Q1

Interim report for the period from 1 January to 31 March 2013

KRONES

KRONES grows profitably in the first quarter of 2013

- Consolidated revenue was up 5.4% year-on-year in the period from January to March 2013, from €648.6 million to €683.4 million.
- KRONES improved earnings in all three segments. Process technology and KOSME almost broke even.
- Consolidated earnings before taxes were up 19.7% in the first quarter of 2013, from €32.5 million to €38.9 million.

		1 Jan–31 Mar 2013	1 Jan–31 Mar 2012	Change
Revenue	€ million	683.4	648.6	+5.4%
New orders, cumulative, including Lifecycle Service	€ million	685.2	659.8	+3.9%
Orders on hand at 31 Mar, including Lifecycle Service	€ million	1,001.1	953.6	+5.0%
EBITDA	€ million	57.4	50.5	+13.7%
EBIT	€ million	38.4	31.5	+21.9%
EBT	€ million	38.9	32.5	+19.7%
Net income	€ million	26.9	22.3	+20.6%
Earnings per share	€	0.89	0.74	+20.3%
Capital expenditure for PP&E and intangible assets	€ million	18.7	15.6	+€3.1 million
Free cash flow	€ million	–82.1	–70.3	– €11.8 million
Net cash and cash equivalents	€ million	50.8	55.2	–€4.4 million
ROCE (liabilities side)	%	15.1	13.5	–
ROCE (assets side)	%	12.7	10.7	–
Employees at 31 March				
Worldwide		12,026	11,598	+428
Germany		9,052	8,950	+102
Outside Germany		2,974	2,648	+326

Foreword by the Executive Board

Dear shareholders and friends of KRONES,

The near-bankruptcy of Cyprus and Italy's unclear political situation caused the euro crisis to escalate once again in the first quarter of 2013. And with it, a significant element of uncertainty for the global economy's further development also returned. On the whole, the recent events confirm our view that KRONES will have to grapple with more difficult macroeconomic conditions for the long term. Therefore, although 2012 was a successful year, we cannot sit back and relax now. On the contrary, together with our employees, we will continue to systematically implement the Value strategy programme and make KRONES even stronger and more competitive in 2013.

Our goal for 2013 is to continue to grow profitably. In addition, we are focussing more sharply on our return on capital employed and free cash flow. Our figures for the first quarter of 2013 show that we are on the right track. In the period from January to March, revenue was up 5.4% year-on-year from €648.6 million to €683.4 million. New orders rose 3.9% to €685.2 million. Earnings before taxes improved from €32.5 million in the previous year to €38.9 million.

Leading economists are predicting that the overall economic environment will improve in the second half of 2013. Although we would be very happy to see that happen, we are not counting on it. To ensure KRONES' long-term success, our entire team must keep striving to become even better, regardless of the current economic cycle. We owe that to our customers and our shareholders.

Volker Kronseder
Chairman of the Executive Board

Economic environment

World economy faces significant downside risks

The euro crisis escalated in the first quarter of 2013. That was one factor prompting the IMF to lower its growth forecast for the global economy slightly in April.

The International Monetary Fund (IMF) lowered its growth forecast for the global economy slightly in April. The IMF believes there is still a good chance that the global economy will strengthen somewhat in 2013 compared with 2012. However, the euro and sovereign debt crises, which re-escalated on the back of developments in Cyprus and Italy, make for significant downside risks. In addition, too much fiscal tightening in the US could slow the economy there. In all, the IMF expects the global economy to grow by 3.3% in 2013.

The biggest contribution to growth will come from the emerging markets. The Chinese economy, for example, is expected to expand by 8.0% in 2013. India will likely contribute 5.7% economic growth.

In the developed industrialised countries, the continued weakness of countries including Italy, Spain, and Greece, will keep the euro area in recession. The IMF is forecasting a 0.3% contraction of the euro area economy for 2013. The German economy is expected to fare better. Although the monthly ifo Business Climate Index for German industry declined slightly in March 2013 after four consecutive months of improvement, the index is still pointing towards a strong domestic economy. The IMF expects German gross domestic product (GDP) to rise by 0.6% in 2013.

For the USA, the IMF is relatively optimistic despite the country's budget woes and is forecasting 1.9% growth. In Japan, continued monetary easing and the economic stimulus package will likely yield 1.6% GDP growth in 2013.

Slow start to the year in Germany's machinery sector

New orders in the German machinery sector in February 2013 were at the same level as in the previous year. While orders from customers in Germany picked up by two percent, orders from abroad were down one percent overall due to weaker orders from the euro area. A less volatile three-month comparison of the period from December 2012 to February 2013 reveals a one percent year-on-year increase in new orders.

Despite the slow start to the year, the German Engineering Federation (VDMA) expects the sector to achieve moderate growth and a 2% year-on-year increase in output in 2013. The VDMA expects to see considerable differences in the development of the various subsectors. The »food processing and packaging machinery« segment is likely to fare better than the machinery sector as a whole in 2013.

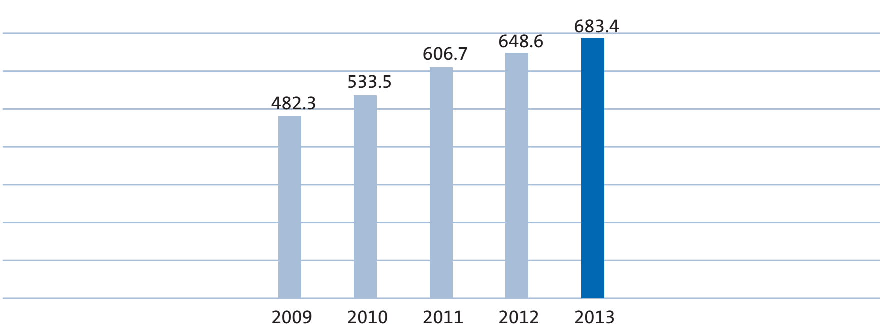
KRONES on track in the first quarter

KRONES got the financial year 2013 off to a good start, continuing its profitable growth trend. The macroeconomic situation remained difficult but had no significant impact on our business in the first quarter. KRONES benefitted from its strong position on the emerging markets, which contributed a significant part of the company's growth. In the period from January to March 2013, revenue was up 5.4% year-on-year from €648.6 million to €683.4 million. With that, KRONES in the first quarter laid solid groundwork for achieving its revenue growth target of 4% for the year 2013 as a whole.

KRONES' revenue increased 5.4% to €683.4 million in the first quarter of 2013, thanks in large part to business on the emerging markets.

The biggest year-on-year increase in sales revenue in the reporting period came in the »machines and lines for beverage production/process technology« segment (revenue +48.8%). The company's increasing internationalisation – that is, efforts to literally move closer to customers worldwide – also continued to pay off.

Revenue from 1 January to 31 March (€ million)



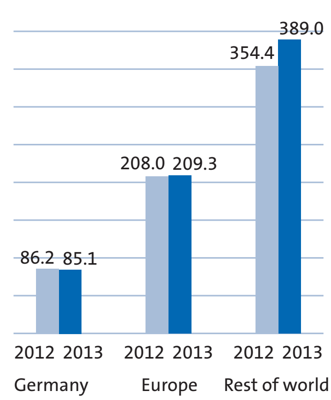
Revenue by region

KRONES' revenue from markets outside Europe grew further in the reporting period. In certain emerging markets, that growth was quite strong. The emerging markets contributed 55% to consolidated revenue in the first quarter of 2013 (previous year: 57%). In the USA, business was stable. In all, first-quarter sales outside Europe in 2013 were up 9.8% year-on-year, from €354.4 million to €389.0 million. The share of consolidated revenue was 56.9% in the reporting period (previous year: 54.6%).

In the period from January to March 2013, revenue in Europe (excluding Germany) was up 0.6% to €209.3 million (year-earlier period: €208.0 million). Given the difficult economic situation in Europe, we are not dissatisfied with this result. Sales in Europe (excluding Germany) accounted for 30.6% of consolidated revenue in the first quarter (previous year: 32.1%).

KRONES' sales in Germany in the first quarter of 2013 did not quite match the strong year-earlier figure. That was due in part to the weaker economy overall. Nevertheless, at €85.1 million, revenue here came very close to the year-earlier figure. The share of consolidated revenue generated in Germany decreased from 13.3% in the previous year to 12.5% in the first quarter of 2013.

Revenue by region from 1 January to 31 March (€ million)



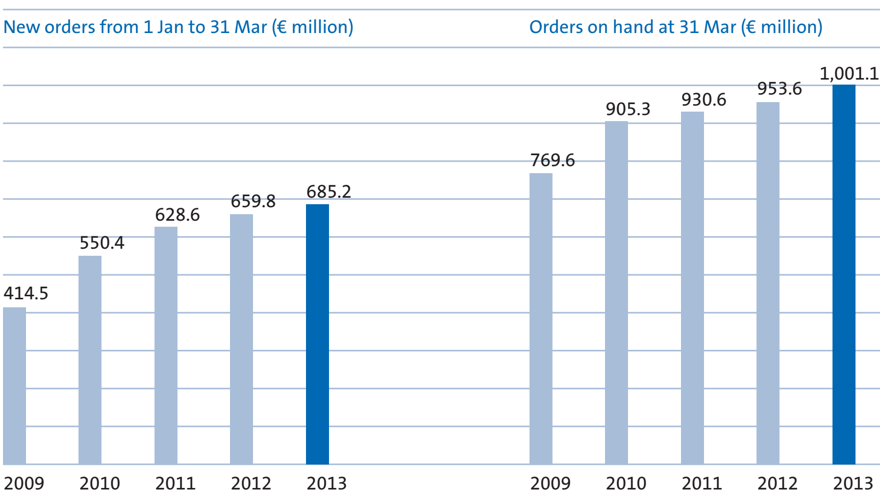
New orders and orders on hand

Increased demand for KRONES products and services

New orders at KRONES were up 3.9% in the first quarter of 2013, from €659.8 million in the year-earlier period to €685.2 million. Our broad range of products and services enabled us to more than offset temporary dips in demand in certain areas.

The Asia and Africa/Middle East sales regions produced the biggest year-on-year increases in new orders in the period from January to March 2013. Demand was stable in the USA. Given the unfavourable economic situation in the euro area, we were satisfied overall with orders intake from our European customers.

The biggest increase in new orders at KRONES came in the Asia and Africa/Middle East sales regions.



Orders backlog of €1.0 billion

For KRONES, consistent capacity utilisation is important. With an orders backlog of €1,001.1 million at 31 March 2013, this is assured for the months ahead. This orders backlog is up 5.0% compared with the year-earlier period (€953.6 million).

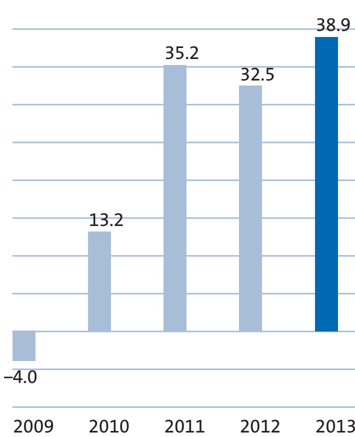
Earnings

KRONES improves earnings

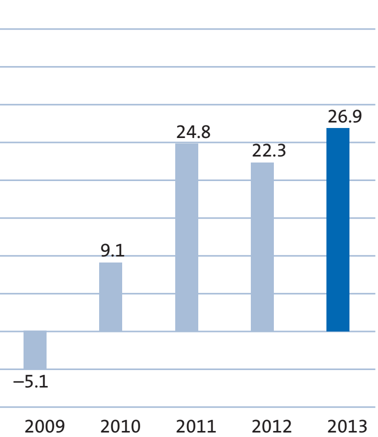
In 2013, the focus of the Value strategy programme is on profitable growth. The results of the first quarter confirm that we are on the right track. At €38.9 million, earnings before taxes (EBT) in the reporting period were up 19.7% from the year-earlier period (€32.5 million). KRONES improved earnings in all three segments (see page 13 for details). The EBT margin – the ratio of earnings before taxes to sales – rose from 5.0% in the previous year to 5.7% in the first quarter of 2013, and was within our target range in the period from January to March 2013. KRONES is targeting an EBT margin of more than 5.5% for the year 2013 as a whole.

KRONES' EBT margin rose from 5.0% in the previous year to 5.7% in the first quarter of 2013.

Earnings before taxes from 1 Jan to 31 Mar (€ million)

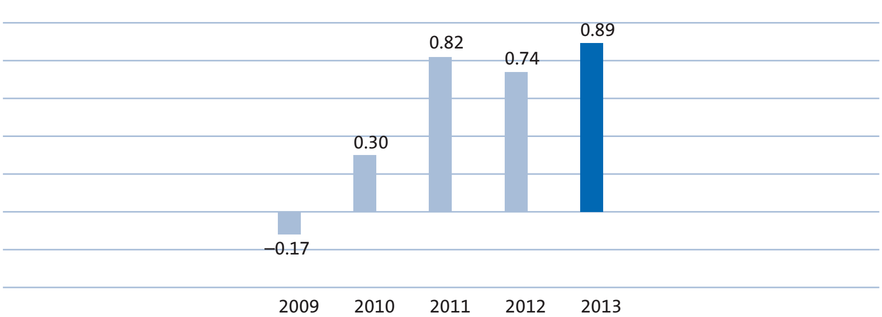


Net income from 1 Jan to 31 Mar (€ million)



Net income was up 20.6%, from €22.3 million in the previous year to €26.9 million in the first quarter of 2013. Excluding the approximately 1.4 million treasury shares, that corresponds to earnings per share of €0.89 (previous year: €0.74).

Earnings per share from 1 Jan to 31 Mar (€ million)



KRONES Group earnings structure

€ million	2013 1 Jan–31 Mar	2012 1 Jan–31 Mar	Change %
Sales revenue	**683.4**	**648.6**	**+5.4**
Changes in inventories of finished goods and work in progress	–2.9	–18.1	–
Total operating performance	**680.5**	**630.5**	**+7.9**
Goods and services purchased	–340.5	–306.3	+11.2
Personnel expenses	–210.6	–206.0	+2.2
Other operating income (expenses) and own work capitalised	–72.0	–67.7	+6.4
EBITDA	57.4	50.5	+13.7
Depreciation and amortisation on non-current assets	–19.0	–19.0	–
EBIT	38.4	31.5	+21.9
Financial income (expense)	0.5	1.0	–50.0
EBT	38.9	32.5	+19.7
Income tax	–12.0	–10.2	+17.6
Consolidated net income	**26.9**	**22.3**	**+20.6**

While sales revenue rose 5.4% year-on-year to €683.4 million in the reporting period, total operating performance increased 7.9% to €680.5 million (previous year: €630.5 million). The abridged income statement shows that we were able to offset the higher expenditure for goods and services purchased with cost reductions in other areas, so that the KRONES Group's overall earnings performance in the first quarter of 2013 was improved over the year-earlier period.

After having decreased considerably in the year-earlier period, goods and services purchased increased 11.2% to €340.5 million in the first three months of 2013. As a result, the ratio of goods and services purchased to total operating performance rose from 48.6% in the year-earlier period to 50.0% in the first quarter of 2013 due to shifts in the product mix that can be attributed to invoice timing.

Personnel expenses were up just 2.2% in the period from January to March 2013, from €206.0 million a year earlier to €210.6 million. This reflects the fact that we had already grown our workforce considerably in the previous year. The ratio of personnel expenses to total operating performance declined from 32.7% in the year-earlier period to 31.0%.

The ratio of personnel expenses to total operating performance declined from 32.7% a year earlier to 31.0% in the first three months of 2013.

The net of other operating income and expenses and own work capitalised increased to –€72.0 million (previous year: –€67.7 million). The ratio of this figure to total operating performance was 10.6% (previous year: 10.7%). After deducting depreciation and amortisation on non-current assets, which came to €19.0 million in the first quarter of 2013 (unchanged from the year-earlier period), earnings before interest and taxes (EBIT) amount to €38.4 million (+21.9%). KRONES had a positive financial result of €0.5 million in the reporting period (previous year: +€1.0 million). Because the tax rate decreased slightly, from 31.4% to 30.9%, the percentage increase in consolidated net income (20.6% to €26.9 million) was larger than the percentage increase in earnings before taxes (+19.7%).

KRONES Group cash flow

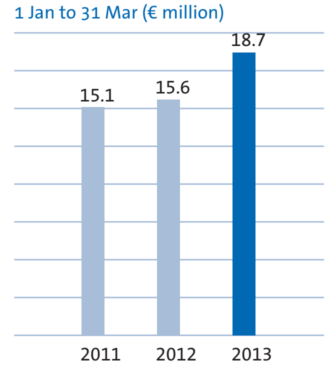
€ million	2013 1 Jan–31 Mar	2012 1 Jan–31 Mar	Change € million
EBT	38.9	32.5	**+6.4**
Cash flow from operating activities	–65.1	–55.9	–9.2
Cash flow from investing activities	–17.0	–14.4	–2.6
Free cash flow	**–82.1**	**–70.3**	**–11.8**
Cash flow from financing activities	61.1	33.6	+27.5
Net change in cash and cash equivalents	–21.0	–36.7	+15.7
Change in cash and cash equivalents arising from exchange rates	0.0	0.4	–0.4
Cash and cash equivalents at the beginning of the period	132.9	125.5	+7.4
Cash and cash equivalents at the end of the period	**111.9**	**89.2**	**+22.7**

The higher business volume in the first three months of 2013 resulted in an increase in working capital at KRONES. Receivables, inventories, and other assets increased by only €17.4 million (previous year: €85.7 million) while liabilities decreased considerably, by €145.0 million (previous year: €72.4 million). The net of these figures was up slightly from €158.1 million in the first three months of last year to €162.4 million in the reporting period. In all, cash flow from operating activities amounted to –€65.1 million (previous year: –€55.9 million).

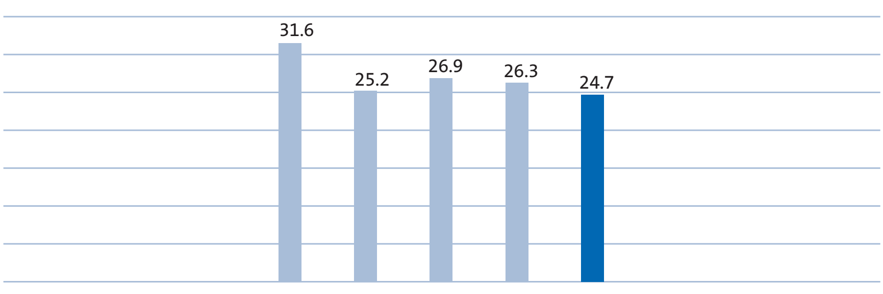
At 24.7%, the ratio of average working capital for the past 12 months to sales revenue was down in the first quarter compared with the year-earlier ratio of 26.3% and therefore only slightly over our 24% target for the year 2013 as a whole. The ratio of working capital to sales at the reporting date was 25.7% (previous year: 27.1%).

KRONES invested €18.7 million (previous year: €15.6 million) in property, plant and equipment and intangible assets in the reporting period, primarily in new equipment and machinery, information technology, logistics, and our Service Centres. Free cash flow – that is, cash flow from operating activities less cash flow from investing activities – came to –€82.1 million for the period from January to March 2013 (year-earlier period: –€70.3 million). In KRONES' business, it is not unusual for free cash flow to be negative at various points throughout the year. Our use of short-term bank debt resulted in an increase in cash flow from financing activities in the first quarter to €61.1 million (previous year: €34.0 million). At 31 March 2013, KRONES had cash and cash equivalents totalling €111.9 million (previous year: €89.2 million).

Capital expenditure for PP&E and intangible assets from 1 Jan to 31 Mar (€ million)



Working capital to sales (%) (average from 1 Jan to 31 Mar)



KRONES reduced its ratio of working capital to sales to 24.7% in the first quarter.

Assets and capital structure

KRONES Group asset and capital structure

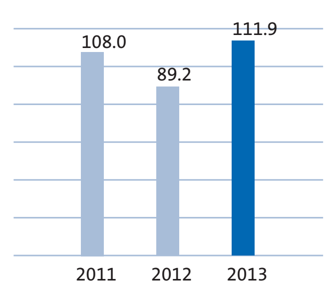
€ million	31 Mar 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Non-current assets	633	625	597	569
of which fixed assets	586	587	555	519
Current assets	1,430	1,445	1,443	1,317
of which cash and equivalents	112	133	125	147
Equity	814	783	785	759
Total debt	1,249	1,287	1,255	1,127
Non-current liabilities	216	208	134	125
Current liabilities	1,033	1,079	1,121	1,002
Total assets	**2,063**	**2,070**	**2,040**	**1,886**

KRONES' liquidity and equity position remain very strong.

Despite the higher business volume in the first quarter, KRONES' total assets at 31 March 2013 were down 0.3% from the end of 2012 to €2,063 million. The decrease in the reporting period was due to a reduction in inventories and lower advances received.

Non-current assets were up slightly in the first quarter, totalling €632.8 million at 31 March 2013 (31 December 2012: €625.1 million). Property, plant and equipment, intangible assets, and non-current financial assets (referred to collectively as »fixed assets« in this report) totalled €585.8 million (31 December 2012: €586.5 million). Of this, €461.9 million were property, plant and equipment (31 December 2012: €464.9 million). The company's intangible assets, which amounted to €122.7 million at the end of the first quarter (31 December 2012: €119.1 million), are primarily development costs that must be capitalised.

Cash and cash equivalents at 31 Mar (€ million)



At the end of the reporting period, current assets totalled €1,429.9 million, which is 1.0% less than at 31 December 2012. In the period from January to March 2013, KRONES reduced inventories by €29.4 million to €619.0 million while trade receivables increased from €559.9 million to €600.7 million due to the higher business volume. Cash and cash equivalents decreased from €132.9 million to €111.9 million in the first quarter.

At €1,032.7 million, current liabilities were down from the end of 2012 (€1,078.3 million). This was due to declines in advances received and trade payables. KRONES had current bank debt totalling €61.1 million at the end of the first quarter of 2013. The company had no non-current bank debt at the end of the first quarter of 2013.

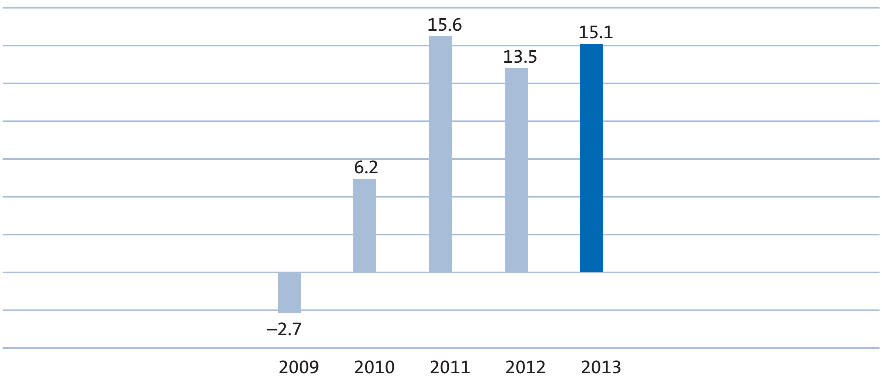
KRONES' non-current liabilities, consisting largely of provisions for pensions and other personnel provisions, rose to €216.2 million at 31 March 2013 (31 December 2012: €208.6 million). Please see page 30 of this report for more information regarding the changes in pension provisions.

Equity was up from €782.7 million at the end of 2012 to €813.8 million, due to the positive quarterly earnings figure. As a result, our equity ratio was 39.5% at 31 March 2013 (31 December 2012: 37.8%). With net cash and cash equivalents (cash and cash equivalents less bank debt) of €50.8 million at the end of the reporting period, KRONES therefore still has an extremely robust financial and capital structure.

ROCE is on target at 15.1%

KRONES improved its return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, to 15.1% in the reporting period (previous year: 13.5%). That puts us right on track to achieve our goal of improving ROCE to 15% for the year 2013 as a whole (2012: 13.6% based on earnings from operations).

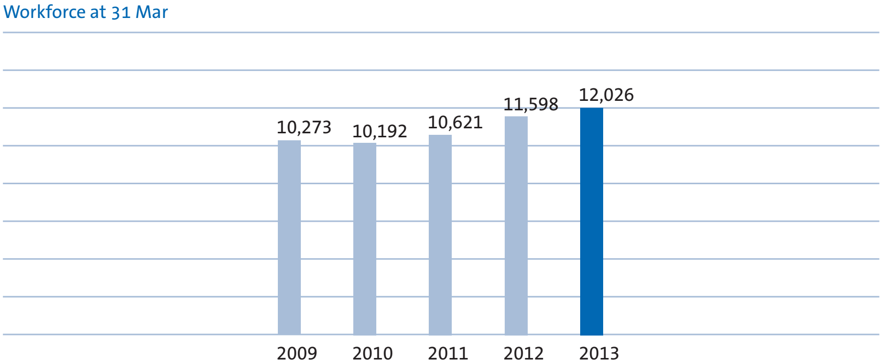
KRONES Group ROCE (%) from 1 Jan to 31 Mar



KRONES employs 12,026 worldwide

KRONES is continually growing its highly skilled and motivated team in order to seize market opportunities for growth. At the end of March 2013, our company employed 12,026 people, 428 more than a year earlier (11,598). As part of our internationalisation strategy, we increased our workforce outside Germany by 326 year-on-year to 2,974. At the end of the reporting period, KRONES employed 9,052 people in Germany (previous year: 8,950). KRONES was training 473 young people at 31 March.

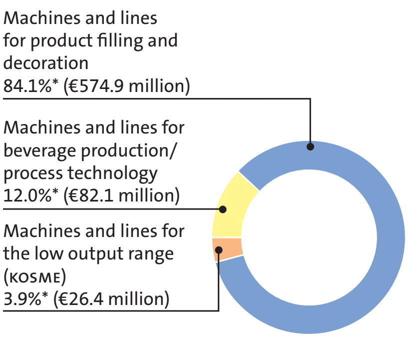
Workforce at 31 Mar



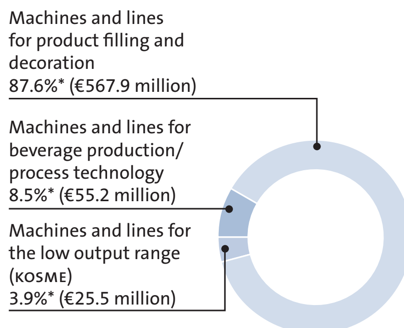
KRONES' workforce grew by 428 over the past twelve months due in large part to our internationalisation strategy.

Report from the segments

Revenue by segment from 1 Jan to 31 Mar 2013	Revenue by segment from 1 Jan to 31 Mar 2012



* Share of consolidated revenue of €683.4 million



* Share of consolidated revenue of €648.6 million

Segment revenue

First-quarter revenue for 2013 was up moderately year-on-year in our core segment and at KOSME and dramatically in our beverage production/process technology segment.

KRONES' core segment, »machines and lines for product filling and decoration«, generated €574.9 million in revenue in the period from January to March 2013, 1.2% more than in the year-earlier period. Our core segment's share of consolidated revenue decreased year-on-year from 87.6% to 84.1% in the first quarter of 2013.

Revenue in our »machines and lines for beverage production/process technology« segment was up sharply in the first three months of 2013. At €82.1 million, it exceeded the previous year's figure of €55.2 million by 48.8%. This strong growth was due to invoice timing on large projects. The segment's share of consolidated revenue grew from 8.5% in the year-earlier period to 12.0% in the first quarter of 2013.

Our smallest segment, »machines and lines for the low output range (KOSME)«, generated a solid revenue trend in the reporting period. Segment revenue improved 3.3% from €25.5 million in the year-earlier period to €26.3 million. Business developed as planned despite the unfavourable economic situation in Europe, KOSME's main market. As in the previous year, the segment contributed 3.9% of consolidated revenue.

Segment earnings

KRONES' earnings improved in all three segments as planned.

Thanks to optimised cost structures, we were able in the first quarter of 2013 to achieve our goal of improving earnings performance in our largest segment, »machines and lines for product filling and decoration« in 2013. Earnings before taxes (EBT) rose 8.2% year-on-year, from €36.6 million to €39.6 million, in the first three months of 2013. The EBT margin, the ratio of earnings before taxes to segment revenue, advanced from 6.4% to 6.9% in the reporting period.

In the »machines and lines for beverage production/process technology« segment, earnings before taxes improved by €1.3 million year-on-year from –€1.8 million to –€0.5 million in the first quarter of 2013. No further significant losses were posted from our material flow technology/intralogistics operations, which we are discontinuing this year. In all, after four years of losses, KRONES is on track to break even in the process technology segment in 2013 as planned.

The »machines and lines for the low output range (KOSME)« segment was able to decrease its quarterly loss considerably year-on-year. Earnings before taxes in KRONES' smallest segment came to –€0.2 million in the period from January to March 2013 (previous year: –€2.3 million). KOSME benefitted from optimised cost and sales structures. Our target for KOSME for the year 2013 is also to break even.

Product filling and decoration		2013 1 Jan–31 Mar	2012 1 Jan–31 Mar
EBT	€ million	39.6	36.6
EBT margin	%	6.9	6.4

Beverage production/process technology		2013 1 Jan–31 Mar	2012 1 Jan–31 Mar
EBT	€ million	–0.5	–1.8
EBT margin	%	–0.6	–3.3

KOSME		2013 1 Jan–31 Mar	2012 1 Jan–31 Mar
EBT	€ million	–0.2	–2.3
EBT margin	%	–0.8	–9.0

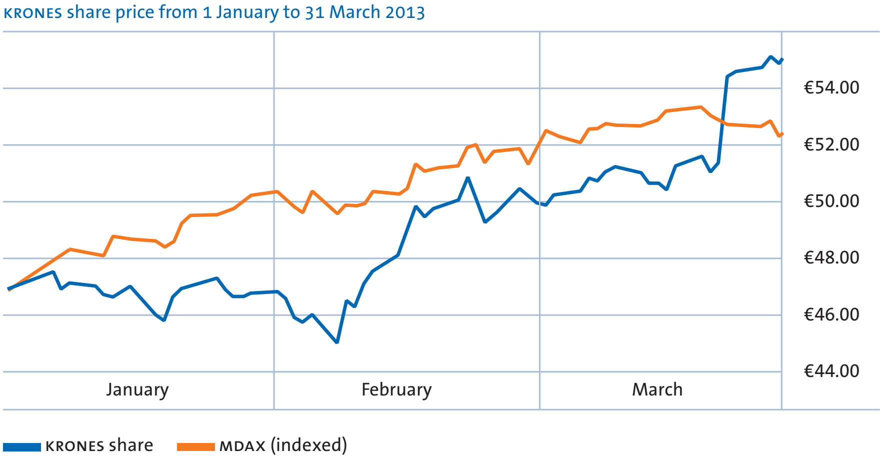
Positive mood on the stock markets in the first quarter of 2013

Low interest rates and predominantly good corporate news helped ensure that the stock markets continued to rise in the first quarter of 2013 after a strong 2012. In Germany, share prices on small caps and mid caps rose more than the market as a whole because many analysts consider these stocks to be undervalued. Germany's MDAX mid-cap index gained 11.8% in the period from January to March and hit a new all-time high. The DAX posted a far smaller gain of 2.4%. While consumer-goods stocks rose dramatically, financial and automotive shares dropped sharply. The latter development was likely due to the ongoing euro crisis and low demand for new automobiles in Europe.

The Euro Stoxx 50 was also burdened by the euro and sovereign debt crises. Europe's blue-chip index lost 0.5% in the first quarter of 2013. In the USA, on the other hand, shares rallied. Hopes of an economic upswing and several big corporate takeovers prompted investors to buy shares. The Dow Jones index rose 11.3% in the period from January through March 2013. Japan's stock market posted even bigger gains in the reporting period. High liquidity and a weak yen, which benefits Japanese exporters, were the main forces driving shares upward. In all, the Nikkei index advanced nearly 20% in the first quarter of 2013.

KRONES share price up sharply

KRONES share price from 1 January to 31 March 2013



With a 17.7% gain, the KRONES share outperformed the MDAX by a good margin in the first quarter of 2013. The MDAX gained 11.8%.

KRONES' share price rose sharply in the first quarter of 2013. At the end of March, it was up 17.7% from the start of the year to €55.32. Although the MDAX continued its record-setting streak in the first quarter, the KRONES share still outperformed the index. Our share price dipped slightly in the first weeks of the new year. News in January 2013 that we had restructured our material flow technology/intralogistics operations by acquiring a minority stake in KLUG GMBH and signing a cooperation agreement with KLUG, had little influence on the share price at first. But then, in early February, the price began to rally.

The rally accelerated in March. Our preliminary revenue and earnings figures for the financial year 2012 helped the KRONES share »overtake« the MDAX shortly before the close of the first quarter.

Risk management system is being implemented and is always evolving

KRONES is exposed to a variety of risks that are inextricably linked with doing business globally. We continuously monitor all significant business processes to identify risks early and to actively manage and limit them. An internal control system with which we record, analyse, and assess all relevant risks is an integral part of KRONES' risk management system. Our risk management system consists of the following modules: risk analysis, risk monitoring, and risk planning and management.

Risk analysis

In order to identify risks early, we continuously monitor all business activities. We conduct a profitability analysis on all of our quotes before accepting any order. For orders that exceed a specified volume, we also conduct a multi-dimensional risk analysis. Apart from profitability, we also individually record and evaluate financing risks, technological risks, and scheduling and other contractual risks before accepting an order. Thus, risk management at KRONES begins before risks arise.

Risk monitoring

We use a variety of interlinked controlling processes to monitor risks within the KRONES Group. Regular comprehensive reports from the individual business units keep the Executive Board and other decision-makers apprised of all possible risks and deviations from company planning in a timely manner.

Risk planning and control

We use the following tools to plan our business activities and control risk within our risk monitoring and control system: annual planning, medium-term planning, strategic planning, rolling forecasts, monthly and quarterly reports, capital expenditure planning, production planning, capacity planning, project controlling, accounts receivable management, exchange rate hedges, and insurance policies.

Threats

Viewed from today's perspective, KRONES is not exposed to any risks that threaten the company's continued existence. A detailed discussion of the risks faced by the company and a detailed description of our risk management can be found in the consolidated management report beginning on page 94 of our 2012 Annual Report. In the reporting period from 1 January to 31 March 2013, there were no material changes with respect to the statements made in the annual report regarding the company's key risks.

Report on expected developments

We are cautiously optimistic about the outlook for the global economy in 2013. The markets in Asia, South America, Africa, and the Middle East continue to offer good prospects for growth. KRONES intends to capitalise on its strong market position in these regions and grow its after-sales business. To do this, KRONES will further expand its workforce in the relevant regions in 2013.

The North American market, which already recovered in 2012, is expected to remain stable in 2013. We expect the euro area markets to continue to show considerable capital expenditure restraint due to the ongoing euro and sovereign debt crises.

KRONES intends to grow profitably in 2013

KRONES' focus for 2013 within the Value strategy programme is on the pillars growth and profitability. In our core segment, »machines and lines for product filling and decoration«, we intend to further improve cost structures and make them more flexible in order to offset future cost increases. This effort involves making our purchasing more international and our assemblies and machines more modular.

KRONES plans to increase revenue by 4% in 2013 and improve its EBT margin to more than 5.5%.

We intend to break even in the »process technology« and »KOSME« segments in 2013 by means of a variety of measures, some of which have already been implemented. Expanding our international service structures and LCS Centres to ensure that we can provide our customers the best services and products fast is an important factor for profitable growth in all three segments.

Based on the development of KRONES' markets and the continuing uncertain economic outlook, we expect revenue to grow by 4% in 2013. KRONES does not expect any support from price levels.

Earnings performance will increase further. KRONES plans to improve its EBT margin (earnings before taxes to sales) to more than 5.5% in 2013. This is still below our medium-term target of 7%. We want to increase our third strategy target, ROCE, to 15% this year (2012: 13.6%, adjusted to exclude Le-Nature's). Our medium- to long-term target is 20%. KRONES also intends to improve free cash flow on higher earnings and lower working capital.

According to forecasts by leading economic research institutions, the overall economic picture should improve in 2014. With this in mind and from today's perspective, we expect our key performance indicators to improve.

KRONES Group statement of financial position

Assets € million	31 March 2013		31 December 2012	
Intangible assets	122.7		119.1	
Property, plant and equipment	461.9		464.9	
Non-current financial assets	1.2		2.5	
Fixed assets	**585.8**		**586.5**	
Deferred tax assets	24.5		21.6	
Trade receivables	14.7		8.5	
Income tax receivables	6.6		6.6	
Other assets	1.2		1.9	
Non-current assets		**632.8**		**625.1**
Inventories	619.0		648.4	
Trade receivables	600.7		559.9	
Current income tax receivables	7.7		12.6	
Other assets	90.6		90.7	
Cash and cash equivalents	111.9		132.9	
Current assets		**1,429.9**		**1,444.5**
Total		**2,062.7**		**2,069.6**

Equity and liabilities € million	31 March 2013		31 December 2012	
Equity		**813.8**		**782.7**
Provisions for pensions	142.5		141.1	
Deferred tax liabilities	27.7		21.1	
Other provisions	36.2		35.5	
Liabilities to banks	0.0		0.0	
Trade payables	6.7		6.8	
Other financial liabilities	1.8		2.2	
Other liabilities	1.3		1.9	
Non-current liabilities		**216.2**		**208.6**
Other provisions	126.8		128.7	
Provisions for taxes	14.7		14.0	
Liabilities to banks	61.1		0.0	
Advances received	394.0		497.2	
Trade payables	143.9		197.8	
Current income tax liabilities	1.2		0.6	
Other financial liabilities	8.4		14.9	
Other liabilities and accruals	282.6		225.1	
Current liabilities		**1,032.7**		**1,078.3**
Total		**2,062.7**		**2,069.6**

Separate income statement for the KRONES Group

€ million	2013 1 January – 31 March	2012 1 January – 31 March	Change %
Sales revenue	**683.4**	**648.6**	**+5.4**
Changes in finished goods inventories and work in progress	–2.9	–18.1	
Total operating performance	**680.5**	**630.5**	**+7.9**
Goods and services purchased	–340.5	–306.3	+11.2
Personnel expenses	–210.6	–206.0	+2.2
Other operating income (expenses) and own work capitalised	–72.0	–67.7	+6.4
Depreciation and amortisation on non-current assets	–19.0	–19.0	–
EBIT	**38.4**	**31.5**	**+21.9**
Financial income (expense)	0.5	1.0	
Earnings before taxes	**38.9**	**32.5**	**+19.7**
Income tax	–12.0	–10.2	+17.6
Consolidated net income	**26.9**	**22.3**	**+20.6**
Profit (loss) share of non-controlling interests	0.0	0.0	
Profit (loss) share of KRONES Group shareholders	26.9	22.3	
Earnings per share (diluted/basic) in €	0.89	0.74	

Statement of cash flows for the KRONES Group

€ million	2013 1 January – 31 March	2012 1 January – 31 March
Earnings before taxes	38.9	32.5
Depreciation and amortisation (reversals)	19.0	19.0
Increase in provisions	49.7	51.8
Deferred tax item changes recognised in profit or loss	–3.7	1.6
Interest expenses and interest income	–0.5	–0.4
Gains and losses from the disposal of fixed assets	–0.1	0.0
Other non-cash expenses and income	0.2	0.3
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–17.4	–85.7
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–145.0	–72.4
Cash generated from operating activities	**–58.9**	**–53.3**
Interest paid	–0.2	0.3
Income tax paid and refunds received	–6.0	–2.9
Cash flow from operating activities	**–65.1**	**–55.9**
Cash payments to acquire intangible assets	–9.1	–7.9
Proceeds from the disposal of intangible assets	0.1	0.1
Cash payments to acquire property, plant and equipment	–9.6	–7.7
Proceeds from the disposal of property, plant and equipment	0.1	0.5
Cash payments to acquire non-current financial assets	0.0	–0.1
Proceeds from the disposal of non-current financial assets	1.3	0.0
Interest received	0.2	0.2
Dividends received	0.0	0.5
Cash flow from investing activities	**–17.0**	**–14.4**
Proceeds from new borrowing	61.1	34.0
Cash payments to pay lease liabilities	0.0	–0.4
Cash flow from financing activities	**61.1**	**33.6**
Net change in cash and cash equivalents	**–21.0**	**–36.7**
Change in cash and cash equivalents arising from exchange rates	0.0	0.4
Cash and cash equivalents at the beginning of the period	132.9	125.5
Cash and cash equivalents at the end of the period	**111.9**	**89.2**

Statement of changes in equity for the KRONES Group

€ million	Parent company							Non-controlling interests	Group equity
	Share capital	Capital reserves	Profit reserves	Currency differences in equity	Other reserves	Group retained earnings	Equity	Equity	
At 1 January 2012	**40.0**	**66.8**	**364.6**	**8.9**	**-37.9**	**310.8**	**753.2**	**0.0**	**753.2**
Consolidated net income 3 months 2012						22.3	22.3		22.3
Currency differences				–0.9			–0.9		–0.9
Actuarial gains (losses) on pension plans					–0.1		–0.1		–0.1
Hedge accounting					3.1		3.1		3.1
At 31 March 2012	**40.0**	**66.8**	**364.6**	**8.0**	**–34.9**	**333.1**	**777.6**	**0.0**	**777.6**
Dividend payment (€0.60 per share)						–18.1	–18.1		–18.1
Consolidated net income 9 months 2012						44.7	44.7		44.7
Withdrawals from profit reserves			0.0			0.0	0.0		0.0
Allocation to profit reserves			0.5			–0.5	0.0		0.0
Allocation to capital reserves		0.0				0.0	0.0		0.0
Currency differences				-4.3			–4.3		–4.3
Actuarial gains (losses) on pension plans					–21.1		–21.1		–21.1
Hedge accounting					3.9		3.9		3.9
At 31 December 2012	**40.0**	**66.8**	**365.1**	**3.7**	**–52.1**	**359.2**	**782.7**	**0.0**	**782.7**
Consolidated net income 3 months 2013						26.9	26.9		26.9
Currency differences				5.8			5.8		5.8
Actuarial gains (losses) on pension plans					–0.1		–0.1		–0.1
Hedge accounting					–1.5		–1.5		–1.5
At 31 March 2013	**40.0**	**66.8**	**365.1**	**9.5**	**–53.7**	**386.1**	**813.8**	**0.0**	**813.8**

Statement of comprehensive income

€ million	2013 1 January – 31 March	2012 1 January – 31 March
Consolidated net income	**26.9**	**22.3**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains (losses) on defined benefit pension plans and similar obligations	–0.1	–0.1
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation	–5.9	–0.9
Derivative financial instruments	–1.5	3.1
	–7.4	2.2
Other comprehensive income	**–7.5**	**2.1**
Total comprehensive income	**19.4**	**24.4**
of which attributable to non-controlling interests	0.0	0.1
of which attributable to KRONES Group shareholders	19.4	24.3

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	
		2013 1 Jan–31 Mar	2012 1 Jan–31 Mar	2013 1 Jan–31 Mar	2012 1 Jan–31 Mar	2013 1 Jan–31 Mar	2012 1 Jan–31 Mar	2013 1 Jan–31 Mar	2012 1 Jan–31 Mar
Sales revenue	€ million	574.9	567.9	82.1	55.2	26.4	25.5	683.4	648.6
EBT	€ million	39.6	36.6	–0.5	–1.8	–0.2	–2.3	38.9	32.5
EBT margin		6.9%	6.4%	–0.6%	–3.3%	–0.8%	–9.0%	5.7%	5.0%
Employees at 31 Mar*		10,567	10,189	661	662	498	484	11,726	11,335

* Consolidated group

Notes to the consolidated financial statements

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES Group«) for the period ended 31 March 2013 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, applicable at the end of the reporting period, 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.

Non-controlling interests in group equity, if applicable, are presented on the statement of financial position as a special item within equity. Profit or loss shares attributable to non-controlling interests, if applicable, are recognised on the separate income statement and the statement of comprehensive income as part of consolidated net income. If applicable, the shares of consolidated net income attributed to the owners of the parent company and to non-controlling interests are presented separately.

If applicable, non-controlling 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 statement of financial position, the separate income statement and statement of comprehensive income, the statement of changes in equity, and the statement of cash flows.

The »nature of expense« method has been used for the separate 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 2013 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

In the financial year 2013, EVOGUARD GMBH, Nittenau, Germany, was established and acquisition accounting was done to include it in the consolidated group.

The first-time consolidation of the new shares was effected at the time of establishment.

KRONES AG holds a direct 100% stake in this company.

Consolidation principles

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

Capital consolidation 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.

Goodwill that arose before 1 January 2004 is still recognised in reserves.

If applicable, shares in the equity of subsidiaries that are not held by the parent company are reported as »non-controlling interests«.

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

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 end of the reporting period.

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 under IAS 21 using a modified closing rate method. Because the subsidiaries primarily operate 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 therefore translated at the closing rate as at the end of the reporting period, while income and expenses from the financial statements of subsidiaries are translated at average annual rates.

Any exchange differences resulting from translation using these different rates in the statement of financial position and the separate income statement and statement of comprehensive income are recognised directly in other comprehensive income. Exchange differences resulting from the translation of equity using historical exchange rates are also recognised in other comprehensive income.

In the separate 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 capital consolidation are recognised outside profit or loss (in equity) in other profit reserves.

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 2013	31 Dec 2012	2013	2012
US dollar	USD	1.281	1.319	1.321	1.311
British pound	GBP	0.847	0.816	0.851	0.835
Swiss franc	CHF	1.220	1.207	1.228	1.208
Danish krone	DKK	7.454	7.461	7.459	7.435
Canadian dollar	CAD	1.301	1.312	1.331	1.314
Japanese yen	JPY	120.770	113.650	121.762	103.940
Brazilian real	BRL	2.580	2.700	2.640	2.318
Chinese renminbi (yuan)	CNY	7.961	8.215	8.296	8.269
Mexican peso	MXN	15.826	17.206	16.701	17.031
Ukrainian hryvnia	UAH	10.438	10.614	10.724	10.520
South African rand	ZAR	11.770	11.187	11.808	10.171
Kenyan shilling	KES	109.393	113.593	114.491	110.254
Nigerian naira	NGN	203.030	205.960	208.016	208.775
Russian ruble	RUB	39.713	40.249	40.153	39.597
Thai baht	THB	37.519	40.334	39.391	40.625
Indonesian rupiah	IDR	12,476.500	12,707.500	12,792.191	11,884.950
Angolan kwanza	AOA	123.009	126.640	126.678	124.831
Turkish lira	TRY	2.325	2.356	2.337	2.357

Accounting policies

The separate 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

Acquired and internally generated intangible assets, excluding goodwill, are capitalised 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 is recognised under »Depreciation and amortisation of intangible assets and property, plant and equipment«.

Research and development expenditure

Development expenditure of the KRONES Group is capitalised at cost to the extent that costs can be allocated clearly and the technical feasibility and a future economic benefit as a result of their use are probable. According to IAS 38, research expenditure cannot be capitalised and is, therefore, recognised as an expense directly in profit or loss. Borrowing costs are capitalised as cost at a capitalisation rate of 0.60%.

Goodwill

There is no goodwill in these consolidated accounts.

Property, plant and equipment

Property, plant and equipment 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.

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	14–50
Technical equipment and machinery	5–18
Furniture and fixtures and office equipment	3–15

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.

Government grants related to assets are deducted from the cost of the asset and recognised in profit and loss in the subsequent periods in the proportions in which depreciation expense on those assets is recognised.

Leases

Leases in which the KRONES Group, as the lessee, bears substantially all the risks and rewards incidental 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 the »lease term« and its »useful life«. Payment obligations for future lease instalments are recognised under »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 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.

The non-current financial assets are not traded on the market and are therefore recognised at amortised cost.

The fair values and carrying amounts are based on customary market rates and observable ongoing market transactions (Level 2 under IFRS 7.27A).

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.

Non-current financial assets

Non-current 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 in other comprehensive income. No assets are classified as »held to maturity«.

Moreover, the »fair value option« provided for under IAS 39 is not applied to any items on the consolidated statement of financial position for 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 risk arising from exchange rates and cash flows in foreign currencies. The currencies materially affected by this are the US dollar, Australian dollar, Canadian dollar, and British pound.

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, thus hedging the exchange rate and achieving planning security.

The derivative financial instruments are measured at fair value at the end of the reporting period. The fair values are determined using Level 2 inputs under IFRS 7.27A. Gains and losses from the measurement are recognised as profit or loss on the separate income statement and the statement of comprehensive income 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 as a »fair value hedge« in profit or loss or a »cash flow hedge« as part of equity. 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 reclassified to profit and loss when the hedged item affects profit or loss. These 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 recognised 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 carried at the lower of cost and 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 capacity of the production facilities.

Selling costs and general administrative 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 are recognised by reference to the stage of completion pursuant to IAS 11 (»percentage of completion method«). Under this method, contract revenue for the line and machinery portion is recognised in accordance with the percentage of physical completion of the lines and machines at the end of the reporting period. The percentage of completion for the assembly and installation portion corresponds to the ratio of contract costs incurred up to the end of the reporting period to the total costs calculated for the assembly and installation portion. Construction contracts that are ongoing at the end of the reporting period are recognised under trade receivables.

Deferred tax items

Deferred tax assets and liabilities are recognised using the statement of financial position-oriented »liability method«, which involves recognising deferred tax items for all temporary differences between the tax base of an asset or liability and its carrying amount on the statement of financial position under IFRSs and for consolidation procedures recognised in profit or loss.

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 end of the reporting period 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.

Due to the amendment of IAS 19, »Employee benefits«, actuarial gains and losses are now only recognised in equity, specifically, in other comprehensive income as items that will not be reclassified subsequently to profit or loss.

The option of recognising actuarial gains and losses using the corridor method, which KRONES has exercised in the past, has been eliminated and prior-year figures must now be presented as if they have always been recognised directly in equity. We have adjusted the prior-year figures accordingly in this report.

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 end of the reporting period.

Financial liabilities

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

Revenue

With the exception of those contracts that are measured according to IAS 11, revenue is 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.

Revenue is reported less reductions.

Segment reporting

KRONES reports on three operating segments, which are the strategic business units. They are organised by product divisions and services and managed separately due to the different technologies they cover. The Executive Board, as the chief operating decision maker, manages the company as a whole on the basis of monthly reports from the segments.

Segment 1 comprises machines and lines for product filling and decoration. Segment 2 comprises machines and lines for beverage production and process technology. Segment 3 comprises machines and lines for the low output range.

The accounting policies used are the same as those described under »General disclosures« above.

Segment performance is measured on the basis of internal reports made to the Executive Board, in particular, segment revenues and segment EBT.

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 %*
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
EVOGUARD GmbH, Nittenau, Germany	100,00
MAINTEC Service GmbH, Collenberg/Main, Germany	100.00
S.A. KRONES N.V., Louvain-la-Neuve, Belgium	100.00
MAINTEC Service eood, Sofia, Bulgaria	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
KRONES S.R.L., Garda (VR), Italy	100.00
KOSME S.R.L., Roverbella, Italy	100.00
KRONES Nederland B.V., Bodegraven, Netherlands	100.00
KOSME Gesellschaft mbH, Sollenau, Austria	100.00
MAINTEC Service Ges.m.b.H., Dorf an der Pram, 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
KONPLAN S.R.O., Pilsen, Czech Republic	100.00
KRONES Makina Sanayi ve Tikaret Ltd. Sirketi, Istanbul, Turkey	100.00
KRONES Ukraine LLC, Kiev, Ukraine	100.00
KRONES Angola – Representacoes, Comercio e Industria, Lda., Luanda, Angola	100.00
KRONES Surlatina S. A., Buenos Aires, Argentina	100.00
KRONES do Brazil Ltda., São Paulo, Brasil	100.00
KRONES S. A., São Paulo, Brasil	100.00
KRONES Machinery (Taicang) Co. Ltd., Taicang, China	100.00
KRONES Trading (Taicang) Co. Ltd., Taicang, China	100.00
KRONES Asia Ltd., Hong Kong, China	100.00
KRONES India Pvt. Ltd., Bangalore, India	100.00
PT. KRONES Machinery Indonesia, Jakarta, Indonesia	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, Colombia	100.00
KRONES Korea Ltd., Seoul, Korea	100.00
KRONES Mex S. A. DE C. V., Mexico D. F., Mexico	100.00
KRONES LCS Center West Africa Limited, Lagos, Nigeria	100.00
KRONES Southern Africa (Prop.) Ltd., Johannesburg, South Africa	100.00
KRONES (Thailand) Co. Ltd., Bangkok, Thailand	100.00
KRONES, Inc., Franklin, Wisconsin, USA	100.00
Maquinarias KRONES de Venezuela S. A., Caracas, Venezuela	100.00

* Direct and indirect shareholdings.

Members of the Supervisory Board and the 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 by 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

Ernst Baumann
Chairman of the Supervisory Board
* ZF FRIEDRICHSHAFEN AG

Werner Schrödl**
Chairman of the Central Works Council
Deputy Chairman of the Supervisory Board
* VERWALTUNGSRAT DER BAYERISCHEN BETRIEBSKRANKENKASSEN

Klaus Gerlach**
Senior Vice President
Material Management

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

Dr. Jochen Klein
Managing director of I-Invest GmbH
* DÖHLER GMBH
* HOYER GMBH
CONSORTIUM GASTRONOMIE GMBH

Norman Kronseder
Farmer and forester
* BAYERISCHE FUTTERSAATBAU GMBH

Philipp Graf von und zu Lerchenfeld
Member of the Bavarian Landtag, Dipl.-Ing. agr., auditor and tax consultant

Dr. Alexander Nerz
Attorney

Johann Robold**
Member of the Works Council

Petra Schadeberg-Herrmann
Managing partner at KROMBACHER FINANCE GMBH, SCHAWEI GMBH, DIVERSUM HOLDING GMBH & CO. KG

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

Josef Weitzer**
Deputy Chairman of the Works Council
* SPARKASSE REGENSBURG

Executive Board

Volker Kronseder
Chairman
Human Resources and Corporate Communications

Christoph Klenk
Finance and Information Management

Rainulf Diepold
Sales and Marketing

Werner Frischholz
Operations and Service

Thomas Ricker
Technology, Engineering, Research and Development

* 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.

Glossary

Cash flow	All inflows and outflows of cash and cash equivalents during a period.
DAX	Deutscher Aktienindex (DAX). Index containing the 30 biggest German companies (based on market capitalisation and trading volume).
Deferred tax items	Temporary differences between the taxes calculated on the results reported on tax statements and those calculated on the results recognised in the financial statements under IFRSs. The purpose is to show the tax expense in relation to the result under IFRSs.
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBT	Earnings before taxes.
EBT margin	Ratio of earnings before taxes to sales. (Return on sales).
Equity	Funds made available to the company by the owners by way of contribution and/or investment plus retained earnings.
Fixed assets	Subset of non-current assets. In the context of this report, fixed assets include property, plant and equipment, intangible assets, and non-current financial assets.
Free cash flow	Measure of financial performance calculated as the cash flow from operating activities minus cash flow from investing activities. It is the cash available to pay dividends, reduce debt, or to be retained.
IFRSs	International Financial Reporting Standards. Accounting standards issued by the International Accounting Standards Board (IASB) that are harmonised and applied internationally.
Market capitalisation	The value of a company based on the market price of issued and outstanding ordinary shares. Calculated by multiplying the share price by the number of shares.
MDAX	Index that contains the 50 biggest German and non-German companies (based on market capitalisation and trading volume) in the traditional sectors after those included in the DAX.
Net cash and equivalents	Cash and highly liquid securities under current assets less liabilities to banks.
ROCE (assets side)	Ratio of EBIT to the average sum of fixed assets and working capital.
ROCE (liabilities side)	Ratio of EBIT to average capital employed (total assets less interest-free liabilities and interest-free other provisions).
Statement of cash flows	Statement of inflows and outflows of cash that shows the sources and uses of funds within the financial year.
Total debt	Combined term for the provisions, liabilities, and deferred income stated on the liabilities side of the balance sheet.
Total operating performance	Referred to as »total operating revenue« in previous reports, this figure is the sum of »sales revenue« and »changes in inventories of finished goods and work in progress«.
Working capital	Calculated as follows: (trade receivables + inventories + prepayments) – (trade payables + advances received)

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