

# Q2

Interim report for the period  
from 1 January to 30 June 2015

 **KRONES**

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## Highlights and key figures

### KRONES raises EBT margin target for 2015

- Revenue from January to June 2015 grew 4.8% to €1,503.7 million.
- New orders exceeded year-earlier period by 4.3%.
- EBT margin improved sharply, from 6.2% to 6.9%, in the first half.
- KRONES has raised its EBT margin target for 2015 from 6.8% to 7.0%.

| Key figures for H1 2015                               |           | 1 Jan–30 Jun<br>2015 | 1 Jan–30 Jun<br>2014 | Change           |
|---|-----------|----------------------|----------------------|------------------|
| Revenue   | € million | 1,503.7              | 1,435.5              | +4.8%            |
| New orders  | € million | 1,524.1              | 1,461.9              | +4.3%            |
| Orders on hand at 30 June                             | € million | 1,099.5              | 1,018.8              | +7.9%            |
|   |           |                      |                      |                  |
| EBITDA  | € million | 144.1                | 127.8                | +12.8%           |
| EBIT  | € million | 101.2                | 86.1                 | +17.5%           |
| EBT   | € million | 104.1                | 89.4                 | +16.4%           |
| Net income  | € million | 72.7                 | 62.4                 | +16.5%           |
| Earnings per share                                    | €         | 2.32                 | 1.98                 | +17.2%           |
|   |           |                      |                      |                  |
| Capital expenditure for PP&E and<br>intangible assets | € million | 30.2                 | 29.1                 | € +1.1 million   |
| Free cash flow  | € million | –22.0                | –19.6                | € –2.4 million   |
| Net cash and cash equivalents at 30 June*             | € million | 274.9                | 157.2                | € +117.7 million |
| ROCE (liabilities side)                               | %         | 17.0                 | 15.9                 | –                |
| ROCE (assets side)                                    | %         | 15.0                 | 13.4                 | –                |
|   |           |                      |                      |                  |
| Employees at 30 June                                  |           |                      |                      |                  |
| Worldwide   |           | 12,854               | 12,374               | +480             |
| Germany   |           | 9,458                | 9,094                | +364             |
| Outside Germany                                       |           | 3,396                | 3,280                | +116             |

\* Cash and cash equivalents less debt

| Key figures for Q2 2015 |           | 1 Apr–30 Jun<br>2015 | 1 Apr–30 Jun<br>2014 | Change |
|-------------------------|-----------|----------------------|----------------------|--------|
| Revenue                 | € million | 764.8                | 732.5                | +4.4%  |
| New orders              | € million | 737.1                | 723.1                | +1.9%  |
|                         |           |                      |                      |        |
| EBITDA                  | € million | 73.6                 | 64.7                 | +13.8% |
| EBIT                    | € million | 52.0                 | 43.9                 | +18.5% |
| EBT                     | € million | 53.9                 | 46.3                 | +16.4% |
| Net income              | € million | 37.7                 | 32.5                 | +16.0% |
| Earnings per share      | €         | 1.21                 | 1.03                 | +17.5% |

Dear shareholders and friends of **KRONES**,

After getting the year off to a good start, **KRONES** continued its positive trend in the second quarter. Thus, the company has demonstrated that it is capable of reliably generating good results even in an unstable economic environment. From January to June, revenue and new orders were up 4.8% and 4.3% year-on-year. Earnings before taxes (EBT) increased 16.4% to €104.1 million. Since our first-half profit exceeded our target, we have revised our earnings forecast upward for the year 2015 as a whole. We now expect to achieve an EBT margin of 7.0% (previous forecast: 6.8%).

This gratifying business development can be attributed to our attractive market and the Value strategy programme. Together with our employees, we are successfully implementing Value for the fifth year running. Our perseverance with Value exemplifies one of the most important factors for **KRONES**' success: Instead of taking rash action in pursuit of short-term goals, we take a long view and act accordingly. Our approach to **KOSME** is an excellent example: After many challenging years, we have taken steps over the last several quarters that have put us well on our way to making the segment profitable for the long term. We also demonstrated great endurance with respect to our innovative Varioline packaging machine. Unveiled for the first time at the 2009 drinktec trade fair, the Varioline underwent a long introduction phase before becoming a top seller.

Brisk business doesn't happen on its own. We have to work hard every day to make our company even better. Competition remains stiff and a number of trouble spots continue to make economic developments extremely volatile and uncertain. We accept these challenges and will do everything we can to achieve our new, higher targets for 2015.



Volker Kronseder  
Chairman of the Executive Board

### KRONES share price advanced 16% in the first half of 2015

All in all, most of the world's stock markets moved upward in the first half of 2015. Share prices rallied sharply in the period from January to early April 2015, driven largely by many central banks' loose monetary policy. In Germany, share prices benefited primarily from the European Central Bank's decision to purchase €60 billion in bonds each month between March 2015 and September 2016. On this news, Germany's blue-chip index, the DAX, climbed to a new record high of around 12,400 points at the start of April 2015. That put the DAX up 25% over the end of 2014. But then investors lost their nerve and the resulting downtrend ate away some of the year's previous gains, in some cases considerably. The shift was triggered primarily by fears that the US Federal Reserve (Fed) would soon raise interest rates. The Greece crisis was another downward factor, particularly for European stock markets.

At the end of June, the DAX closed at 10,945 points, "only" 11.6% higher than it had opened the year. The Euro Stoxx 50 gained 8.8% overall in the first half of 2015. Driven by low interest rates, Asia's stock markets posted greater than average gains. Japan's Nikkei index picked up around 14% in the period from January to June. In contrast, the US stock markets' first-half performance was disappointing. The Dow Jones index lost around one percent as interest rate fears and a strong US dollar that narrowed many US exporters' margins pulled share prices on Wall Street downward.

KRONES share price from 1 January to 30 June 2015



*The MDAX and the KRONES share were neck and neck throughout the second quarter of 2015.*

### KRONES share outperforms MDAX

After gaining 29.4% in 2014, KRONES' share price continued to develop very well in the first six months of 2015. On 13 April, the share hit its all-time high of €103.20. Subsequent turbulences made it impossible to maintain these gains, but the share nevertheless closed the first half at €93.76 on 30 June, up 16.1% from the start of the year. Including the dividend of €1.25 per share, the share's performance actually comes to 17.6%. With that, KRONES outperformed Germany's MDAX mid-cap index, which posted a first-half gain of 15.9%. KRONES' strong business development and extensive investor relations activities contributed significantly to the share's performance.

#### Global economy on course for continued growth in 2015

Apart from individual crisis regions, the macroeconomic environment is good for 2015. In the July 2015 edition of its World Economic Outlook (WEO), the International Monetary Fund (IMF) projected 3.3% global economic growth. In April, the IMF was forecasting 3.5% growth. A number of factors prompted the new forecast: Unfavourable weather conditions, the strong US dollar, and a sharp decline in capital spending in the oil sector slowed the US economy in the first months of 2015 considerably. According to the IMF, the world's largest economy will grow its gross domestic product (GDP) by just 2.5% instead of 3.1% as previously projected.

Many other advanced economies will gather momentum only slowly. The IMF expects Japan to increase its GDP by only 0.8% in 2015 despite the country's extremely loose monetary policy. The economists are slightly more optimistic with respect to the eurozone, forecasting 1.5% year-on-year growth for the single currency area for 2015. The IMF expects Germany's GDP to grow by 1.6% in 2015.

Output growth in most emerging-market and developing economies will outpace global output growth. The IMF's individual GDP growth forecasts by country range from -3.4% for Russia to +7.5% for India. Momentum in China will slow but with expected GDP growth of 6.8%, the world's second-largest economy will contribute a significant portion of economic growth in the emerging and developing economies in 2015. In all, GDP in the emerging markets is likely to increase by 4.2%.

#### Food and packaging machinery is faring better than the industry as a whole

New orders in the German machinery sector were stagnant in the less volatile three-month comparison of the period from March through May 2015. Orders from abroad were up 1% year-on-year while domestic orders were down 2%. Output among German machinery and equipment manufacturers was down 1.4% year-on-year in the period from January to April 2015 and fell far short of expectations. That prompted the German Engineering Federation (VDMA) to revise its prediction for the year as a whole in July. The VDMA is now expecting output to be stagnant year-on-year instead of growing by 2% as previously forecast.

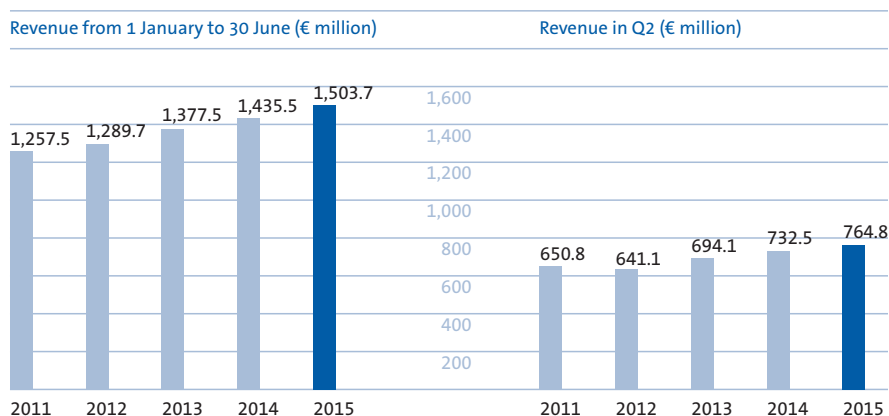
The organisation is more optimistic about the food and packaging machinery subsector, which is relevant for KRONES. Output here (based on contract value) is expected to increase by 5% in 2015.

*It's certainly not all sunshine and roses, but all in all, the general economic environment is good for 2015*

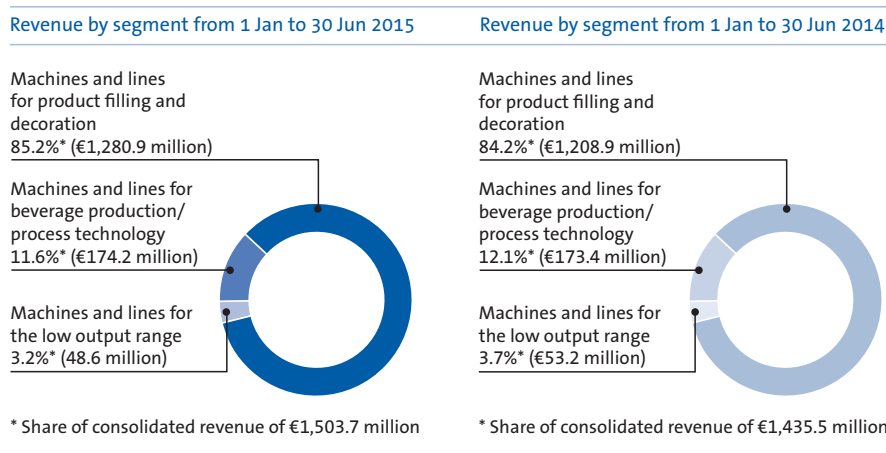
### KRONES increased revenue by 4.8% in the first half of 2015

KRONES has a very robust business model as a full-service provider for the beverage and packaging industry with a broad international base. The company continued its stable growth trend in the second quarter of 2015 despite the fact that the economic environment in many regions was slightly less favourable than in the first quarter. In the period from April to June 2015, KRONES' revenue increased 4.4% from €732.5 million in the year-earlier period to €764.8 million.

*In the first half, KRONES established a good basis for achieving its 4% growth target for 2015.*



In the first half of 2015, the company's revenue rose 4.8% from €1,435.5 million in the previous year to €1,503.7 million. Declines in revenue in economic trouble spots like Russia/CIS and parts of South America were offset by stronger-than-average growth in the Middle East/Africa, North and Central America, and Western Europe sales regions. Revenue from new machinery sales and from services were both up year-on-year in the first half 2015. The machines and lines for product filling and decoration segment achieved the highest percentage growth (+6.0%).





## Revenue by region

In Germany, the positive first-quarter trend continued in the second quarter of 2015. Revenue in Germany was up 11.9% year-on-year in the period from January to June 2015, to €148.1 million. Domestic revenue's share of consolidated revenue rose to 9.8% (previous year: 9.2%).

Business in Europe (excluding Germany) developed well overall in the reporting period. Declines in revenue in the Russia/CIS (–29.0%) and Eastern Europe (–8.6%) sales regions were offset by strong revenue growth in the rest of Europe. Revenue in the Western Europe sales region rose 20.2% year-on-year to €284.2 million in the first half. Revenue growth in Central Europe (Austria, Switzerland, and the Netherlands) was even stronger, 54.4% to €72.1 million. In all, revenue in Europe (excluding Germany) increased 12.3% year-on-year in the first half of 2015 to €446.7 million. The share of consolidated revenue expanded to 29.7% (previous year: 27.8%).

Business in the Middle East/Africa sales region picked up sharply in the period from January to June 2015. At €228.6 million, revenue was up 43.1% on the year-earlier period. These trends confirm our view that the weaker previous year was merely a factor of our customers' normal capital spending cycles and the long-term growth trend there is still intact. Business in China was stable in the first half of 2015. At €129.2 million, revenue was unchanged from the previous year. In the rest of the Asia-Pacific sales region, revenue was down 29.3% to €204.8 million. This development was to be expected because we had invoiced a number of large orders in the region in the first half of 2014.

In North and Central America, we are seeing increasing signs of a long-term uptrend in capital spending. Revenue was up 64.5% year-on-year in the period from January to June 2015, to €191.8 million. The situation in the South America/Mexico region is less gratifying. Brazil in particular is affected by macroeconomic challenges. KRONES' revenue in South America/Mexico was down 26.5% year-on-year in the first half of 2015, to €154.5 million. It should be borne in mind that the year-earlier figure was exceptionally high.

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

## KRONES Group revenue by region

| Share of consolidated revenue      | 30 June 2015   |              | 30 June 2014   |              | Change      |
|------------------------------------|----------------|--------------|----------------|--------------|-------------|
|                                    | € million      | %            | € million      | %            |             |
| Germany                            | 148.1          | 9.8          | 132.4          | 9.2          | +11.9       |
| Central Europe (excluding Germany) | 72.1           | 4.8          | 46.7           | 3.3          | +54.4       |
| Western Europe                     | 284.2          | 18.9         | 236.5          | 16.5         | +20.2       |
| Eastern Europe                     | 40.3           | 2.7          | 44.1           | 3.1          | –8.6        |
| Russia, Central Asia (CIS)         | 50.1           | 3.3          | 70.6           | 4.9          | –29.0       |
| Middle East/Africa                 | 228.6          | 15.2         | 159.8          | 11.1         | +43.1       |
| Asia-Pacific                       | 204.8          | 13.6         | 289.5          | 20.2         | –29.3       |
| China                              | 129.2          | 8.6          | 129.2          | 9.0          | ±0.0        |
| South America/Mexico               | 154.5          | 10.3         | 210.1          | 14.6         | –26.5       |
| North and Central America          | 191.8          | 12.8         | 116.6          | 8.1          | +64.5       |
| <b>Total</b>                       | <b>1,503.7</b> | <b>100.0</b> | <b>1,435.5</b> | <b>100.0</b> | <b>+4.8</b> |

*All told, KRONES generated 53.7% of consolidated revenue in the emerging markets in the reporting period (previous year: 62.9%). KRONES' revenue is well balanced internationally, which allows us to effectively offset temporary fluctuations in individual regions.*

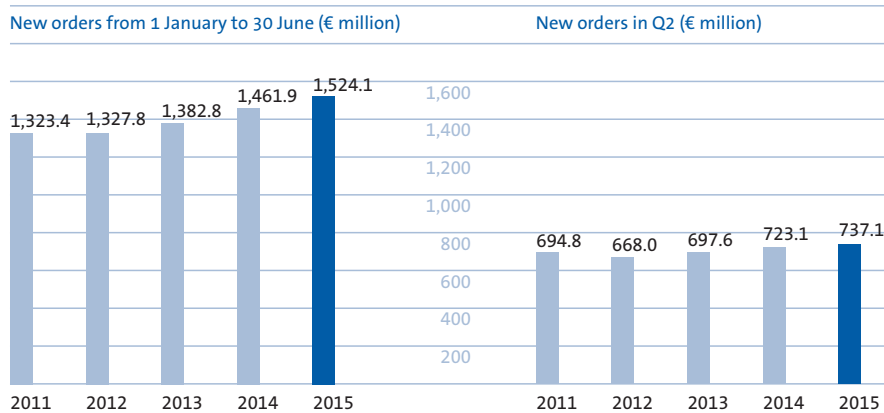


### Increasing demand for KRONES products and services

Capital spending among our customers was satisfactory in the first half of 2015. New orders for January through June were up 4.3% year-on-year to €1,524.1 million. The increase in new orders was across large segments of our portfolio of products and services. In regional terms, new orders developed more or less as expected. Demand in the Western Europe, North and Central America, and Middle East/Africa sales regions increased more than average. As expected, the biggest year-on-year decline in new orders came in the Russia/CIS sales region in the wake of the Ukraine crisis.

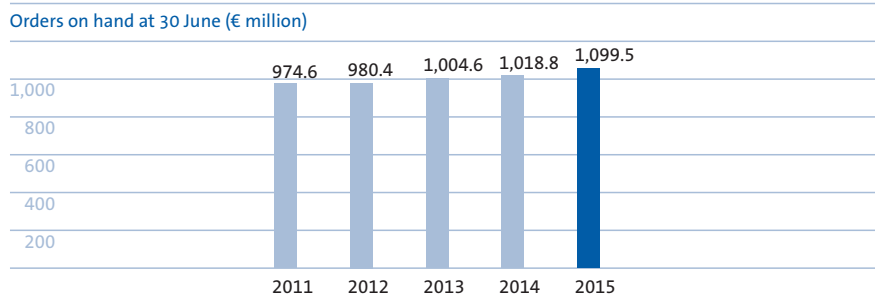
*New orders continued to grow in the first six months of 2015 and were up 4.3% over the year-earlier period.*

In all, new orders were up 1.9% in the second quarter of 2015 from €723.1 million in the year-earlier period to €737.1 million. For the year 2015 as a whole, we expect new orders growth to be in the 4% range.



### Large orders backlog increases planning security

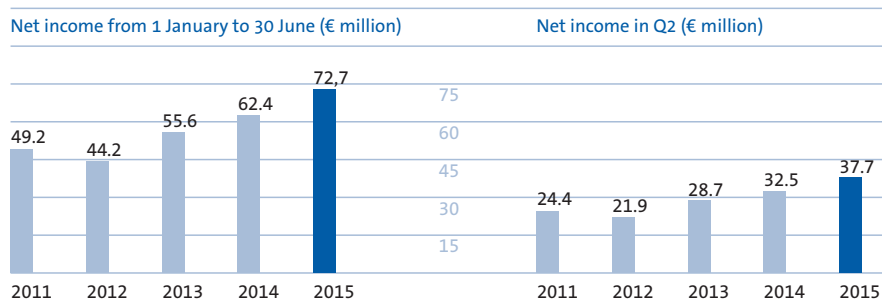
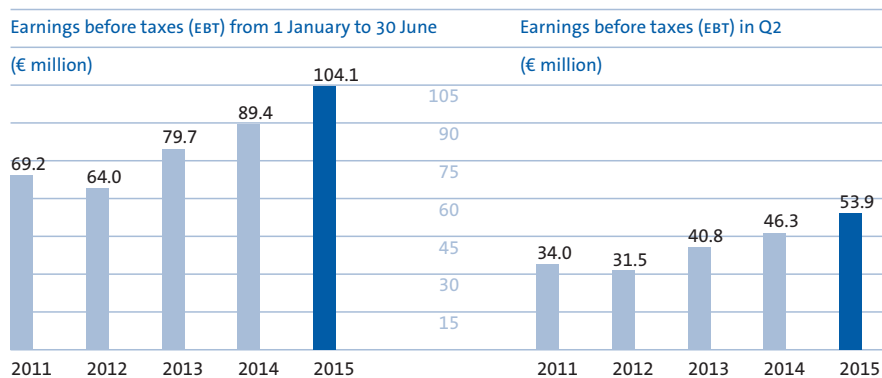
At the end of June 2015, KRONES had orders on hand totalling €1,099.5 million. That is up 7.9% year-on-year. The substantial orders backlog increases our planning security and will ensure balanced capacity utilisation over the months ahead.



## Profitability improved more than expected

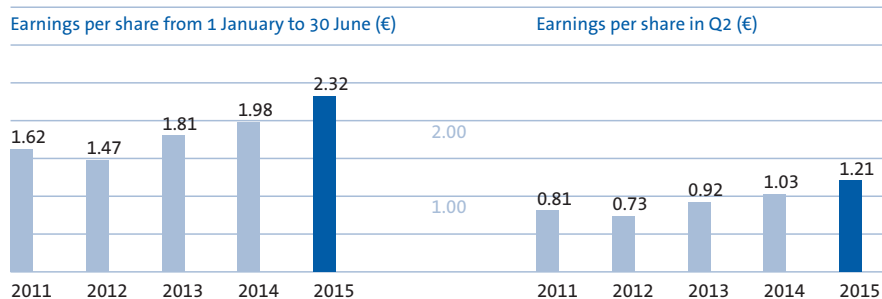
KRONES continued to implement the Value strategy programme in the first half of 2015, aiming to make the company even more efficient. Value activities in the reporting period include expanding local structures and making our machines and lines increasingly modular. These measures contributed to a positive earnings trend. Earnings before taxes (EBT) rose 16.4% year-on-year in the first six months of 2015, from €89.4 million to €104.1 million. The EBT margin, the ratio of earnings before taxes to revenue, improved from 6.2% to 6.9%.

*The Value programme is paying off. KRONES increased earnings before taxes by 16.4% year-on-year in the first half of 2015.*



*At €37.7 million after taxes, net income for the period from April to June 2015 was up 16.0% year-on-year.*

Net income improved 16.5% year-on-year in the first six months of 2015 to €72.7 million. Earnings per share rose from €1.98 to €2.32. With EBT at €53.9 million (previous year: €46.3 million), KRONES generated an EBT margin of 7.0% for the second quarter of 2015 (previous year: 6.3%). With that, profitability improved more in the period from April to June than we had expected. Thus, we are raising our EBT margin forecast for the year 2015 as a whole from 6.8% to 7.0%. Earnings per share for the second quarter came to €1.21 (previous year: €1.03).



## KRONES Group earnings structure

|   | 2015<br>1 Jan–30 Jun | 2014<br>1 Jan–30 Jun | Change         |
|---|----------------------|----------------------|----------------|
| <b>Revenue</b>  | <b>1,503.7</b>       | <b>1,435.5</b>       | <b>+ 4.8%</b>  |
| Changes in inventories of finished goods and work in progress | 24.5                 | – 32.7               |                |
| <b>Total operating performance</b>                            | <b>1,528.2</b>       | <b>1,402.8</b>       | <b>+ 8.9%</b>  |
| Goods and services purchased                                  | –725.5               | –671.2               | + 8.1%         |
| Personnel expenses  | –468.9               | –434.0               | + 8.0%         |
| Other operating income (expenses) and own work capitalised    | –189.7               | –169.8               | + 11.7%        |
| EBITDA  | 144.1                | 127.8                | + 12.8%        |
| Depreciation and amortisation on non-current assets           | –42.9                | –41.7                | + 2.9%         |
| <b>EBIT</b>   | <b>101.2</b>         | <b>86.1</b>          | <b>+ 17.5%</b> |
| Financial income  | 2.9                  | 3.3                  | –12.1%         |
| <b>EBT</b>  | <b>104.1</b>         | <b>89.4</b>          | <b>+ 16.4%</b> |
| Income tax  | –31.4                | –27.0                | + 16.3%        |
| <b>Consolidated net income</b>                                | <b>72.7</b>          | <b>62.4</b>          | <b>+ 16.5%</b> |

In the period from January to June 2015, KRONES grew revenue 4.8% to €1,503.7 million. Due to the increase in inventories of finished goods and work in progress, total operating performance improved by 8.9% to €1,528.2 million in the first half of 2015. Overall, KRONES once again improved profitability in the reporting period.

The critical factor driving this improvement was our successful implementation of measures under Value, as a result of which two major expense items, “goods and services purchased” and “personnel expenses”, grew less than total operating performance. Goods and services purchased increased by “only” 8.1% to €725.5 million. The ratio of goods and services purchased to total operating performance decreased in the period from January to June 2015 from 47.9% in the year-earlier period to 47.5%.

At 8.0% the increase in personnel expenses in the reporting period (to €468.9 million) was also less than the increase in total operating performance. As a result, the ratio of personnel expenses to total operating performance dropped from 30.9% in the year-earlier period to 30.7%.

The net of other operating income and expenses and own work capitalised increased by 11.7% to –€189.7 million (previous year: –€169.8 million). In contrast, depreciation and amortisation of fixed assets increased only slightly, by 2.9%, to €42.9 million (previous year: €41.7 million).

Earnings before interest and taxes (EBIT) amount to €101.2 million (17.5%). The positive financial result of €2.9 million (previous year: €3.3 million) pushed earnings before taxes (EBT) up 16.4% to €104.1 million. As a result, earnings performance, as measured by our EBT margin, improved from 6.2% in the previous year to 6.9% in the first half of 2015. Consolidated net income was up 16.5% to €72.7 million.

*Successful actions taken under Value brought expenditures for personnel and goods and services purchased down in relation to total operating performance, thus significantly improving KRONES' profitability.*

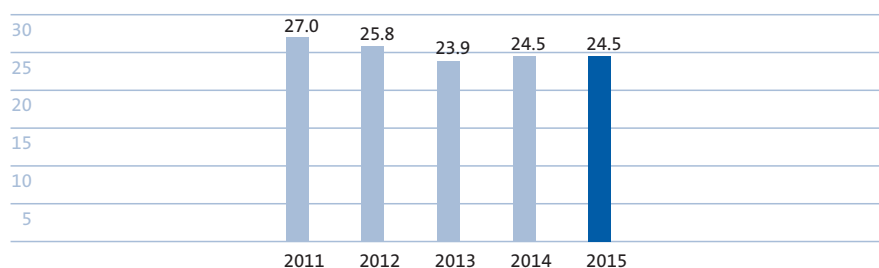
## KRONES Group cash flow

| € million   | 2015         | 2014         | Change |
|---|--------------|--------------|--------|
|   | 1 Jan–30 Jun | 1 Jan–30 Jun |        |
| <b>Earnings before taxes</b>  | <b>104.1</b> | 89.4         | +14.7  |
| Non-cash expenses and income  | +53.2        | +101.8       | –48.6  |
| Changes in working capital  | –112.8       | –157.9       | +45.1  |
| Other (primarily income taxes)  | –21.1        | –20.8        | –0.3   |
| <b>Cash flow from operating activities</b>                                  | <b>+23.4</b> | +12.5        | +10.9  |
| Capital expenditure for intangible assets and property, plant and equipment | –30.2        | –29.1        | –1.1   |
| Other   | –15.2        | –3.0         | –12.2  |
| <b>Free cash flow</b>   | <b>–22.0</b> | –19.6        | –2.4   |
| Cash flow from financing activities   | –39.5        | –63.2        | +23.7  |
| Change in cash and cash equivalents arising from exchange rates             | ±0           | +0.1         | –0.1   |
| <b>Net change in cash and cash equivalents</b>                              | <b>–61.5</b> | –82.7        | +21.2  |
| <b>Cash and cash equivalents at the end of the period</b>                   | <b>274.9</b> | 157.2        | +117.7 |

In the first half of 2015, KRONES increased its cash flow from operating activities from €12.5 million in the year-earlier period to €23.4 million. Higher earnings before taxes were the primary force driving this improvement. Although the increase in working capital (€112.8 million) was less in the reporting period than it had been in the year-earlier period (€157.9 million), the net of non-cash expenses and income decreased by a similar amount to +€53.2 million (previous year: +€101.8 million). The ratio of average working capital for the past 12 months to sales revenue was unchanged year-on-year at 24.5%.

*Average working capital for the past four quarters to revenue came to 24.5%.*

KRONES Group working capital to sales from 1 January to 30 June (%) (LTM)

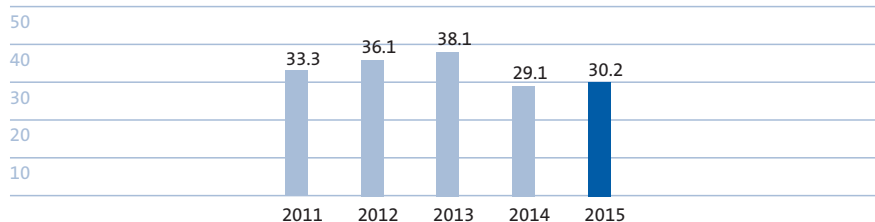


KRONES invested €30.2 million in intangible assets and property, plant and equipment during the reporting period (previous year: €29.1 million). KRONES' free cash flow – that is, net cash generated from operating activities – decreased to –€22.0 million in the period from January to June 2015 (previous year: –€19.6 million) due in part to a number of smaller acquisitions. In our business, it is not unusual for free cash flow to be negative at various points throughout the year. In the period from 1 April to 30 June, KRONES generated free cash flow of +€34.2 million, which is up considerably on the year-earlier period (+€20.6 million).

*Free cash flow was down slightly in the first half of 2015 because the company made several smaller-scale acquisitions.*

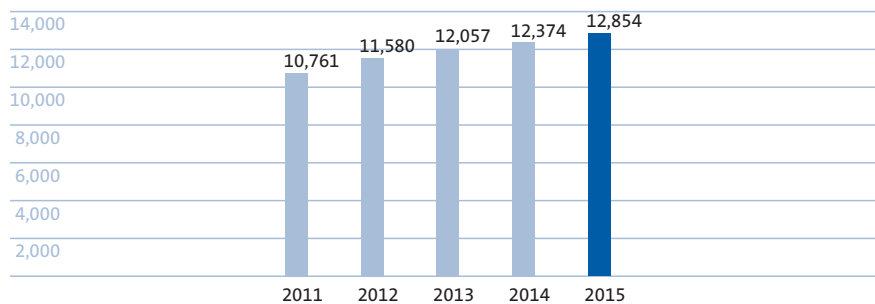
Total cash flow from financing activities improved to –€39.5 million, from –€63.2 million in the year-earlier period. This item includes only the dividend payout to shareholders for both periods. However, the previous year’s payout was considerably higher due to the additional “special dividend”. All told, KRONES had cash and cash equivalents totalling €274.9 million at 30 June 2015 (previous year: €157.2 million).

Capital expenditure for PP&E and intangible assets from 1 January to 30 June (€ million)



## Employees

KRONES employees worldwide at 30 June



### KRONES workforce grows to 12,854

KRONES’ workforce grew by 230 employees in the first two quarters of 2015. We employed 12,854 people worldwide at the end of June (previous year: 12,374). The workforce in Germany grew from 9,094 in the previous year to 9,458 as a result of several acquisitions and startups. Although we had to eliminate around 100 jobs at KOSME Italy in 2014 as part of capacity adjustments there, the total number of employees abroad was up by 116 year-on-year at the end of June 2015, to 3,396.

*Expanding our international workforce remains one of our strategic goals.*

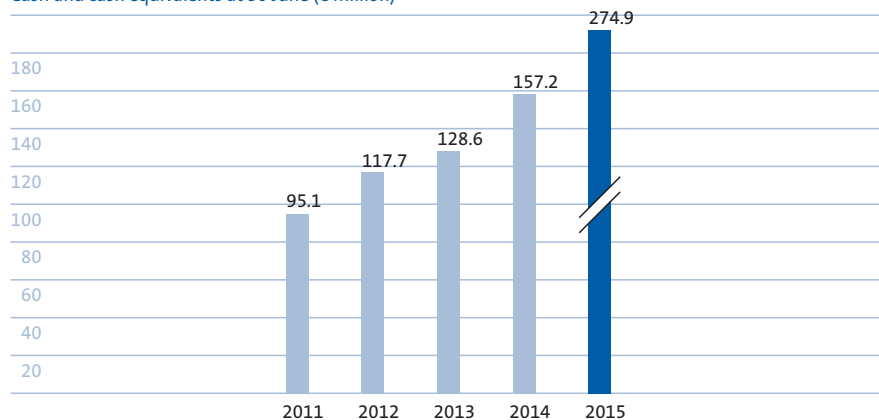
## KRONES Group asset and capital structure

| € million                     | 30 Jun 2015  | 31 Dec 2014  | 31 Dec 2013  | 31 Dec 2012  |
|-------------------------------|--------------|--------------|--------------|--------------|
| Non-current assets            | 677          | 672          | 642          | 625          |
| of which fixed assets         | 626          | 624          | 605          | 587          |
| Current assets                | 1,827        | 1,755        | 1,596        | 1,445        |
| of which cash and equivalents | 275          | 336          | 240          | 133          |
| Equity                        | 1,029        | 988          | 954          | 798          |
| Total debt                    | 1,475        | 1,439        | 1,284        | 1,272        |
| Non-current liabilities       | 274          | 275          | 213          | 193          |
| Current liabilities           | 1,201        | 1,164        | 1,071        | 1,079        |
| <b>Total</b>                  | <b>2,504</b> | <b>2,427</b> | <b>2,238</b> | <b>2,070</b> |

At 30 June 2015, KRONES had increased its total assets by 3.1% over 31 December 2014 to €2,503.6 million on higher business volume. The increase resulted from higher working capital, primarily from the accumulation of receivables and inventories as a factor of the reporting date.

Non-current assets were virtually unchanged in the first half. At 30 June 2015, KRONES had non-current assets totalling €677.0 million (31 December 2014: €672.0 million). Property, plant and equipment, intangible assets, and non-current financial assets (referred to collectively as “fixed assets” in this report) were nearly flat at €625.6 million (31 December 2014: €624.2 million). While property, plant and equipment were down slightly to €469.1 million (31 December 2014: €479.2 million), intangible assets, consisting primarily of development costs that must be capitalised, were up to €153.4 million at 30 June (31 December 2014: €143.3 million).

Cash and cash equivalents at 30 June (€ million)



Current assets amounted to €1,826.6 million at the end of the reporting period, which is 4.1% more than at 31 December 2014. The change was due to a €31.4 million increase in inventories and a €47.3 million increase in trade receivables to €739.0 million. Cash and cash equivalents decreased slightly, from €336.4 million to €274.9 million during the reporting period because free cash flow was negative and the dividend payout was made in June.

*KRONES accumulated inventories and receivables in the first half of 2015. As a result, cash and cash equivalents were down at mid-year. However, they were still at a very comfortable €274.9 million.*

KRONES' non-current liabilities, consisting largely of provisions for pensions and other personnel provisions, decreased slightly to €273.6 million at 30 June 2015 (31 December 2014: €274.9 million). The company had no non-current bank debt at 30 June 2015.

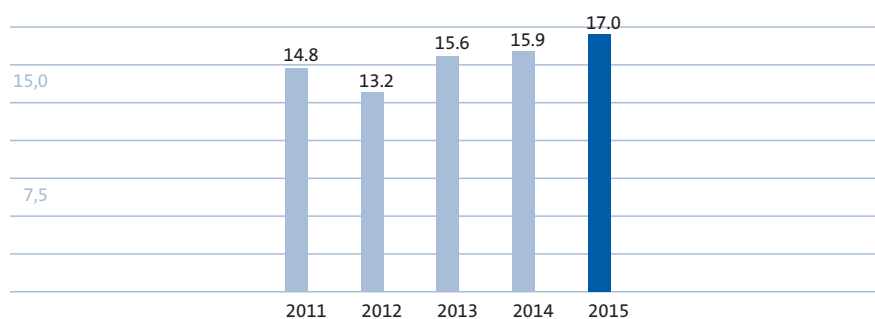
Current liabilities were up by €36.9 million over the end of the year 2014, to €1,201.0 million. The increase was due primarily to higher advances received. At 30 June 2015, KRONES had no current bank debt.

Our positive half-year earnings pushed equity up over the billion-euro mark. Equity improved from €988.5 million at the reporting date for 2014 to €1,029.0 million. As a result, our equity ratio was 41.1% at 30 June (31 December 2014: 40.7%). With net cash and cash equivalents (cash and cash equivalents less bank debt) of €274.9 million, KRONES still has an extremely robust financial and capital structure.

### ROCE climbs from 15.9% to 17.0%

KRONES improved its return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, to 17.0% in the first half of 2015 (previous year: 15.9%). The dramatic improvement in EBIT was primarily responsible for the change. This puts us on track to achieve our ROCE target of 17% for the year 2015 as a whole.

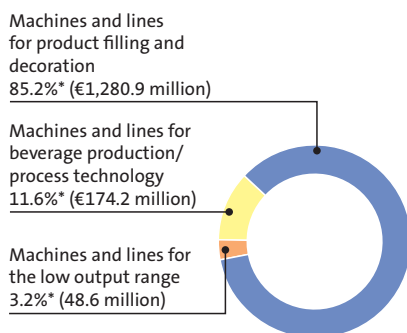
KRONES Group ROCE from 1 January to 30 June (%)



*We are on track to achieve our ROCE target of 17% for the year 2015 as a whole.*

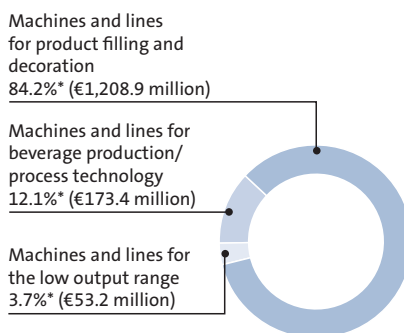


## Revenue by segment from 1 Jan to 30 Jun 2015



\* Share of consolidated revenue of €1,503.7 million

## Revenue by segment from 1 Jan to 30 Jun 2014



\* Share of consolidated revenue of €1,435.5 million

## Segment revenue

After posting strong growth in the first quarter (revenue: +12.8%), business in our core segment, machines and lines for product filling and decoration, normalised in the second quarter of 2015 as expected. All in all, we are satisfied with the level of demand for our high-performance machines and lines for filling and packaging beverages and food products in the first half. In the period from January to June 2015, revenue increased 6.0% year-on-year to €1,280.9 million. The segment's contribution to consolidated revenue rose to 85.2% in the first half of 2015 (previous year: 84.2%).

The machines and lines for beverage production/process technology segment was able to fully recoup its considerable revenue deficit (33.2%) from the first quarter in the second quarter of 2015. At €174.2 million, revenue in the first six months of 2015 was up 0.5% on the previous year's figure of €173.4 million. These figures once again demonstrate that process technology revenue can fluctuate sharply from one quarter to another because of invoice timing and the long-term nature of such projects. The segment contributed 11.6% of consolidated revenue (previous year: 12.1%) in the first half.

Revenue in KRONES' smallest segment, machines and lines for the low output range, was down 8.6% year-on-year in the first half of 2015 to €48.6 million. One reason for the decrease in business volume is that we streamlined KOSME Italy's portfolio in the second half of 2014 and discontinued the subsidiary's packing and palletising operations. The smallest segment's share of consolidated revenue shrank to 3.2% (previous year: 3.7%).

*KRONES' core segment grew by 6% in the first half of 2015.*

## Segment earnings

Good capacity utilisation and our accomplishments under the Value strategy programme yielded a substantial improvement in earnings in the company's largest segment, machines and lines for product filling and decoration, in the first half of 2015. Earnings before taxes (EBT) rose 12.3% year-on-year, from €87.6 million to €98.4 million. The EBT margin, the ratio of segment earnings before taxes to segment revenue, increased from 7.2% to 7.7%.

*Earnings improved considerably in all three of KRONES' segments in the first half of 2015.*

The relatively high business volume in the second quarter of 2015 had a positive impact on earnings in the machines and lines for beverage production/process technology segment. The segment generated €3.6 million in earnings before taxes (EBT) in the first half of 2015 (previous year: €2.3 million). The EBT margin widened from 1.3% to 2.1%.

Earnings development in the machines and lines for the low output range segment was encouraging in the reporting period. Earnings before taxes (EBT) improved from -€0.5 million in the previous year to +€2.1 million in the first six months of 2015. The successful restructuring of KOSME Italy was a major factor in the turnaround. The company's smallest segment achieved an EBT margin of 4.3% in the first half of 2015 (previous year: -1.0%).

| Product filling and decoration |           | 2015         | 2014         |
|--------------------------------|-----------|--------------|--------------|
|                                |           | 1 Jan–30 Jun | 1 Jan–30 Jun |
| EBT                            | € million | 98.4         | 87.6         |
| EBT margin                     | in %      | 7.7          | 7.2          |

| Beverage production/process technology |           | 2015         | 2014         |
|--|-----------|--------------|--------------|
|  |           | 1 Jan–30 Jun | 1 Jan–30 Jun |
| EBT                                    | € million | 3.6          | 2.3          |
| EBT margin                             | in %      | 2.1          | 1.3          |

| Low output range |           | 2015         | 2014         |
|------------------|-----------|--------------|--------------|
|                  |           | 1 Jan–30 Jun | 1 Jan–30 Jun |
| EBT              | € million | 2.1          | -0.5         |
| EBT margin       | in %      | 4.3          | -1.0         |

## KRONES' risk management system

We continuously monitor all significant business processes to identify risks early and to actively manage and limit them. Within our corporate strategy, we also identify, analyse, and unlock opportunities. However, unlike risks, business opportunities are not documented within our 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. Material project-related risks are reduced or avoided before an order is accepted. For orders that exceed a specified volume, we 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.

We conduct a comprehensive risk inventory once each year for KRONES AG and all significant group companies. The results of the risk inventory and mitigating actions are used in our annual planning.

### 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 and of the status of mitigating actions in a timely manner.

### Risk planning and control

We use the following tools to plan our business activities and control risk within our internal 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
- 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 on pages 106 through 117 of our 2014 Annual Report. In the period from 1 January to 30 June 2015, there were no material changes with respect to the statements made in the annual report regarding the company's key risks.

## KRONES remains optimistic about business development in 2015

Despite the many political and economic uncertainties, KRONES is optimistic about the business outlook for 2015. The markets in which KRONES operates offer good prospects for growth. We expect business to pick up in the established markets, particularly in North America. Revenue in Europe should also develop well overall. If the political situation with respect to the Russia-Ukraine conflict does not escalate further, we expect the downtrend in this region to be balanced out at the group level this year.

## All three segments to grow profitably

KRONES still expects only little support from prices in 2015. Therefore, reducing costs, launching new products and services, and further improving quality remain important topics under our Value programme for all three segments for the second half of 2015, so that we can grow profitably.

In our core segment, which covers bottling and packaging equipment, we are expanding our international service structures and LCS Centres. KRONES intends to capitalise on its strong market position, particularly in the emerging markets. KRONES is forecasting revenue growth of around 4% for its core segment in 2015, after the segment outperformed the company as a whole in terms of growth last year. Profitability is also expected to improve further towards our EBT margin target of 8%.

In the process technology segment, we will increase local value creation and further expand local structures in the regions this year. In addition, we will substantially expand the important area of internal logistics under Syskron Holding. We expect earnings in the process technology segment to move into positive territory in 2015 with revenue growth of around 7%. We will implement additional structural measures in process technology this year in order to reach our medium-term margin target of 4%.

In the machines and lines for the low output range segment, the restructuring of our Roverbella, Italy, site should begin to take hold in 2015. The results for the first half of the year confirm that this is the case. The segment is expected to generate a profit margin (EBT margin) of 4% to 5% on stable revenue and lower costs.

## EBT margin forecast for 2015 as a whole raised to 7.0 percent

Based on the current forecasts for global economic growth and developments on the markets relevant to KRONES, we expect consolidated revenue to grow by 4% in 2015. Because profitability exceeded our expectations in the first half of 2015 and the market outlook is positive overall, we are raising our EBT margin forecast for the year 2015 as a whole from 6.8% to 7.0%. Thus, we hope to achieve the medium-term target of 7%, which we had set when launching the Value programme, in 2015. We want to increase our third strategy target, ROCE, to 17% this year.

*KRONES is on track to achieve its financial performance targets for 2015.*

|                | Forecast for 2015 | Actual value H1 2015 |
|----------------|-------------------|----------------------|
| Revenue growth | + 4%              | + 4.8%               |
| EBT margin     | (old: 6.8%) 7.0%  | 6.9%                 |
| ROCE           | 17%               | 17%                  |





| € million   | 2015<br>1 January –<br>30 June | 2014<br>1 January –<br>30 June | Change<br>%   |
|---|--------------------------------|--------------------------------|---------------|
| <b>Revenue</b>  | <b>1,503.7</b>                 | <b>1,435.5</b>                 | <b>+ 4.8</b>  |
| Changes in inventories of finished goods and work in progress | 24.5                           | –32.7                          |               |
| <b>Total operating performance</b>                            | <b>1,528.2</b>                 | <b>1,402.8</b>                 | <b>+ 8.9</b>  |
| Goods and services purchased                                  | –725.5                         | –671.2                         | + 8.1         |
| Personnel expenses  | –468.9                         | –434.0                         | + 8.0         |
| Other operating income/expenses and own work capitalised      | –189.7                         | –169.8                         | + 11.7        |
| Depreciation and amortisation on fixed assets                 | –42.9                          | –41.7                          | + 2.9         |
| <b>EBIT</b>   | <b>101.2</b>                   | <b>86.1</b>                    | <b>+ 17.5</b> |
| Financial income/expense                                      | 2.9                            | 3.3                            |               |
| <b>Earnings before taxes</b>                                  | <b>104.1</b>                   | <b>89.4</b>                    | <b>+ 16.4</b> |
| Income tax  | –31.4                          | –27.0                          | + 16.3        |
| <b>Consolidated net income</b>                                | <b>72.7</b>                    | <b>62.4</b>                    | <b>+ 16.5</b> |
| Profit share of non-controlling interests                     | –0.5                           | 0.0                            |               |
| Profit share of KRONES Group shareholders                     | 73.2                           | 62.4                           |               |
| Earnings per share (diluted/basic) in €                       | 2.32                           | 1.98                           |               |

|   | 2015<br>1 April –<br>30 June | 2014<br>1 April –<br>30 June | Change<br>%   |
|---|------------------------------|------------------------------|---------------|
| <b>Revenue</b>  | <b>764.8</b>                 | <b>732.5</b>                 | <b>+ 4.4</b>  |
| Changes in inventories of finished goods and work in progress | –28.6                        | –19.1                        |               |
| <b>Total operating performance</b>                            | <b>736.2</b>                 | <b>713.4</b>                 | <b>+ 3.2</b>  |
| Goods and services purchased                                  | –340.2                       | –340.3                       | ± 0.0         |
| Personnel expenses  | –236.7                       | –214.0                       | + 10.6        |
| Other operating income/expenses and own work capitalised      | –85.7                        | –94.4                        | –9.2          |
| Depreciation and amortisation on fixed assets                 | –21.6                        | –20.8                        | + 3.8         |
| <b>EBIT</b>   | <b>52.0</b>                  | <b>43.9</b>                  | <b>+ 18.5</b> |
| Financial income/expense                                      | 1.9                          | 2.4                          |               |
| <b>Earnings before taxes</b>                                  | <b>53.9</b>                  | <b>46.3</b>                  | <b>+ 16.4</b> |
| Income tax  | –16.2                        | –13.8                        | + 17.4        |
| <b>Consolidated net income</b>                                | <b>37.7</b>                  | <b>32.5</b>                  | <b>+ 16.0</b> |
| Profit share of non-controlling interests                     | –0.3                         | 0.0                          |               |
| Profit share of KRONES Group shareholders                     | 38.0                         | 32.5                         |               |
| Earnings per share (diluted/basic) in €                       | 1.21                         | 1.03                         |               |

## Statement of financial position

| Assets<br>€ million            | 30 June 2015 |                | 31 December 2014 |                |
|--------------------------------|--------------|----------------|------------------|----------------|
| Intangible assets              | 153.4        |                | 143.3            |                |
| Property, plant and equipment  | 469.1        |                | 479.2            |                |
| Non-current financial assets   | 3.1          |                | 1.7              |                |
| <b>Fixed assets</b>            | <b>625.6</b> |                | <b>624.2</b>     |                |
| Deferred tax assets            | 22.2         |                | 22.3             |                |
| Trade receivables              | 23.6         |                | 20.0             |                |
| Income tax receivables         | 3.3          |                | 3.4              |                |
| Other assets                   | 2.3          |                | 2.1              |                |
| <b>Non-current assets</b>      |              | <b>677.0</b>   |                  | <b>672.0</b>   |
| Inventories                    | 681.4        |                | 650.0            |                |
| Trade receivables              | 739.0        |                | 691.7            |                |
| Current income tax receivables | 2.8          |                | 3.8              |                |
| Other assets                   | 128.5        |                | 73.6             |                |
| Cash and cash equivalents      | 274.9        |                | 336.4            |                |
| <b>Current assets</b>          |              | <b>1,826.6</b> |                  | <b>1,755.5</b> |
| <b>Total</b>                   |              | <b>2,503.6</b> |                  | <b>2,427.5</b> |



| <b>Equity and liabilities</b><br>€ million | 30 June 2015 |                | 31 December 2014 |                |
|--|--------------|----------------|------------------|----------------|
| <b>Equity</b>                              |              | <b>1,029.0</b> |                  | <b>988.5</b>   |
| Provisions for pensions                    | 211.9        |                | 211.3            |                |
| Deferred tax liabilities                   | 2.7          |                | 2.5              |                |
| Other provisions                           | 50.0         |                | 49.8             |                |
| Liabilities to banks                       | 0.0          |                | 0.0              |                |
| Other financial liabilities                | 8.1          |                | 9.7              |                |
| Other liabilities                          | 0.9          |                | 1.6              |                |
| <b>Non-current liabilities</b>             |              | <b>273.6</b>   |                  | <b>274.9</b>   |
| Other provisions                           | 147.6        |                | 162.8            |                |
| Provisions for taxes                       | 26.1         |                | 14.7             |                |
| Liabilities to banks                       | 0.0          |                | 0.0              |                |
| Advances received                          | 539.5        |                | 493.7            |                |
| Trade payables                             | 169.1        |                | 214.9            |                |
| Current tax liabilities                    | 0.5          |                | 6.5              |                |
| Other financial liabilities                | 11.4         |                | 12.0             |                |
| Other liabilities and accruals             | 306.8        |                | 259.5            |                |
|  |              |                |                  |                |
|  |              |                |                  |                |
|  |              |                |                  |                |
|  |              |                |                  |                |
| <b>Current liabilities</b>                 |              | <b>1,201.0</b> |                  | <b>1,164.1</b> |
|  |              |                |                  |                |
| <b>Total</b>                               |              | <b>2,503.6</b> |                  | <b>2,427.5</b> |

## Statement of cash flows

| € million  | 2015<br>1 January–<br>30 June | 2014<br>1 January–<br>30 June |
|--|-------------------------------|-------------------------------|
| Earnings before taxes  | 104.1                         | 89.4                          |
| Depreciation and amortisation (reversals)  | 42.9                          | 41.7                          |
| Increase in provisions   | 12.9                          | 60.8                          |
| Deferred tax item changes recognised in profit or loss   | 0.1                           | 1.8                           |
| Interest expenses and interest income  | -1.8                          | -2.2                          |
| Proceeds and losses from the disposal of fixed assets  | 0.0                           | 0.1                           |
| Other non-cash expenses and income   | -0.9                          | -0.4                          |
| Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities               | -119.1                        | -104.1                        |
| Increase (previous year: decrease) in trade payables and other liabilities not attributable to investing or financing activities | 6.3                           | -53.8                         |
| <b>Cash generated from operating activities</b>  | <b>44.5</b>                   | <b>33.3</b>                   |
| Interest paid  | -0.2                          | -0.5                          |
| Income tax paid and refunds received   | -20.9                         | -20.3                         |
| <b>Cash flow from operating activities</b>   | <b>23.4</b>                   | <b>12.5</b>                   |
| Cash payments to acquire intangible assets   | -16.4                         | -16.0                         |
| Cash payments to acquire property, plant and equipment   | -13.8                         | -13.1                         |
| Proceeds from the disposal of property, plant and equipment  | 0.4                           | 1.3                           |
| Cash payments to acquire non-current financial assets  | 0.0                           | -0.3                          |
| Proceeds from the disposal of non-current financial assets   | 0.2                           | 0.0                           |
| Cash payments to acquire shares in affiliated companies  | -18.3                         | -6.3                          |
| Interest received  | 1.4                           | 1.3                           |
| Dividends received   | 1.1                           | 1.0                           |
| <b>Cash flow from investing activities</b>   | <b>-45.4</b>                  | <b>-32.1</b>                  |
| Cash payments to company owners  | -39.5                         | -63.2                         |
| <b>Cash flow from financing activities</b>   | <b>-39.5</b>                  | <b>-63.2</b>                  |
| <b>Net change in cash and cash equivalents</b>   | <b>-61.5</b>                  | <b>-82.8</b>                  |
| Change in cash and cash equivalents arising from exchange rates  | 0.0                           | 0.1                           |
| Cash and cash equivalents at the beginning of the period   | 336.4                         | 239.9                         |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>274.9</b>                  | <b>157.2</b>                  |

| € 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                    |                |
| <b>At 31 December 2013</b>                | <b>40.0</b>    | <b>141.7</b>     | <b>364.2</b>    | <b>-11.5</b>                   | <b>-39.3</b>   | <b>459.1</b>            | <b>954.2</b>   | <b>0.0</b>                | <b>954.2</b>   |
| Dividend payment (€2.00 per share)        |                |                  |                 |                                |                | -63.2                   | -63.2          |                           | -63.2          |
| Consolidated net income H1 2014           |                |                  |                 |                                |                | 62.4                    | 62.4           | 0.0                       | 62.4           |
| Currency differences                      |                |                  |                 | -8.1                           |                |                         | -8.1           |                           | -8.1           |
| Actuarial gains (losses) on pension plans |                |                  |                 |                                | -0.3           |                         | -0.3           |                           | -0.3           |
| Hedge accounting                          |                |                  |                 |                                | 0.2            |                         | 0.2            |                           | 0.2            |
| <b>At 30 June 2014</b>                    | <b>40.0</b>    | <b>141.7</b>     | <b>364.2</b>    | <b>-19.6</b>                   | <b>-39.4</b>   | <b>458.3</b>            | <b>945.2</b>   | <b>0.0</b>                | <b>945.2</b>   |
| Consolidated net income H2 2014           |                |                  |                 |                                |                | 73.5                    | 73.5           | -0.2                      | 73.3           |
| Allocation to profit reserves             |                |                  | 0.0             |                                |                | 0.0                     | 0.0            |                           | 0.0            |
| Changes in the consolidated group         |                |                  |                 |                                |                |                         | 0.0            | 1.0                       | 1.0            |
| Currency differences                      |                |                  |                 | 19.1                           |                |                         | 19.1           |                           | 19.1           |
| Actuarial gains (losses) on pension plans |                |                  |                 |                                | -45.6          |                         | -45.6          |                           | -45.6          |
| Hedge accounting                          |                |                  |                 |                                | -4.5           |                         | -4.5           |                           | -4.5           |
| <b>At 31 December 2014</b>                | <b>40.0</b>    | <b>141.7</b>     | <b>364.2</b>    | <b>-0.5</b>                    | <b>-89.5</b>   | <b>531.8</b>            | <b>987.7</b>   | <b>0.8</b>                | <b>988.5</b>   |
| Dividend payment (€1.25 per share)        |                |                  |                 |                                |                | -39.5                   | -39.5          |                           | -39.5          |
| Consolidated net income H1 2015           |                |                  |                 |                                |                | 73.2                    | 73.2           | -0.5                      | 72.7           |
| Currency differences                      |                |                  |                 | 7.5                            |                |                         | 7.5            |                           | 7.5            |
| Actuarial gains (losses) on pension plans |                |                  |                 |                                | 0.2            |                         | 0.2            |                           | 0.2            |
| Hedge accounting                          |                |                  |                 |                                | -0.4           |                         | -0.4           |                           | -0.4           |
| <b>At 30 June 2015</b>                    | <b>40.0</b>    | <b>141.7</b>     | <b>364.2</b>    | <b>7.0</b>                     | <b>-89.7</b>   | <b>565.5</b>            | <b>1,028.7</b> | <b>0.3</b>                | <b>1,029.0</b> |

## Statement of comprehensive income

| € million   | 2015<br>1 January –<br>30 June | 2014<br>1 January –<br>30 June |
|---|--------------------------------|--------------------------------|
| <b>Consolidated net income</b>  | <b>72.7</b>                    | <b>62.4</b>                    |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |                                |                                |
| Actuarial gains and losses on pensions and similar obligations            | 0.2                            | –0.3                           |
|   | 0.2                            | –0.3                           |
| <b>Items that may be reclassified subsequently to profit or loss</b>      |                                |                                |
| Exchange differences on translation                                       | 7.5                            | –8.1                           |
| Derivative financial instruments  | –0.4                           | 0.2                            |
|   | 7.1                            | –7.9                           |
| <b>Other comprehensive income</b>   | <b>7.3</b>                     | <b>–8.2</b>                    |
| <b>Total comprehensive income</b>   | <b>80.0</b>                    | <b>54.2</b>                    |
| of which attributable to non-controlling interests                        | –0.5                           | 0.0                            |
| of which attributable to KRONES Group shareholders                        | 80.5                           | 54.2                           |

## Notes to the consolidated financial statements

### Segment reporting

| € million             | Machines and lines<br>for product filling and<br>decoration |                        | Machines and lines<br>for beverage production/<br>process technology |                        | Machines and lines<br>for the low output range |                        | KRONES Group           |                        |
|-----------------------|---|------------------------|--|------------------------|--|------------------------|------------------------|------------------------|
|                       | 2015<br>1 Jan –30 June                                      | 2014<br>1 Jan –30 June | 2015<br>1 Jan –30 June   | 2014<br>1 Jan –30 June | 2015<br>1 Jan –30 June                         | 2014<br>1 Jan –30 June | 2015<br>1 Jan –30 June | 2014<br>1 Jan –30 June |
| Revenue               | 1,280.9   | 1,208.9                | 174.2  | 173.4                  | 48.6   | 53.2                   | 1,503.7                | 1,435.5                |
| EBT                   | 98.4  | 87.6                   | 3.6  | 2.3                    | 2.1  | –0.5                   | 104.1                  | 89.4                   |
| EBT margin            | 7.7%  | 7.2%                   | 2.1%   | 1.3%                   | 4.3%   | –1.0%                  | 6.9%                   | 6.2%                   |
| Employees at 30 June* | 11,093  | 10,761                 | 894  | 789                    | 484  | 501                    | 12,471                 | 12,051                 |

\* Consolidated group

#### ■ Legal basis

The consolidated financial statements of KRONES AG (“KRONES Group”) for the period ended 30 June 2015 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 or audit conducted on IFRSs that had not yet entered into force or their interpretations.

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

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 30 June 2015 include all material domestic and foreign subsidiaries over which KRONES AG has direct or indirect control.

In 2015, KRONES acquired TRIACOS Consulting & Engineering GmbH of Altenstadt an der Waldnaab, Germany, GERNEP GmbH Etikettiertechnik of Barbing, Germany, GERNEP Verwaltungs GmbH of Barbing, Germany, and GERNEP Immobilien GmbH & Co. KG of Barbing, Germany, as well as SCHAEFER Förderanlagen- und Maschinenbau GmbH of Unterföhring, Germany.

First-time consolidation of TRIACOS Consulting & Engineering GmbH, Altenstadt an der Waldnaab, Germany, and Gernep GmbH Etikettiertechnik of Barbing, Germany, was effected as of the time of acquisition.

#### ■ 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 “acquisition 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.

Shares in the equity of subsidiaries that are not held by the parent company are reported as “non-controlling interests”.

Companies over which KRONES has the ability to exercise significant influence, that is, to participate in operating and financial policy decisions (generally by indirectly or directly holding between 20% and 50% of the voting shares), are accounted for using the equity method and initially recognised at cost. Any excess of KRONES’ share of the net fair value of the associate’s identifiable assets and liabilities over the cost of the investment is adjusted on a fair-value basis and the remaining amount is recognised as goodwill. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. Instead, it is tested for impairment as part of the entire carrying amount of the investment in the associate. KRONES’ share in the associate’s profit or loss post-acquisition is recognised in consolidated profit or loss. The carrying amount of the associate is increased or decreased to recognise the cumulative changes in value after the date of acquisition. KRONES’ share in the associate’s gains or losses resulting from transactions between KRONES and its associates is eliminated.

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 at the end of the reporting period. 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 other comprehensive income), 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 |            |
|-------------------------|-----|--------------|-------------|--------------|------------|
|                         |     | 30 June 2015 | 31 Dec 2014 | 2015         | 2014       |
| us dollar               | USD | 1.118        | 1.216       | 1.117        | 1.371      |
| British Pound           | GBP | 0.712        | 0.779       | 0.733        | 0.822      |
| Swiss franc             | CHF | 1.039        | 1.202       | 1.058        | 1.221      |
| Danish krone            | DKK | 7.461        | 7.445       | 7.456        | 7.463      |
| Canadian dollar         | CAD | 1.384        | 1.407       | 1.378        | 1.503      |
| Japanese yen            | JPY | 136.890      | 145.030     | 134.326      | 140.504    |
| Brazilian real          | BRL | 3.495        | 3.230       | 3.311        | 3.148      |
| Chinese renminbi (yuan) | CNY | 6.837        | 7.437       | 6.844        | 8.421      |
| Mexican peso            | MXN | 17.537       | 17.864      | 16.901       | 17.976     |
| Ukrainian hryvnia       | UAH | 23.485       | 19.226      | 23.704       | 14.377     |
| South African rand      | ZAR | 13.690       | 14.043      | 13.314       | 14.663     |
| Kenyan shilling         | KES | 110.829      | 110.302     | 104.596      | 119.013    |
| Nigerian naira          | NGN | 222.500      | 222.430     | 219.651      | 222.949    |
| Russian ruble           | RUB | 62.186       | 72.700      | 64.597       | 47.994     |
| Thai baht               | THB | 37.772       | 39.967      | 36.810       | 44.630     |
| Indonesian rupiah       | IDR | 14,910.400   | 15,053.300  | 14,480.172   | 16,022.991 |
| Angolan kwanza          | AOA | 135.880      | 125.027     | 120.775      | 133.844    |
| Turkish lira            | TRY | 3.002        | 2.829       | 2.861        | 2.965      |
| Kazakhstan tenge        | KZT | 208.320      | 222.260     | 207.032      | 248.637    |

#### ■ 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 IFRS 10. The accounting policies used in these interim financial statements are the same as those used for the financial statements prepared for the period ended 31 December 2014.

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, whose 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 0.46%.

#### ■ Goodwill

Goodwill is not amortised. Instead, it is tested for impairment annually. It is also tested for impairment if an event occurs or circumstances change which suggest that the recoverable amount might be less than the carrying amount. Goodwill is recognised at cost less cumulative impairment losses.

Testing for impairment on goodwill is done at the level of the cash-generating unit or group of cash-generating units represented by a division (or corresponding unit). The cash-generating unit or group of cash-generating units represent the lowest level at which the goodwill is monitored for internal management purposes.

For impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or group of cash-generating units to which the goodwill is allocated exceeds the recoverable amount, an impairment loss is recognised for the goodwill to which the cash-generating unit or group of cash-generating units are allocated. The recoverable amount is either the fair value less costs of disposal or the value in use, whichever is higher, of the cash-generating unit or group of cash-generating units. If one of these amounts exceeds the carrying amount, it is not always necessary to determine both values. These values are based on discounted cash flow measurements. Even if the recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill is allocated exceeds the carrying amount in subsequent periods, impairment losses on that goodwill are not reversed.

#### ■ Property, plant and equipment

The KRONES Group's 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 includes 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.

#### ■ Leasing

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:

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

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

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 13.72).

For Level 3 inputs under IFRS 13.72, the fair values are the same as the carrying amounts. Measurement is based on estimates from forecasts of future development.

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. These currencies are, primarily, the US dollar, Canadian dollar, Japanese yen, British pound, and euro.

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 13.72. Gains and losses from the measurement are recognised as profit or loss on the separate income statement unless the conditions for hedge accounting are met. The derivative financial instruments for which hedge accounting is applied comprise forward currency contracts and currency swaps whose changes in fair value are recognised 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 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 economic position.

#### ■ 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 taken 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 "liability method", which is based on the statement of financial position and 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 state pensions and salaries are taken into account with due consideration to relevant factors that will affect the benefit amount, which are estimated on a prudent basis. The provision is calculated on the basis of actuarial valuations that take into account biometric factors.

Actuarial gains and losses have a direct impact on the consolidated statement of financial position, resulting in an increase in provisions for pensions and similar obligations and a reduction in equity (in other comprehensive income, OCI). The separate income statement for the group is free of effects from actuarial gains and losses since these are now to be recognised in other comprehensive income. In addition, recognition of net interest was introduced. Net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate used to measure the defined benefit obligation at the start of the annual period. Because the net defined benefit liability is reduced by any plan assets, the same discount rate is used to calculate the returns on the plan assets.

#### ■ Partial retirement benefit obligations

According to the definition of post-employment benefits under IAS 19, the “top-up payments” promised under partial retirement agreements fall under “other long-term employee benefits”. Thus, top-up payments are not recognised in full as liabilities at their net present value. Instead, they are accrued on a pro-rated basis across the relevant years of active service of the employee taking partial retirement.

#### ■ 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.

| 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                                |
| KLUG GmbH Integrierte Systeme, Teunz, Germany                                  | 26.00                                 |
| SYSKRON Holding GmbH, Wackersdorf, Germany                                     | 100.00                                |
| SYSKRON GmbH, Wackersdorf, Germany   | 100.00                                |
| TRIAcos Consulting & Engineering GmbH, Altenstadt an der Waldnaab, Germany     | 100.00                                |
| HST Maschinenbau GmbH, Dassow, Germany   | 100.00                                |
| SCHAEFFER Förderanlagen- und Maschinenbau GmbH, Unterföhring, Germany          | 100.00                                |
| TILL GmbH, Hofheim, Germany  | 50.97                                 |
| GERNEP GmbH Etikettiertechnik, Barbing, Germany                                | 100.00                                |
| GERNEP Verwaltungs GmbH, Barbing, Germany                                      | 100.00                                |
| GERNEP Immobilien GmbH & Co. KG, Barbing, 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 Kazakhstan TOO, Almaty, Kazakhstan                                      | 100.00                                |
| KRONES Nederland B.V., Bodegraven, Netherlands                                 | 100.00                                |
| KOSME Gesellschaft mbH, Sollenau, Austria                                      | 100.00                                |
| KRONES Spółka 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, Brazil                                      | 100.00                                |
| KRONES S.A., São Paulo, Brazil   | 100.00                                |
| KRONES Machinery (Taicang) Co. Ltd., Taicang, China                            | 100.00                                |
| KRONES Trading (Taicang) Co. Ltd., Taicang, China                              | 100.00                                |
| KRONES 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., Mississauga, Ontario, Canada                        | 100.00                                |
| KRONES LCS Center East Africa Limited, Nairobi, Kenya                          | 100.00                                |
| KRONES Andina Ltda., Bogotá, Columbia  | 100.00                                |
| KRONES Korea Ltd., Seoul, Korea  | 100.00                                |
| KRONES Mex S. A. DE C. V., Mexico 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

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

#### Philipp Graf

**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  
\* KOMMERZBANK AG

#### Jürgen Scholz\*\*

1<sup>st</sup> authorised representative and treasurer of the IG METALL administrative office in Regensburg  
\* INFINEON TECHNOLOGIES AG

#### Hans-Jürgen Thaus

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

#### 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

#### Volker Kronseder

Chairman  
Human Resources, Communications and Quality

#### Christoph Klenk

Finance, Controlling and Information Management

#### 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.



“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim consolidated management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group over the remainder of the financial year.”

Neutraubling, July 2015



Volker Kronseder  
(Chairman)



Christoph Klenk



Rainulf Diepold



Ralf Goldbrunner



Thomas Ricker



Markus Tischer

# 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).   |
| 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.   |
| 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.                             |
| 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.  |
| Working capital          | Calculated as follows: (trade receivables + inventories + prepayments) – (trade payables + advances received)  |



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#### Financial calendar

22 October 2015 Interim report for the period  
ended 30 September 2015

#### Publication Credits

Published by KRONES AG  
Böhmerwaldstrasse 5  
93073 Neutraubling  
Germany  
Project lead Roland Pokorny,  
Vice President Corporate  
Communications  
Design Büro Benseler  
Text KRONES AG,  
InvestorPress GmbH  
Photography KRONES AG  
Printing & litho G. Peschke Druckerei GmbH

This English language report is a translation of the original German "Bericht über den Zeitraum vom 1. Januar bis 30. Juni 2015". In case of discrepancies the German text shall prevail.

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