

Q1

Quarterly statement
for the period from
1 January to 31 March 2017

 **KRONES**

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Highlights and key figures

KRONES achieves strong operating growth in the first quarter of 2017

- Revenue increased 16.5%. Adjusted for timing differences and acquisitions, revenue growth comes to 5.5%.
- Order intake improved 6.5%. Without orders gained through acquisitions, growth came to 3.4%
- Earnings before taxes increased 19.8% to €66.0 million.
- Executive Board confirms targets for 2017 as a whole. Excluding effects from acquisitions, KRONES expects 4% revenue growth and an EBT margin of 7.0%.

		1 Jan – 31 Mar 2017	1 Jan – 31 Mar 2016	Change
Revenue	€ million	899.4	772.1	+16.5%
Order intake	€ million	875.5	822.2	+6.5%
Orders on hand at 31 March	€ million	1,120.8	1,144.7	-2.1%
EBITDA	€ million	87.2	76.0	+14.7%
EBIT	€ million	64.0	54.2	+18.1%
EBT	€ million	66.0	55.1	+19.8%
EBT margin		7.3	7.1	-
Consolidated net income	€ million	43.7	38.4	+13.8%
Earnings per share	€	1.40	1.23	+13.8%
Capital expenditure for PP&E and intangible assets	€ million	19.6	15.2	+€4.4 million
Free cash flow	€ million	-112.8	-115.1	+€2.3 million
Net cash and cash equivalents at 31 March	€ million	256.1	249.5	+€6.6 million
Working capital to revenue	%	26.8*	24.5*	-
ROCE	%	17.8	16.7	-
Employees at 31 March				
Worldwide		14,660	13,418	+1,242
Germany		10,124	9,780	+344
Outside Germany		4,536	3,638	+898

* Average of last 4 quarters

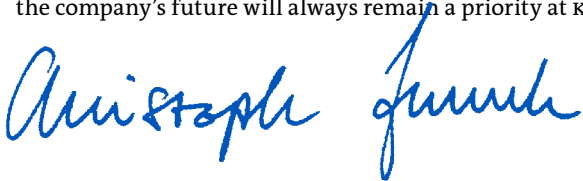
Dear shareholders and friends of KRONES,

KRONES has got 2017 off to a good start. Revenue (+16.5%) and earnings before taxes (+19.8%) improved considerably in the first quarter of 2017. However, these strong growth rates cannot be extrapolated to the year as a whole. We were able to complete a number of projects faster than expected. And so, they yielded revenue in the first quarter instead of the second as initially forecast. Our targets for the year 2017 as a whole therefore remain unchanged at 4% revenue growth and an EBT margin of 7.0%.

KRONES' market remains attractive because demand for packaging machinery is growing at a relatively stable pace. Experts are predicting that the world economy will grow by 3.5% in 2017 (previous year: 3.1%). Increasing protectionism, a rapid interest rate hike in the USA, and possible shifts in political power in the euro zone could create uncertainty.

To ensure that KRONES achieves its short- and medium-term targets in an environment that remains intensely competitive, we must keep steady our efforts. Increasing efficiency within the company and building out our product range with innovations remain crucial topics. We are further expanding our global footprint in order to seize the opportunities provided by the rapidly growing emerging markets. KRONES intends to establish more of its value creation in the regions in which our customers operate their plants. It is the only way we can deliver better, regionally-adapted products to the emerging markets at competitive prices.

As we continue our intensive day-to-day efforts, we are also keeping an eye to the future. The digitalisation of beverage plants opens up good potential for growth. And KRONES intends to use it. The work we have invested in the past several years will be reflected in more and more new applications for our customers. For example, our IT subsidiary SYSKRON developed the Share2Act app, the first social network for the food and beverage industry. Despite our ambitious margin targets, investing in the company's future will always remain a priority at KRONES.

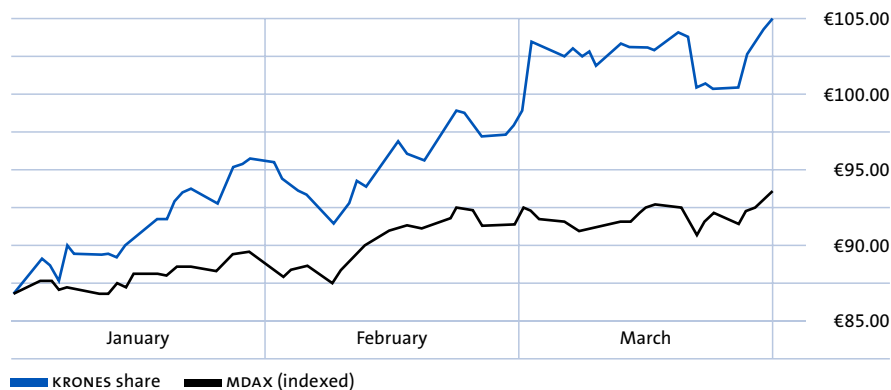


Christoph Klenk
CEO

Stock markets start the year well

The world's stock markets trended mostly upward in the first quarter of 2017. The prospect of economic stimulus packages under the new US President Donald Trump fuelled investors' optimism. Another point bolstering shares was the fact that the US FED appears likely to take only a few small steps towards raising interest rates, meaning that interest rates will not pose a threat to equity investors. In this positive environment, Germany's DAX blue-chip index gained 7.2% in the period from January to March. Thus, the DAX outperformed the Dow Jones index in the US, which rose 4.6% in the first quarter. The Euro Stoxx 50, which contains the euro area's 50 biggest companies, advanced 6.4%. On the flip side, Japan's Nikkei index lost 1.1% in the first three months of 2017. The rising yen, which puts Japan's export industry at a disadvantage, had a negative impact on the index.

The KRONES share from 1 January to 31 March 2017



KRONES' share price rose far more sharply than the MDAX in the first quarter of 2017.

KRONES share price gains 21.0% in the first quarter

KRONES' share made a welcome comeback in the first quarter of 2017. After a strong start to the year, the share underwent a brief correction in early February. However, the share price then trended consistently upwards. Publication of our preliminary figures for the 2016 financial year and our outlook for 2017 on 2 March strengthened the upward trend and led our share price over the €100 mark. The KRONES share closed the first quarter of 2017 at €105.15. In all, our share gained 21.0% in the period from January to March. With that, we were able to recoup much of the losses incurred in 2016. Germany's MDAX mid-cap index improved 7.7% in the first quarter of 2017.

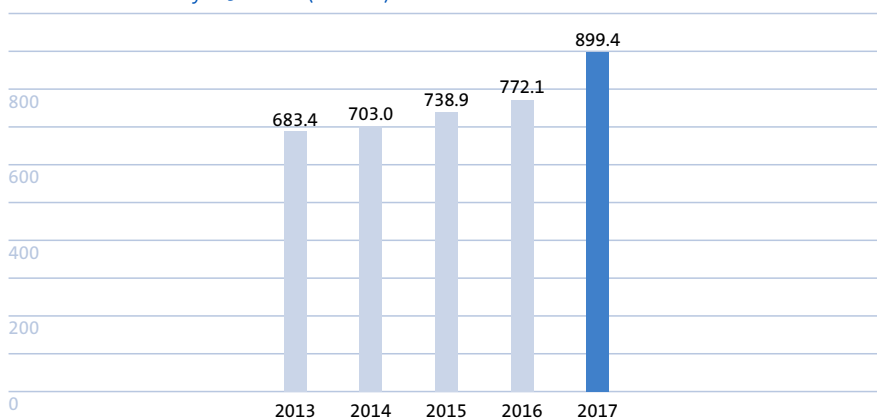
Revenue

KRONES posts strong revenue growth in the first quarter of 2017

KRONES has got the financial year 2017 off to a good start. In the period from January to March, revenue rose 16.5% year-on-year from €772.1 million to €899.4 million. But this strong growth rate cannot be extrapolated to the year as a whole. KRONES completed a number of projects ahead of schedule, in the first quarter, which had been slated for invoicing in the second quarter of 2017. As a result, around €60 million in revenue was recognised in the first quarter instead of the second. The acquisition of SYSTEM LOGISTICS and TRANS-MARKET contributed around €25 million in revenue in the reporting period. Adjusted for the acquisitions and the revenue impact of the projects that were completed ahead of schedule, KRONES' revenue was up 5.5% year-on-year in the first quarter of 2017.

The strong revenue growth of the first quarter of 2017 cannot be extrapolated to the year as a whole.

Revenue from 1 January to 31 March (€ million)



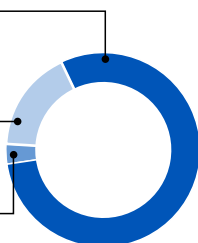
While the markets remained challenging overall, the company benefited from its broad international diversification and its comprehensive portfolio of products and services. The process technology segment posted the strongest percentage growth (+139.0%) as a result of acquisitions and timing differences.

Segment revenue from 1 Jan to 31 Mar 2017

Machines and lines for product filling and decoration
79.7%* (€716.5 million)

Machines and lines for beverage production/ process technology
17.1%* (€153.7 million)

Machines and lines for the compact class
3.2%* (€29.2 million)



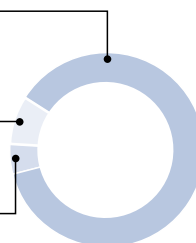
* Share of consolidated revenue of €899.4 million

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

Revenue by region

KRONES' revenue in Germany was down 12.6% in the first quarter of 2017 compared to the year-earlier period, from €107.1 million to €93.6 million. That is largely due to the high year-earlier figure. The share of consolidated revenue that the company generated in Germany decreased from 13.9% to 10.4%.

Overall, KRONES posted strong revenue growth in Europe (excluding Germany) in the reporting period. The large Western Europe sales region saw the highest revenue growth. KRONES' revenue there was up 33.6% year-on-year in the first quarter of 2017, from €127.8 million to €170.8 million. The sharp increase is due in part to timing differences. Revenue in Central Europe (Austria, Switzerland, and the Netherlands) rose 8.5% to €52.1 million. Business in Eastern Europe picked up considerably as KRONES, too, benefited from the general economic recovery there. First-quarter sales in Eastern Europe rose 19.9% year-on-year to €44.5 million. By contrast, revenue in the Russia/CIS sales region was down 18.0% year-on-year, to €20.1 million. The region has not yet made a substantial economic recovery. Overall, revenue in Europe (excluding Germany) improved 21.1% year-on-year in the period from January to March 2017, from €237.4 million to €287.5 million. The region's contribution to consolidated revenue rose from 30.8% to 32.0%.

After achieving exceptionally high growth rates in 2016, KRONES' business in the Middle East/Africa sales region quieted a bit temporarily the first quarter of 2017. Revenue for the period from January to March was down 13.1% year-on-year to €107.7 million. In China, on the other hand, first-quarter revenue was up 44.0% on the relatively weak year-earlier period, to €66.8 million. Revenue was also much stronger in the rest of the Asia-Pacific region. At €136.5 million, revenue in this region was up 53.4% year-on-year.

KRONES' business in North and Central America continued to develop well in the period from January to March 2017. Revenue there increased 25.2% to €136.0 million. In the South America/Mexico sales region, revenue improved by 19.4% on the relatively low year-earlier figure to €71.3 million.

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

The share of revenue that KRONES generated in the emerging markets increased slightly in the first quarter of 2017, from 49.2% in the preceding year to 49.6%.

KRONES Group revenue by region

Share of consolidated revenue	31 March 2017		31 March 2016		Change
	€ million	%	€ million	%	
Germany	93.6	10.4	107.1	13.9	-12.6
Central Europe (excluding Germany)	52.1	5.8	48.0	6.2	+8.5
Western Europe	170.8	19.1	127.8	16.6	+33.6
Eastern Europe	44.5	4.9	37.1	4.8	+19.9
Russia, Central Asia (CIS)	20.1	2.2	24.5	3.2	-18.0
Middle East/Africa	107.7	12.0	123.9	16.0	-13.1
Asia-Pacific	136.5	15.2	89.0	11.5	+53.4
China	66.8	7.4	46.4	6.0	+44.0
South America/Mexico	71.3	7.9	59.7	7.7	+19.4
North and Central America	136.0	15.1	108.6	14.1	+25.2
Total	899.4	100.00	772.1	100.0	+16.5

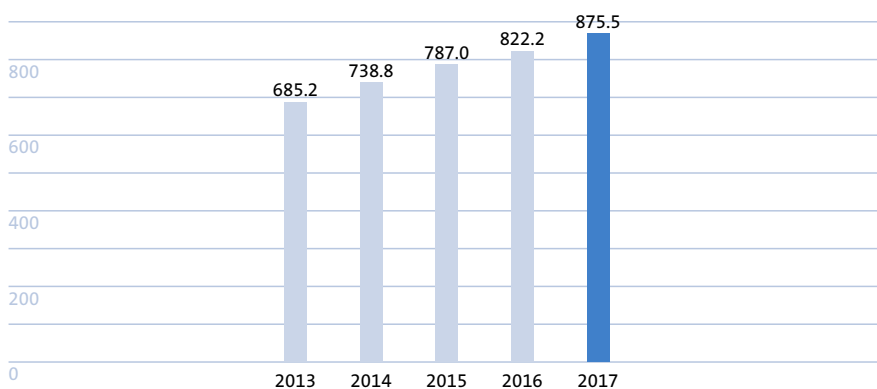
KRONES' order intake up 6.5% year-on-year in the first quarter of 2017

Demand for products and services from KRONES was strong overall in the first quarter of 2017. Our role as a full-service supplier enabled us to be successful in highly competitive markets and offset temporary shifts in demand for specific products. The total contract value of new orders increased 6.5% year-on-year in the period from January to March 2017, from €822.2 million to €875.5 million. Adjusted for acquisitions, order intake was up 3.4% year-on-year.

The upwards trend in orders continued in the first quarter of 2017. Order intake increased 6.5% year-on-year.

A regional breakdown of order intake shows the highest ordering activity in Latin America and in the Middle East/Africa sales region. In Europe, North America, and the Asia-Pacific region, demand stabilised after having weakened in the fourth quarter of 2016. Order intake in Eastern Europe and China was down year-on-year in the first quarter of 2017.

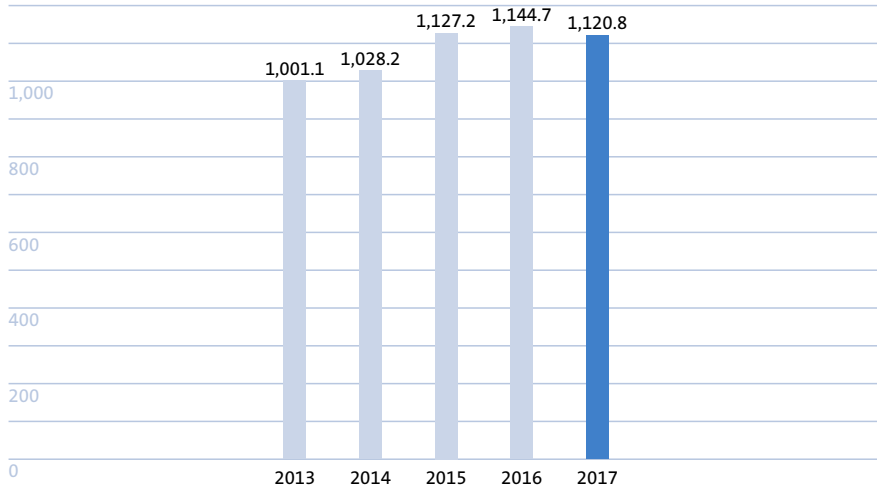
Order intake from 1 January to 31 March (€ million)



Continued large orders backlog

At the end of March 2017, KRONES had orders on hand totalling €1,120.8 million. That is down slightly, 2.1%, from €1,144.7 million in the year-earlier period. Overall, the comfortable orders backlog gives KRONES a high level of planning security and provides a solid basis for further revenue growth.

Orders on hand at 31 March (€ million)

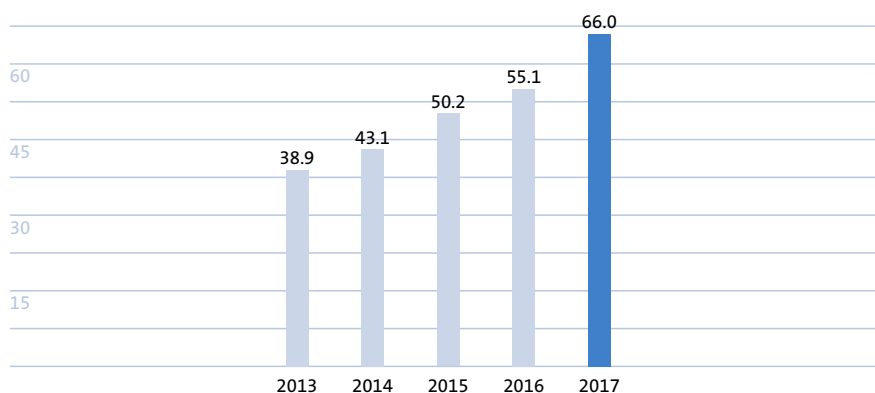


Profitability gets a boost from high revenue growth

The positive revenue impact of the faster-than-expected completion of projects in the first quarter of 2017 is also reflected in KRONES' earnings development. In the period from January to March 2017, earnings before taxes (EBT) rose 19.8% from €55.1 million in the previous year to €66.0 million. The EBT margin increased from 7.1% a year earlier to 7.3%. Adjusted to exclude the projects that were completed ahead of schedule, the EBT margin was more or less unchanged from the year-earlier level. Market prices did not improve in the reporting period. Our EBT margin target for 2017 remains unchanged at 7.0%, which is a stable margin compared with 2016.

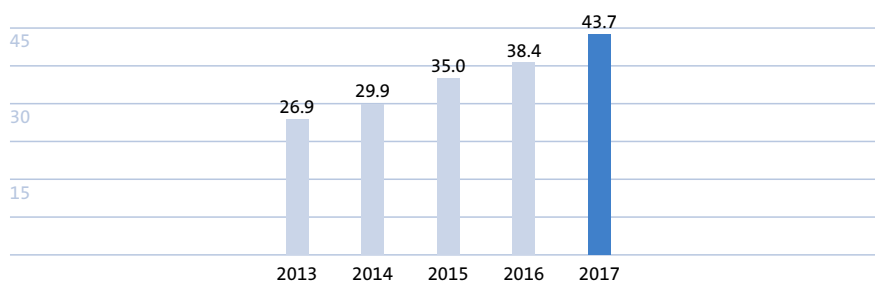
After the first quarter, KRONES is on track to achieve its 7.0% EBT margin target for 2017 as a whole.

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

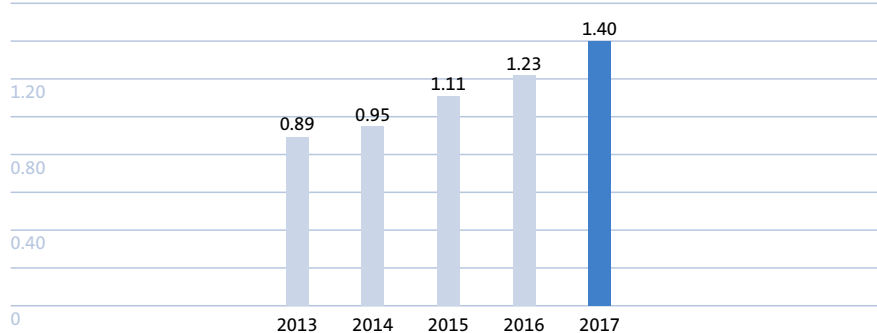


At 33.8%, KRONES' tax rate was higher in the first quarter of 2017 than it was a year earlier (30.3%) as a result of short-term regional effects. As a result, the improvement in consolidated net income, by 13.8% to €43.7 million, did not quite match the improvement in EBT.

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



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



KRONES' earnings per share were also up 13.8% year-on-year in the reporting period, from €1.23 to €1.40.

KRONES Group earnings structure

€ million	2017 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	Change
Revenue	899.4	772.1	+16.5
Changes in inventories of finished goods and work in progress	8.4	5.8	–
Total operating performance	907.8	777.9	+16.7
Goods and services purchased	–449.8	–374.4	+20.1
Personnel expenses	–271.5	–242.7	+11.9
Other operating income/expenses and own work capitalised	–99.3	–84.8	+17.1
EBITDA	87.2	76.0	+14.7
Depreciation and amortisation on fixed assets	–23.2	–21.8	+6.4
EBIT	64.0	54.2	+18.1
Financial income/expense	2.0	0.9	–
EBT	66.0	55.1	+19.8
Income tax	–22.3	–16.7	+33.5
Consolidated net income	43.7	38.4	+13.8

Revenue and total operating performance increased at nearly equal rates in the period from January to March 2017. Revenue rose 16.5% year-on-year to €899.4 million while total operating performance increased 16.7% to €907.8 million.

Expenses for goods and services purchased increased more than total operating performance as a result of changes in our product mix. Expenses for goods and services purchased increased 20.1% to €449.8 million in the first quarter of 2017. The ratio of this figure to total operating performance rose from 48.1% to 49.6%.

Personnel expenses grew less than proportionately to total operating performance in the first quarter of 2017. At €271.5 million, this line item was up 11.9% from the year-earlier figure of €242.7. The ratio of personnel expenses to total operating performance decreased from 31.2% in the previous year to 29.9% in the first quarter of 2017.

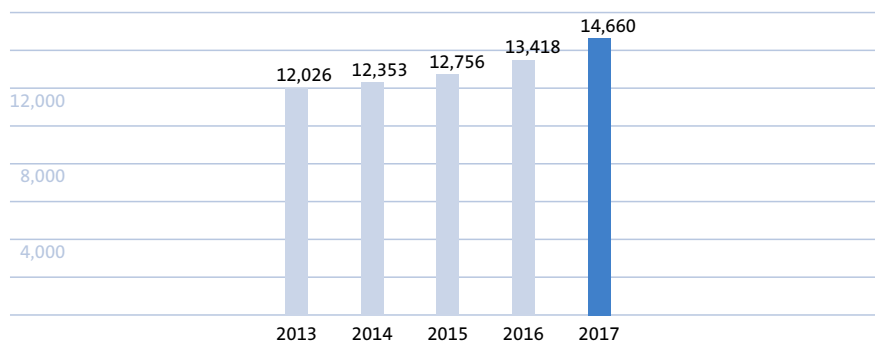
KRONES improved earnings as planned in the first quarter of 2017 thanks to the sharp increase in revenue that resulted from timing differences. For the year as a whole, KRONES expects the EBT margin to be little changed on the previous year.

The net of other operating income and expenses and own work capitalised changed from –€84.8 million in the previous year to –€99.3 million. The ratio of this figure to total operating performance was 10.9%, as in the previous year. Depreciation and amortisation on fixed assets increased by 6.4% year-on-year to €23.2 million in the first quarter of 2017.

Earnings before interest and taxes (EBIT) rose 18.1% to €64.0 million. Financial income improved from €0.9 million to €2.0 million. As a result, earnings before taxes (EBT) rose 19.8% in the first quarter of 2017 to €66.0 million (previous year: €55.1 million). Because the company's tax rate was higher in the first quarter, consolidated net income did not increase quite as much. It rose 13.8% to €43.7 million.

Employees

Workforce at 31 March



KRONES employs 14,660 worldwide

KRONES' workforce grew by 1,242 year-on-year to 14,660 in the first quarter of 2017. A large part of this increase was in our international workforce. At the end of March 2017, the number of people employed by KRONES outside Germany totalled 4,536, which is 898 more than a year earlier. Of the new team members abroad, 478 came to KRONES through the acquisition of SYSTEM LOGISTICS and TRANS-MARKET. The company's workforce in Germany grew by 344 to 10,124.

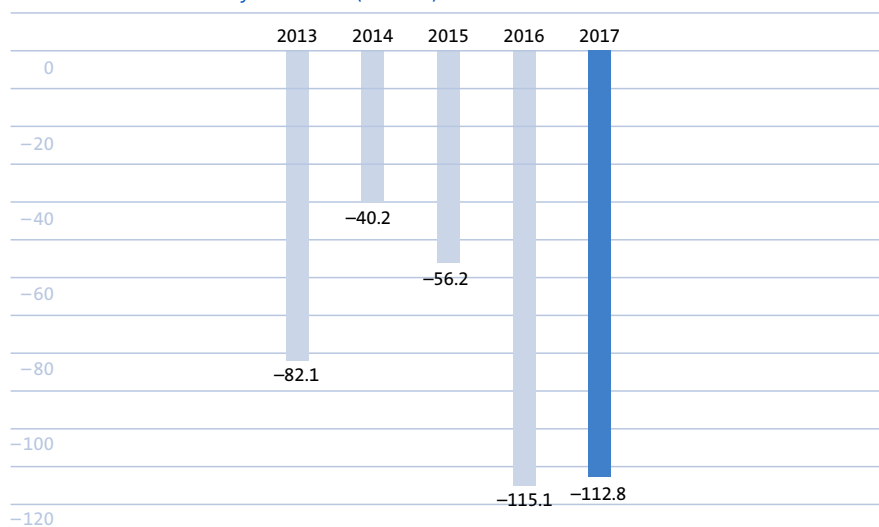
We are continuing to grow our workforce abroad in order to move even closer to our customers worldwide.

KRONES Group cash flow

€ million	2017	2016
	1 Jan–31 Mar	1 Jan–31 Mar
Earnings before taxes	66.0	55.1
Other non-cash expenses and income	+43.4	+81.5
Changes in working capital	-113.2	-114.8
Changes in other assets and liabilities	-58.2	-123.4
Cash flow from operating activities	-62.0	-101.6
Capital expenditure for intangible assets and property, plant and equipment	-19.6	-15.2
Cash payments for acquisition of interests in other businesses or ventures	-32.7	0
Other	+1.5	+1.7
Free cash flow	-112.8	-115.1
Cash flow from financing activities	+0.0	+0.0
Other	+0.0	+0.0
Net change in cash and cash equivalents	-112.8	-115.1
Cash and cash equivalents at the end of the period	256.1	249.5

KRONES improved cash flow from operating activities from -€101.6 million in the previous year to -€62.0 million in the first quarter of 2017. Apart from the higher earnings before taxes, the smaller increase in other assets and liabilities was the main reason for the improved performance. The increase in that line item impacted cash flow by only €58.2 million in the reporting period as opposed to €123.4 million in the previous year. In the first three months of 2017, we built up somewhat less working capital (€113.2 million) than we had in the year-earlier quarter (€114.8 million).

Free cash flow from 1 January to 31 March (€ million)

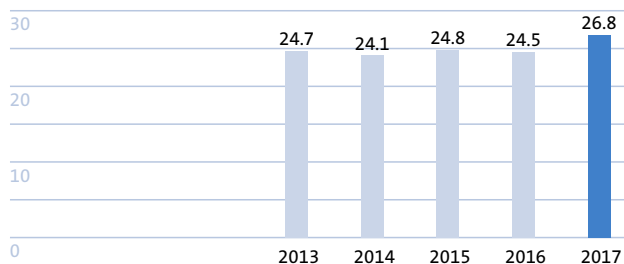


Despite higher capital expenditure and acquisitions, KRONES was able to slightly improve its free cash flow year-on-year in the reporting period.

Ratio of working capital to revenue at 26.8%

The ratio of average working capital for the past four quarters to revenue increased to 26.8% in the first quarter, from 24.5% in the year-earlier period. The ratio of working capital to revenue at the end of the reporting period was 26.2% (previous year: 25.8%).

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

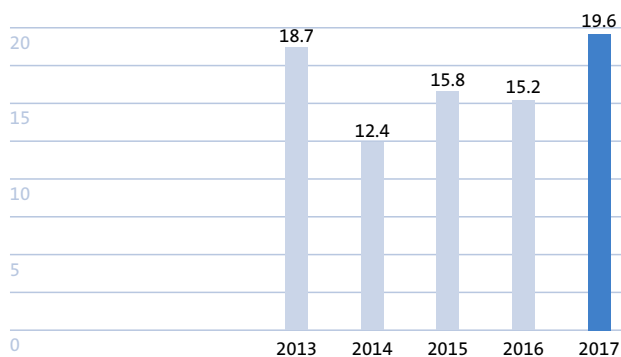


The ratio of average working capital for the past four quarters to sales revenue was up slightly in the first quarter, from 24.5% in the previous year to 26.8%.

KRONES invested €19.6 million in intangible assets and property, plant and equipment in the reporting period (previous year: €15.2 million). In addition, €32.7 million of our cash and equivalents went for acquisitions of interests in other businesses or ventures in the reporting period. KRONES' free cash flow (net cash generated from operating activities) improved slightly, from –€115.1 million in the previous year to –€112.8 million. Adjusted for the acquisitions, free cash flow came to –€80.1 million (previous year: –€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 2017, KRONES had cash and cash equivalents totalling €256.1 million (previous year: €249.5 million).

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



KRONES Group asset and capital structure

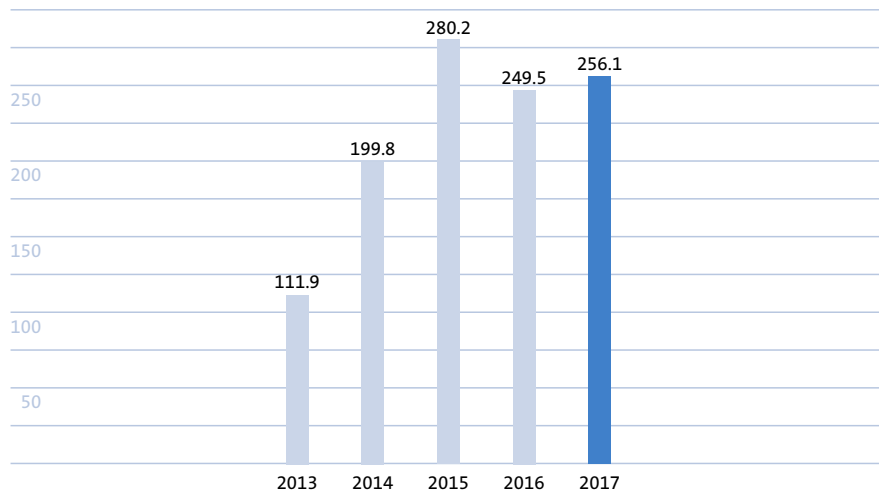
€ million	31 Mar 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
Non-current assets	841	799	697	672
of which fixed assets	754	725	646	624
Current assets	2,170	2,272	2,010	1,755
of which cash and equivalents	256	369	365	336
Equity	1,273	1,226	1,111	988
Total debt	1,738	1,845	1,596	1,439
Non-current liabilities	309	308	278	275
Current liabilities	1,429	1,537	1,318	1,164
Total	3,011	3,071	2,707	2,427

Despite the considerably higher total operating performance in the first quarter (+16.7%), KRONES' total assets at 31 March 2017 were down 1.9% from the end of 2016, to €3.01 billion.

KRONES' total assets were down slightly despite higher total operating performance.

Non-current assets were up 5.3% in the first quarter, totalling €840.9 million at 31 March 2017 (31 December 2016: €798.5 million). Fixed assets increased to €753.8 million (31 December 2016: €725.5 million), due primarily to acquisitions. Of this, €474.3 million was attributable to property, plant and equipment (31 December 2016: €481.3 million). The company's intangible assets, which are primarily development costs that must be capitalised, were up to €249.1 million at the end of the first quarter (31 December 2016: €238.3 million).

Cash and cash equivalents at 31 March (€ million)



At the end of the reporting period, current assets totalled €2.17 billion, which is 4.5% less than at 31 December 2016. KRONES decreased inventories by €3.9 million in the period from January to March 2017 to €724.5 million. Trade receivables were also down slightly, by €2.8 million to €1,034.1 million. Cash and cash equivalents decreased from €368.9 million at the end of 2016 to €256.1 million in the reporting period.

A large part of the cash and cash equivalents went into paying down current liabilities. KRONES reduced these by €108.2 million compared with the end of 2016 to €1,429.1 million in the period from January to March 2017. Trade payables, in particular, were down considerably, by €84.1 million to €239.7 million. Advances received increased slightly, by €5.1 million to €620.3 million. KRONES had no current bank debt at the end of the first quarter of 2017.

KRONES' non-current liabilities, consisting largely of provisions for pensions, were virtually unchanged at €309.0 million at 31 March 2017 (31 December 2016: €308.0 million). The company also had no non-current bank debt at the end of the quarter.

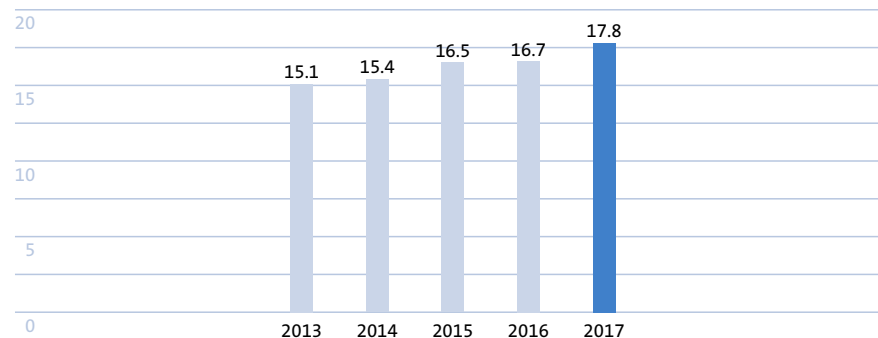
Equity ratio and ROCE increased

Due to the positive quarterly earnings figure, equity was up by €47.6 million from the end of 2016 to €1,273.1 million. Our equity ratio rose considerably and was a very sound 42.3% at 31 March 2017 (31 December 2016: 39.9%). With net cash and cash equivalents of €256.1 million at the end of the reporting period, KRONES still has an extremely robust and sound financial and capital structure.

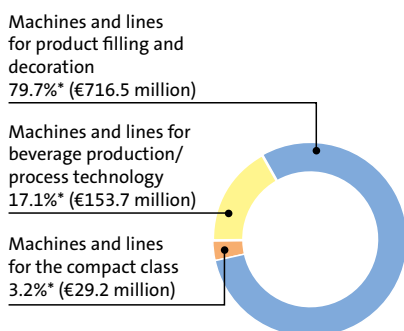
The high equity ratio of 42.3% and net cash and cash equivalents of €256 million give KRONES the necessary financial leeway to achieve continued growth.

KRONES improved its return on capital employed (ROCE), that is the ratio of EBIT to average net capital employed, to 17.8% in the reporting period (previous year: 16.7%) thanks in large part to higher earnings.

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

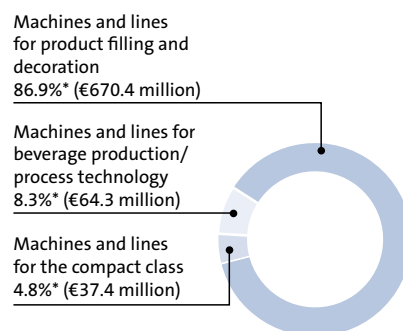


Segment revenue from 1 Jan to 31 Mar 2017



* Share of consolidated revenue of €899.4 million

Segment revenue from 1 Jan to 31 Mar 2016



* Share of consolidated revenue of €772.1 million

Segment revenue

The core segment, machines and lines for product filling and decoration, posted stable growth in the first quarter of 2017. That is true of both new machinery and services business. Overall, revenue was up more sharply than expected in the period from January to March 2017, by 6.9% from €670.4 million to €716.5 million. That was due in part to timing differences. The core segment's share of consolidated first-quarter revenue decreased from 86.9% in the previous year to 79.7%.

Apart from operational growth, two factors had an impact on revenue in the machines and lines for beverage production/process technology segment. KRONES completed a number of projects faster than expected, so that they were recognised as revenue in the first quarter of 2017 instead of the second. The acquisition of SYSTEM LOGISTICS and TRANS-MARKET also contributed to revenue growth. In all, revenue increased 139.0% year-on-year from €64.3 million to €153.7 million. With that, the segment grew its share of consolidated revenue to 17.1% (previous year: 8.3%).

After strong growth in the previous year, KRONES' smallest segment, machines and lines for the compact class, got 2017 off to a weaker start. First-quarter revenue in this segment was down 21.9%, from €37.4 million in the previous year to €29.2 million. However, given the current orders situation, we are confident that business will pick up and the segment will achieve its growth target of around 5% for the year 2017 as a whole. The smallest segment's share of consolidated revenue came to 3.2% for the first quarter (previous year: 4.8%).

The process technology segment's strong revenue growth of the first quarter of 2017 is due primarily to timing differences and acquisitions and cannot be extrapolated to the year as a whole.

Segment earnings

The large increase in revenue is reflected in the profitability of the machines and lines for product filling and decoration segment in the first quarter of 2017. Earnings before taxes (EBT) rose 16.2% year-on-year, from €53.8 million to €62.5 million. The segment's EBT margin increased from 8.0% to 8.7%. We expect the margin for 2017 as a whole to be more or less unchanged from 2016, at around 8%.

Earnings in the machines and lines for beverage production/process technology segment also benefited from the large increase in revenue. First-quarter earnings before taxes improved from –€0.6 million in the previous year to +€2.1 million in 2017. The resulting EBT margin of 1.4% is still unsatisfactory. In order to improve the segment's profitability for the long term, KRONES continued to implement a raft of measures developed in 2015. We expect the EBT margin for the year 2017 as a whole to be 2% to 3%.

The machines and lines for the compact class segment was profitable in the first quarter of 2017 despite considerably lower revenue. However, at €1.4 million, earnings before taxes (EBT) were down by about one-quarter from the year-earlier figure of €1.9 million. The EBT margin decreased from 5.1% to 4.8%. For the year as a whole, the segment's EBT margin is expected to be at least 5%.

While earnings in the core segment and process technology improved in the first quarter, the compact class segment was slightly less profitable year-on-year.

Product filling and decoration		2017	2016
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	62.5	53.8
EBT margin	%	8.7	8.0

Beverage production/process technology		2017	2016
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	2.1	–0.6
EBT margin	%	1.4	–0.9

Compact class		2017	2016
		1 Jan – 1 Mar	1 Jan – 1 Mar
EBT	€ million	1.4	1.9
EBT margin	%	4.8	5.1

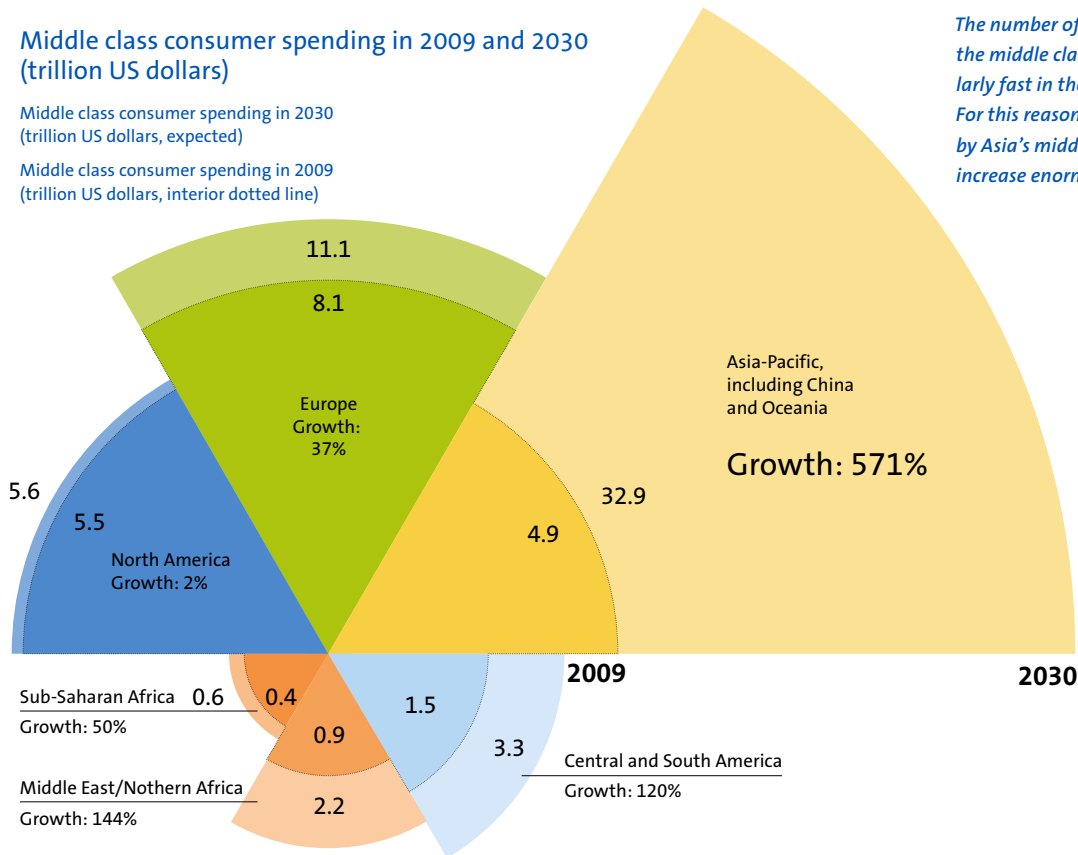
KRONES is confident about the year 2017 as a whole

Despite many political and economic uncertainties, KRONES is optimistic about the 2017 financial year. The packaging machinery market is growing at a relatively stable pace. Driving this growth are megatrends such as the steady growth of the middle class and increasing urbanisation in the emerging economies. Moreover, food and beverage producers increasingly must rely on innovative packaging solutions to distinguish themselves from the competition.

Middle class consumer spending in 2009 and 2030 (trillion US dollars)

Middle class consumer spending in 2030 (trillion US dollars, expected)
 Middle class consumer spending in 2009 (trillion US dollars, interior dotted line)

The number of people rising into the middle class is growing particularly fast in the Asia-Pacific region. For this reason, consumer spending by Asia's middle class is expected to increase enormously by 2030.



Source: East Asia Bureau of Economic Research and own calculations

KRONES intends to improve revenue and earnings in all three segments

Given the competitive nature of our markets, KRONES does not expect prices to improve this year. Launching new products and services and further reducing costs remain important factors in our effort to grow further and increase earnings before taxes in all three segments in 2017. Moreover, KRONES intends to considerably increase its presence worldwide and move even closer to customers.

In our core segment, machines and lines for product filling and decoration, KRONES will continue to press ahead with the modularisation of our products in 2017. We will expand our international service structures and LCS Centres in the interest of further growth. We are also strengthening our mid-range business – that is, less complex lines with high performance. There is high demand for these lines in the emerging markets. KRONES is projecting slightly lower-than-average revenue growth of 3% in 2017 for our core segment because we are intentionally forgoing low-margin orders. The EBT margin should be around 8%, as in the previous year.

In our process technology segment, we will continue to implement the series of measures developed in 2015 and complete implementation of several parts in 2017. This year, we intend to seize upon the considerable growth opportunities in intra-logistics, which are also part of the process technology segment. Our acquisition of majority ownership of SYSTEM LOGISTICS and the expansion of SYSKRON put us in an excellent position to do that. In all, we expect the process technology segment to achieve revenue growth of around 10% and an EBT margin of 2% to 3% this year.

We expect the machines and lines for the compact class segment to achieve revenue growth of around 5% and an EBT margin of at least 5% in 2017.

Strong first quarter supports outlook for 2017 as a whole

First-quarter revenue and earnings were positively impacted by projects that were completed earlier than expected. Therefore, we see no reason to raise our expectations for the year 2017 as a whole. Based on the current macroeconomic prospects and development of the markets relevant to KRONES, we are still targeting consolidated revenue growth of 4% (excluding acquisitions) in 2017. The company's profitability should remain stable this year. KRONES expects to achieve an EBT margin of 7.0% in 2017. Our forecast for our third financial performance target, working capital to revenue, is 27% for the current financial year.

After the first quarter, KRONES is confident it will achieve its targets for 2017.

	Forecast for 2017*	Actual value Q1 2017
Revenue growth	+4%	+16.5%
EBT margin	7.0%	7.3%
Working capital to revenue	27%	26.8%

*Excluding acquisitions



€ million	2017 1 January – 31 March	2016 1 January – 31 March	Change %
Revenue	899.4	772.1	+16.5
Changes in inventories of finished goods and work in progress	8.4	5.8	
Total operating performance	907.8	777.9	+16.7
Goods and services purchased	-449.8	-374.4	+20.1
Personnel expenses	-271.5	-242.7	+11.9
Other operating income/expenses and own work capitalised	-99.3	-84.8	+17.1
Depreciation and amortisation on fixed assets	-23.2	-21.8	+6.4
EBIT	64.0	54.2	+18.1
Financial income/expense	2.0	0.9	
Earnings before taxes	66.0	55.1	+19.8
Income tax	-22.3	-16.7	+33.5
Consolidated net income	43.7	38.4	+13.8
Profit share of non-controlling interests	-0.4	-0.4	
Profit share of KRONES Group shareholders	44.1	38.8	
Earnings per share (diluted/basic) in €	1.40	1.23	

Statement of financial position

Assets € million	31 March 2017		31 December 2016	
Intangible assets	249.1		238.3	
Property, plant and equipment	474.3		481.3	
Non-current financial assets	30.4		5.9	
Fixed assets	753.8		725.5	
Deferred tax assets	24.3		24.7	
Trade receivables	58.2		44.1	
Income tax receivables	1.4		1.1	
Other assets	3.2		3.1	
Non-current assets		840.9		798.5
Inventories	724.5		728.4	
Trade receivables	1,034.1		1,036.9	
Current income tax receivables	4.4		3.8	
Other assets	151.2		134.3	
Cash and cash equivalents	256.1		368.9	
Current assets		2,170.3		2,272.3
Total		3,011.2		3,070.8

Equity and liabilities € million	31 March 2017	31 December 2016
Equity	1,273.1	1,225.5
Provisions for pensions	219.1	219.1
Deferred tax liabilities	3.7	2.9
Other provisions	51.9	51.7
Provisions for taxes	5.5	5.3
Liabilities to banks	0.0	0.0
Other financial obligations	25.1	26.1
Other liabilities	3.7	2.9
Non-current liabilities	309.0	308.0
Other provisions	166.3	157.8
Provisions for taxes	18.4	21.2
Liabilities to banks	0.0	0.0
Advances received	620.3	615.2
Trade payables	239.7	323.8
Current tax obligations	2.0	5.3
Other financial liabilities	14.0	56.0
Other liabilities and accruals	368.4	358.0
Current liabilities	1,429.1	1,537.3
Total	3,011.2	3,070.8

Statement of cash flows

€ million	2017 1 January– 31 March	2016 1 January– 31 March
Earnings before taxes	66.0	55.1
Depreciation and amortisation (reversals)	23.2	21.8
Increase in provisions	22.8	67.9
Deferred tax item changes recognised in profit or loss	–1.0	–7.0
Interest expenses and interest income	–1.5	–0.4
Proceeds and losses from the disposal of fixed assets	–0.3	–0.2
Other non-cash expenses and income	0.2	–0.6
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–35.9	–26.9
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–123.9	–192.3
Cash generated from operating activities	–50.4	–82.6
Interest paid	–0.1	–0.1
Income tax paid and refunds received	–11.5	–18.9
Cash flow from operating activities	–62.0	–101.6
Cash payments to acquire intangible assets	–12.1	–7.1
Proceeds from the disposal of intangible assets	0.1	0.0
Cash payments to acquire property, plant and equipment	–7.5	–8.1
Proceeds from the disposal of property, plant and equipment	0.1	0.6
Cash payments to acquire non-current financial assets	–24.6	0.0
Proceeds from the disposal of non-current financial assets	0.1	0.2
Cash payments to acquire shares in affiliated companies	–8.1	0.0
Interest received	0.7	0.4
Dividends received	0.5	0.5
Cash flow from investing activities	–50.8	–13.5
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	–112.8	–115.1
Change in cash and cash equivalents arising from exchange rates	0.0	0.0
Cash and cash equivalents at the beginning of the period	368.9	364.6
Cash and cash equivalents at the end of the period	256.1	249.5

€ 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 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
Remeasurement of defined benefit plans					0.4		0.4		0.4
Hedge accounting incl. AFS					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
Dividend payment (€1.45 per share)						-45.8	-45.8		-45.8
Consolidated net income 9 months 2016						132.0	132.0	-1.3	130.7
Allocation to profit reserves			0.5			-0.5	0.0		0.0
Currency differences				20.7			20.7		20.7
Remeasurement of defined benefit plans					-15.9		-15.9		-15.9
Puttable instruments					-0.8		-0.8		-0.8
Hedge accounting incl. AFS					-6.1		-6.1		-6.1
At 31 December 2016	40.0	141.7	365.0	2.8	-95.8	773.9	1,227.6	-2.1	1,225.5
Consolidated net income 3 months 2017						44.1	44.1	-0.4	43.7
Currency differences				2.3			2.3		2.3
Remeasurement of defined benefit plans					0.3		0.3		0.3
Hedge accounting incl. AFS					1.3		1.3		1.3
At 31 March 2017	40.0	141.7	365.0	5.1	-94.2	818.0	1,275.6	-2.5	1,273.1

Statement of comprehensive income

€ million	2017 1 January – 31 March	2016 1 January – 31 March
Consolidated net income	43.7	38.4
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on pensions and similar obligations	0.3	0.4
	0.3	0.4
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation	2.3	–10.8
Derivative financial instruments	1.3	4.0
	3.6	–6.8
Other comprehensive income	3.9	–6.4
Total comprehensive income	47.6	32.0
of which attributable to non-controlling interests	–0.4	–0.4
of which attributable to KRONES Group shareholders	48.0	32.4

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	
	2017 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2017 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2017 1 Jan – 31 Mar	2016 1 Jan – 31 Mar	2017 1 Jan – 31 Mar	2016 1 Jan – 31 Mar
Revenue	716.5	670.4	153.7	64.3	29.2	37.4	899.4	772.1
EBT	62.5	53.8	2.1	–0.6	1.4	1.9	66.0	55.1
EBT margin	8.7%	8.0%	1.4%	–0.9%	4.8%	5.1%	7.3%	7.1%
Employees at 31 March*	12,153	11,548	1,484	954	522	497	14,159	12,999

* 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.

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REGENSBURG

* BAYERNLB ECONOMIC
ADVISORY COUNCIL

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Council

Chairman of the Central Works
Council

Deputy Chairman of the
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Norman Kronseder

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* INFINEON TECHNOLOGIES AG

Hans-Jürgen Thaus

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Josef Weitzer**

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Group Works Council

Deputy Chairman of the
Central Works Council

Chairman of the Works
Council in Neutraubling

* SPARKASSE REGENSBURG

Executive Board

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CEO

Human Resources,
Communication, Quality,
Information Management

Michael Andersen

CFO

Finance, Controlling,
Strategic Purchasing

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 or memberships in comparable domestic and international supervisory bodies and business enterprises, 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

20 June 2017	Annual general meeting 2017
20 July 2017	Interim report for the period ended 30 June 2017
26 October 2017	Quarterly statement for the period ended 30 September 2017

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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

 **KRONES**