indirect and direct 100% stake in KOSME S.R.L., Roverbella, Italy. The first-time consolidation of the new shares was effected at the time of acquisition.

A complete presentation of investment holdings will be published in the electronic Federal Gazette (elektronischer Bundesanzeiger).

Consolidation principles

The separate financial statements of the companies included in the consolidated financial statements are prepared in accordance with uniform accounting policies. They were all prepared as of the reporting date of the consolidated financial statements.

For companies that were acquired after 1 January 2004, acquisition accounting is performed in accordance with IFRS 3 (»Business combinations«), under which all business combinations must be accounted for using the »purchase method« of accounting, whereby the acquired assets and liabilities are to be recognised at fair value.

Any amount by which the cost of acquisition exceeds the interest in the fair values of assets, liabilities, and contingent liabilities is recognised as goodwill and subjected to regular impairment tests. Negative goodwill is immediately recognised in profit and loss. Goodwill arising before 1 January 2004 is still recognised in reserves.

Shares in the equity of subsidiaries that are not held by the parent company are reported as »minority interests«.

Inter-company receivables, liabilities, provisions, revenues, and expenses between consolidated companies are eliminated in the consolidation process.

This also applies for inter-company profits from deliveries effected or services rendered between Group companies provided the amounts from these transactions are still held by the Group at the reporting date.

Currency translation

The functional currency for KRONES AG is the euro.

The financial statements of the consolidated companies that are denominated in a foreign currency are translated on the basis of the functional currency concept (IAS 21) using a modified closing rate method. Because the subsidiaries operate primarily independently in the economic environment of their respective countries, the functional currency is always the relevant local currency for each subsidiary. In the consolidated financial statements, assets and liabilities are thus translated at the closing rate as on the reporting date, while income and expenses from the financial statements of subsidiaries are translated at average annual rates.

Any exchange differences resulting from these different rates in the balance sheet and income statement are recognised directly in equity. Exchange differences resulting from the translation of equity using historical exchange rates are also recognised directly in equity.

In the annual financial statements of KRONES AG and its subsidiaries, receivables and liabilities in foreign currencies are translated using the exchange rate at the time of the transaction and exchange differences are recognised in profit or loss at the closing rate. Non-monetary items in foreign currencies are stated at historical cost.

Exchange rate differences compared with the previous year arising from acquisition accounting are recognised directly in equity in other retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | GENERAL DISCLOSURES

The exchange rates of those currencies that have a material impact on the Group's financial statements have moved against the euro as follows:

		Closing rate		Average rate	
		31 Mar 2009	31 Dec 2008	2009	2008
US dollar	USD	1.333	1.398	1.308	1.498
British pound	GBP	0.930	0.959	0.910	0.757
Swiss franc	CHF	1.518	1.488	1.498	1.601
Danish krone	DKK	7.448	7.452	7.452	7.454
Canadian dollar	CAD	1.669	1.717	1.625	1.505
Japanese yen	JPY	131.100	126.400	122.265	157.732
Brazilian real	BRL	3.099	3.257	3.043	2.612
Chinese renminbi (yuan)	CNY	9.101	9.536	8.955	10.745
Mexican peso	MXN	18.881	19.259	18.796	16.205
Ukrainian hryvnia	UAH	10.656	10.692	10.750	6.937
South African rand	ZAR	12.680	13.170	13.010	11.309
Kenyan shilling	KES	106.830	108.660	107.719	104.245
Nigerian niara	NGN	196.070	189.650	194.667	177.834
Thai baht	THB	47.210	48.450	46.570	45.806
Russian rouble	RUB	45.150	42.420	44.482	36.284

Accounting policies

The annual financial statements of KRONES AG and its domestic and foreign subsidiaries have been prepared using uniform accounting policies, in accordance with IAS 27.

Some discretion has been used in preparing the consolidated financial statements, particularly in terms of measurement of non-current assets, inventories, receivables, pension provisions and provisions, because their preparation requires some critical estimates and forecasts.

Intangible assets

Purchased and internally generated intangible assets, excluding goodwill, are recognised pursuant to IAS 38 if it is sufficiently probable that the use of the asset will result in a future economic benefit and the cost of the asset can be reliably determined. They are stated at cost and amortised systematically on a straight-line basis over their estimated useful lives. The amortisation of intangible assets is carried out over a useful life of between three and five years and recognised under »Depreciation and amortisation of intangible assets and property, plant and equipment«.

Research and development costs

Development costs of the KRONES Group are capitalised at cost to the extent that costs can be allocated reliably and the technical feasibility and a future economic benefit as a result of their use are probable. According to IAS 38, research costs cannot be recognised as intangible assets and are, therefore, recognised as an expense in the income statement when they are incurred.

Goodwill

No goodwill was acquired in Q1 2009.

Property, plant and equipment

Property, plant and equipment of the KRONES Group are accounted for at cost less scheduled depreciation on a straight-line basis over their estimated useful lives. The cost of internally generated plant and equipment comprises all costs that are directly attributable to the production process and an appropriate portion of overheads. Borrowing costs are not recognised as cost.

A revaluation of property, plant and equipment pursuant to IAS 16 was not carried out.

Scheduled depreciation is based on the following useful lives, which are applied uniformly throughout the group:

Useful life	In years
Buildings	14 to 50
Technical equipment and machines	5 to 18
Furniture and fixtures and office equipment	3 to 15

In figuring the useful lives, the different components of an asset with significantly different costs were taken into account.

Government grants are only recognised if there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Apart from grants related to income, which are recognized in their full amount in profit or loss, grants related to assets are deducted in arriving at the carrying amount of the asset on the balance sheet and recognised in profit and loss by way of a reduced depreciation charge in the subsequent periods.

Leases

Leases in which the KRONES Group, as the lessee, bears substantially all the risks and rewards incident to ownership of the leased asset are treated as finance leases pursuant to IAS 17 upon inception of the lease. The leased asset is recognised as a non-current asset at fair value or, if lower, at the present value of the minimum lease payments. The leased asset is depreciated systematically using the straight-line method over the shorter of its »estimated useful life« or the »lease term«. Obligations for future lease instalments are recognised as »other liabilities«.

In the case of operating leases, the leased assets are treated as assets belonging to the lessor since the lessor bears the risks and rewards.

Financial instruments

Financial instruments under IAS 39 used by KRONES consist of the following:

- Financial assets
- Financial instruments held for trading (derivative financial instruments)
- Available-for-sale financial instruments
- Financial receivables and liabilities

For the measurement categories, the carrying amounts correspond to the fair values.

Because there is no active market for the financial assets, they are recognised at amortised cost.

The fair values and carrying amounts are based on market rates and observable ongoing market transactions.

Transactions against cash settlement are accounted for using the settlement date. Derivative financial instruments are accounted for using the trade date.

Net gains and losses include impairments and measurement changes for derivative financial instruments and are explained in the notes to the relevant measurement categories.

Pursuant to IAS 39, the classes under IFRS 7 also include cash proceeds and liabilities from finance leases in addition to the categories listed above.

Disclosures about risk reporting as specified under IFRS 7 are included in the risk report within the consolidated management report.

Financial assets

Financial assets other than securities are recognised at cost, less impairment losses. Non-current securities are classified as »available for sale« and recognised at fair value directly in equity. No assets are classified as »held to maturity«.

Moreover, the »fair value option« provided for under IAS 39 is not applied to any balance sheet items within the KRONES Group.

Derivative financial instruments

The derivative financial instruments used within the KRONES Group are used to hedge against currency risks from operating activities.

The primary category of currency risk at KRONES is transaction risks arising from exchange rates and cash flows in foreign currencies. These currencies are primarily the US dollar and Swiss franc.

Within the hedging strategy, 100% of items denominated in foreign currencies are generally hedged. The primary hedging instruments used for this are forward exchange contracts and, occasionally, swaps, including currency swaps.

The strategy objective is to minimise currency risk by using hedging instruments that are viewed as highly effective and thus both hedging the exchange rate and achieving planning security.

The derivative financial instruments are measured at fair value at the balance sheet date. Gains and losses from the measurement are recognised as profit or loss on the income statement unless the conditions for hedge accounting are met.

The derivative financial instruments for which hedge accounting is applied comprise forward currency contracts and currency swaps whose changes in fair value are recognised either in income (»fair value hedge«) or in equity (»cash flow hedge«). In the case of cash flow hedges, to mitigate currency risks from existing underlying transactions, changes in fair value are initially recognised directly in equity and subsequently transferred to the income statement when the hedged item is recognised in the income statement. The derivative financial instruments are measured on the basis of the relevant commercial bank's forward rates.

They are derecognised only when substantially all risks and rewards of ownership are transferred.

Receivables and other assets

Receivables and other assets, with the exception of derivative financial instruments, are assets that are not held for trading. They are reported at amortised cost. Receivables with maturities of over one year that bear no or lower-than-market interest are discounted. Impairments are recognised to take account for all identifiable risks. The indicators used for this are the ageing of the receivables and the customer's business situation.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost includes those costs that are directly related to the units of production and an appropriate portion of fixed and variable production overheads. The portion of overheads is determined on the basis of normal operating capacity. Selling costs, general administrative costs, and borrowing costs are not included in the costs of inventories. For inventory risks arising from increased storage periods or reduced usability, write-downs are made on the inventories.

For the sake of convenience in measuring materials and supplies, the FiFo and weighted average cost formulas are applied.

Construction contracts for specific customers

Construction contracts for specific customers that are in progress are recognised according to the degree of completion pursuant to IAS 11 (»percentage-of-completion method«). Under this method, contract revenue is recognised in accordance with the percentage of physical completion of the lines and machines at the balance sheet date. The percentage of completion corresponds to the ratio of contract costs incurred up to the balance sheet date to the total costs calculated for the contract. The construction contracts are recognised under trade receivables.

Deferred tax items

Deferred tax assets and liabilities are recognised using the balance-sheet oriented »liability method«. This involves creating deferred tax items for all temporary differences between the tax and IFRS balance sheet carrying amounts and for consolidation procedures affecting income.

The deferred tax items are computed on the basis of the national income tax rates that apply in the individual countries at the time of realisation. Changes in the tax rates are taken into account if there is sufficient certainty that they will occur. Where permissible under law, deferred tax assets and liabilities have been offset.

Provisions for pensions

Provisions for pensions are calculated using the »projected unit credit method« pursuant to IAS 19. Under this method, known vested benefits at the reporting date as well as expected future increases in pensions and salaries are taken into account with due consideration to relevant factors that will affect the benefit amount, which are estimated on a prudent basis. The provision is calculated on the basis of actuarial valuations that take into account biometric factors.

Actuarial gains and losses are only recognised as income or expenses if they exceed 10% of the obligations. These are recognised over the expected average remaining working lives of the employees.

Other provisions

Other provisions are recognised when the Group has an obligation to a third party as a result of a past event, an outflow is probable, and a reliable estimate of the amount of the obligation can be made. Measurement of these provisions is computed at fully attributable costs or on the basis of the most probable expenditures needed to settle the obligation.

Provisions with a residual term of more than one year are recognised at the present value of the probable expenditures needed to settle the obligation at the reporting date.

Financial liabilities

For initial recognition, in accordance with IAS 39, financial liabilities are measured at the cost that is equivalent to the fair value of the consideration given. Transaction costs are included in this initial measurement of financial liabilities. After initial recognition, all financial liabilities are measured at amortised cost.

Sales revenues

With the exception of those contracts that are measured according to IAS 11, sales revenues are recognised, in accordance with the criteria laid out under IAS 18, when the significant risks and rewards of ownership are transferred, when a price is agreed or can be determined, and economic benefit from the sale of goods is sufficiently probable.

Sales revenues are reported less reductions.

Segment reporting

Intrasegment transfers are conducted under the same conditions as transfers among third parties. Intersegment revenues are negligible.

Shareholdings

Name and location of the company	Share in capital held by KRONES AG in %*
neusped Neutraublinger Speditions-GmbH, Neutraubling, Germany	100.00
KIC KRONES Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany	100.00
ecomac Gebrauchtmaschinen GmbH, Neutraubling, Germany	100.00
MAINTEC Service GmbH, Collenberg/Main, Germany	51.00
S.A. KRONES N.V., Louvain-la-Neuve, Belgium	100.00
KRONES Nordic ApS, Holte, Denmark	100.00
KRONES S.A.R.L., Lyon, France	100.00
KRONES UK LTD., Bolton, UK	100.00
KOSME UK LTD., Burton on Trent Staffordshire, UK	100.00
KRONES S.R.L., Garda (VR), Italy	100.00
KOSME S.R.L., Roverbella, Italy	100.00
Smefin S.R.L., Roverbella, Italy	100.00
KRONES Nederland b.v., Boskoop, Netherlands	100.00
KOSME Gesellschaft mbh, Sollenau, Austria	100.00
KRONES Spólka z.o.o., Warsaw, Poland	100.00
KRONES Portugal Equipamentos Industriais Lda., Barcarena, Portugal	100.00
KRONES o.o.o., Moscow, Russian Federation	100.00
KRONES Romania Prod. S.R.L., Bucharest, Romania	100.00
KRONES AG, Buttwil, Switzerland	100.00
KRONES Iberica, S.A., Barcelona, Spain	100.00
KRONES S.R.O., Prague, Czech Republic	100.00
KRONES Ukraine LLC, Kiev, Ukraine	100.00
MAINTEC Service eood, Sofia, Bulgaria	51.00
MAINTEC Service Ges.m.b.H, Dorf an der Pram, Austria	51.00
KRONES Surlatina S.A., Buenos Aires, Argentina	100.00
KRONES DO BRAZIL LTDA., São Paulo, Brazil	100.00
KRONES S.A., São Paulo, Brazil	100.00
KRONES Machinery (Taicang) Co. Ltd., Taicang, China	100.00
KRONES Trading (Taicang) Co. Ltd., Taicang, China	100.00
KRONES (Beijing) Machinery Co. Ltd., Beijing, China	100.00
KRONES Asia Ltd., Hong Kong, China	100.00
KRONES India Pvt. Ltd., Bangalore, India	100.00
KRONES Japan Co. Ltd., Tokyo, Japan	100.00
KRONES Machinery Co. Ltd., Brampton, Ontario, Canada	100.00
KRONES LCS Center East Africa Limited, Nairobi, Kenya	100.00
KRONES Andina Ltda., Bogotá, Columbia	100.00
KRONES Korea Ltd., Seoul, Korea	100.00
KRONES Mex S.A. de c.v., Mexico City, Mexico	100.00
KRONES LCS Center West Africa Limited, Lagos, Nigeria	100.00
KRONES Southern Africa (Prop.) Ltd., Johannesburg, South Africa	100.00
KRONES, Inc., Franklin, Wisconsin, USA	100.00
Maquinarias KRONES de Venezuela S.A., Caracas, Venezuela	100.00
KRONES (Thailand) Co. Ltd., Bangkok, Thailand	51.00
Beverage Consulting and Engineering. Co. Ltd., Bangkok, Thailand	49.00

* direct and indirect shareholding.

The Supervisory Board and Executive Board

Following fulfilment of the requirements for application of the German Codetermination Act [Mitbestimmungsgesetz] of 1976 in 1987, the Supervisory Board was extended from six to twelve members. Pursuant to § 8 (1) of the articles of association, six members are elected from among the shareholders in accordance with the German Stock Corporation Act (§§ 96 (1) and 101). Six members are elected by the employees pursuant to §§ 1(1) and 7 (1) Sentence 1 No. 1 of the Codetermination Act.

Supervisory Board

Dr. Lorenz M. Raith
Chairman
* LEISTRITZ AG
MOLL AG
PRÜFTECHNIK AG
HEITEC AG

Werner Schrödl**
Chairman of the Central Works Council
Deputy Chairman

Ernst Baumann
Member of the Executive Board of BMW AG until 30 November 2008

Herbert Gerstner**
Member of the Works Council

Dr. Klaus Heimann**
Director of the Youth, Training and Qualification Policy Division of IG METALL
* MAN AG

Dr. Jochen Klein
Chairman of the advisory council of DÖHLER HOLDING GMBH
* DÖHLER GRUPPE
HOYER-GRUPPE

Prof. Dr. Ing. Erich Kohnhäuser
* MAX AICHER STAHL AG

Norman Kronseder
KRONSEDER FAMILY OFFICE
* BAYERISCHE FUTTERSAATBAU GMBH

Dr. Alexander Nerz
Attorney

Anton Schindlbeck**
Head of sales for LCS

Jürgen Scholz**
1st authorised representative and treasurer of the IG METALL administrative office in Regensburg

Josef Weitzer**
Chairman of the Works Council
Member of the Board of Directors of Sparkasse Regensburg

Executive Board

Volker Kronseder
Chairman
Personnel Management and Social Affairs, Group Communication
* KRONES INC., USA

Hans-Jürgen Thaus
Deputy Chairman
Finance, Controlling, Information Management and Process Management
* KURTZ GMBH
* KRONES INC., USA

Rainulf Diepold
Marketing and Sales

Werner Frischholz
Materials Management and Production

Christoph Klenk
Research and Development, Engineering and Product Divisions
* WINKLER & DÜNNEBIER AG

Pursuant to § 8 (1) of the articles of association, six members are elected from among the shareholders in accordance with the German Stock Corporation Act (§§ 96 (1) and 101). Six members are elected by the employees pursuant to §§ 1(1) and 7 (1) Sentence 1 No. 1 of the Codetermination Act.

* Other Supervisory Board seats held, pursuant to § 125 (1), Sentence 3 of the German Stock Corporation Act
** Elected by the employees

In addition, each of the Group companies is the responsibility of two members of the Executive Board.

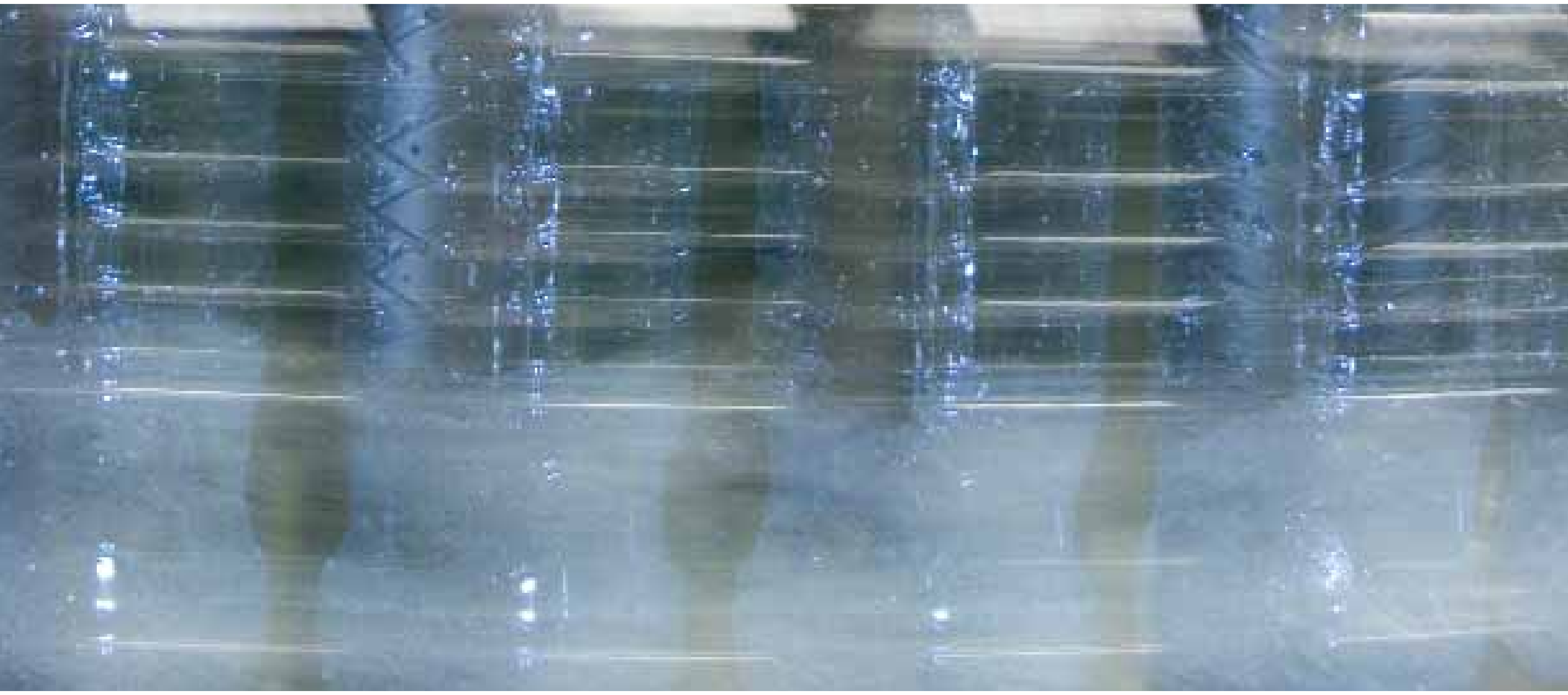
Standards and interpretations

The following standards and interpretations, the application of which is not yet mandatory, do not apply to the consolidated financial statements of KRONES AG:

IFRIC 15 »Agreements for the Construction of Real Estate«
IFRIC 16 »Hedges Of A Net Investment In A Foreign Operation«
IFRIC 17 »Distribution Of Non-Cash Assets To Owners«

KRONES AG
Investor Relations
Fax + 49 9401 70-3786
E-mail investor-relations@krones.de
Internet www.krones.com
Böhmerwaldstrasse 5
93073 Neutraubling
Germany

Olaf Scholz
Telephone +49 9401 70-1169



KRONES