

Q1

Quarterly statement for the period
from 1 January to 31 March 2016

 **KRONES**

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Highlights and key figures

KRONES has got 2016 off to a good start

- Revenue grew 4.5% to €772.1 million in the first quarter.
- New orders also increased 4.5%.
- KRONES improved earnings performance. The EBT margin widened from 6.8% to 7.1%.
- Executive Board confirms targets for 2016. KRONES expects 3% revenue growth and an EBT margin of 7.0%.

		1 Jan – 31 Mar 2016	1 Jan – 31 Mar 2015	Change
Revenue	€ million	772.1	738.9	+4.5%
New orders	€ million	822.2	787.0	+4.5%
Orders on hand at 31 March	€ million	1,144.7	1,127.2	+1.6%
EBITDA	€ million	76.0	70.5	+7.8%
EBIT	€ million	54.2	49.2	+10.2%
EBT	€ million	55.1	50.2	+9.8%
EBT margin		7.1	6.8	–
Consolidated net income	€ million	38.4	35.0	+9.7%
Earnings per share	€	1.23	1.11	+10.2%
Capital expenditure for PP&E and intangible assets	€ million	15.2	15.8	–€0.6 million
Free cash flow	€ million	–115.1	–56.2	–€58.9 million
Net cash and cash equivalents	€ million	249.5	280.2	–€30.7 million
ROCE (liabilities side)	%	16.7	16.5	–
ROCE (assets side)	%	15.5	14.7	–
Employees at 31 March				
Worldwide		13,418	12,756	+ 662
Germany		9,780	9,414	+ 366
Outside Germany		3,638	3,342	+ 296

Dear shareholders and friends of **KRONES**,

After a good first quarter, **KRONES** is cautiously optimistic about the 2016 financial year. Our market remains attractive because demand for packaging machinery is growing at a stronger, more stable pace than the world economy.

Experts estimate that the global economy will grow by 3.2% in 2016 but the risks to it remain high. Political unrest in the Middle East, possible interest rate increases in the USA, low commodity and energy prices, and China's uncertain economy are just some of the factors that continually create uncertainty for the global economy.

In general, business remains challenging. However, **KRONES** took action early on to prepare for the markets' volatility by implementing the Value strategy programme. We are able to respond quickly and flexibly to our customers' demands. Launching new products and services and further improving quality remain important topics under our Value programme in 2016 as we strive to achieve profitable growth in all three segments. After the sharp increase in revenue last year, our target for the year 2016 as a whole is 3% revenue growth and a consistently high EBT margin of 7.0%.

Our first-quarter results put us right on schedule. In the period from January to March, revenue and new orders were both up 4.5% year-on-year. Earnings before taxes improved nearly 10% to €55.1 million.

We strengthened our process technology segment at the end of the first quarter. **KRONES** acquired a 60% stake in System Logistics S.p.A., subject to approval by anti-trust authorities. The Northern Italian company is a leading supplier of innovative solutions for intralogistics, material flows, and warehousing and has a broad international presence in the food and beverage industry. The pending acquisition is an excellent addition to **KRONES**' own internal logistics expertise and thus the company is taking another important step towards covering the material and data flows along customers' entire value chains. Analysis of the data will enable **KRONES** to develop new business models and generate even more added value for customers. And that is what drives us.

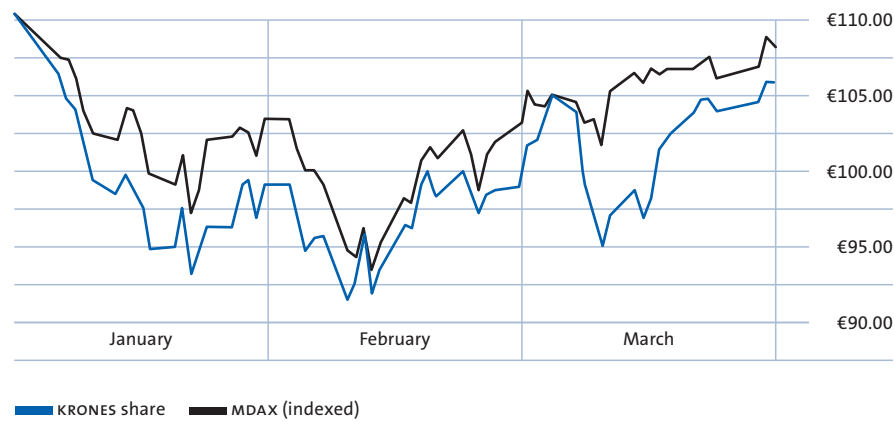


Christoph Klenk
CEO

Economic worries took a toll on share prices

The stock markets got 2016 off to a terrible start worldwide. Negative economic news from China and other emerging markets and plummeting oil prices contributed to the sour mood. Germany's DAX blue-chip index lost around 20% from the start of the year to early February. But then, the stock markets began a strong rally. Central banks once again contributed upward momentum. The European Central Bank expanded its quantitative easing and the Fed dispelled investors' fears that interest rates in the USA were in for a rapid rise. However, with the exception of a small 0.5% gain posted by the Dow Jones in the US, it wasn't quite enough to put the world's major stock markets into positive territory by the end of the first quarter. The DAX was down 7.2% in the period from January to March. The Euro Stoxx 50 closed the first quarter of 2016 with a loss of 8.6%. Japan's Nikkei index fared even worse, having dropped 12%. The strong yen weakened Japanese companies' export prospects and thus weighed heavily on share prices.

The KRONES share from 1 January to 31 March 2016



KRONES' share price declined 4.0% in the first quarter, slightly more than the MDAX, which lost 1.8%.

KRONES share slipped 4.0% in the first quarter

After a very strong performance in 2015, KRONES' share gave up a little bit of ground in the first quarter of 2016. At the end of March 2016, the share price was €105.85, down 4.0% from the start of the year. With that, KRONES lost somewhat more ground than Germany's MDAX mid-cap index, which dropped 1.8% in the first quarter. However, it should be borne in mind that the KRONES share had outperformed the MDAX by a significant margin in 2015. While the KRONES share had gained 36.6% in 2015, the MDAX had improved only 22.7%. Our share hit its low for the first quarter of 2016 (around €91) on 8 February. In mid-March, the share rose above the €100 mark and stayed above it. The general recovery of the stock markets as well as the release of our preliminary figures for the 2015 financial year contributed.

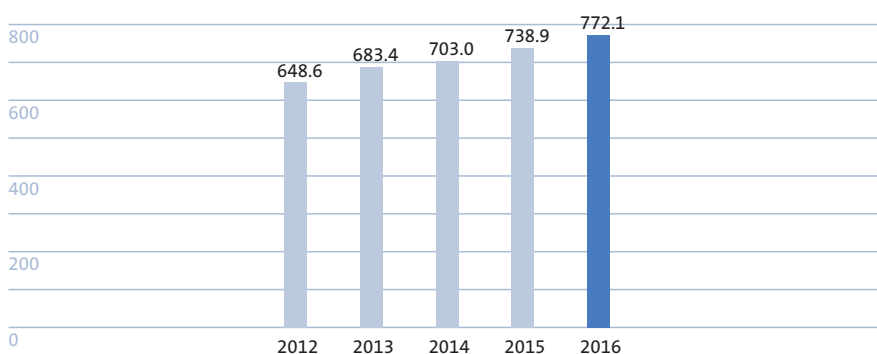
Revenue

KRONES' revenue grew 4.5% in the first quarter of 2016

After a strong year in 2015, KRONES continued its stable growth trend in the first quarter of 2016. As a full-service supplier with a broad range of products and services, we were able to hold our own in highly competitive markets. In the period from January to March 2016, revenue increased 4.5% year-on-year from €738.9 million to €772.1 million. Currency effects had no significant influence on growth in the first quarter.

KRONES maintained its stable growth trend in the first quarter of 2016.

Revenue from 1 January to 31 March (€ million)



Our strong global presence enabled us to offset temporary fluctuations in demand in regions like China and Russia/CIS. Revenue growth in the Middle East/Africa and Central Europe sales regions was higher than overall revenue growth in the period from January to March 2016. Overall, in the first quarter, KRONES established a solid basis for achieving our growth target of 3% for the year 2016 as a whole.

Segment revenue from 1 Jan to 31 Mar 2016

Machines and lines for product filling and decoration

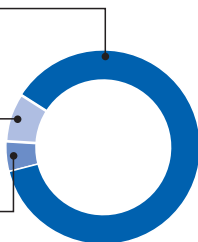
86.9%* (€670.4 million)

Machines and lines for beverage production/process technology

8.3%* (€64.3 million)

Machines and lines for the compact class

4.8%* (€37.4 million)



* Share of consolidated revenue of €772.1 million

Segment revenue from 1 Jan to 31 Mar 2015

Machines and lines for product filling and decoration

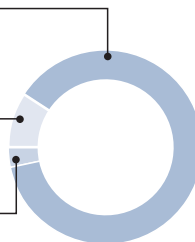
87.6%* (€647.1 million)

Machines and lines for beverage production/process technology

9.3%* (€68.9 million)

Machines and lines for the compact class

3.1%* (€22.9 million)



* Share of consolidated revenue of €738.9 million

Revenue by region

KRONES' revenue growth in Germany was higher than overall revenue growth in the first quarter of 2016. Domestic revenue improved 10.2% year-on-year in the period from January to March 2016 to €107.1 million. Business in Germany accounted for 13.9% of consolidated revenue, up from 13.2% the previous year.

Quarterly revenue figures for the various regions are not very telling because ordering activity and revenue can fluctuate considerably from quarter to quarter.

Business in Europe (excluding Germany) developed well overall. Revenue in Central Europe (Austria, Switzerland, and the Netherlands) rose 15.7% to €48.0 million. KRONES posted strong revenue growth in Eastern Europe. However, the 75.0% increase in revenue (to €37.1 million) can largely be attributed to the low year-earlier figure. Revenue in the large Western Europe sales region declined only slightly from the high baseline from the year-earlier period, 3.3% to €127.8 million. Business in Russia/CIS suffered under the region's economic crisis in the first quarter of 2016. Revenue was down 14.6% year-on-year to €24.5 million. Overall, revenue in Europe (excluding Germany) increased 6.2% year-on-year in the period from January to March 2016 to €237.4 million. The share of consolidated revenue grew to 30.7% (previous year: 30.2%).

KRONES' revenue growth in the Middle East/Africa sales region was higher than overall revenue growth in the first quarter of 2016. At €123.9 million, revenue exceeded the high year-earlier figure by 19.9%. In China, revenue was down 28.5% from the good year-earlier figure in the first three months of 2016 to €46.4 million. For the year as a whole, we expect revenue in China to be stable year-on-year. Business picked up in the first quarter in the rest of the Asia-Pacific region, where revenue rose 11.3% year-on-year to €89.0 million.

KRONES posted moderate growth in North and Central America in the reporting period. Revenue improved 1.3% to €108.6 million despite the fact that revenue in the region had already increased significantly in the previous year. Business in the South America/Mexico sales region stabilised at a low level. Revenue for the period from January to March was down 4.9% to €59.7 million.

The share of revenue that KRONES generated in the emerging markets increased slightly in the first quarter of 2016 from 48.9% in the preceding year to 49.3%.

KRONES Group revenue by region

Share of consolidated revenue	31 March 2016		31 March 2015		Change
	€ million	%	€ million	%	
Germany	107.1	13.9	97.2	13.2	+10.2
Central Europe (excluding Germany)	48.0	6.2	41.5	5.6	+15.7
Western Europe	127.8	16.6	132.1	17.8	-3.3
Eastern Europe	37.1	4.8	21.2	2.9	+75.0
Russia, Central Asia (CIS)	24.5	3.2	28.7	3.9	-14.6
Middle East/Africa	123.9	16.0	103.3	14.0	+19.9
Asia-Pacific	89.0	11.5	80.0	10.8	+11.3
China	46.4	6.0	64.9	8.8	-28.5
South America/Mexico	59.7	7.7	62.8	8.5	-4.9
North and Central America	108.6	14.1	107.2	14.5	+1.3
Total	772.1	100.0	738.9	100.0	+4.5

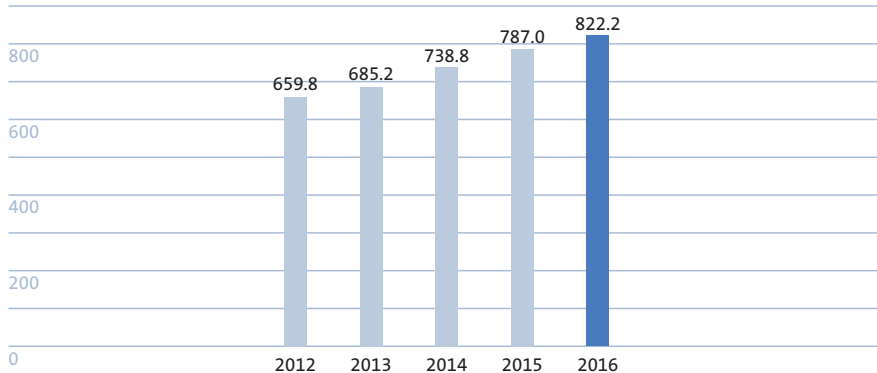
High demand for KRONES products and services

Capital spending in the international food and beverage industry was satisfactory overall in the first quarter of 2016 despite the uncertain economic outlook. New orders at KRONES rose 4.5% year-on-year in the first three months of 2016, from €787.0 million to €822.2 million. There were no exceptionally large individual orders in the reporting period. Instead, demand was up across wide sections of KRONES' range of products and services in the first quarter.

New orders were up 4.5% year-on-year in the first quarter of 2016.

The biggest increase in new orders came in Europe and North America. Demand was stable in China. New orders were less satisfactory in Russia/CIS and Asia-Pacific, though in the latter that was due to seasonal factors.

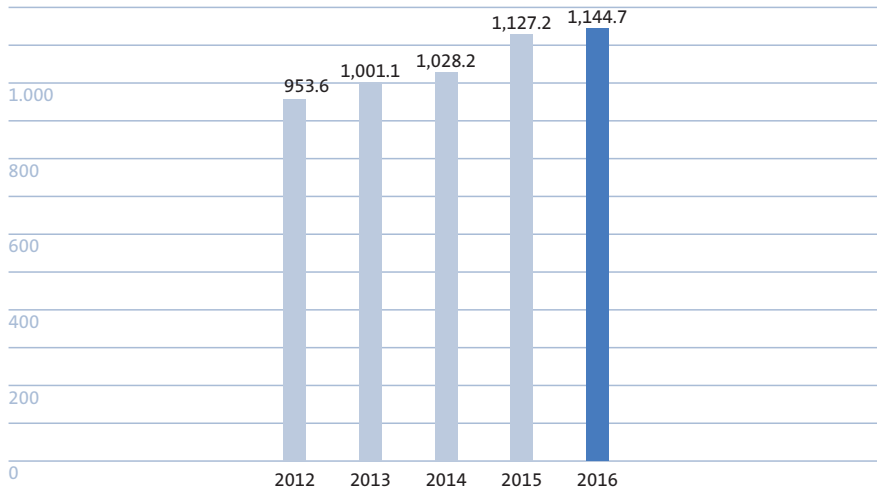
New orders from 1 January to 31 March (€ million)



KRONES' orders backlog grew further

KRONES started 2016 with an orders backlog of €1,094.6 million. In the first three months, the orders cushion grew slightly to €1,144.7 million despite the strong revenue trend. As a result, orders on hand at 31 March 2016 were up 1.6% over the end of the first quarter of the previous year (€1,127.2 million).

Orders on hand at 31 March (€ million)

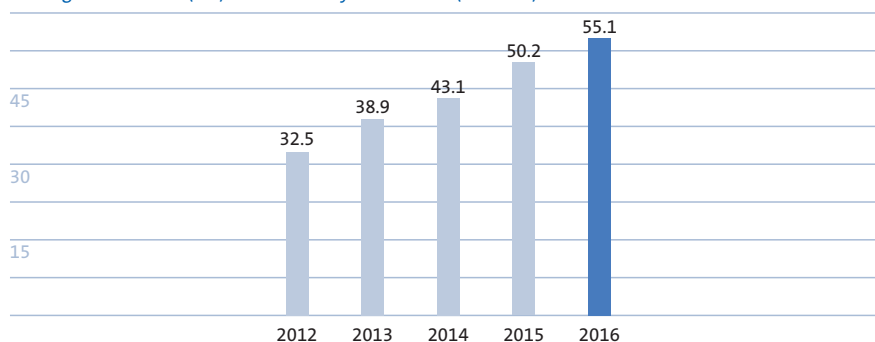


Earnings rose more than revenue

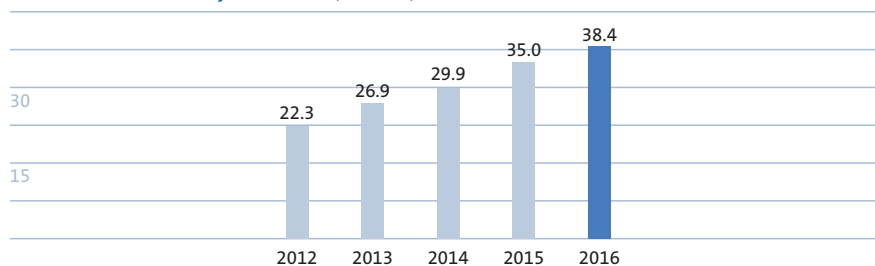
KRONES' profitability once again improved significantly year-on-year in the first quarter of 2016. In the period from January to March 2016, earnings before taxes (EBT) rose 9.8% from €50.2 million in the previous year to €55.1 million. The EBT margin, the ratio of earnings before taxes to segment revenue, rose from 6.8% to 7.1%. KRONES benefited primarily from cost savings achieved as part of the Value strategy programme. One example is the increasing degree of modularisation of our machines and systems. Market prices did not improve in the reporting period.

KRONES' earnings improved year-on-year in the first quarter of 2016. The company generated an EBT margin of 7.1%.

Earnings before taxes (EBT) from 1 January to 31 March (€ million)

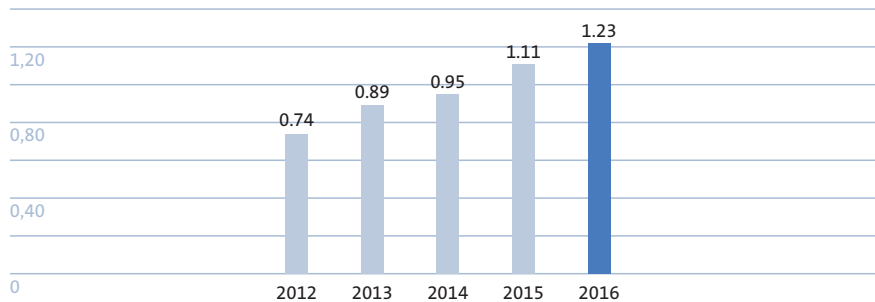


Net income from 1 January to 31 March (€ million)



At 30.3% KRONES' tax rate was unchanged year-on-year. As a result, consolidated net income did not increase as much as EBT, gaining 9.7% from €35.0 million in the previous year to €38.4 million. Earnings per share rose from €1.11 in the previous year to €1.23 in the reporting period.

Earnings per share from 1 January to 31 March (€)



KRONES Group earnings structure

€ million	2016	2015	Change
	1 Jan–31 Mar	1 Jan–31 Mar	
Revenue	772.1	738.9	+4.5
Changes in inventories of finished goods and work in progress	5.8	53.1	
Total operating performance	777.9	792.0	–1.8
Goods and services purchased	–374.4	–385.3	–2.8
Personnel expenses	–242.7	–232.2	+4.5
Other operating income/expenses and own work capitalised	–84.8	–104.0	–18.5
EBITDA	76.0	70.5	+7.8
Depreciation and amortisation on fixed assets	–21.8	–21.3	+2.3
EBIT	54.2	49.2	+10.2
Financial income/expense	0.9	1.0	
EBT	55.1	50.2	+9.8
Income tax	–16.7	–15.2	+9.9
Consolidated net income	38.4	35.0	+9.7

Unlike revenue, which increased 4.5% year-on-year to €772.1 million in the period from January to March 2016, total operating performance decreased 1.8% to €777.9 million. In the reporting period, KRONES increased inventories of finished goods and work in progress considerably less (+€5.8 million) than in the previous year (+€53.1 million).

Reductions in expenses for goods and services purchased and other operating expenses enabled KRONES to more than offset the temporary increase in personnel expenses.

Expenses for goods and services purchased decreased 2.8% in the first quarter of 2016 from €385.3 million in the previous year to €374.4 million. The ratio of this figure to total operating performance declined from 48.7% to 48.1%. The improved ratio reflects the impact of measures taken under Value such as increased modularisation of machines and local purchasing.

Personnel expenses grew more than proportionately to total operating performance in the first quarter of 2016. At €242.7 million, the figure was up 4.5% from the year-earlier figure of €232.2. That was due primarily to an increase in pay rates as a result of collective bargaining and our larger workforce. The ratio of personnel expenses to total operating performance rose from 29.3% in the previous year to 31.2% in the first quarter of 2016. KRONES expects the ratio to be lower for the year 2016 as a whole.

The net of other operating income and expenses and own work capitalised improved from –€104.0 million in the previous year to –€84.8 million on cost reductions and changes in foreign exchange rates. The ratio of this figure to total operating performance was 10.9% (previous year: 13.1%).

Earnings before interest and taxes (EBIT) increased 10.2% from €49.2 million in the previous year to €54.2 million. Financial income decreased from €1.0 million to €0.9 million. Earnings before taxes (EBT) rose 9.8% in the first quarter of 2016 to €55.1 million (previous year: €50.2 million). At €38.4 million, consolidated net income for the first quarter of 2016 was up 9.7% on the year-earlier period (€35.0 million).

KRONES Group cash flow

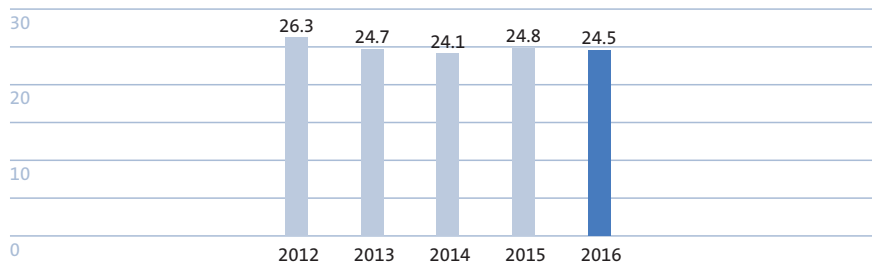
€ million	2016	2015	Change
	1 Jan–31 Mar	1 Jan–31 Mar	
Earnings before taxes	55.1	50.2	+4.9
Non-cash expenses and income	+8.5	+76.7	+4.8
Changes in working capital	–219.2	–151.7	–67.5
Other (primarily income taxes)	–19.0	–12.0	–7.0
Cash flow from operating activities	–101.6	–36.8	–64.8
Capital expenditure for intangible assets and property, plant and equipment	–15.2	–15.8	+0.6
Other	+1.7	–3.6	+5.3
Free cash flow	–115.1	–56.2	–58.9
Cash flow from financing activities	0.0	0.0	±0
Change in cash and cash equivalents arising from exchange rates	0.0	0.0	±0
Net change in cash and cash equivalents	–115.1	–56.2	–58.9
Cash and cash equivalents at the end of the period	249.5	280.2	–30.7

KRONES' cash flow from operating activities was –€101.6 million in the first quarter of 2016 after –€36.8 million in the previous year. The decrease was due to a sharper increase in working capital, by €219.2 million in the first three months (previous year: €151.7 million). The higher working capital resulted primarily from paying down €192.3 million in trade payables and other liabilities. Higher receivables and inventories as well as other assets also increased working capital, by €26.9 million.

Higher working capital meant that free cash flow was lower year-on-year in the reporting period.

The ratio of average working capital for the past four quarters to revenue decreased slightly year-on-year in the first quarter from 24.8% to 24.5%. The ratio of working capital to revenue at the end of the reporting period was 25.8% (previous year: 25.9%).

KRONES Group working capital to revenue (% , average of last 4 quarters)

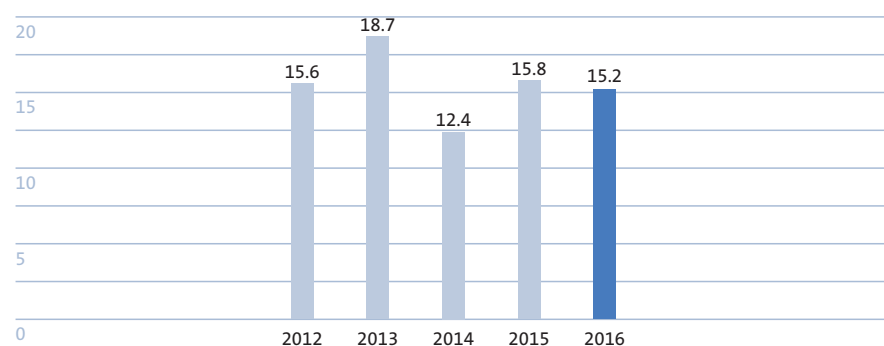


KRONES reduced its ratio of average working capital for the past four quarters to revenue from 24.8% to 24.5% in the first quarter.

KRONES invested €15.2 million in intangible assets and property, plant and equipment in the reporting period (previous year: €15.8 million). KRONES' free cash flow (net cash generated from operating activities) decreased from –€56.2 million to –€115.1 million. The negative free cash flow figure at the start of the year is due to seasonal factors and is not unusual in our business.

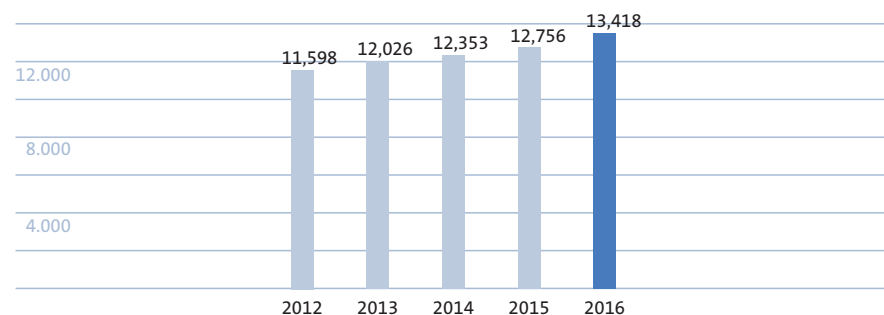
As in the previous year, there was no cash flow from financing activities in the first quarter. At 31 March 2016, KRONES had cash and cash equivalents totalling €249.5 million (previous year: €280.2 million).

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



Employees

Workforce at 31 March



KRONES grew workforce to 13,418 worldwide

At the end of the first quarter of 2016, the company employed 13,418 people, 662 more than in the previous year. The company's workforce in Germany grew from 9,414 to 9,780. The company expanded its workforce outside Germany from 3,342 to 3,638. In order to leverage our markets' potential for growth, we will further increase our manpower internationally, in our customers' locales.

Most of our new hiring will be abroad, so that we can be closer to our customers worldwide.

KRONES Group asset and capital structure in € million

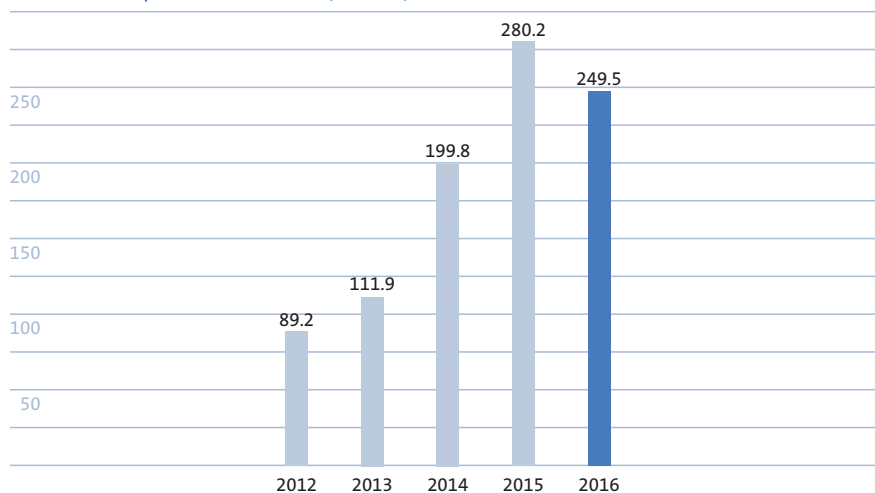
	31 Mar 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Non-current assets	721	697	672	642
of which fixed assets	638	646	624	605
Current assets	1,899	2,010	1,755	1,596
of which cash and equivalents	250	365	336	240
Equity	1,143	1,111	988	954
Total debt	1,477	1,596	1,439	1,284
Non-current liabilities	280	278	275	213
Current liabilities	1,197	1,318	1,164	1,071
Total	2,620	2,707	2,427	2,238

With total operating performance slightly lower in the first quarter (-1.8%), KRONES' total assets at 31 March 2016 were down 3.2% from the end of 2015 to €2.62 billion.

KRONES' total assets were down due to lower current liabilities.

Non-current assets were up 3.4% in the first quarter, totalling €720.9 million at 31 March 2016 (31 December 2015: €697.2 million). Property, plant and equipment, intangible assets, and non-current financial assets (referred to collectively as "fixed assets" here) were down slightly to €638.2 million (31 December 2015: €646.2 million). Of this, €474.9 million were property, plant and equipment (31 December 2015: €481.5 million). The company's intangible assets, which are primarily development costs that must be capitalised, were largely unchanged at €162.0 million at the end of the first quarter (31 December 2015: €163.2 million).

Cash and cash equivalents at 31 March (€ million)



At the end of the reporting period, current assets totalled €1.90 billion, which is 5.5% less than at 31 December 2015. In the period from January to March 2016, KRONES increased inventories by €31.8 million to €756.3 million while trade receivables decreased from €796.8 million to €749.4 million. Cash and cash equivalents decreased from €364.6 million to €249.5 million in the reporting period.

A large part of the cash and cash equivalents went into paying down current liabilities. KRONES reduced these by €120.4 million compared with the end of 2015 to €1,197.0 million in the period from January to March 2016. Trade payables were down €48.8 million to €199.1 million. Advances received also decreased by €56.1 million to €489.6 million. KRONES once again had no current bank debt at the end of the first quarter of 2016.

KRONES' non-current liabilities, consisting largely of provisions for pensions and other personnel provisions, were virtually unchanged at €279.9 million at 31 March 2016 (31 December 2015: €278.5 million). The company also had no non-current bank debt at the end of the quarter.

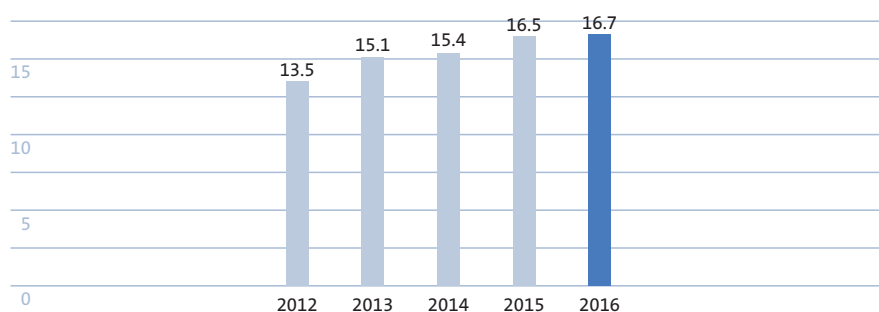
Due to the positive quarterly earnings figure, equity was up by €32.0 million from the end of 2015 to €1,142.7 million. Our equity ratio rose considerably, due in part to the lower total assets, and was a very sound 43.6% at 31 March 2016 (31 December 2015: 41.0%). With net cash and cash equivalents (cash and cash equivalents less bank debt) of €249.5 million at the end of the reporting period, KRONES still has an extremely robust financial and capital structure.

The high equity ratio of 43.6% and net cash and cash equivalents of €250 million give KRONES considerable financial leeway.

ROCE climbs to 16.7%

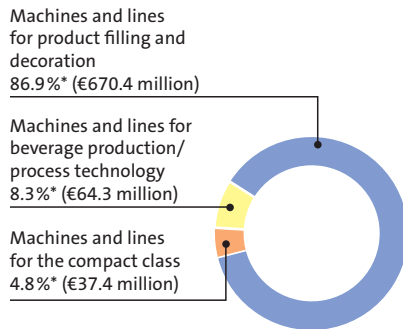
KRONES improved its return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, to 16.7% in the reporting period (previous year: 16.5%) thanks in large part to higher earnings. That puts us on track to achieve our target of 18% for the year 2016 as a whole.

KRONES Group ROCE from 1 January to 31 March (%)



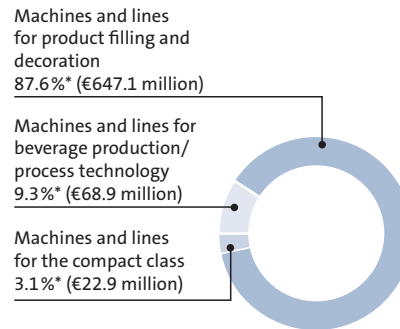
ROCE is up slightly from the year-earlier period in the first quarter. We are confident that we will achieve our ROCE target of 18% for the year as a whole.

Segment revenue from 1 Jan to 31 Mar 2016



* Share of consolidated revenue of €772.1 million

Segment revenue from 1 Jan to 31 Mar 2015



* Share of consolidated revenue of €738.9 million

Segment revenue

Revenue growth in the core segment, machines and lines for product filling and decoration, was slightly lower than revenue growth for the group as a whole in the first quarter of 2016, but still within our forecasts. Segment revenue was up 3.6% to €670.4 million. New machinery and services business contributed more or less equally to this growth. The core segment's share of consolidated revenue decreased slightly year-on-year, from 87.6% to 86.9%.

Business in the machines and lines for beverage production/process technology segment did not pick up in the period from January through March 2016. Revenue was down 6.7% year-on-year, from €68.9 million to €64.3 million. However, revenue in this segment tends to fluctuate sharply throughout the year due to long lead times on plant construction projects. For this reason, we expect the segment to grow by around 10% in 2016 despite the slow start to the year. The segment contributed 8.3% of consolidated revenue in the first quarter (previous year: 9.3%).

The machines and lines for the compact class segment performed better than expected. After the successful restructuring of KOSME Italy and the acquisition of GERNEP in the previous year, revenue in our smallest segment rose from €22.9 million in the previous year to €37.4 million in the first quarter of 2016. As a result, the segment's share of consolidated revenue grew to 4.8% (previous year: 3.1%).

While revenue in our smallest segment rose sharply in the first quarter of 2016, revenue in the process technology segment was down year-on-year. Revenue in our core segment developed as forecast.

Segment earnings

Cost savings under the Value strategy programme enabled KRONES to strengthen the profitability of the machines and lines for product filling and decoration segment in the first quarter of 2016. Earnings before taxes (EBT) rose 11.9% year-on-year, from €48.1 million to €53.8 million. The EBT margin, the ratio of segment earnings before taxes to segment revenue, improved from 7.4% to 8.0%. With that, the core segment achieved the target margin for the year 2016 as a whole despite intense competition on our markets.

KRONES' core segment generated an EBT margin of 8.0% in the first quarter of 2016.

Earnings in our machines and lines for beverage production/process technology segment slipped into slightly negative territory in the first three months of 2016. Relatively low capacity utilisation was the main reason. Earnings before taxes (EBT) worsened from +€1.1 million in the previous year to -€0.6 million. KRONES has already begun to implement a raft of measures aimed at increasing the segment's profitability for the long term. Therefore, we expect the segment's earnings to be slightly positive for the year 2016 as a whole.

Earnings in the machines and lines for the compact class segment developed well in the period from January to March 2016. Earnings before taxes (EBT) improved from €1.0 million in the previous year to €1.9 million. GERNEP's contribution to earnings and the successful restructuring of KOSME Italy had a positive impact. The EBT margin improved from 4.4% to 5.1%. We expect the margin to be similar for the year as a whole.

Product filling and decoration		2016	2015
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	53.8	48.1
EBT margin	%	8.0	7.4

Beverage production/process technology		2016	2015
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	-0.6	1.1
EBT margin	%	-0.9	1.6

Compact class		2016	2015
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	1.9	1.0
EBT margin	%	5.1	4.4

KRONES is cautiously optimistic about 2016

Despite the many political and economic uncertainties, KRONES remains cautiously optimistic about the business outlook for 2016. Growth in the packaging machinery market is stronger and more stable than the global economy. The regional distribution of revenue in 2016 is likely to be little changed from the previous year. We expect continued good business in North and Central America. Europe is also expected to develop positively again. Growth in Asia and Africa will be driven by population growth and new beverage types. We expect stable development in the Chinese market. We expect business in Brazil and Russia to stabilise at a low level.

KRONES intends to improve earnings in all three segments

KRONES expects no support from prices in 2016. Reducing costs, launching new products and services, and further improving quality remain important topics under our Value programme this year for all three segments, so that we can grow profitably.

In the core segment, machines and lines for product filling and decoration, KRONES will expand its international service structures and LCS Centres. The company will also offer even more local products and do more purchasing, manufacturing, and assembly locally. In addition, we have to further increase efficiency and tap into new revenue potential with innovative products and services. After the segment's higher-than-average growth in the last two years, KRONES is projecting revenue growth of 3% for 2016. The EBT margin is expected to match its high year-earlier level of around 8%.

In the process technology segment, the focus this year will be on implementing the action package that was adopted at the end of 2015 with the aim of improving the segment's profitability for the long term. In addition, at the end of the first quarter, KRONES optimally complemented its own intralogistics activities through the pending acquisition of the Italian company System Logistics. We will also further expand our components business (EVOGUARD) in 2016. In all, we are forecasting revenue growth of around 10% and slightly positive earnings (EBT margin: 1%) for the process technology segment for 2016. In the medium term, we intend to achieve an EBT margin of at least 4% in process technology.

We expect the machines and lines for the compact class segment to generate an EBT margin of 4% to 5% in 2016 on stable year-on-year revenue.

Good start to the year affirms our outlook for 2016 as a whole

Based on the current macroeconomic prospects and developments on the markets relevant to KRONES, we expect consolidated revenue to grow by 3% in 2016. The company's earnings are set to improve yet again this year. KRONES expects to achieve an EBT margin of 7.0% in 2016. We want to increase our third strategy target, ROCE, to 18% this year.

KRONES is on track to achieve its growth and earnings targets for 2016.

	Forecast for 2016	Actual value Q1 2016
Revenue growth	+3%	+4.5%
EBT margin	7.0%	7.1%
ROCE	18%	16.7%



€ million	2016 1 January – 31 March	2016 1 January – 31 March	Change %
Revenue	772.1	738.9	+4.5
Changes in inventories of finished goods and work in progress	5.8	53.1	
Total operating performance	777.9	792.0	-1.8
Goods and services purchased	-374.4	-385.3	-2.8
Personnel expenses	-242.7	-232.2	+4.5
Other operating income/expenses and own work capitalised	-84.8	-104.0	-18.5
Depreciation and amortisation on fixed assets	-21.8	-21.3	+2.3
EBIT	54.2	49.2	+10.2
Financial income/expense	0.9	1.0	
Earnings before taxes	55.1	50.2	+9.8
Income tax	-16.7	-15.2	+9.9
Consolidated net income	38.4	35.0	+9.7
Profit share of non-controlling interests	-0.4	-0.2	
Profit share of KRONES Group shareholders	38.8	35.2	
Earnings per share (diluted/basic) in €	1.23	1.11	

Statement of financial position

Assets € million	31 March 2016		31 December 2015	
Intangible assets	162.0		163.2	
Property, plant and equipment	474.9		481.5	
Non-current financial assets	1.3		1.5	
Fixed assets	638.2		646.2	
Deferred tax assets	17.3		22.0	
Trade receivables	61.7		23.8	
Income tax receivables	1.7		1.7	
Other assets	2.0		3.5	
Non-current assets		720.9		697.2
Inventories	756.3		724.5	
Trade receivables	749.4		796.8	
Current income tax receivables	14.0		15.0	
Other assets	129.5		108.5	
Cash and cash equivalents	249.5		364.6	
Current assets		1,898.7		2,009.4
Total		2,619.6		2,706.6

Equity and liabilities € million	31 March 2016		31 December 2015	
Equity		1,142.7		1,110.7
Provisions for pensions	197.1		196.9	
Deferred tax liabilities	19.6		17.3	
Other provisions	51.8		50.1	
Liabilities to banks	0.0		0.0	
Other financial liabilities	10.5		12.6	
Other liabilities	0.9		1.6	
Non-current liabilities		279.9		278.5
Other provisions	154.4		147.0	
Provisions for taxes	13.8		9.5	
Liabilities to banks	0.0		0.0	
Advances received	489.6		545.7	
Trade payables	199.1		247.9	
Current tax liabilities	2.5		17.4	
Other financial liabilities	39.9		56.3	
Other liabilities and accruals	297.7		293.6	
Current liabilities		1,197.0		1,317.4
Total		2,619.6		2,706.6

Statement of cash flows

€ million	2015 1 January– 31 March	2014 1 January– 31 March
Earnings before taxes	55.1	50.2
Depreciation and amortisation (reversals)	21.8	21.3
Increase in provisions	67.9	50.4
Deferred tax item changes recognised in profit or loss	–7.0	6.3
Interest expenses and interest income	–0.4	–0.5
Proceeds and losses from the disposal of fixed assets	–0.2	–0.1
Other non-cash expenses and income	–0.6	–0.7
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–26.9	–191.6
Increase (previous year: decrease) in trade payables and other liabilities not attributable to investing or financing activities	–192.3	39.9
Cash generated from operating activities	–82.6	–24.8
Interest paid	–0.1	–0.1
Income tax paid and refunds received	–18.9	–11.9
Cash flow from operating activities	–101.6	–36.8
Cash payments to acquire intangible assets	–7.1	–8.1
Cash payments to acquire property, plant and equipment	–8.1	–7.7
Proceeds from the disposal of property, plant and equipment	0.6	0.4
Cash payments to acquire non-current financial assets	0.0	0.0
Proceeds from the disposal of non-current financial assets	0.2	0.0
Cash payments to acquire shares in affiliated companies	0.0	–4.9
Interest received	0.4	0.4
Dividends received	0.5	0.5
Cash flow from investing activities	–13.5	–19.4
Cash payments to company owners	0.0	0.0
Cash flow from financing activities	0.0	0.0
Net change in cash and cash equivalents	–115.1	–56.2
Change in cash and cash equivalents arising from exchange rates	0.0	0.0
Cash and cash equivalents at the beginning of the period	364.6	336.4
Cash and cash equivalents at the end of the period	249.5	280.2

€ 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 31 December 2014	40.0	141.7	364.2	-0.5	-89.5	531.8	987.7	0.8	988.5
Consolidated net income 3 months 2015						35.2	35.2	-0.2	35.0
Currency differences				13.2			13.2		13.2
Actuarial gains (losses) on pension plans					0.5		0.5		0.5
Hedge accounting					-0.6		-0.6		-0.6
At 31 March 2015	40.0	141.7	364.2	12.7	-89.6	567.0	1,036.0	0.6	1,036.6
Dividend payment (€1.25 per share)						-39.5	-39.5		-39.5
Consolidated net income 9 months 2015						122.2	122.2	-1.0	121.2
Allocation to profit reserves			0.3			-0.3	0.0		0.0
Currency differences				-19.8			-19.8		-19.8
Actuarial gains (losses) on pension plans					11.8		11.8		11.8
Hedge accounting					0.4		0.4		0.4
At 31 December 2015	40.0	141.7	364.5	-7.1	-77.4	649.4	1,111.1	-0.4	1,110.7
Consolidated net income 3 months 2016						38.8	38.8	-0.4	38.4
Currency differences				-10.8			-10.8		-10.8
Actuarial gains (losses) on pension plans					0.4		0.4		0.4
Hedge accounting					4.0		4.0		4.0
At 31 March 2016	40.0	141.7	364.5	-17.9	-73.0	688.2	1,143.5	-0.8	1,142.7

Statement of comprehensive income

€ million	2016 1 January – 31 March	2015 1 January – 31 March
Consolidated net income	38.4	35.0
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on pensions and similar obligations	0.4	0.5
	0.4	0.5
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation	-10.8	13.2
Derivative financial instruments	4.0	-0.6
	-6.8	12.6
Other comprehensive income	-6.4	13.1
Total comprehensive income	32.0	48.1
of which attributable to non-controlling interests	-0.4	-0.2
of which attributable to KRONES Group shareholders	32.4	48.3

Segment reporting

€ million	Machines and lines for product filling and decoration		Machines and lines for beverage production/ process technology		Machines and lines for the compact class		KRONES Group	
	2016 1 Jan – 31 Mar	2015 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2015 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2015 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2015 1 Jan – 31 Mar
Revenue	670.4	647.1	64.3	68.9	37.4	22.9	772.1	738.9
EBT	53.8	48.1	-0.6	1.1	1.9	1.0	55.1	50.2
EBT margin	8.0%	7.4%	-0.9%	1.6%	5.1%	4.4%	7.1%	6.8%
Employees at 31 March*	11,548	11,164	954	882	497	396	12,999	12,442

* Consolidated group

Pursuant to Section 8 (1) of the articles of association, six members are elected by the shareholders in accordance with the German Stock Corporation Act (Sections 96 (1) and 101). Six members are elected by the employees pursuant to Sections 1 (1) and 7 (1) Sentence 1 Number 1 of the Codetermination Act.

Supervisory Board

Ernst Baumann

Chairman of the Supervisory Board
* ZF FRIEDRICHSHAFEN AG

Werner Schrödl**

Chairman of the Group Works Council
Chairman of the Central Works Council
Deputy Chairman of the Supervisory Board
* ADVISORY BOARD OF BAYERISCHE BETRIEBSKRANKENKASSEN

Klaus Gerlach**

Head of Central International Operations and Services

Norman Kronseder

Farmer and forester
* BAYERISCHE FUTTERSATBAU GMBH

Graf Philipp von und zu Lerchenfeld

Member of the German Bundestag, Dipl.-Ing. agr., auditor and tax consultant

Dr. Alexander Nerz

Attorney

Dr. Verena Di Pasquale**

Deputy Chairperson of DGB Bayern (the German Trade Union Confederation in Bavaria)

Johann Robold**

Member of the Works Council

Petra Schadeberg-Herrmann

Managing partner at KROMBACHER FINANCE GMBH, SCHAWEL GMBH, DIVERSUM HOLDING GMBH & CO. KG
* CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG

Jürgen Scholz**

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

Hans-Jürgen Thaus

Former deputy chairman of KRONES AG
* HAWE HYDRAULIK SE
* MASCHINENFABRIK RHEINHAUSEN GMBH
* KURTZ HOLDING GMBH & BETEILIGUNGS KG
* SCHULER AG

Josef Weitzer**

Deputy Chairman of the Group Works Council
Deputy Chairman of the Central Works Council
Chairman of the Works Council in Neutraubling
* SPARKASSE REGENSBURG

Executive Board

Christoph Klenk

CEO
Human Resources, Communication, Quality, Information Management

Michael Andersen

CFO
Finance, Controlling, Strategic Purchasing (since 1 January 2016)

Rainulf Diepold

Sales and Marketing

Thomas Ricker

Bottling and Packaging Equipment

Markus Tischer

International Operations and Services

Ralf Goldbrunner

Plants and Components

* Other Supervisory Board seats held, pursuant to Section 125 (1) Sentence 5 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.

Financial calendar

15 June 2016	Annual shareholders' meeting 2016
21 July 2016	Quarterly statement for the period ended 30 June 2016
26 October 2016	Quarterly statement for the period ended 30 September 2016

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KRONES AG
Investor Relations
Olaf Scholz
Phone +49 9401 70-1169
Fax +49 9401 70-911169
E-mail olaf.scholz@krones.com
Internet www.krones.com
Böhmerwaldstrasse 5
93073 Neutraubling
Germany

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