

Corporate news release

21 July 2016

Krones increased revenue and earnings in the first half of 2016

- Revenue in the period from January to June 2016 grew 3.8% to €1,560.3 million.
- New orders improved 5.1% to €1,602.4 million.
- Earnings before taxes (EBT) climbed 3.1%. The EBT margin was stable at 6.9%.
- Krones is standing by its forecast for 2016 as a whole, predicting 3% revenue growth and an EBT margin of 7.0%.

Krones, the world's leading manufacturer of filling and packaging technology, grew as forecast in the first half of 2016 despite mounting economic uncertainties. In the period from January to June 2016, revenue grew 3.8% to €1,560.3 million. The company's growth in the Middle East/Africa, Central and Eastern Europe, and North and Central America regions was stronger than overall growth. After a weak start to the year, revenue in China picked up in the second quarter of 2016.

New orders at Krones increased 5.1% in the first half of 2016 to €1,602.4 million. The strongest orders growth was in Europe. Customers in North America and China were also investing heavily. New orders were down in South America and Russia/CIS. At the end of June 2016, the company had orders on hand totalling €1,136.7 million (previous year: €1,099.5 million).

Stable margin despite intense competition

As expected, Krones' earnings received no support from prices in the first half of 2016. The 3.1% year-on-year improvement in earnings before taxes (EBT) in the period from January to June 2016, from €104.1 million to €107.3 million, resulted entirely from the successful implementation of the Value strategy programme. Krones was able to keep its EBT margin steady at 6.9% in the first half of 2016 despite intense competition on the markets. Net income increased 2.3% year-on-year to €74.4 million. Earnings per share rose to €2.37 (previous year: €2.32).

Krones' return on capital employed (ROCE), that is the ratio of EBIT to average net tied-up capital, came to 15.6% in the first half of 2016 (previous year: 17.0%).

Krones is standing by its forecast for 2016 as a whole

Based on the current macroeconomic prospects and developments on the markets relevant to Krones, the company expects consolidated revenue to grow by 3% in 2016. Krones' earnings are set to

improve yet again this year. The Executive Board expects the company to achieve an EBT margin of 7.0% in 2016. Krones aims to increase its third strategy target, ROCE, to 18% in 2016.

Krones has published the complete Quarterly Report for the second quarter of 2016 online at http://www.krones.com/en/investor_relations/reports.php.

Key figures for H1 2016		1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Change
Revenue	€ million	1,560.3	1,503.7	+3.8%
New orders	€ million	1,602.4	1,524.1	+5.1%
Orders on hand at 30 June	€ million	1,136.7	1,099.5	+3.4%
EBITDA	€ million	147.2	144.1	+2.2%
EBIT	€ million	103.3	101.2	+2.1%
EBT	€ million	107.3	104.1	+3.1%
EBT margin	%	6.9	6.9	–
Net income	€ million	74.4	72.7	+2.3%
Earnings per share	€	2.37	2.32	+2.2%
Capital expenditure for PP&E and intangible assets	€ million	34.1	30.2	€+3.9 million
Free cash flow	€ million	–169.2	–22.0	€–147.2 million
Net cash and cash equivalents at 30 June*	€ million	149.6	274.9	€–125.3 million
ROCE (liabilities side)	%	15.6	17.0	–
ROCE (assets side)	%	14.2	15.0	–
Employees at 30 June				
Worldwide		13,742	12,854	+888
Germany		9,734	9,458	+276
Outside Germany		4,008	3,396	+612

* Cash and cash equivalents less debt

Key figures for Q2 2016		1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	Change
Revenue	€ million	788.2	764.8	+3.1%
New orders	€ million	780.2	737.1	+5.8%
EBITDA	€ million	71.2	73.6	–3.3%
EBIT	€ million	49.1	52.0	–5.6%
EBT	€ million	52.2	53.9	–3.2%
EBT margin	%	6.6	7.0	–
Net income	€ million	36.0	37.7	–4.5%
Earnings per share	€	1.15	1.21	–5.0%

Contact:

Olaf Scholz

Head of Investor Relations at Krones AG

Phone: +49 9401 70-1169

E-mail: olaf.scholz@krones.com