

27 April 2017

Corporate news release

Krones achieves strong operating growth in the first quarter of 2017

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

Krones, the world's leading manufacturer of beverage filling and packaging technology, has started the financial year 2017 well. In the period from January to March, revenue increased 16.5% year-on-year, from €772.1 million to €899.4 million.

This strong growth rate cannot be extrapolated to the whole year because Krones completed a number of projects ahead of schedule, in the first quarter, which were not expected to yield revenue until the second quarter of 2017. Adjusted for these timing differences and for acquisitions, Krones' first-quarter revenue was up 5.5% year-on-year. Order intake improved 6.5% to €75.5 million. Without acquisitions, the increase was 3.4%. At the end of March 2017, Krones had orders on hand totalling €1,120.8 million (previous year: €1,144.7 million).

Earnings from operations developed as expected

The positive effect of the faster-than-expected completion of projects is also reflected in Krones' earnings development. In the period from January to March 2017, earnings before taxes (EBT) rose 19.8% from €55.1 million in the previous year to €66.0 million. The EBT margin increased from 7.1% a year earlier to 7.3%. Adjusted for the above mentioned effects, the EBT margin was more or less unchanged year-on-year. Market prices did not improve in the reporting period. Because of a temporary increase in the company's tax rate, consolidated net income and earnings per share did not increase quite as much as earnings before taxes (consolidated net income increased 13.8% to €43.7 million and earnings per share increased to €1.40).

The ratio of average working capital for the past four quarters to revenue increased to 26.8% in the first quarter (previous year: 24.5%), but is about the same level as end of 2016. Krones' return on capital employed (ROCE), the ratio of EBIT to average net capital employed, improved to 17.8% in the reporting period (previous year: 16.7%). In the period from January to March 2017, the company

generated operating free cash flow (free cash flow adjusted for acquisitions) of –€80.1 million (previous year: –€15.1 million).

Krones forecast for 2017 is unchanged

First-quarter revenue and earnings were positively impacted by projects that were completed earlier than expected. Therefore, the company sees no reason to raise its forecast for the year 2017 as a whole. For the current financial year, the company's revenue growth target remains 4%. Profitability should remain stable this year. Krones expects to achieve an EBT margin of 7.0% in 2017. For its third financial performance target, working capital to revenue, the company is forecasting 27% for the current financial year. Possible acquisitions are not included in these forecasts for 2017.

Krones has published the complete Quarterly Statement online at https://www.krones.com/en/investor_relations/reports.php.

Key figures Q1 2017		1 Jan –31 Mar 2017	1 Jan –31 Mar 2016	Change
Revenue	€million	899.4	772.1	+16.5%
Order intake	€million	875.5	822.2	+6.5%
Orders on hand at 31 March	€million	1,120.8	1,144.7	–2.1%
EBITDA	€million	87.2	76.0	+14.7%
EBIT	€million	64.0	54.2	+18.1%
EBT	€million	66.0	55.1	+19.8%
EBT margin	%	7.3	7.1	–
Consolidated net income	€million	43.7	38.4	+13.8%
Earnings per share	€	1.40	1.23	+13.8%
Capital expenditure for PP&E and intangible assets	€million	19.6	15.2	+€4.4 million
Free cash flow	€million	–112.8	–115.1	+€2.3 million
Net cash and cash equivalents at 31 March	€million	256.1	249.5	+€6.6 million
Working capital to revenue	%	26.8*	24.5*	–
ROCE	%	17.8	16.7	–
Employees at 31 March				
Worldwide		14,660	13,418	+1,242
Germany		10,124	9,780	+344
Outside Germany		4,536	3,638	+898
*Average of the past four quarters				

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