Q3

Interim report for the period from 1 January to 30 September 2012

KRONES

KRONES continues to grow despite adverse conditions

- Consolidated sales were up 4.6% year-on-year in the period from January to September 2012, to €1,897.6 million.
- »Value« is already having a positive impact: KRONES' operating earnings are better than a year ago.
- Earnings were burdened by a one-off expense of around €40.6 million relating to the legal disputes in the US.
- KRONES confirms its targets for sales and operating earnings for 2012.

Q1–Q3		1 Jan–30 Sep 2012	1 Jan–30 Sep 2011	Change
Sales	€ million	1,897.6	1,814.2	+4.6%
New orders, cumulative, including Lifecycle Service	€ million	1,967.3	1,892.7	+3.9%
Orders on hand at 30 Sep, including Lifecycle Service	€ million	1,012.1	987.3	+2.5%
Capital expenditure for PP&E and intangible assets	€ million	56.0	61.0	–8.2%
EBITDA	€ million	101.4	135.3	–25.1%
EBIT	€ million	47.2	84.2	–43.9%
EBT	€ million	50.4	84.1	–40.1%
Net income	€ million	36.2	59.3	–39.0%
Earnings per share	€	1.20	1.97	–39.0%
Employees at 30 September				
Worldwide		11,900	11,182	+6.4%
Germany		9,050	8,718	+3.8%
Outside Germany		2,850	2,464	+15.7%

Q3		1 Jul–30 Sep 2012	1 Jul–30 Sep 2011	Change
Sales	€ million	607.9	556.7	+9.2%
New orders, cumulative, including Lifecycle Service	€ million	639.5	569.3	+12.3%
Capital expenditure for PP&E and intangible assets	€ million	19.9	27.7	–28.2%
EBITDA	€ million	0.7	32.0	–97.8%
EBIT	€ million	–15.5	15.0	–
EBT	€ million	–13.6	14.9	–
Net income	€ million	–8.0	10.1	–
Earnings per share	€	–0.27	0.34	–

Foreword by the Executive Board

Dear shareholders and friends of KRONES,

Business news has been increasingly downbeat in the third quarter of 2012. Many companies are suffering under the difficult conditions brought about by the euro and sovereign debt crises. KRONES has operated successfully in this adverse macroeconomic environment. From July to September 2012, our sales improved 9.2% year-on-year. We are also satisfied with our operating earnings before taxes for the third quarter. At €27.0 million, this figure was up considerably from the year-earlier figure of €14.9 million. Overall, after the first three quarters, we are on track to achieve our sales and operating earnings targets for the year 2012 as a whole.

A one-time expense of around €40.6 million is responsible for the negative overall figure for earnings before taxes in the third quarter (–€13.6 million). This expense resulted because we increased the provision for the legal proceedings in the USA to ensure that any and all risks relating to the proceedings are covered. KRONES now has good chances of concluding settlement negotiations with the plaintiffs within a reasonable timeframe.

We have made good progress with our »Value« strategy programme. Together with our workforce, we are implementing even more measures to improve our company's efficiency. The results so far show that launching the Value programme was the right strategic decision. The bottom line is that KRONES is improving its profitability for the long term and thus building a strong foundation for future investments.

Volker Kronseder
Chairman of the Executive Board

Global economic growth is slowing

The International Monetary Fund has lowered its growth forecast for the global economy in 2012.

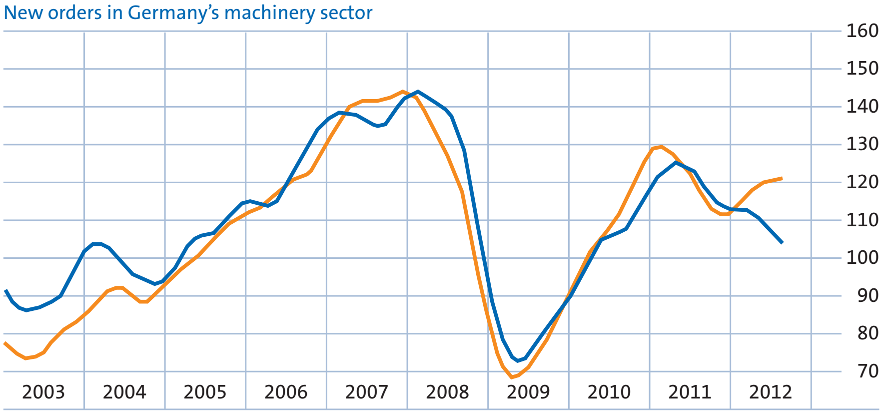
In Europe in particular, the euro and sovereign debt crises are having an increasingly negative impact on economic activity. Not only Greece but also major economies such as Italy and Spain are now in recession. The International Monetary Fund (IMF) now expects the euro area's gross domestic product (GDP) to shrink by 0.4% year-on-year in 2012. The IMF is forecasting 0.9% GDP growth for Germany this year. But downside risks have increased here, too. The monthly ifo index, one of the most important economic indicators for Germany, has declined for five months in succession.

According to IMF experts, even the emerging and developing economies, which have been growing strong for years, are not immune to the effects of the economic malaise. IMF economists are forecasting 7.8% GDP growth for China for 2012. Last year, the Chinese economy grew by 9.2%. Growth is also expected to slow considerably in India and Brazil. In the USA, continued high unemployment is hampering economic activity. Although the world's biggest economy has avoided a once-feared recession, the expected 2.2% GDP growth in the US in 2012 will not do much to drive global economic growth. Given the mounting economic risks overall, the IMF has revised its 2012 growth forecast for the world economy downward from 3.5% to 3.3%.

Orders remain weak in the German machinery sector

Rapidly declining orders intake from Europe as well as weak domestic orders are weighing heavily on the German machinery sector. In August 2012, new orders in the industry were 11% lower than a year earlier. A less volatile three-month comparison of the period from June to August 2012 shows a 4% decline in orders year-on-year. The »packaging machinery« segment posted continued orders growth. In the first seven months of 2012, new orders were up nearly 9% over the year-earlier period.

New orders in Germany's machinery sector



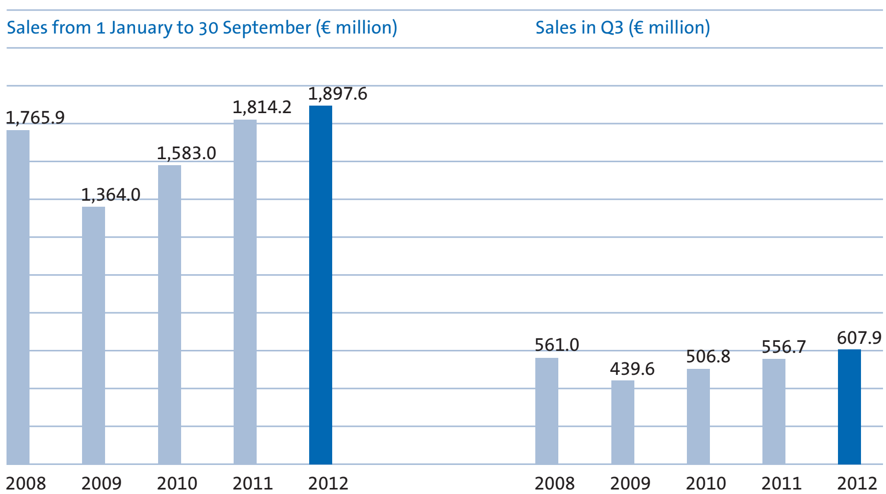
Price-adjusted index, 2010 basis = 100 Germany Rest of world Source: VDMA, 28 September 2012

Sales

KRONES continues on growth course

Despite the adverse macroeconomic environment, KRONES' sales revenue improved further over the previous year in the first nine months of 2012. Because our products and services for the food and beverage industry address stable markets, we are less influenced by economic fluctuations than other machinery manufacturers. KRONES also benefits from its unique position as a one-stop provider. Our global service business proved to be a major revenue driver with sustainable growth in the reporting period. In all, sales revenue increased 4.6% to €1,897.6 million in the first three quarters of 2012. Thus, at the end of the first nine months, we have made significant progress towards our growth target of up to 4% for the year 2012 as a whole.

The company's growth accelerated in the third quarter. In the period from July to September 2012, we generated sales revenue totalling €607.9 million, 9.2% more than in the third quarter of last year (€556.7 million).



Sales by region

KRONES' sales in Germany were down from €185.0 million in the previous year to €157.6 million in the first three quarters of 2012. In 2011, we had benefited from a strong domestic economy. This year, the increasingly gloomy macroeconomic environment left our customers slightly less willing to spend. The share of sales generated in Germany decreased from 10.2% in the previous year to 8.3%.

Despite the difficult economic situation in large parts of the continent, KRONES' sales in Europe (excluding Germany) were stable in the period from January to September 2012. At €522.4 million, this revenue figure was down only 0.2% from the previous year's €523.4 million. Sales in Europe (excluding Germany) accounted for 27.5% of consolidated sales in the first three quarters (previous year: 28.9%). Thanks to our strong position in the emerging markets, KRONES continued to grow outside Europe in the reporting period. KRONES' sales outside Europe improved 10.1% year-on-year in the first three quarters of 2012 to €1,217.6 million. Thus, KRONES generated 64.6% of sales revenue outside Europe (previous year: 60.9%).

New orders and orders on hand

Increased demand for KRONES products and services

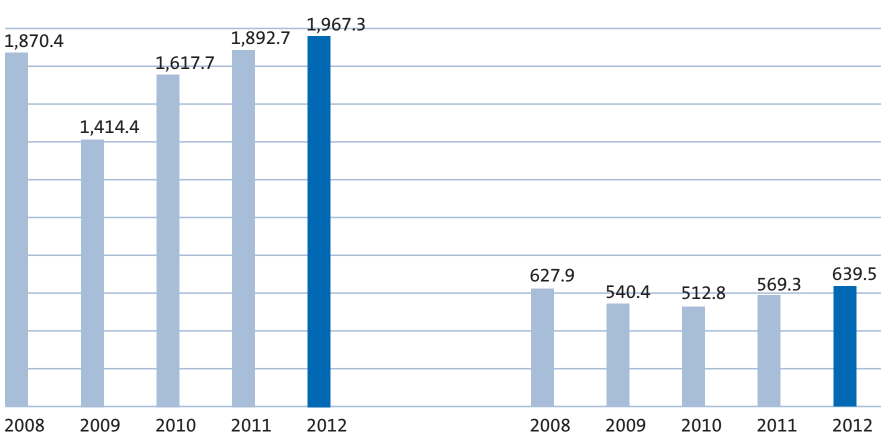
In the third quarter of 2012, new orders were up 12.3% on the year-earlier period.

At the end of the first half of 2012, new orders at KRONES were up only slightly over the year-earlier period. Growth picked up dramatically in the period from July to September. At €639.5 million, the volume of new orders received in the third quarter was up 12.3% compared to the year-earlier figure of €569.3 million. We are pleased to report that the good orders situation applied to a growing number of regions. Orders from customers in Asia, South America, and Africa continued to grow faster than other markets, but business also picked up considerably in Europe and the USA in the third quarter of 2012.

In all, new orders at KRONES were up 3.9% from €1,892.7 million in the previous year to €1,967.3 million in the first nine months of 2012. We are very satisfied with the level of demand for our innovative products such as the Modulfill modular filler generation. KRONES sold its 100th Contiform 3 in August 2012. This latest generation of our stretch blow-moulder has only been on the market since November 2011.

New orders from 1 Jan to 30 Sep (€ million)

New orders in Q3 (€ million)



KRONES' order books are full

The high orders intake resulted in an increase in KRONES' orders backlog from €987.3 million a year earlier to €1,012.1 million at 30 September 2012. The solid orders cushion allows us to balance our capacity utilisation in the months ahead and provides a good basis for further growth.

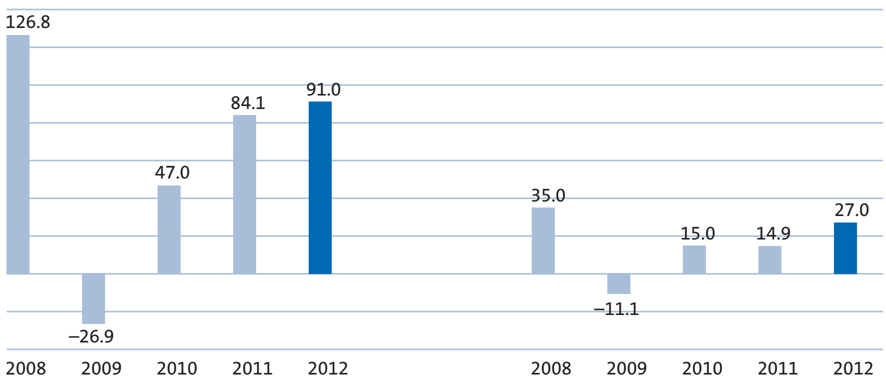
Operating earnings dramatically improved in the third quarter

Third-quarter earnings in 2012 were shaped by two factors. On the one hand, operating earnings before taxes were up year-on-year from €14.9 million to €27.0 million. On the other, the overall earnings figure was reduced by a one-time expense of around €40.6 million, for an increase in the provision recognised for the legal disputes involving KRONES in the US. As a result, earnings before taxes (EBT) for the third quarter of 2012 came to –€13.6 million (previous year: positive EBT of €14.9 million). Consolidated net income for the period was –€8.0 million (year-earlier period: +€10.1 million).

A one-time expense burdened earnings. But KRONES' operating profitability increased considerably.

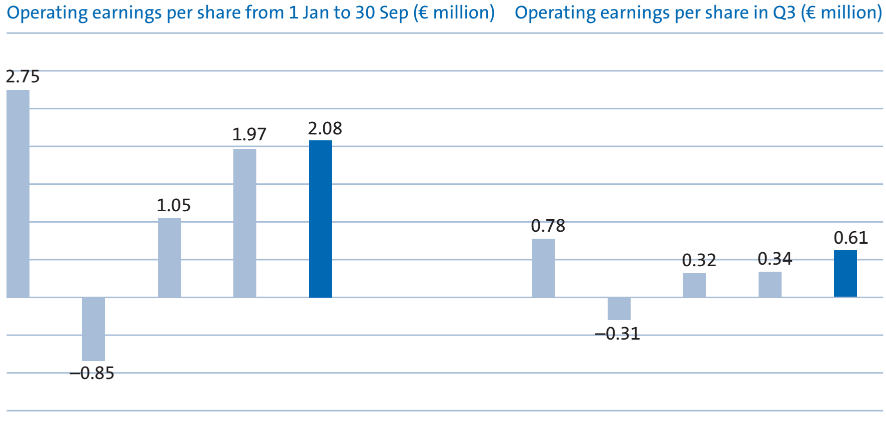
Excluding the one-time expense, KRONES' earnings before taxes for the first three quarters of 2012 amounted to €91.0 million, which is up 8.3% from the year-earlier period (€84.1 million). Taking into account the one-time expense, EBT declined in the first nine months of 2012, from €84.1 in the year-earlier period to €50.4 million. Consolidated net income for the period was €36.2 million (year-earlier period: €59.3 million). That corresponds to earnings per share of €1.20 (previous year: €1.97).

Operating earnings before taxes from 1 Jan to 30 Sep (€ million) Operating earnings before taxes (EBT) in Q3



As planned, KRONES increased its operating profitability in the third quarter. Therefore, we are confident that we will achieve our operating earnings target for 2012. We are targeting a pre-tax operating return on sales, the ratio of operating earnings before taxes to sales, of more than 5%. At the end of nine months, this figure was 4.8% (previous year: 4.6%).

Operating earnings per share from 1 Jan to 30 Sep (€ million) Operating earnings per share in Q3 (€ million)



KRONES Group earnings structure

€ million	2012 1 Jan–30 Sep	2011 1 Jan–30 Sep	Change
Sales revenue	**1,897.6**	**1,814.2**	**+4.6%**
Changes in inventories of finished goods and work in progress	–17.6	–29.1	–
Gross revenue for the period	**1,880.0**	**1,785.1**	**+5.3%**
Goods and services purchased	–916.9	–891.5	+2.8%
Personnel expenses	–581.8	–561.7	+3.6%
Other operating income (expenses) and own work capitalised	–279.9	–196.6	+42.4%
EBITDA	101.4	135.3	–25.1%
Depreciation and amortisation on non-current assets	–54.2	–51.1	+6.1%
EBIT	47.2	84.2	–43.9%
Financial income (expense)	3.2	–0.1	–
EBT	50.4	84.1	–40.1%
Income tax	–14.2	–24.8	–42.7%
Consolidated net income	**36.2**	**59.3**	**–39.0%**

KRONES' business volume was up in the first three quarters of 2012 compared with the year-earlier period. Sales rose 4.6% to €1,897.6 million and gross revenue for the period improved 5.3% to €1,880.0 million.

Goods and services purchased increased far less than proportionately to gross revenue for the period in the first three quarters of 2012 – just 2.8% to €916.9 million. Savings achieved in purchasing contributed to the improvement as did our product mix. The ratio of expenses for goods and services purchased to gross revenue for the period declined year-on-year from 50.0% to 48.8% in the reporting period.

The improved ratio of goods and services purchased to gross revenue for the period can be attributed to measures taken under our »Value« programme.

Personnel expenses also rose less sharply than sales and gross revenue for the period and were up 3.6% to €581.8 million in the period from January to September. Therefore, the ratio of personnel expenses to gross revenue for the period declined from 31.5% in the previous year to 31.0%. One reason for the improvement is that KRONES' new hires from recent quarters are becoming more and more productive the longer they are with the company. The net of other operating income and expenses and own work capitalised increased considerably in the reporting period to –€279.9 million (previous year: –€196.6 million). A large part of this increase is due to the €40.6 million provision that KRONES recognised in the third quarter of 2012 for the legal disputes in the US (see also our ad-hoc release from 15 October 2012). For this reason, absolute earnings at KRONES were down year-over-year in the first nine months of 2012.

Earnings before interest and taxes (EBIT) fell from €84.2 million to €47.2 million and earnings before taxes (EBT) dropped from €84.1 million to €50.4 million. Before accounting for the one-off expense resulting from the higher provision, operating EBT was up 8.3% to €91.0 million in the reporting period. As a result, our pre-tax operating return on sales (operating EBT to sales) improved year-on-year from 4.6% to 4.8%. KRONES generated net consolidated income of €36.2 million in the first nine months of 2012 (previous year: €59.3 million).

KRONES Group cash flow

€ million	2012 1 Jan–30 Sep	2011 1 Jan–30 Sep	Change
EBT	**50.4**	**84.1**	**–33.7**
Cash flow from operating activities	–7.7	–24.4	+16.7
Cash flow from investing activities	–52.6	–56.0	+3.4
Free cash flow	**–60.3**	**–80.4**	**+20.1**
Cash flow from financing activities	41.7	11.4	+30.3
Net change in cash and cash equivalents	–18.6	–69.0	+50.4
Change in cash and cash equivalents arising from exchange rates	0.3	0.5	–0.2
Cash and cash equivalents at the beginning of the period	125.5	147.4	–21.9
Cash and cash equivalents at the end of the period	**107.2**	**78.9**	**+28.3**

KRONES' free cash flow improved by €16.7 million in the first three quarters of 2012.

Although earnings before taxes were down year-on-year from €50.4 million to €33.7 million in the first three quarters of 2012, KRONES' cash flow from operating activities improved by €16.7 million in the same period to –€7.7 million. The company built up less working capital in the reporting period (€135.7 million, which is €37.2 million less than in the previous year). The ratio of working capital to sales was 26.2% for the reporting period (previous year: 25.8%). Thus, this ratio remained within our target of under 30%.

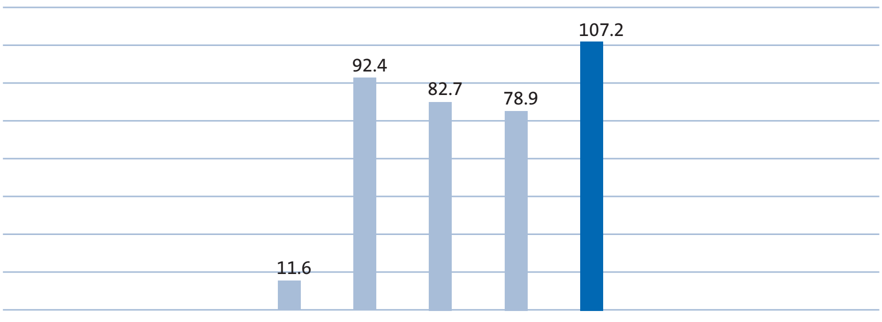
KRONES invested €56.0 million in intangible assets and property, plant and equipment during the reporting period (previous year: €61.0 million). The funds went primarily into new machinery and equipment, the expansion of our international service centres, the new training centre, and information technology.

In the first nine months of 2012, KRONES generated free cash flow (cash flow from operating activities less capital expenditure) of –€60.3 million. That is an improvement of €20.1 million from the previous year.

KRONES took on €61.0 million in short-term debt in the first three quarters in order to optimise our financing structure (previous year: €24.7 million). We paid out €18.1 million in dividends in the reporting period (previous year: €12.1 million). In all, cash flow from financing activities in the first nine months of 2012 rose to €41.7 million, from €11.4 million in the year-earlier period. At 30 September 2012, KRONES held cash and cash equivalents totalling €107.2 million (previous year: €78.9 million).

KRONES had cash and cash equivalents totalling €107.2 million at 30 September 2012.

Cash and cash equivalents at 30 September (€ million)



Assets and capital structure

KRONES Group asset and capital structure

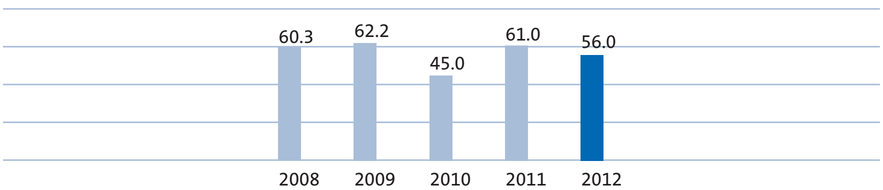
€ million	30 Sep 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Non-current assets	603	597	569	542
of which fixed assets	556	555	519	496
Current assets	1,490	1,443	1,317	1,248
of which cash and equivalents	107	125	147	136
Equity	805	785	759	696
Total debt	1,288	1,255	1,127	1,094
Non-current liabilities	146	134	125	125
Current liabilities	1,142	1,121	1,002	969
Total assets	**2,093**	**2,040**	**1,886**	**1,790**

KRONES maintains a comfortable liquidity cushion and a sound equity position.

At 30 September 2012, KRONES had total assets amounting to €2,092.6 million, which is 2.6% more than at the end of 2011. The increase was due to the larger business volume in the first nine months of 2012, which resulted in higher receivables from customers.

Non-current assets were up slightly in the first three quarters. At 30 September 2012, KRONES had non-current assets totalling €602.3 million (31 December 2011: €597.2 million). Property, plant and equipment, intangible assets, and non-current financial assets (referred to collectively as »fixed assets« in this report) totalled €556.2 million (31 December 2011: €554.6 million). Of this, €434.9 million were property, plant and equipment. Intangible assets, which consist primarily of development costs that must be capitalised, were up to €118.9 million at 30 September 2012 (31 December 2011: €110.7 million).

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



At the end of the reporting period, current assets totalled €1,490.3 million, which is 3.3% more than at 31 December 2011. Inventories were reduced from €642.8 million to €613.1 million and trade receivables increased by €85.7 million to €653.5 million. Cash and cash equivalents were down from €125.5 million at the end of 2011 to €107.2 million in the reporting period. For details on this topic, please see our discussion of Cash Flow on page 9.

KRONES' non-current liabilities, consisting largely of provisions for pensions and other personnel provisions, increased to €145.6 million at 30 September 2012 (31 December 2011: €133.6 million). The company had no non-current bank debt at 30 September 2012.

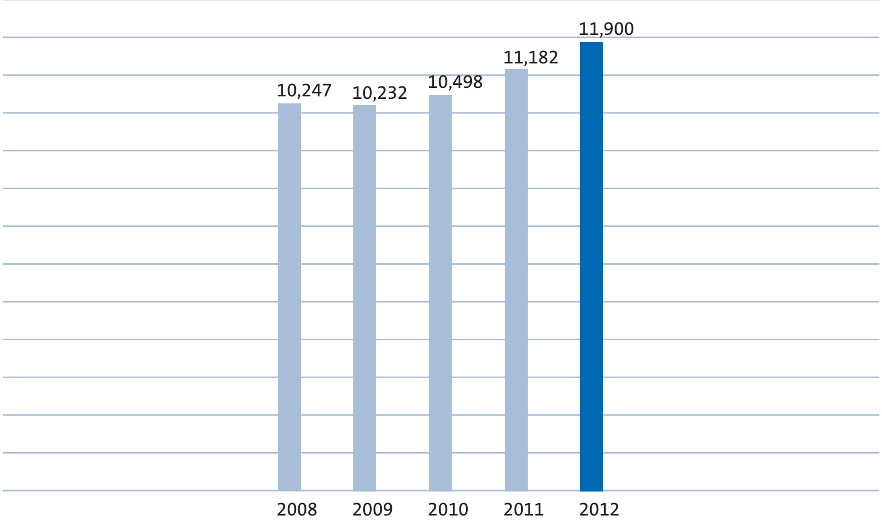
Current liabilities were up by €21.3 million from the end of the year 2011 to €1,142.0 million. Trade payables were lower while advances received were higher. Moreover, after three quarters, KRONES had current bank debt totalling €61.0 million to optimise financing in the short term (31 December 2011: €0.0 million). As a result, the company's net cash and cash equivalents (cash and cash equivalents less bank debt) amounted to €46.2 million at the end of September 2012.

The positive consolidated net income figure for the first three quarters increased equity from €785.5 million at the reporting date for 2011 to €805.0 million. As a result, our equity ratio was 38.5% at 30 September 2012 (31 December 2011: 38.5%). Thus, KRONES still has an extremely robust financial and capital structure overall.

KRONES workforce grows to 11,900

KRONES' growth is also reflected in our expanding workforce. From January to September 2012, our team grew from 11,389 to 11,900 employees. A particular focus was on hiring new qualified people for our international service business. At the end of September 2012, KRONES employed 9,050 people in Germany (previous year: 8,718) and 2,850 outside Germany (previous year: 2,464). At 30 September 2012, the company was training 512 young people.

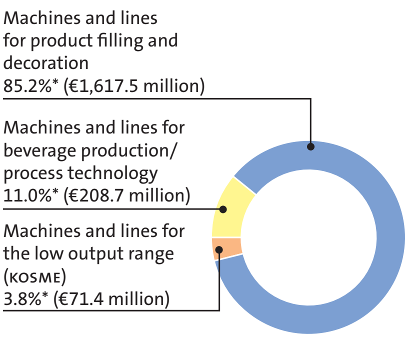
Workforce at 30 September



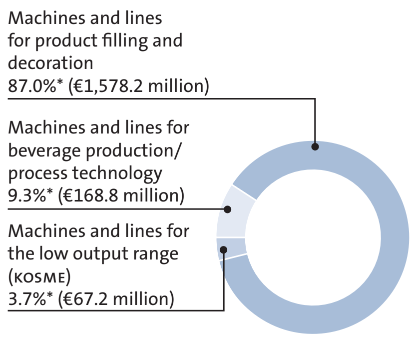
KRONES' success is based on the knowledge and dedication of its workforce.

Report from the segments

Sales by segment from 1 Jan to 30 Sep 2012	Sales by segment from 1 Jan to 30 Sep 2011



* Share of consolidated sales of €1,897.6 million



* Share of consolidated sales of €1,814.2 million

Segment revenue

Growth in our core segment, »machines and lines for product filling and decoration«, accelerated in the third quarter of 2012. Quarterly sales were up 4.1% on the year-earlier period, to €489.3 million. After the first nine months, segment sales were up 2.5% on the the year-earlier figure of €1,578.2 million to €1,617.5 million. The segment contributed 85.2% of consolidated sales in the first three quarters of 2012 (previous year: 87.0%).

Sales were up in all three of KRONES' segments in the first nine months of 2012.

Sales revenue in the »machines and lines for beverage production/process technology« segment tends to fluctuate throughout the year because the process engineering business is heavily project-based. After a strong third quarter, sales for the first nine months of 2012 were up 23.6% to €208.7 million, from €168.8 million in the year-earlier period. The segment increased its share of consolidated sales to 11.0% (previous year: 9.3%).

As we expected and unlike in the year-earlier period, business in our smallest segment, »machines and lines for the low output range (KOSME)«, held steady in the third quarter. KOSME's sales were up 6.2% overall in the first nine months of this year compared with the year-earlier period, from €67.2 million to €71.4 million. The segment's contribution to consolidated sales in the first three quarters of this year increased somewhat from 3.7% a year earlier to 3.8%.

Segment earnings

Only KRONES' core segment posted a profit for the period from January to September 2012.

The one-time expense resulting from the approximately €40.6 million provision increase for the legal disputes in the USA in the third quarter had an impact on earnings in the »machines and lines for product filling and decoration« segment. For this reason, earnings before taxes (EBT) worsened year-on-year from €99.6 million to €67.8 million in the first nine months of 2012. Operating earnings before taxes, that is without the effect of the provision, grew by around €8.8 million year-on-year to €108.4 million. The pre-tax operating return on sales – that is, the ratio of operating earnings before taxes to segment revenue – advanced year-on-year from 6.3% to 6.7% in the period from January to September 2012. Taking into account the one-time expense, the pre-tax return on sales was 4.2%.

In the first three quarters of 2012, earnings before taxes in the »machines and lines for beverage production/process technology« segment decreased year-on-year from –€6.4 million to –€10.3 million. We expect earnings in the fourth quarter of 2012 to be considerably improved over the previous year. Therefore, our target for 2012 as a whole is still to considerably reduce the segment loss compared with 2011 (earnings before taxes: –19.3 million).

In the »machines and lines for the low output range (KOSME)« segment, earnings before taxes improved year-on-year from –€9.1 million to –€7.1 in the first three quarters of 2012. From today's perspective, we are confident that KOSME will come close to breaking even in the fourth quarter, reducing the loss for the year as a whole by roughly one-half compared with 2011 (EBT: –€15.0 million).

Product filling and decoration		2012 1 Jan–30 Sep	2011 1 Jan–30 Sep
EBT	€ million	67.8	99.6
Return on sales	%	4.2	6.3

Beverage production/process technology		2012 1 Jan–30 Sep	2011 1 Jan–30 Sep
EBT	€ million	–10.3	–6.4
Return on sales	%	–4.9	–3.8

KOSME		2012 1 Jan–30 Sep	2011 1 Jan–30 Sep
EBT	€ million	–7.1	–9.1
Return on sales	%	–9.9	–13.5

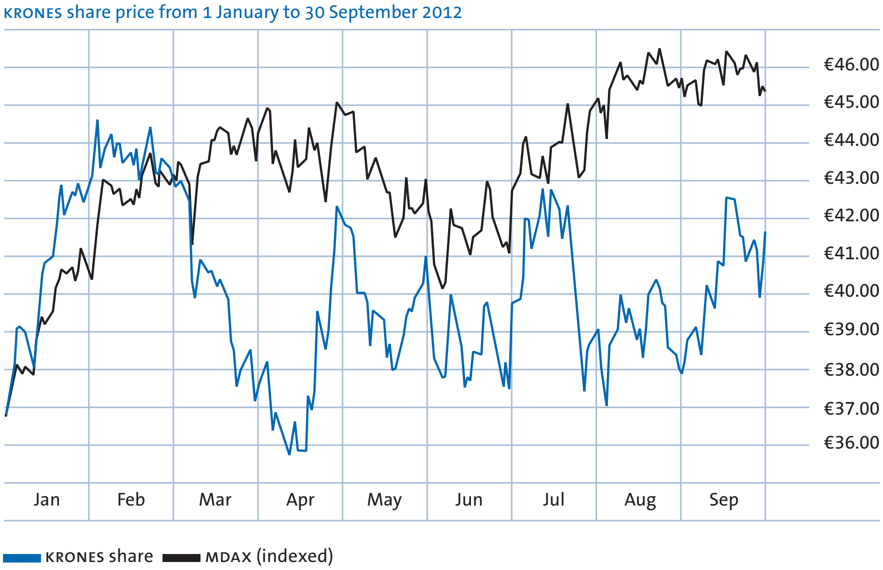
Central banks' loose monetary policy drives share prices upward

The euro and sovereign debt crises have had a massive influence on the stock markets in 2012. The first nine months of the year have been marked alternately by fears of another escalation and hopes of resolution. Hope had the upper hand in the third quarter. Germany's most-recognised index, the DAX, rose 12.5% in the period from July to September 2012, as investors responded to the European Central Bank's promise to buy up an unlimited volume of government bonds from struggling euro zone countries. Thus a fragmentation of the euro zone and its disastrous consequences seems to have been averted. The US Federal Reserve's loose monetary policy also brightened the mood among investors.

With liquidity high overall, the stock markets improved in the first nine months of 2012 despite increasingly bad economic and company news. From January to September 2012, the DAX rose by around 22% and the US' Dow Jones blue-chip index gained 10%. The Euro-Stoxx 50 advanced only 6% since some shares from companies in the crisis countries suffered large losses.

The KRONES share continues gains

KRONES share price from 1 January to 30 September 2012



The KRONES share was unusually volatile. The share price gained 13.3% overall from January to September. The MDAX gained around 23%.

KRONES was in very active contact with investors and analysts at road shows and investor events in the third quarter. These market experts showed a keen interest in current information about our »Value« programme. In all, investors' confidence that we will achieve our sales and earnings targets for 2012 has increased. This fact is also reflected in KRONES' share price, which climbed 4.7% to €41.65 in the period from July to September. The share has gained 13.3% since the start of the year.

The MDAX, Germany's mid-cap index, gained around 23% in the first three quarters of 2012. Because uncertainty about the legal disputes in the US hampered the share price temporarily, KRONES was not able to keep pace with the MDAX's performance.

Risk management system is being implemented and is always evolving

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

Risk analysis

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

Risk monitoring

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

Risk planning and control

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

Threats

Viewed from today's perspective, KRONES is not exposed to any risks that threaten the company's continued existence. A detailed discussion of the risks faced by the company and a detailed description of our risk management can be found in the consolidated management report beginning on page 94 of our 2011 Annual Report. In the reporting period from 1 January to 30 September 2012, there were no material changes with respect to the statements made in the annual report regarding the company's key risks.

Outlook

KRONES confirms operating earnings target

The euro and sovereign debt crises are having an increasingly negative impact on economic activity worldwide. Europe is in recession and growth in the emerging and developing economies is slowing. On the whole, the risks to the global economy increased further in the third quarter of 2012. Although this means KRONES has lost some additional tailwind from the economy, the adverse macroeconomic environment has so far not negatively impacted our business.

In the first three quarters, we laid a good foundation for achieving our growth target. We still expect sales to increase by as much as 4% year-on-year in 2012.

We will continue our push to strengthen our earnings performance. With our »Value« strategy programme, we have established a master plan that we are now implementing in collaboration with our employees. With clear programmes and measures, »Value« is now well established companywide. The aim is to make existing structures more flexible, exploit new market opportunities, and substantially reduce costs for the long term. Some of these efforts are already bearing fruit and we expect our shared efforts to be reflected in steadily improving earnings figures.

Because the increase in our provision for the legal disputes in the USA is a one-time expense burdening earnings for 2012, we will not achieve our absolute earnings target. The ratio of earnings before taxes to sales will exceed 3.5%. However, we are standing by our target for operating earnings, that is without taking into account the one-time expense. KRONES intends to achieve a substantial year-on-year increase in consolidated operating income in 2012. We expect the pre-tax operating return on sales (the ratio of operating earnings before taxes to sales) to exceed 5% for the year 2012 as a whole.

According to forecasts by the International Monetary Fund, the global economy is not likely to improve significantly next year. The sovereign debt crisis remains a major source of uncertainty and it can escalate further at any time. Nevertheless, we are looking to the future with reserved optimism. Our products and services address basic human needs for food and drink and our customer sectors are stable. We expect the measures taken under our »Value« programme to have an increasingly positive impact on earnings. Nevertheless, we must step up our efforts to achieve sales growth between 4% and 6% in 2013 and to further improve our pre-tax return on sales.

KRONES Group statement of financial position

Assets € million	30 September 2012		31 December 2011	
Intangible assets	118.9		110.7	
Property, plant and equipment	434.9		441.3	
Non-current financial assets	2.4		2.6	
Fixed assets	**556.2**		**554.6**	
Deferred tax assets	25.6		13.5	
Trade receivables	8.9		17.4	
Income tax receivables	6.6		8.0	
Other assets	5.0		3.7	
Non-current assets		**602.3**		**597.2**
Inventories	613.1		642.8	
Trade receivables	653.5		567.8	
Current income tax receivables	5.0		4.5	
Other assets	111.5		102.0	
Cash and cash equivalents	107.2		125.5	
Current assets		**1,490.3**		**1,442.6**
Total		**2,092.6**		**2,039.8**

Equity and liabilities € million	30 September 2012		31 December 2011	
Equity		**805.0**		**785.5**
Provisions for pensions	85.3		82.3	
Deferred tax liabilities	15.3		3.9	
Other provisions	32.0		32.3	
Liabilities to banks	0.0		0.0	
Other financial liabilities	3.2		7.0	
Other liabilities	9.8		8.1	
Non-current liabilities		**145.6**		**133.6**
Other provisions	218.5		176.1	
Provisions for taxes	6.9		10.7	
Liabilities to banks	61.0		0.0	
Advances received	464.2		443.5	
Trade payables	140.6		201.3	
Current income tax liabilities	0.9		0.2	
Other financial liabilities	14.7		34.7	
Other liabilities and accruals	235.2		254.2	
Current liabilities		**1,142.0**		**1,120.7**
Total		**2,092.6**		**2,039.8**

Separate income statement for the KRONES Group

€ million	2012 1 January – 30 September	2011 1 January – 30 September	Change %
Sales revenue	**1,897.6**	**1,814.2**	**+4.6**
Changes in finished goods inventories and work in progress	–17.6	–29.1	
Gross revenue for the period	**1,880.0**	**1,785.1**	**+5.3**
Goods and services purchased	–916.9	–891.5	+2.8
Personnel expenses	–581.8	–561.7	+3.6
Other operating income (expenses) and own work capitalised	–279.9	–196.6	+42.4
Depreciation and amortisation on non-current assets	–54.2	–51.1	+6.1
EBIT	**47.2**	**84.2**	**–43.9**
Financial income (expense)	3.2	–0.1	
Earnings before taxes	**50.4**	**84.1**	**–40.1**
Income tax	–14.2	–24.8	–42.7
Consolidated net income	**36.2**	**59.3**	**–39.0**
Profit (loss) share of non-controlling interests	0.0	0.0	
Profit (loss) share of KRONES Group shareholders	36.2	59.3	
Earnings per share (diluted/basic) in €	1.20	1.97	

€ million	2012 Q3	2011 Q3	Change %
Sales revenue	**607.9**	**556.7**	**+9.2**
Changes in finished goods inventories and work in progress	–2.3	–27.5	
Gross revenue for the period	**605.6**	**529.2**	**14.4**
Goods and services purchased	–297.6	–263.4	+13.0
Personnel expenses	–175.8	–170.9	+2.9
Other operating income (expenses) and own work capitalised	–131.5	–62.9	–
Depreciation and amortisation on non-current assets	–16.2	–17.0	–4.7
EBIT	**–15.5**	**15.0**	**–**
Financial income (expense)	1.9	–0.1	
Earnings before taxes	**–13.6**	**14.9**	**–**
Income tax	5.6	–4.8	–
Consolidated net income	**–8.0**	**10.1**	**–**
Profit (loss) share of non-controlling interests	0.0	–0.2	
Profit (loss) share of KRONES Group shareholders	–8.0	10.3	
Earnings per share (diluted/basic) in €	–0.27	0.34	

Statement of cash flows for the KRONES Group

€ million	2012 1 January – 30 September	2011 1 January – 30 September
Earnings before taxes	50.4	84.1
Depreciation and amortisation (reversals)	54.2	51.1
Increase in provisions	48.2	14.3
Deferred tax item changes recognised in profit or loss	–0.7	6.9
Interest expenses and interest income	–1.7	1.5
Gains and losses from the disposal of non-current assets	–0.2	–0.2
Other non-cash expenses and income	0.4	1.4
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–56.7	–87.6
Decrease in trade payables and other liabilities not attributable to investing or financing activities	–79.0	–85.3
Cash generated from operating activities	14.9	–13.8
Interest paid	–2.3	–2.2
Income tax paid and refunds received	–20.3	–8.4
Cash flow from operating activiaties	**–7.7**	**–24.4**
Cash payments to acquire intangible assets	–27.2	–22.4
Proceeds from the disposal of intangible assets	0.4	0.2
Cash payments to acquire property, plant and equipment	–28.8	–38.6
Proceeds from the disposal of property, plant and equipment	0.9	2.5
Cash payments to acquire non-current financial assets	–0.1	–0.3
Purchase of shares in affiliated companies	0.0	–0.9
Interest received	0.7	2.1
Dividends received	1.5	1.4
Cash flow from investing activities	**–52.6**	**–56.0**
Cash payments to company owners	–18.1	–12.1
Proceeds from new borrowing	61.0	24.7
Cash payments to pay lease liabilities	–1.2	–1.2
Cash flow from financing activities	**41.7**	**11.4**
Net change in cash and cash equivalents	–18.6	–69.0
Change in cash and cash equivalents arising from exchange rates	0.3	0.5
Cash and cash equivalents at the beginning of the period	125.5	147.4
Cash and cash equivalents at the end of the period	**107.2**	**78.9**

Statement of changes in equity for the KRONES Group

€ million	Parent company							Non-controlling interests	Group equity
	Share capital	Capital reserves	Profit reserves	Currency differences in equity	Other reserves	Group retained earnings	Equity	Equity	
At 1 January 2011	**40.0**	**66.6**	**389.1**	**8.0**	**–0.6**	**254.9**	**758.0**	**0.9**	**758.9**
Dividend payment (€0.40 per share)						–12.1	–12.1		–12.1
Consolidated net income 9 months 2011						59.3	59.3	0.0	59.3
Currency differences				–10.1			–10.1		–10.1
Changes in the consolidated group			0.0					–0.9	–0.9
Hedge accounting					–2.1		–2.1		–2.1
At 30 September 2011	**40.0**	**66.6**	**389.1**	**–2.1**	**–2.7**	**302.1**	**793.0**	**0.0**	**793.0**
Consolidated net income Q4 2011						–15.6	–15.6	0.0	–15.6
Withdrawals from profit reserves			–25.0			25.0	0.0		0.0
Allocation to profit reserves			0.5			–0.5	0.0		0.0
Allocation to capital reserves		0.2				–0.2	0.0		0.0
Changes in the consolidated group							0.0	0.0	0.0
Currency differences				11.0			11.0		11.0
Hedge accounting					–2.9		–2.9		–2.9
At 31 December 2011	**40.0**	**66.8**	**364.6**	**8.9**	**–5.6**	**310.8**	**785.5**	**0.0**	**785.5**
Dividend payment (€0.60 per share)						–18.1	–18.1		–18.1
Consolidated net income 9 months 2012						36.2	36.2	0.0	36.2
Currency differences				–2.5			–2.5		–2.5
Hedge accounting					3.9		3.9		3.9
At 30 September 2012	**40.0**	**66.8**	**364.6**	**6.4**	**–1.7**	**328.9**	**805.0**	**0.0**	**805.0**

Statement of comprehensive income

€ million	2012 1 January – 30 September	2011 1 January – 30 September
Consolidated net income	36.2	59.3
Exchange differences on translation	–2.5	–10.1
Available-for-sale financial instruments		
Derivative financial instruments	3.9	–2.1
Other comprehensive income	1.4	–12.2
Total comprehensive income	**37.6**	**47.1**
of which attributable to non-controlling interests	0.0	0.0
of which attributable to KRONES Group shareholders	37.6	47.1

Segment reporting

		Machines and lines for product filling and decoration*		Machines and lines for beverage production/ process technology		Machines and lines for the low output range (KOSME)		KRONES Group	
		2012 1 Jan–30 Sep	2011 1 Jan–30 Sep	2012 1 Jan–30 Sep	2011 1 Jan–30 Sep	2012 1 Jan–30 Sep	2011 1 Jan–30 Sep	2012 1 Jan–30 Sep	2011 1 Jan–30 Sep
Sales revenue	€ million	1,617.5	1,578.2	208.7	168.8	71.4	67.2	1,897.6	1,814.2
EBT	€ million	67.8	99.6	–10.3	–6.4	–7.1	–9.1	50.4	84.1
Return on sales		4.2 %	6.3 %	–4.9 %	–3.8 %	–9.9 %	–13.5 %	2.7 %	4.6 %
Employees at 30 Sep*		10,456	9,849	670	660	495	483	11,621	10,992

* The figure for the »machines and lines for product filling and decoration« segment includes the provision of around €40.6 million for Le Nature's. Operating results for the segment are on target, with a pre-tax operating return on sales of 6.7% in the first three quarters (6.8% in Q3).

** Consolidated group

Notes to the consolidated financial statements of the KRONES Group

General disclosures

Legal basis

The consolidated financial statements of KRONES AG (»KRONES Group«) for the period ended 30 September 2012 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London, applicable at the end of the reporting period, including the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the European Union. No early application was made of IFRSs that had not yet entered into force or their interpretations.

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

If applicable, non-controlling interests have been added to the statement of changes in equity.

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

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

Consolidated group

Besides KRONES AG, the consolidated financial statements for the period ended 30 September 2012 include all material domestic and foreign subsidiaries in which KRONES AG holds more than 50% of the voting rights.

KRONES acquired another 50% stake in KONPLAN S.R.O., Prague, Czech Republic, in the financial year 2012. Moreover, KRONES Makina Sanayi ve Ticaret Ltd. Sirketi, Istanbul, Turkey, was established and acquisition accounting was done to include it in the consolidated group.

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

KRONES AG holds a direct 100% stake in these companies.

Consolidation principles

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

Capital consolidation is performed in accordance with IFRS 3 (»Business combinations«), under which all business combinations must be accounted for using the »purchase method« of accounting, whereby the acquired assets and liabilities are to be recognised at fair value.

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

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

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

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

Currency translation

The functional currency for KRONES AG is the euro.

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

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

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

Exchange rate differences compared with the previous year arising from capital consolidation are recognised outside profit or loss (in equity) in other profit reserves.

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

		Closing rate		Average rate	
		30 Sep 2012	31 Dec 2011	2012	2011
US dollar	USD	1.292	1.293	1.282	1.407
British pound	GBP	0.799	0.837	0.813	0.872
Swiss franc	CHF	1.209	1.217	1.204	1.235
Danish krone	DKK	7.454	7.434	7.439	7.454
Canadian dollar	CAD	1.268	1.319	1.285	1.375
Japanese yen	JPY	100.320	100.070	101.768	113.308
Brazilian real	BRL	2.624	2.414	2.456	2.292
Chinese renminbi (yuan)	CNY	8.121	8.144	8.101	9.142
Mexican peso	MXN	16.593	18.073	16.953	16.912
Ukrainian hryvnia	UAH	10.529	10.363	10.334	11.226
South African rand	ZAR	10.676	10.476	10.311	9.802
Kenyan shilling	KES	110.358	110.223	107.929	122.551
Nigerian naira	NGN	203.170	209.840	204.236	217.071
Russian ruble	RUB	40.147	41.687	39.797	40.464
Thai baht	THB	39.814	40.829	39.975	42.642
Indonesian rupiah	IDR	12,366.800	11,730.600	11,895.330	12,229.322
Angolan kwanza	AOA	122.897	122.920	122.216	131.338
Turkish lira	TRY	2.321	2.446	2.311	2.311

Accounting policies

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

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

Intangible assets

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

Research and development expenditure

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

Goodwill

There is no goodwill in these consolidated accounts.

Property, plant and equipment

Property, plant and equipment are accounted for at cost less scheduled depreciation on a straight-line basis over their estimated useful lives. The cost of internally generated plant and equipment comprises all costs that are directly attributable to the production process and an appropriate portion of overheads.

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

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

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

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

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

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

Leases

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

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

Financial instruments

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

- 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 7.27A).

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

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

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

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

Non-current financial assets

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

Moreover, the »fair value option« provided for under IAS 39 is not applied to any items on the consolidated statement of financial position for the KRONES Group.

Derivative financial instruments

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

The primary category of currency risk at KRONES is transaction risk arising from exchange rates and cash flows in foreign currencies. The currencies materially affected by this are the US dollar, Australian dollar, Canadian dollar, and British pound.

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

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

The derivative financial instruments are measured at fair value at the end of the reporting period. The fair values are determined using Level 2 inputs under IFRS 7.27A. Gains and losses from the measurement are recognised as profit or loss on the separate income statement and the statement of comprehensive income unless the conditions for hedge accounting are met.

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

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

Receivables and other assets

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

Inventories

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

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

Construction contracts for specific customers

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

Deferred tax items

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

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

Provisions for pensions

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

Actuarial gains and losses are only recognised as income or expenses if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the greater of:

a) 10% of the present value of the defined benefit obligation at that date (before deducting plan assets); and

b) 10% of the fair value of any plan assets at that date.

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.

Sales revenue

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

Sales revenue is reported less reductions.

Segment reporting

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

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

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

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

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

Shareholdings

Name and location of the company	Share in capital held by KRONES AG %*
neusped Neutraublinger Speditions-GmbH, Neutraubling, Germany	100.00
KIC KRONES Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany	100.00
ecomac Gebrauchtmaschinen GmbH, Neutraubling, Germany	100.00
MAINTEC Service GmbH, Collenberg/Main, Germany	100.00
S.A. KRONES N.V., Louvain-la-Neuve, Belgium	100.00
KRONES Nordic ApS, Holte, Denmark	100.00
KRONES S.A.R.L., Lyon, France	100.00
KRONES UK Ltd., Bolton, UK	100.00
KRONES S.R.L., Garda (VR), Italy	100.00
KOSME S.R.L., Roverbella, Italy	100.00
KRONES Nederland B.V., Bodegraven, Netherlands	100.00
KOSME Gesellschaft mbH, Sollenau, Austria	100.00
KRONES Spólka z.o.o., Warsaw, Poland	100.00
KRONES Portugal Equipamentos Industriais Lda., Barcarena, Portugal	100.00
KRONES O.O.O., Moscow, Russian Federation	100.00
KRONES Romania Prod. S.R.L., Bucharest, Romania	100.00
KRONES AG, Buttwil, Switzerland	100.00
KRONES Iberica, S.A., Barcelona, Spain	100.00
KRONES S.R.O., Prague, Czech Republic	100.00
KONPLAN S.R.O., Pilsen, Czech Republic	100.00
KRONES Makina Sanayi ve Tikaret Ltd. Sirketi, Istanbul, Turkey	100.00
KRONES Ukraine LLC, Kiev, Ukraine	100.00
MAINTEC Service eood, Sofia, Bulgaria	100.00
MAINTEC Service Ges.m.b.H., Dorf an der Pram, Austria	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., Brampton, Ontario, Canada	100.00
KRONES LCS Center East Africa Limited, Nairobi, Kenya	100.00
KRONES Andina Ltda., Bogotá, Colombia	100.00
KRONES Korea Ltd., Seoul, Korea	100.00
KRONES Mex S.A. DE C.V., Mexico D.F., Mexico	100.00
KRONES LCS Center West Africa Limited, Lagos, Nigeria	100.00
KRONES Southern Africa (Prop.) Ltd., Johannesburg, South Africa	100.00
KRONES (Thailand) Co. Ltd., Bangkok, Thailand	100.00
KRONES, Inc., Franklin, Wisconsin, USA	100.00
Maquinarias KRONES de Venezuela S.A., Caracas, Venezuela	100.00

* Direct and indirect shareholdings.

Members of the Supervisory Board and the Executive Board

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

Supervisory Board

Ernst Baumann
Chairman of the Supervisory Board
* ZF FRIEDRICHSHAFEN AG

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

Klaus Gerlach**
Senior Vice President
Material Management
Since 13 June 2012

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

Dr. Jochen Klein
Managing director of
I-INVEST GMBH
* DÖHLER GMBH
HOYER GMBH

Norman Kronseder
Farmer and forester
* BAYERISCHE FUTTERSAATBAU GMBH

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

Dr. Alexander Nerz
Attorney

Johann Robold**
Member of the Works Council

Anton Schindlbeck**
Senior Vice President
Sales LCS
Until 13 June 2012

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

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

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

Executive Board

Volker Kronseder
Chairman
Human Resources and Corporate Communications

Christoph Klenk
Finance and Information Management

Rainulf Diepold
Sales and Marketing

Werner Frischholz
Operations and Service

Thomas Ricker
Technology, Engineering, Research and Development

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

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

Glossary

Affiliated companies	See subsidiaries
Cash flow	All inflows and outflows of cash and cash equivalents during a period.
DAX	Deutscher Aktienindex (DAX). Index containing the 30 biggest German companies (based on market capitalisation and trading volume).
Deferred tax items	Temporary differences between the taxes calculated on the results reported on tax statements and those calculated on the results recognised in the financial statements under IFRSS. The purpose is to show the tax expense in relation to the result under IFRSS.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
EBIT	Earnings before interest and taxes.
EBT	Earnings before taxes.
EBT margin	Pre-tax return on sales. Ratio of earnings before taxes to sales.
Equity	Funds made available to the company by the owners by way of contribution and/or investment plus retained earnings (or losses).
Free float	Portion of the total number of shares outstanding that is available to the public for trading.
IFRSS	International Financial Reporting Standards. Accounting standards issued by the International Accounting Standards Board (IASB) that are harmonised and applied internationally.
Market capitalisation	The value of a company based on the market price of issued and outstanding ordinary shares. Calculated by multiplying the share price by the number of shares.
MDAX	Index that contains the 50 biggest German and non-German companies (based on market capitalisation and trading volume) in the traditional sectors after those included in the DAX.
Net cash and equivalents	Cash and highly liquid securities under current assets less liabilities to banks.
Non-current assets	Assets which are intended to permanently serve the business operations.
ROCE	Ratio of EBIT to average capital employed (total assets less interest-free liabilities and 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.
Subsidiaries	All companies that are controlled, directly or indirectly, by a parent company due to majority interest and/or common management.
Total debt	Combined term for the provisions, liabilities, and deferred income stated on the liabilities side of the balance sheet.
Working capital	Working capital is calculated as current assets less cash and cash equivalents and less trade payables. Working capital expresses the portion of assets that are working for the company, i.e. generating sales revenues.

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This English language report is a translation of the original German »Bericht über den Zeitraum vom 1. Januar bis 30. September 2012«. In case of discrepancies the German text shall prevail.

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