

Q3

Quarterly statement for
the period from 1 January
to 30 September 2016

 **KRONES**

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Highlights and key figures

KRONES confirms its targets for 2016 and has set new medium-term targets

- Revenue increased 4.8% in the first three quarters of 2016 to €2.38 billion.
- New orders rose 6.1% to €2.45 billion.
- The EBT margin was stable at 6.9% after nine months.
- KRONES confirms its revenue and earnings forecast for 2016 as a whole and has set medium-term targets of 7/8/20 for 2020.

Key figures for 1 January – 30 September		1 Jan – 30 Sep 2016	1 Jan – 30 Sep 2015	Change
Revenue	€ million	2,380.1	2,270.7	+ 4.8%
New orders	€ million	2,452.5	2,311.3	+ 6.1%
Orders on hand at 30 September	€ million	1,167.0	1,119.7	+ 4.2%
EBITDA	€ million	224.2	218.2	+ 2.7%
EBIT	€ million	158.4	152.6	+ 3.8%
EBT	€ million	163.6	156.1	+ 4.8%
EBT margin	%	6.9	6.9	–
Net income	€ million	114.3	108.3	+ 5.5%
Earnings per share	€	3.65	3.45	+ 5.8%
Capital expenditure for PP&E and intangible assets	€ million	58.2	55.4	+€2.8 million
Free cash flow	€ million	–197.0	–48.1	–€148.9 million
Net cash and cash equivalents at 30 September*	€ million	121.8	253.7	–€131.9 million
ROCE (liabilities side)	%	15.5	17.0	–
ROCE (assets side)	%	14.0	14.9	–
Employees at 30 September				
Worldwide		14,132	13,149	+ 983
Germany		9,959	9,655	+ 304
Outside Germany		4,173	3,494	+ 679

* Cash and cash equivalents less debt

Key figures for Q3		1 Jul – 30 Sep 2016	1 Jul – 30 Sep 2015	Change
Revenue	€ million	819.8	767.0	+ 6.9%
New orders	€ million	850.1	787.2	+ 8.0%
EBITDA	€ million	77.0	74.1	+ 3.9%
EBIT	€ million	55.1	51.4	+ 7.2%
EBT	€ million	56.3	52.0	+ 8.3%
EBT margin	%	6.9	6.8	–
Net income	€ million	39.9	35.6	+ 12.1%
Earnings per share	€	1.27	1.13	+ 12.4%

Dear shareholders and friends of **KRONES**,

After a turbulent first half, which saw sharp fluctuations in oil prices, share prices, and currencies as well as the passage of the Brexit vote, the world economy appears to have stabilised in the third quarter. The International Monetary Fund (IMF) in its October forecast has maintained its projections for global growth at 3.1% for 2016 and 3.4% for 2017.

The fact that **KRONES** is still on target after nine months despite the difficult market environment can be attributed to efficiency gains and various other measures taken under our Value strategy programme. After the first three quarters, revenue is up 4.8% and new orders have increased 6.1%. Earnings before taxes increased 4.8%. Overall, we are confident that we will achieve our targets for revenue growth (+3%) and EBT margin (7.0%) for the financial year 2016.

KRONES has set new medium-term targets. By 2020, we want

- 7% annual revenue growth on average
- 8% EBT margin
- 20% ROCE

These targets are certainly ambitious given the challenging market. The fight for orders remains intense as the field of competitors grows in number and quality. On the customers' side of things, mergers and acquisitions are delaying capital investments and creating even larger customers with increased buying power. Therefore, we see no reason to expect prices to improve in the short or medium term.

The entire **KRONES** team will work hard to achieve our targets. We must grow profitably if we are to make crucial investments with our own resources and recruit the best people. And doing that will enable us to strengthen **KRONES'** position in our promising market and continue to do business successfully in the long term.

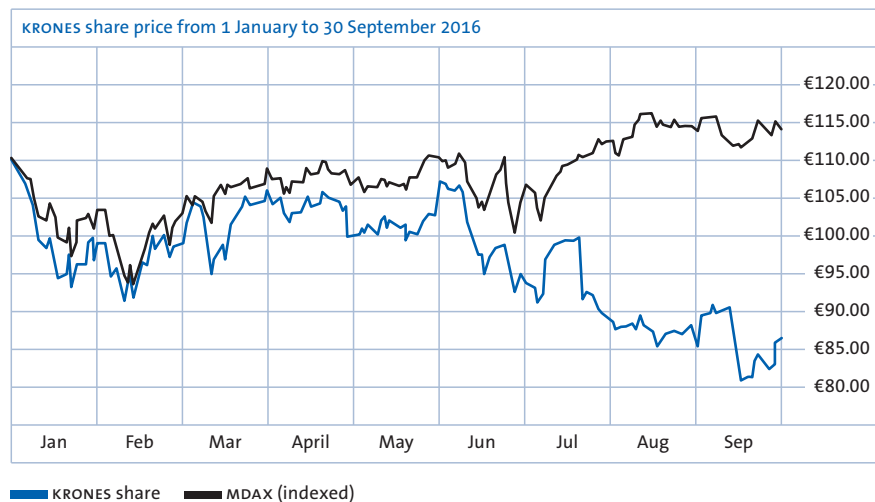


Christoph Klenk
CEO

Low interest rates bolstered equity markets in the third quarter

After incurring losses (some quite significant) in the first half of 2016, most of the world's stock markets recovered in the third quarter. Apart from rising oil prices, low interest rates were the main factor driving shares upward. Bond yields dropped further as central banks continued their loose monetary policy. For example, most German sovereign bonds had negative yields in the third quarter. Even yields on higher-risk corporate bonds were low at best. Seeking higher returns, investors increasingly turned to the stock markets. As a result, Germany's DAX blue-chip index rose 8.6% in the period from July to September, recouping much of its first-half losses (-9.9%). At 30 September, the DAX was down only 2.2% from the start of the year.

Other major stock markets around the world did not advance quite as much as the DAX. The Euro Stoxx 50 gained 4.8%, Japan's Nikkei index 5.6%. Continual speculation over the timing of an interest rate hike in the US tempered gains on Wall Street. The Dow Jones Industrial Average rose just 2.1% in the third quarter of 2016.



KRONES' share price dropped dramatically in the third quarter following the release of second-quarter results on 21 July. Our share significantly underperformed the MDAX in the first nine months of 2016.

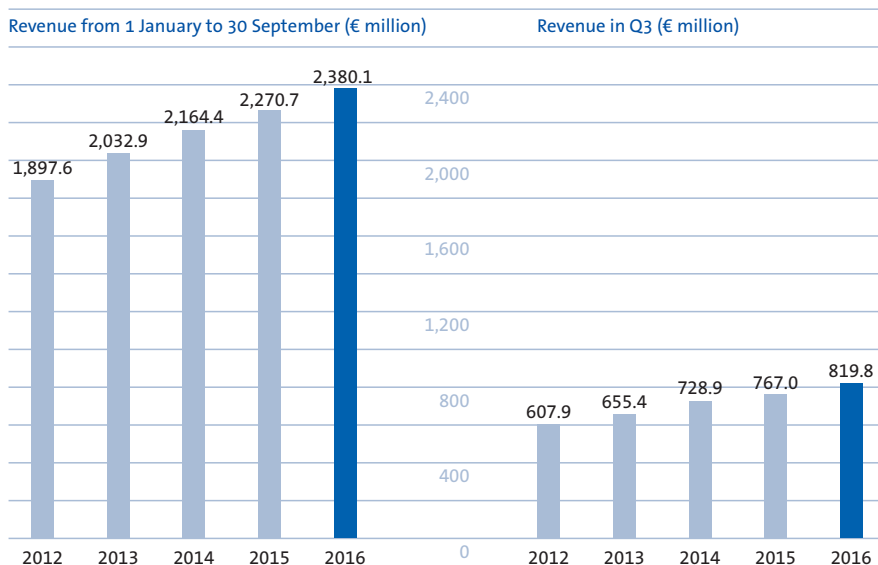
Analyst downgrades weighed on KRONES share price

KRONES' share price declined 8.6% in the period from July to September 2016. Thus, our share underperformed in the third quarter compared with the MDAX, which rose 8.8% in the same period. Our results for the second quarter of 2016 had disappointed analysts' high expectations and were the main reason for the poor performance. Analysts lowered their price targets even as we confirmed our targets for the year 2016 as a whole. Some analysts even downgraded their rating of KRONES to "sell". On 30 September, the share closed at €86.60, down 21.5% from the start of the year. As a result, our shareholders incurred losses for the first time after many years of strong performance. The MDAX gained a total of 3.9% in the first nine months of 2016.

Revenue

KRONES continues stable growth

Despite macroeconomic uncertainties and intense competition, revenue for the period from July to September 2016 increased 6.9% year-on-year from €767.0 million to €819.8 million. Thus, the company's growth accelerated in the third quarter. The main forces driving our growth were our comprehensive range of products and services and KRONES' strong international presence. We are very well positioned in both the emerging markets and mature industrialised countries.



In all, revenue at KRONES was up 4.8% from €2,270.7 million in the previous year to €2,380.1 million in the first nine months of 2016. The machines and lines for the compact class segment posted the highest percentage growth (+14.2%). From a regional perspective, revenue developed best in Central and Eastern Europe, the Middle East/Africa, and China in the first three quarters of 2016.

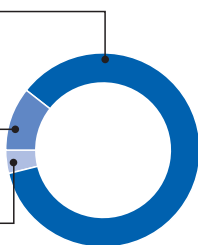
KRONES' revenue grew 4.8% in the first three quarters of 2016. That puts our growth target of 3% for the year as a whole well within reach.

Revenue by segment from 1 Jan to 30 Sep 2016

Machines and lines for product filling and decoration
85.6%* (€2,039.1 million)

Machines and lines for beverage production/ process technology
10.6%* (€251.6 million)

Machines and lines for the compact class
3.8%* (€89.4 million)



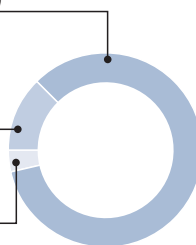
* Share of consolidated revenue of €2,380.1 million

Revenue by segment from 1 Jan to 30 Sep 2015

Machines and lines for product filling and decoration
83.9%* (€1,905.5 million)

Machines and lines for beverage production/ process technology
12.6%* (€286.9 million)

Machines and lines for the compact class
3.5%* (€78.3 million)



* Share of consolidated revenue of €2,270.7 million

Revenue by region

After strong growth in the first half, revenue in Germany was slightly lower in the third quarter of 2016 due to invoice timing. In all in the first nine months of 2016, revenue generated in Germany was up 2.3% year-on-year to €242.6 million. Domestic revenue's share of consolidated revenue decreased slightly to 10.2% (previous year: 10.4%).

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

Overall, business in Europe (excluding Germany) developed in line with expectations in the first three quarters of 2016. In Western Europe, revenue was down 12.5% year-on-year from the high year-earlier level, to €386.6 million. Conversely, revenue increased 18.3% in Central Europe and 19.6% in Eastern Europe. Revenue in the economically troubled Russia/CIS region stabilised at a low level in the third quarter. Nine-month revenue there was down 18.3%. All-in-all, KRONES' revenue in Europe (excluding Germany) was down 5.4% from €670.9 million to €634.5 million in the first three quarters of 2016. The share of consolidated revenue decreased to 26.7% (previous year: 29.5%).

Business picked up considerably in China, where we completed a large number of projects in the third quarter. In the first nine months of 2016, revenue there improved 37.1% year-on-year to €249.9 million. Revenue in the rest of the Asia-Pacific region was down somewhat in the period from January to September, dropping 5.0% year-on-year to €302.1 million. However, there was a slight improvement in the third quarter. KRONES' revenue in the large Middle East/Africa region continued to grow. At €394.9 million, it exceeded the already high year-earlier figure by 12.8%.

KRONES' business continued to improve in North and Central America. Revenue there increased 8.6% to €317.6 million in the first three quarters despite the high baseline. KRONES' business in the South America/Mexico sales region grew in the reporting period despite the fact that some South American countries are mired in economic difficulties. In all, revenue in the South America/Mexico region was up 8.5% to €238.5 million.

KRONES Group revenue by region

Share of consolidated revenue	30 September 2016		30 September 2015		Change
	€ million	%	€ million	%	
Germany	242.6	10.2	237.1	10.4	+2.3
Central Europe (excluding Germany)	115.5	4.9	97.6	4.3	+18.3
Western Europe	386.6	16.2	441.8	19.5	-12.5
Eastern Europe	78.7	3.3	65.8	2.9	+19.6
Russia, Central Asia (CIS)	53.7	2.3	65.7	2.9	-18.3
Middle East/Africa	394.9	16.6	350.0	15.4	+12.8
Asia-Pacific	302.1	12.7	318.1	14.0	-5.0
China	249.9	10.5	182.3	8.0	+37.1
South America/Mexico	238.5	10.0	219.9	9.7	+8.5
North and Central America	317.6	13.3	292.4	12.9	+8.6
Total	2,380.1	100.0	2,270.7	100.0	+4.8

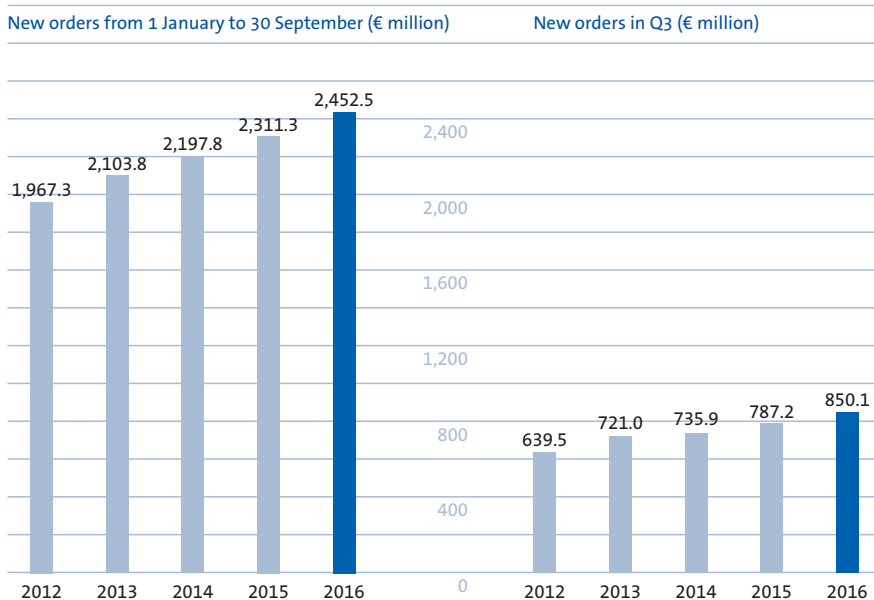
KRONES generated 55.4% of consolidated revenue in the emerging markets in the period from January to September 2016 (previous year: 52.9%). Thus, KRONES' revenue is well balanced internationally between the emerging and established markets.

New orders up 6.1% year-on-year after the first three quarters

Our customers' capital spending was satisfactory overall in the first nine months of 2016. After a temporary dip in demand in the second quarter, orders picked up again in the third. New orders in the period from July to September 2016 were up 8.0% year-on-year to €850.1 million. In the first three quarters of 2016, the contract value of new orders rose 6.1% from €2,311.3 million to €2,452.5 million. The increase in new orders came in both individual machines and complete filling and packaging lines.

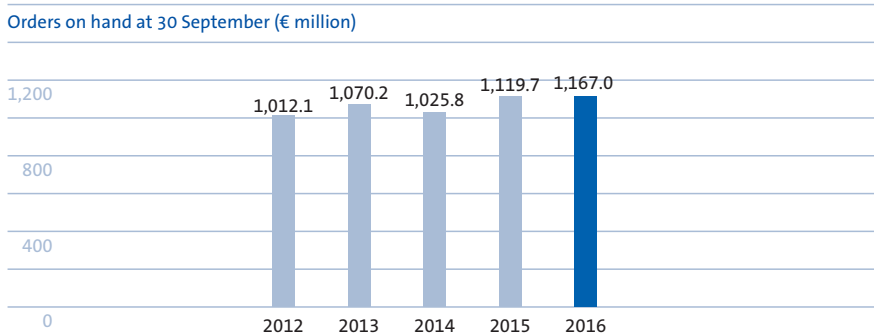
The strongest orders intake in the first three quarters of 2016 came from Europe and North America. Demand was also strong in South America, Eastern Europe, and the Russia/CIS region. By contrast, business was somewhat weaker in Asia and the Middle East/Africa region, as expected, due to the economic situation there.

Demand for KRONES products and services was high in the first three quarters of 2016. New orders were up 6.1%.



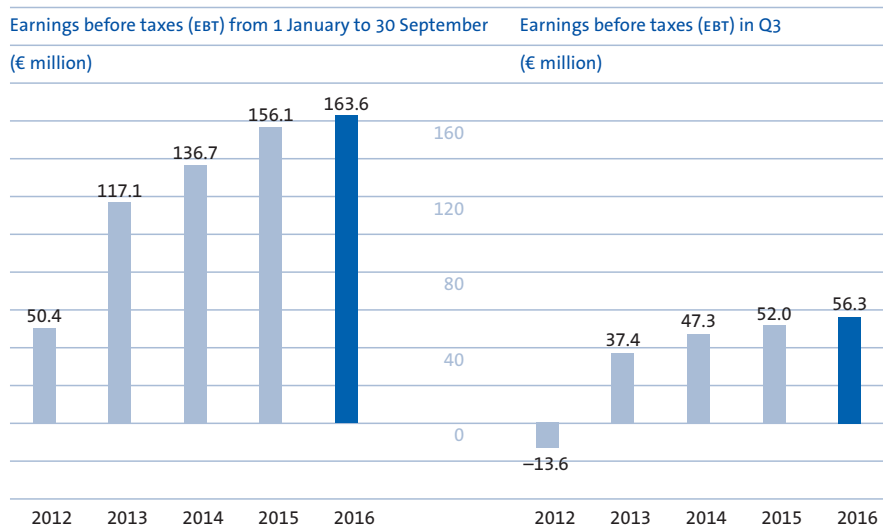
KRONES' orders backlog grew

At the end of September 2016, KRONES had orders on hand totalling €1,167.0 million. Thus, orders on hand exceeded the previous year by 4.2%. In all, the comfortable orders backlog serves as a solid basis for balancing the company's capacity utilisation in the months ahead.

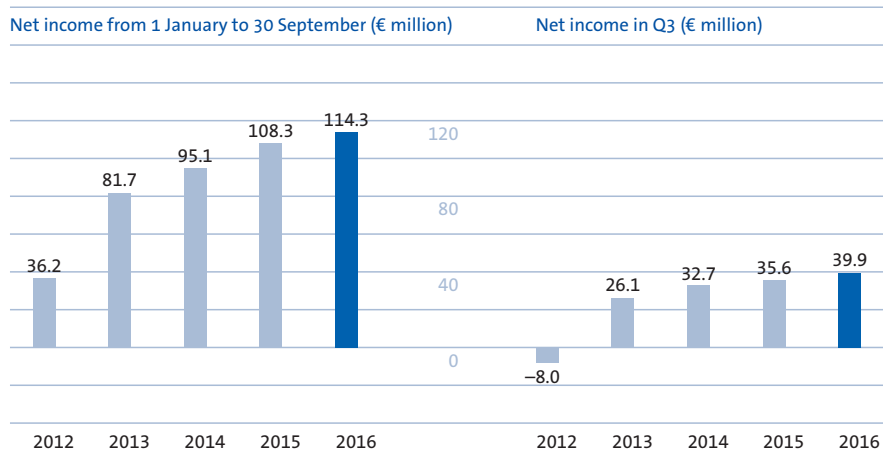


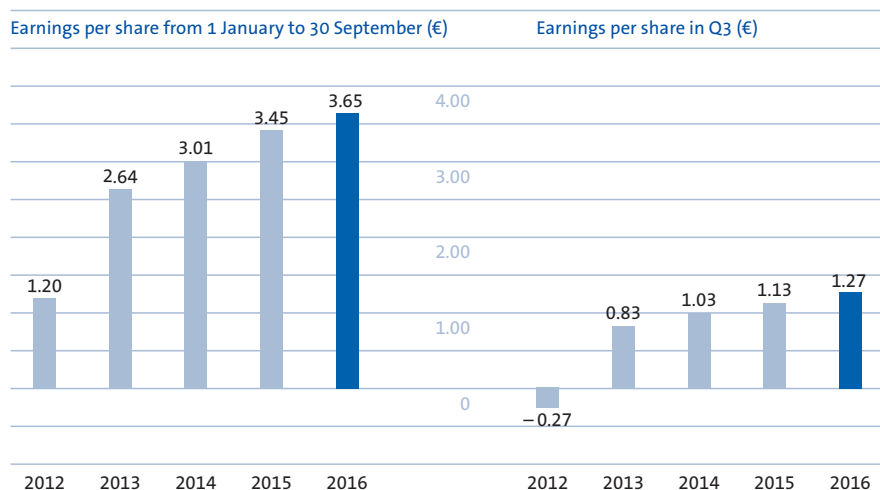
EBT margin of 6.9% for the first three quarters

In the period from July to September 2016, earnings before taxes (EBT) rose 8.3% year-on-year to €56.3 million. KRONES' EBT margin improved slightly, from 6.8% to 6.9%. Market prices continued to provide no positive effects. The higher margin can be attributed to measures taken under the Value strategy programme as well as additional short-term cost savings. At €39.9 million after taxes, net income for the third quarter was up 12.1% year-on-year. Earnings per share rose from €1.13 to €1.27.



Earnings before taxes were up by the same rate as revenue in the first three quarters of 2016 (4.8% to €163.6 million). The EBT margin was stable at 6.9%. Negative currency effects in the second quarter of 2016 prevented us achieving a better margin. Consolidated net income increased 5.5% to €114.3 million in the first nine months. Earnings per share rose from €3.45 in the previous year to €3.65.





Earnings per share for the third quarter rose from €1.13 in the previous year to €1.27.

KRONES Group earnings structure

€ million	2016 1 Jan–30 Sep	2015 1 Jan–30 Sep	Change %
Revenue	2,380.1	2,270.7	+4.8
Changes in inventories of finished goods and work in progress	-72.8	37.0	
Total operating performance	2,307.3	2,307.7	±0.0
Goods and services purchased	-1,109.9	-1,107.7	+0.2
Personnel expenses	-727.2	-695.2	+4.6
Other operating income (expenses) and own work capitalised	-246.0	-286.6	-14.2
EBITDA	224.2	218.2	+2.7
Depreciation and amortisation on non-current assets	-65.8	-65.6	+0.3
EBIT	158.4	152.6	+3.8
Financial income	5.2	3.5	
EBT	163.6	156.1	+4.8
Income tax	-49.3	-47.8	+3.1
Consolidated net income	114.3	108.3	+5.5

At €2,307.3 million, total operating performance in the first three quarters of 2016 was virtually unchanged from the previous year (€2,307.7 million). It was up less steeply than revenue (+4.8%) because inventories of finished goods and work in progress decreased by €72.8 million in the period from January to September (previous year: +€37.0 million).

KRONES' earnings performance was as forecast in the reporting period. At €1,109.9 million, goods and services purchased were nearly unchanged (+0.2%) in the first nine months of 2016 (previous year: €1,107.7 million). The ratio of expenses for goods and services purchased to total operating performance increased only marginally from 48.0% in the previous year to 48.1%.

Personnel expenses increased more than total operating performance in the period from January to September 2016. This figure rose 4.6% to €727.2 million due to workforce growth and an increase in pay rates as a result of collective bargaining. The ratio of personnel expenses to total operating performance increased from 30.1% in the year-earlier period to 31.5% in the first nine months of 2016.

The increase in personnel expenses was offset by the lower net of other operating income and expenses and own work capitalised. The EBT margin was 6.9%, unchanged from the previous year.

The lower net of other operating income and expenses and own work capitalised had a positive impact. It was down from –€286.6 million to –€246.0 million primarily on cost reducing measures taken under the Value programme. At €65.8 million, depreciation and amortisation of non-current assets in the first nine months of 2016 were just barely higher than the year-earlier figure (€65.6 million).

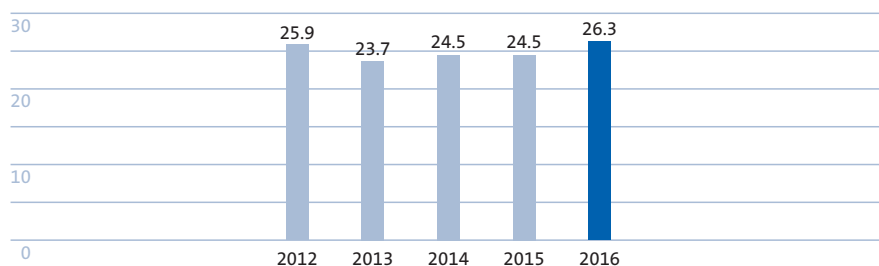
Earnings before interest and taxes (EBIT) improved 3.8% to €158.4 million in the first three quarters. With financial income of €5.2 million, which is higher than in the previous year (€3.5 million), earnings before taxes (EBT) were up 4.8% to €163.6 million, a slightly stronger increase than EBIT. The EBT margin, the ratio of earnings before taxes to revenue, came to 6.9% as in the previous year. Because KRONES' tax rate was down slightly in the reporting period, to 30.1% from 30.6%, consolidated net income for the first nine months of 2016 increased 5.5% to €114.3 million (previous year: €108.3 million).

KRONES Group cash flow

€ million	2016 1 Jan–30 Sep	2015 1 Jan–30 Sep
Earnings before taxes	163.6	156.1
Non-cash expenses and income	+ 120.0	+ 83.4
Changes in working capital	– 340.2	– 189.0
Other (primarily income taxes)	– 52.8	– 29.5
Cash flow from operating activities	–109.4	+ 21.0
Capital expenditure for intangible assets and property, plant and equipment	– 58.2	– 55.4
Other	– 29.4	– 13.7
Free cash flow	–197.0	–48.1
Cash flow from financing activities	+ 48.5	– 39.5
Change in cash and cash equivalents arising from exchange rates	0.0	+ 4.9
Net change in cash and cash equivalents	–148.5	–82.7
Cash and cash equivalents at the end of the period	216.1	253.7

In the period from January to September 2016, cash flow from operating activities decreased from +€21.0 million in the year-earlier period to –€109.4 million. The main reason for this was a significant increase in working capital. In the reporting period, KRONES' working capital grew by €340.2 million, considerably more than in the previous year (€189.0 million). One factor was that the company paid down a total of €177.9 million in trade payables and other liabilities. Higher receivables and inventories as well as other assets also contributed €162.3 million to the increase in working capital. As a result, the ratio of average working capital for the past four quarters to revenue increased from 24.5% in the previous year to 26.3%.

KRONES Group working capital to revenue from 1 January to 30 September (%) (LTM)



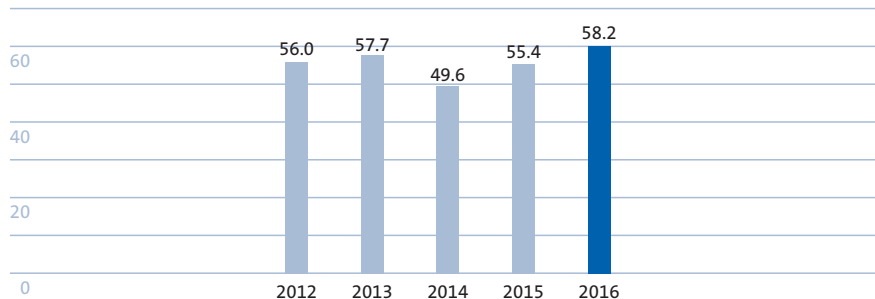
Average working capital for the past four quarters to revenue was very high at 26.3%. We are stepping up our efforts to remedy this.

KRONES invested €58.2 million in intangible assets and property, plant and equipment in the first nine months of the year (previous year: €55.4 million). That was in keeping with our capital expenditure planning. In the reporting period, €32.3 million went towards the acquisition of stakes in other companies. KRONES' free cash flow

(net cash generated from operating activities) came to –€197.0 million for the first three quarters of 2016 after –€48.1 million in the previous year. Excluding expenditures for acquisitions, free cash flow was –€164.7 million. We are not satisfied with this development.

Free cash flow was down considerably at the end of nine months due to a sharp increase in working capital.

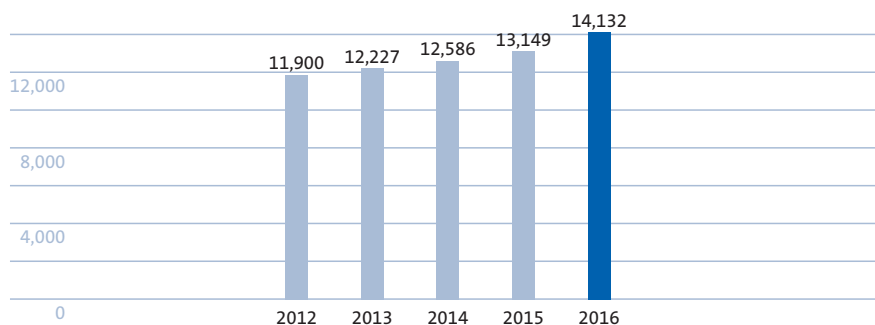
Capital expenditure for PP&E and intangible assets from 1 January to 30 September (€ million)



Cash flow from financing activities improved to +€48.5 million in the first nine months of 2016, from –€39.5 million in the year-earlier period. This item includes the dividend payout of €45.8 million as well as €94.3 million in proceeds from new borrowing. All told, KRONES had cash and cash equivalents totalling €216.1 million at 30 September 2016 (previous year: €253.7 million).

Employees

KRONES employees worldwide at 30 September



KRONES' workforce grows to 14,132

At the end of September 2016, KRONES employed 14,132 people worldwide (previous year: 13,149). The biggest share of new hiring was outside Germany. We increased our workforce abroad by 679 year-on-year to 4,173, which reflects KRONES' internationalisation strategy. The acquisition of majority stakes in SYSTEM LOGISTICS and TRANS-MARKET also contributed to our international workforce growth. The number of employees at KRONES in Germany grew by 304 to 9,959.

KRONES' workforce grew by 983 in the first three quarters. That figure includes 331 new employees acquired with TRANS-MARKET and SYSTEM LOGISTICS.

KRONES Group asset and capital structure

€ million	30 Sep 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
Non-current assets	771	697	672	642
of which fixed assets	690	646	624	605
Current assets	2,064	2,010	1,756	1,596
of which cash and equivalents	216	365	336	240
Equity	1,173	1,111	989	954
Total debt	1,662	1,596	1,439	1,284
Non-current liabilities	275	278	275	213
Current liabilities	1,387	1,318	1,164	1,071
Total	2,835	2,707	2,428	2,238

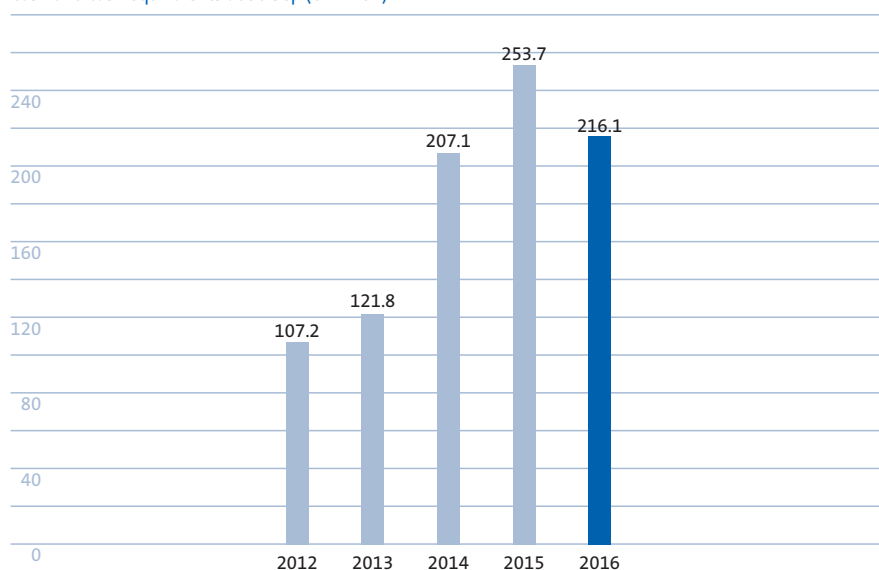
Due to the higher business volume, KRONES' total assets at 30 September 2016 were up 4.7% over the end of 2015, to €2,834.5 million.

At the end of the first nine months, the company had non-current assets totalling €771.0 million (31 December 2015: €697.2 million). Fixed assets were up to €689.5 million (31 December 2015: €646.2 million) because the acquisition of TRANS-MARKET and SYSTEM LOGISTICS resulted in a dramatic increase in the company's intangible assets to €216.0 million (31 December 2015: €163.2 million). Of the fixed assets, €468.3 million were property, plant and equipment.

At the end of the reporting period, current assets totalled €2,063.5 million, which is 2.7% more than at 31 December 2015 (€2,009.4 million). Trade receivables increased from €796.8 million to €914.4 million. Inventories increased from €724.5 million to €773.2 million. Cash and cash equivalents decreased from €364.6 million to €216.1 million in the first nine months of 2016.

Higher inventories and receivables from customers made for lower cash and cash equivalents in the reporting period.

Cash and cash equivalents at 30 Sep (€ million)



On the liabilities side, KRONES' non-current liabilities, primarily provisions for pensions, were down slightly, to €275.1 million at 30 September 2016 (31 December 2015: €278.5 million). The company had no non-current bank debt at 30 September 2016.

Current liabilities were up 5.2% over the end of the year 2015, to €1,386.2 million. The increase was due to short-term borrowing totalling €94.3 million. The company's net cash and cash equivalents (cash and cash equivalents less bank debt) amounted to €121.8 million at the end of September 2016.

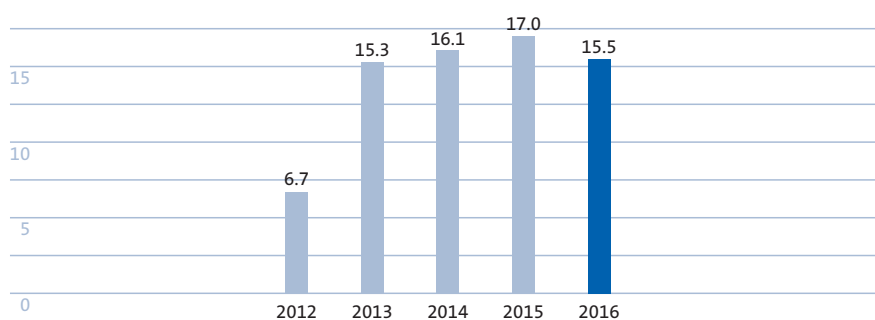
A comfortable liquidity cushion and a sound equity position give KRONES a high level of financial stability and flexibility.

Due to the positive consolidated earnings, equity increased from €1,110.7 million to €1,173.2 million in the reporting period. Thus, our equity ratio was 41.4% at 30 September 2016 (31 December 2015: 41.0%). All in all, our balance sheet shows that KRONES still has an extremely robust financial and capital structure.

ROCE drops to 15.5%

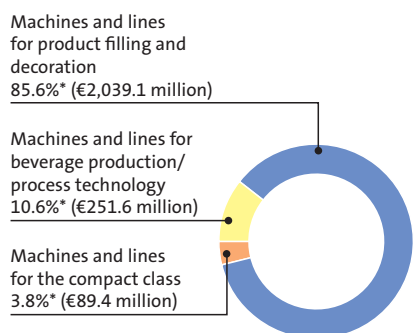
KRONES' return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, decreased to 15.5% in the reporting period (previous year: 17.0%). The dramatic increase in working capital was primarily responsible for the decline.

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



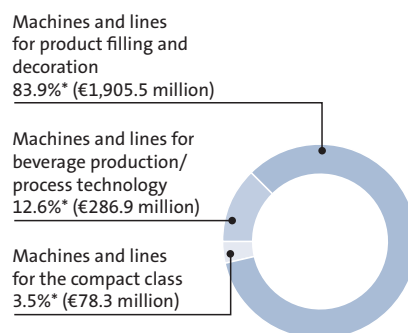
Our roce target of 18% for 2016 is very ambitious.

Revenue by segment from 1 Jan to 30 Sep 2016



* Share of consolidated revenue of €2,380.1 million

Revenue by segment from 1 Jan to 30 Sep 2015



* Share of consolidated revenue of €2,270.7 million

Segment revenue

Business in our core segment, machines and lines for product filling and decoration, developed well in the third quarter of 2016. Revenue improved 12.7% year-on-year. The emerging markets contributed a large share to this growth. In the first nine months of 2016, revenue increased 7.0% overall, to €2,039.1 million. The core segment contributed 85.6% of consolidated revenue in the first three quarters of 2016 (previous year: 83.9%).

Due to longer production lead times, revenue in the machines and lines for beverage production/process technology segment is subject to sharp fluctuations throughout the year. Because some ongoing projects will not be invoiced until the fourth quarter of 2016, segment revenue after the first three quarters was down 12.3% from the previous year to €251.6 million. For the year 2016 as a whole, we expect internal growth to come to around 10%. The additional revenue generated through the acquisition of SYSTEM LOGISTICS and TRANS-MARKET is expected to further increase process technology revenue in 2016. The segment contributed 10.6% of consolidated revenue in the first nine months of 2016 (previous year: 12.6%).

The smallest segment, machines and lines for the compact class, performed well overall in the first three quarters of 2016. With the subsidiaries KOSME and GERNEP, the segment addresses the lower output range. Revenue was up 14.2% year-on-year in the period from January to September 2016, to €89.4 million. Thus, the segment grew its share of consolidated revenue to 3.8% (previous year: 3.5%).

KRONES' core segment and compact class segment both posted revenue growth in the first three quarters of 2016. Process technology revenue fell short of the year-earlier figure due to invoice timing.

Segment earnings

Earnings in the company's core segment, machines and lines for product filling and decoration, improved in the first nine months of 2016 despite the unchanged price situation. Segment earnings before taxes (EBT) rose 8.8% year-on-year to €158.4 million. The EBT margin widened from 7.6% to 7.8%. Efficiency gains made under the Value strategy programme were the main force behind to this improvement. We are confident that the core segment will achieve an EBT margin of around 8% for the year 2016 as a whole despite the lack of support from market prices.

All three of KRONES' segments were in the black after the first nine months. The core segment's EBT margin widened from 7.6% to 7.8%.

Earnings before taxes (EBT) in the machines and lines for beverage production/process technology segment were down considerably in the first three quarters of 2016, from €6.4 million to €0.6 million. Revenue will likely increase sharply in the fourth quarter. Thus, the final quarter of the year is expected to contribute significantly to 2016 earnings. KRONES is still projecting an EBT margin of around 1% for the year 2016 as a whole. Implementation of measures aimed at strengthening the segment's profitability for the long term is progressing as planned.

Earnings in the machines and lines for the compact class segment developed within our range of expectations. In the first three quarters of 2016, earnings before taxes (EBT) increased 12.2% to €4.6 million. The EBT margin was down slightly from 5.2% in the year-earlier period to 5.1%. We expect the margin to be similar for the year 2016 as a whole.

Product filling and decoration		2016	2015
		1 Jan–30 Sep	1 Jan–30 Sep
EBT	€ million	158.4	145.6
EBT margin	%	7.8	7.6

Beverage production/process technology		2016	2015
		1 Jan–30 Sep	1 Jan–30 Sep
EBT	€ million	0.6	6.4
EBT margin	%	0.2	2.2

Compact class		2016	2015
		1 Jan–30 Sep	1 Jan–30 Sep
EBT	€ million	4.6	4.1
EBT margin	%	5.1	5.2

KRONES is on track for 2016 – new medium-term targets through 2020

KRONES is confident that consolidated revenue growth of 3% and an EBT margin of 7.0% for the year 2016 will be achieved as forecast despite the many economic and political uncertainties. All three segments will contribute by achieving their own growth and earnings targets. We continue to aim for an ROCE of 18%. However, it is a very ambitious goal.

After the first three quarters, KRONES is confident it will achieve its growth and earnings targets for 2016 as a whole.

	Forecast for 2016	Actual value 9M 2016
Revenue growth	+ 3%	+ 4.8%
EBT margin	7.0%	6.9%
ROCE	18%	15.5%

7/8/20 is our new medium-term target through 2020

To keep moving the company forward for the long term, the KRONES Team has set new medium-term targets through 2020. 7/8/20 stands for:

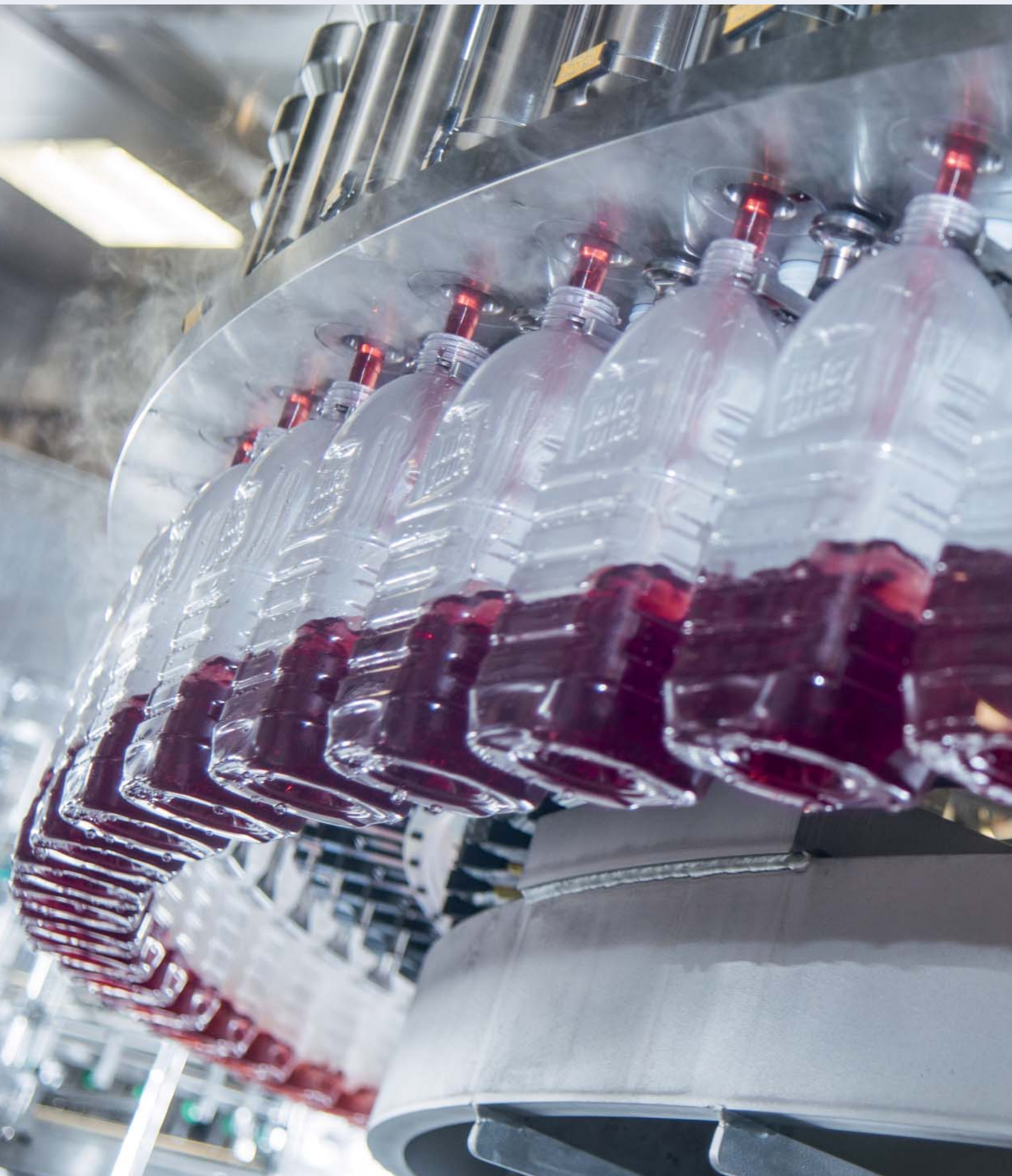
- 7 percent revenue growth per year on average
- 8 percent EBT margin
- 20 percent ROCE (return on capital employed)

To achieve 7% annual revenue growth, we must systematically seize the opportunities the market presents. Therefore, KRONES intends to pick up market shares in regions where beverage consumption is growing faster than average. The rapidly growing diversity of products and packaging is another growth driver as it requires extremely versatile machines and lines. KRONES intends to capture a big piece of this high-growth market segment by offering the most advanced technology and products. Acquisitions and the expansion of our own product range will also contribute a large part to our forecast growth.

KRONES aims to further increase profitability. Because we don't expect any support from prices, even in the medium term, we will have to work hard to achieve our EBT margin target of 8%. One focus of our efforts will be growing our global footprint. To this end, we plan to shift a large part of procurement and engineering as well as parts of production to the regions in which our customers operate their plants. Doing so enables us to offer our customers there tailored, cost-optimized products. We are also continuing to advance the modularisation of our products and expand our highly profitable service business. To achieve our medium-term ROCE target of 20%, we will sharpen our focus on working capital.

The concrete measures and programmes with which we intend to achieve our targets can be found in our Q3 presentation, which is available on our website at http://www.krones.com/en/investor_relations/presentation-2016.php





€ million	2016 1 January – 30 September	2016 1 January – 30 September	Change %
Revenue	2,380.1	2,270.7	+4.8
Changes in inventories of finished goods and work in progress	-72.8	37.0	
Total operating performance	2,307.3	2,307.7	±0.0
Goods and services purchased	-1,109.9	-1,107.7	+0.2
Personnel expenses	-727.2	-695.2	+4.6
Other operating income/expenses and own work capitalised	-246.0	-286.6	-14.2
Depreciation and amortisation on fixed assets	-65.8	-65.6	+0.3
EBIT	158.4	152.6	+3.8
Financial income/expense	5.2	3.5	
Earnings before taxes	163.6	156.1	+4.8
Income tax	-49.3	-47.8	+3.1
Consolidated net income	114.3	108.3	+5.5
Profit share of non-controlling interests	-0.9	-0.8	
Profit share of KRONES Group shareholders	115.2	109.1	
Earnings per share (diluted/basic) in €	3.65	3.45	

€ million	2016 1 July – 30 September	2015 1 July – 30 September	Change %
Revenue	819.8	767.0	+6.9
Changes in inventories of finished goods and work in progress	-73.3	12.5	
Total operating performance	746.5	779.5	-4.2
Goods and services purchased	-360.5	-382.2	-5.7
Personnel expenses	-231.2	-226.3	+2.2
Other operating income/expenses and own work capitalised	-77.8	-96.9	-19.7
Depreciation and amortisation on fixed assets	-21.9	-22.7	-3.5
EBIT	55.1	51.4	+7.2
Financial income/expense	1.2	0.6	
Earnings before taxes	56.3	52.0	+8.3
Income tax	-16.4	-16.4	±0.0
Consolidated net income	39.9	35.6	+12.1
Profit share of non-controlling interests	-0.3	-0.3	
Profit share of KRONES Group shareholders	40.2	35.9	
Earnings per share (diluted/basic) in €	1.27	1.13	

Statement of financial position

Assets € million	30 September 2016		31 December 2015	
Intangible assets	216.0		163.2	
Property, plant and equipment	468.3		481.5	
Non-current financial assets	5.2		1.5	
Fixed assets	689.5		646.2	
Deferred tax assets	20.9		22.0	
Trade receivables	57.2		23.8	
Income tax receivables	0.0		1.7	
Other assets	3.4		3.5	
Non-current assets		771.0		697.2
Inventories	773.2		724.5	
Trade receivables	914.4		796.8	
Current income tax receivables	16.9		15.0	
Other assets	142.9		108.5	
Cash and cash equivalents	216.1		364.6	
Current assets		2,063.5		2,009.4
Total		2,834.5		2,706.6

Equity and liabilities € million	30 September 2016	31 December 2015
Equity	1,173.2	1,110.7
Provisions for pensions	198.5	196.9
Deferred tax liabilities	9.3	17.3
Other provisions	58.1	50.1
Liabilities to banks	0.0	0.0
Other financial liabilities	7.0	12.6
Other liabilities	2.2	1.6
Non-current liabilities	275.1	278.5
Other provisions	174.5	147.0
Provisions for taxes	25.9	9.5
Liabilities to banks	94.3	0.0
Advances received	537.2	545.7
Trade payables	223.1	247.9
Current tax liabilities	2.0	17.4
Other financial liabilities	18.1	56.3
Other liabilities and accruals	311.1	293.6
Current liabilities	1,386.2	1,317.4
Total	2,834.5	2,706.6

Statement of cash flows

€ million	2016 1 January– 30 September	2015 1 January– 30 September
Earnings before taxes	163.6	156.1
Depreciation and amortisation (reversals)	65.8	65.6
Increase in provisions	49.4	30.7
Deferred tax item changes recognised in profit or loss	9.1	–10.4
Interest expenses and interest income	–3.3	–1.5
Proceeds and losses from the disposal of fixed assets	–0.1	–0.1
Other non-cash expenses and income	–0.9	–0.9
Increase in inventories, trade receivables, and other assets not attributable to investing or financing activities	–162.3	–190.3
Decrease (previous year: increase) in trade payables and other liabilities not attributable to investing or financing activities	–177.9	1.3
Cash generated from operating activities	–56.6	50.5
Interest paid	–0.7	–0.5
Income tax paid and refunds received	–52.1	–29.0
Cash flow from operating activities	–109.4	21.0
Cash payments to acquire intangible assets	–31.5	–27.0
Cash payments to acquire property, plant and equipment	–26.7	–28.4
Proceeds from the disposal of property, plant and equipment	1.4	0.4
Cash payments to acquire non-current financial assets	–3.3	0.0
Proceeds from the disposal of non-current financial assets	0.2	0.1
Cash payments to acquire shares in affiliated companies	–32.3	–18.3
Interest received	2.8	2.1
Dividends received	1.8	2.0
Cash flow from investing activities	–87.6	–69.1
Cash payments to company owners	–45.8	–39.5
Proceeds from new borrowing	94.3	0.0
Cash payments to service debt	0.0	0.0
Cash flow from financing activities	48.5	–39.5
Net change in cash and cash equivalents	–148.5	–87.6
Change in cash and cash equivalents arising from exchange rates	0.0	4.9
Cash and cash equivalents at the beginning of the period	364.6	336.4
Cash and cash equivalents at the end of the period	216.1	253.7

€ million	Parent company							Non-controlling interests	Group equity
	Share capital	Capital reserves	Profit reserves	Currency differences in equity	Other reserves	Group retained earnings	Equity	Equity	
At 31 December 2014	40.0	141.7	364.2	-0.5	-89.5	531.8	987.7	0.8	988.5
Dividend payment (€1.25 per share)						-39.5	-39.5		-39.5
Consolidated net income 9 months 2015						109.1	109.1	-0.8	108.3
Currency differences				-19.1			-19.1		-19.1
Actuarial gains (losses) on pension plans					0.5		0.5		0.5
Hedge accounting					3.6		3.6		3.6
At 30 September 2015	40.0	141.7	364.2	-19.6	-85.4	601.4	1,042.3	0.0	1,042.3
Consolidated net income Q4 2015						48.3	48.3	-0.4	47.9
Allocation to profit reserves			0.3			-0.3	0.0		0.0
Currency differences				12.5			12.5		12.5
Actuarial gains (losses) on pension plans					11.8		11.8		11.8
Hedge accounting					-3.8		-3.8		-3.8
At 31 December 2015	40.0	141.7	364.5	-7.1	-77.4	649.4	1,111.1	-0.4	1,110.7
Dividend payment (€1.45 per share)						-45.8	-45.8		-45.8
Consolidated net income 9 months 2016						115.2	115.2	-0.9	114.3
Currency differences				-12.9			-12.9		-12.9
Changes in the consolidated group							0.0	6.0	6.0
Actuarial gains (losses) on pension plans					-0.6		-0.6		-0.6
Hedge accounting					1.5		1.5		1.5
At 30 September 2016	40.0	141.7	364.5	-20.0	-76.5	718.8	1,168.5	4.7	1,173.2

Statement of comprehensive income

€ million	2016 1 January – 30 September	2015 1 January – 30 September
Consolidated net income	114.3	108.3
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on pensions and similar obligations	-0.6	0.5
	-0.6	0.5
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation	-12.9	-19.1
Derivative financial instruments	1.5	3.6
	-11.4	-15.5
Other comprehensive income	-12.0	-15.0
Total comprehensive income	102.3	93.3
of which attributable to non-controlling interests	-0.9	-0.8
of which attributable to KRONES Group shareholders	103.2	94.1

€ million	Machines and lines for product filling and decoration		Machines and lines for beverage production/ process technology		Machines and lines for the compact class		KRONES Group	
	2016 1 Jan – 30 Sep	2015 1 Jan – 30 Sep	2016 1 Jan – 30 Sep	2015 1 Jan – 30 Sep	2016 1 Jan – 30 Sep	2015 1 Jan – 30 Sep	2016 1 Jan – 30 Sep	2015 1 Jan – 30 Sep
Revenue	2,039.1	1,905.5	251.6	286.9	89.4	78.3	2,380.1	2,270.7
EBT	158.4	145.6	0.6	6.4	4.6	4.1	163.6	156.1
EBT margin	7.8%	7.6%	0.2%	2.2%	5.1%	5.2%	6.9%	6.9%
Employees at 30 September*	11,944	11,344	1,321	926	517	487	13,782	12,757

* Consolidated group

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

Supervisory Board

Ernst Baumann

Chairman of the Supervisory Board
until 15 June 2016

* ZF FRIEDRICHSHAFEN AG

Volker Kronseder

Chairman of the Supervisory Board
since 15 June 2016

* UNIVERSITÄTSKLINIKUM
REGENSBURG

* ECONOMIC ADVISORY COUNCIL
BAYERISCHE LANDESBANK

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 FUTTERSAAATBAU
GMBH

Philipp Graf

von und zu Lerchenfeld

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

Dr. Alexander Nerz

Attorney
until 30 May 2016

Professor Dr. jur. Susanne Nonnast

Professor at OTH Regensburg
since 15 June 2016

Dr. Verena Di Pasquale**

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

Johann Robold**

Member of the Works Council

Petra Schadeberg-Herrmann

Managing partner at KROMBACHER
FINANCE GMBH, SCHAWEL GMBH,
DIVERSUM HOLDING GMBH & CO. KG

* CHOCOLADEFABRIKEN LINDT &
SPRÜNGLI AG

Jürgen Scholz**

1st authorised representative
of the IG METALL administrative
office in Regensburg

* INFINEON TECHNOLOGIES AG

Hans-Jürgen Thaus

* HAWE HYDRAULIK SE

* MASCHINENFABRIK REINHAUSEN
GMBH

* KURTZ HOLDING GMBH &
BETEILIGUNGS KG

* SCHULER AG

Josef Weitzer**

Deputy Chairman of the
Group Works Council

Deputy Chairman of the
Central Works Council

Chairman of the Works
Council in Neutraubling

* SPARKASSE REGENSBURG

Executive Board

Christoph Klenk

CEO
Human Resources,
Communication, Quality,
Information Management

Michael Andersen

CFO
Finance, Controlling,
Strategic Purchasing

Rainulf Diepold

Sales and Marketing

Thomas Ricker

Bottling and Packaging
Equipment

Markus Tischer

International Operations
and Services

Ralf Goldbrunner

Plants and Components

* Other Supervisory Board seats held, pursuant to Section 125 (1) Sentence 5 of the German Stock Corporation Act

** Elected by the employees

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

Financial calendar

23 March 2017	Annual report 2016
27 April 2017	Quarterly statement for the period from 1 January to 31 March 2017
20 June 2017	Annual General Meeting 2017
20 July 2017	Interim report for the period ended 30 June 2017
26 October 2017	Quarterly statement for the period from 1 January to 30 September 2017

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

 **KRONES**