

Corporate news release

23 July 2015

Krones raises earnings target for 2015 after strong first half

- Revenue grew 4.8% year-on-year in the first six months of 2015 to €1,503.7 million
- EBT margin improved from 6.2% to 6.9% in the first half
- Krones has raised its EBT margin target for 2015 as a whole from 6.8% to 7.0%

Krones, the world's leading manufacturer of filling and packaging technology, continued to grow profitably in the first half of 2015 despite the challenging macroeconomic environment. Revenue from January to June 2015 grew 4.8% to €1,503.7 million. Krones achieved the steepest improvement in the Central Europe, Middle East/Africa, and North and Central America sales regions. New orders picked up 4.3% year-on-year to €1,524.1 million in the period from January to June 2015. At 30 June 2015, the company had orders on hand totalling €1,099.5 million (previous year: €1,018.8 million).

Value programme increases profitability

Krones' continued successful implementation of its Value strategy programme yielded a sharp increase in profitability in the first half of 2015. The company generated earnings before taxes (EBT) of €104.1 million. That is up 16.4% over the previous year. The EBT margin, the ratio of earnings before taxes to revenue, improved from 6.2% in the previous year to 6.9% in the reporting period. Net income increased 16.5% year-on-year in the first half of 2015 to €72.7 million. Earnings per share advanced from €1.98 to €2.32.

Krones improved its return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, to 17.0% in the first half of 2015 (previous year: 15.9%). The company maintains a very sound financial and capital structure. Krones had no bank debt at the end of June and held net cash and cash equivalents (cash and cash equivalents less bank debt) totalling €274.9 million. The equity ratio was 41.1% (previous year: 40.7%).

EBT margin forecast for 2015 as a whole raised to 7.0%

Based on the current forecasts for global economic growth and developments on the markets relevant to Krones, the company expects consolidated revenue to grow by 4% in 2015. Because profitability exceeded expectations in the first half of 2015, Krones is raising its EBT margin forecast for the year 2015 as a whole from 6.8% to 7.0%. Thus, Krones intends to achieve in 2015 the medium-term target

of 7% that was set when the Value programme was launched. The company is aiming to increase its third strategy target, ROCE, to 17% this year.

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

* Cash and cash equivalents less debt

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

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