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Corporate News Release

## Krones confirms growth and earnings targets for 2014 after strong first quarter

Krones, the world's market leader for beverage filling and packaging technology, has got the financial year 2014 off to a good start. In the period from January to March, revenue improved 2.9% year-on-year to €703.0 million. That puts the revenue gain within the company's seasonal expectations. After a slightly weaker orders intake in the fourth quarter of 2013, demand for Krones' products and services was up again considerably in the first quarter of 2014. New orders were up 7.8% on the year-earlier quarter to €738.8 million. The company had orders on hand totalling €1,028.2 million at 31 March 2014 (previous year: €1,001.1 million).

Krones got no support from price levels in the first quarter. Nevertheless, the company was able to improve earnings as planned, thanks in part to achievements made under the "Value" programme. Earnings before taxes (EBT) rose 10.8% year-on-year, from €38.9 million to €43.1 million. Krones' EBT margin for the period from January to March 2014 was 6.1% (previous year: 5.7%). Krones improved EBT in all three segments year-on-year in the first quarter of 2014. The EBT margin in the company's core segment widened from 6.9% to 7.2%. The company was able to turn around its process technology segment and only narrowly missed getting the "Kosme" segment into the black in terms of EBT.

Net income improved 11.2% year-on-year in the first quarter of 2014 to €29.9 million. That corresponds to earnings per share of €0.95 (previous year: €0.89). Free cash flow improved by €41.9 million year-on-year in the first quarter to -€40.2 million. In Krones' business, it is not unusual for free cash flow to be negative at various points throughout the year. Krones increased its return on capital employed (ROCE), that is the ratio of earnings before taxes and interest (EBIT) to average net tied-up capital, to 15.4% (previous year: 15.1%) thanks in large part to higher earnings.

### Outlook

Overall, based on the development of the markets relevant to Krones and the continuing uncertain economic outlook, the company expects revenue to grow by 4% in 2014. Krones expects only little support from price levels. Earnings performance should increase further. Krones expects the EBT margin (earnings before taxes to revenue) to be around 6.2%. The company intends to increase its third strategy target, ROCE, to more than 16% in 2014.

Krones published its Interim Report for the first quarter of 2014 and its Annual Report for 2013 online today at [http://www.krones.com/en/investor\\_relations/reports.php](http://www.krones.com/en/investor_relations/reports.php). The audited figures for the year 2013 are unchanged from the preliminary figures that were reported on 19 March 2014.

**Contact:**

Olaf Scholz

Senior Vice President of Investor Relations Krones AG

Phone: +49 9401 70-1169

E-mail: [olaf.scholz@krones.com](mailto:olaf.scholz@krones.com)