



Conference Call  
January – September 2016

Conference Call October 26, 2016

KRONES Highlights Q1 – Q3 2016

**+6.1%**  
New orders  
2,452.5 € Mio.

**6.9%**  
EBT margin

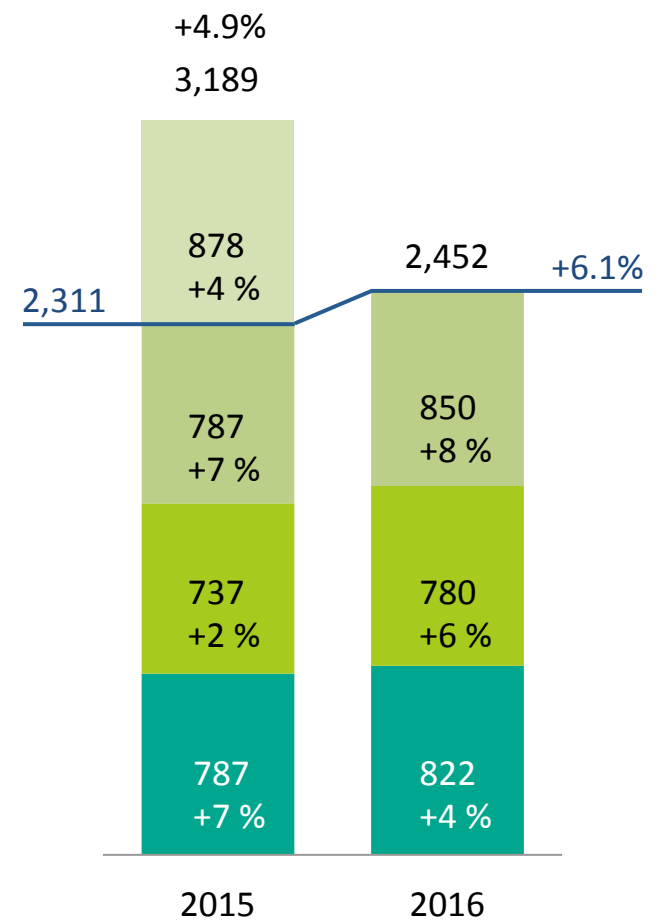
**2,380.1** Revenue (+5%)  
€ Mio.

**163.6** EBT (+5%)  
€ Mio.

**-164.7** Operating free cash flow  
€ Mio.

## Order intake, revenue, EBT

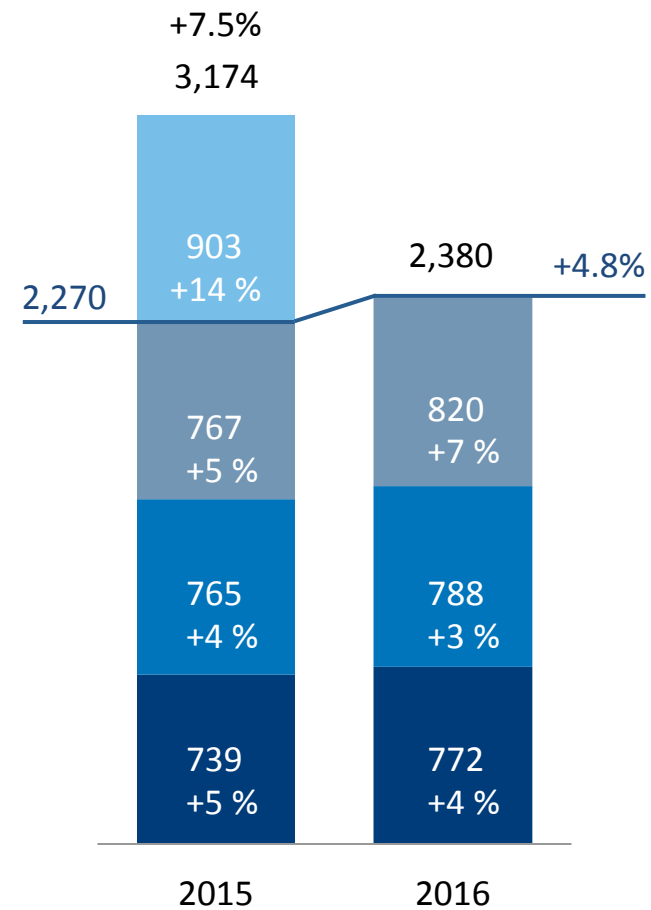
New orders by quarter (€ million)



1,095      1,167 (September 30)

Orders on hand at Dec. 31 (€ million)

Revenue development by quarter (€ million)



2015      2016

EBT in Q1 – Q3 (€ million)



2015      2016

Return on sales (EBT margin) in %

## KRONES' revenue is well balanced

Share of revenue in Q1 - Q3

| North America |       |
|---------------|-------|
| 2015          | 2016  |
| 12.9%         | 13.3% |

| Europe |       |
|--------|-------|
| 2015   | 2016  |
| 37.1%  | 34.6% |

| CIS/Central Asia |      |
|------------------|------|
| 2015             | 2016 |
| 2.9%             | 2.3% |

| China |       |
|-------|-------|
| 2015  | 2016  |
| 8.0%  | 10.5% |

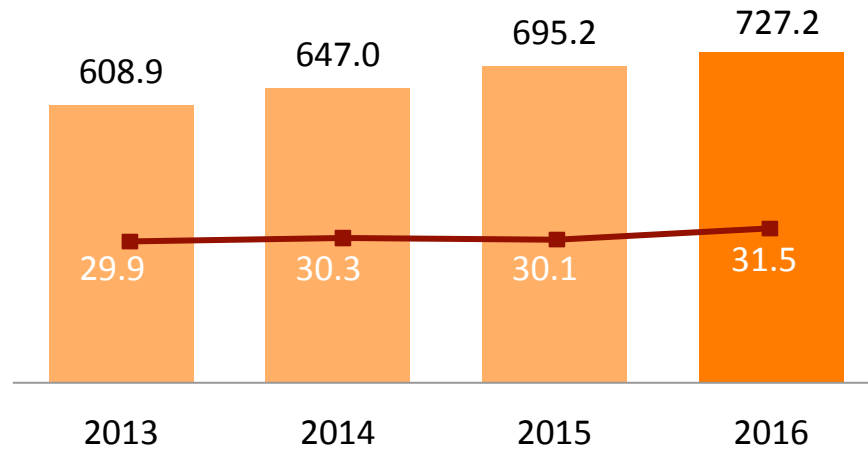
| Africa/Middle East |       |
|--------------------|-------|
| 2015               | 2016  |
| 15.4%              | 16.6% |

| Asia/Pacific |       |
|--------------|-------|
| 2015         | 2016  |
| 14.0%        | 12.7% |

| South America |       |
|---------------|-------|
| 2015          | 2016  |
| 9.7%          | 10.0% |

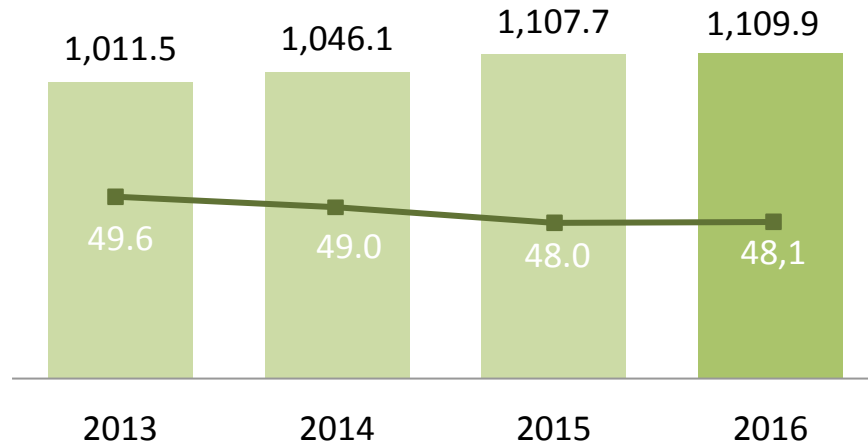
## Personnel and material cost

Personnel cost in Q1 – Q3 (€ million)

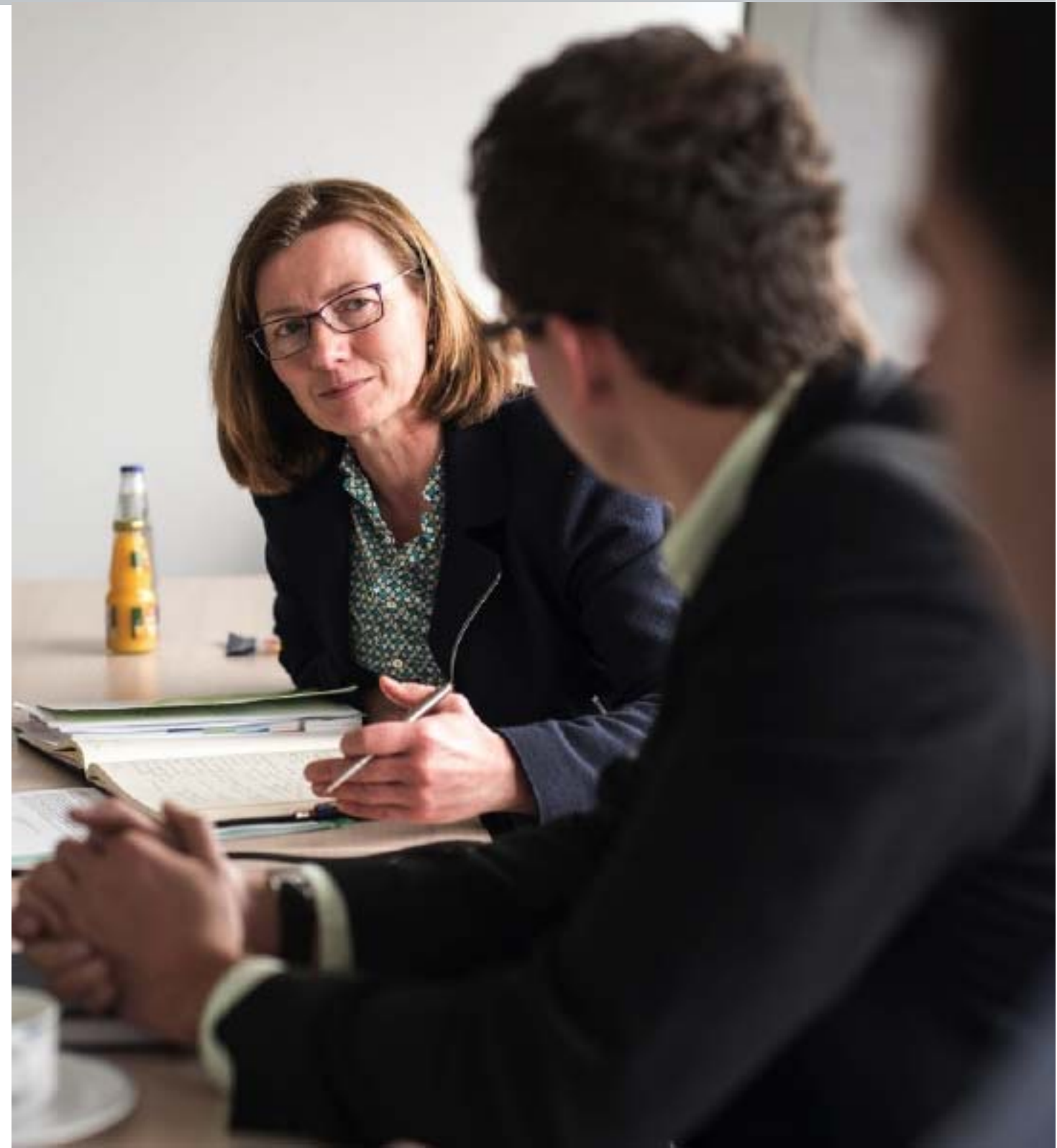


Personnel cost to total performance (%)

Material cost in Q1 – Q3 (€ million)

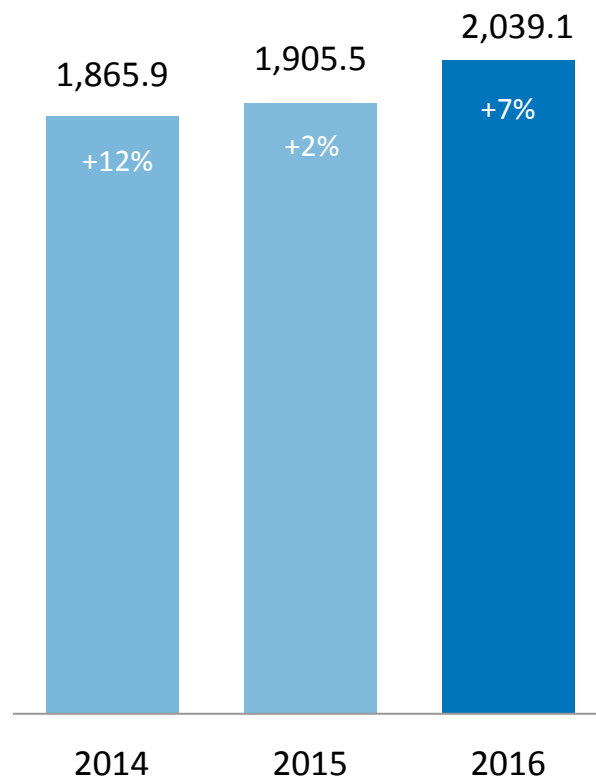


Material cost to total performance (%)

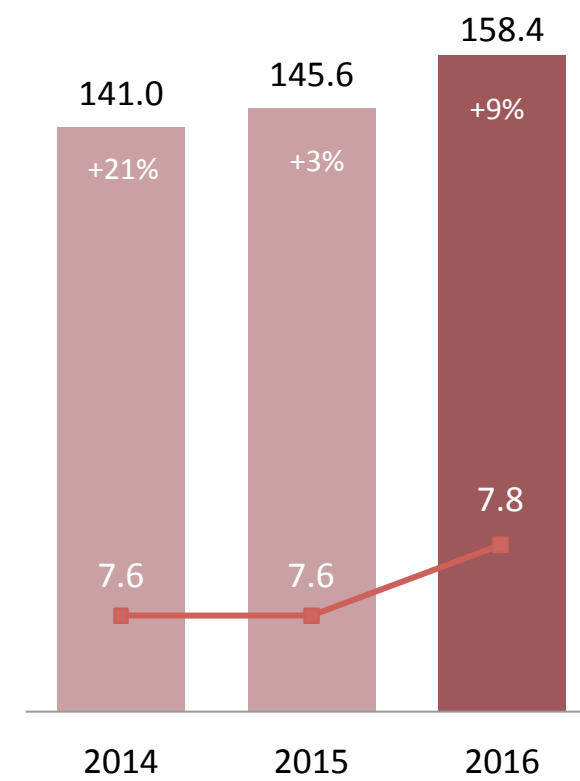


## Product filling and decoration: margin increased slightly

Revenue development  
in Q1 – Q3 (€ million)



EBT development  
in Q1 – Q3 (€ million)



— EBT margin in %

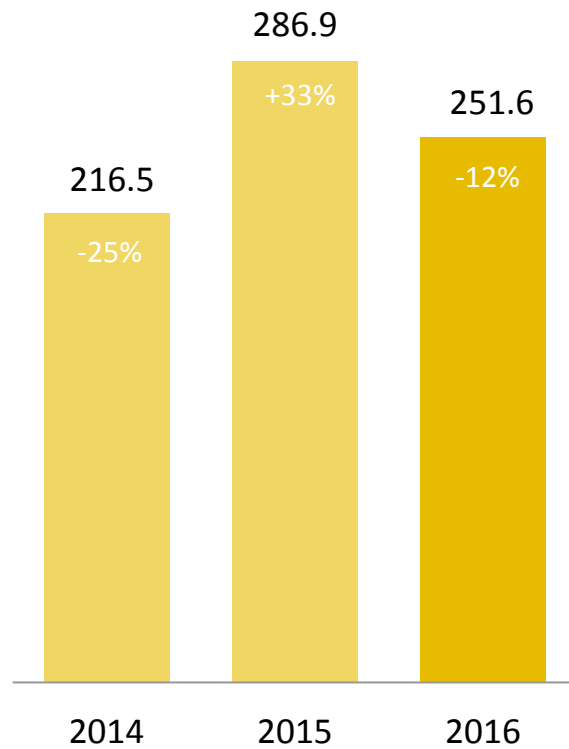
## MEDIUM-TERM TARGETS:

4-6%  
Growth

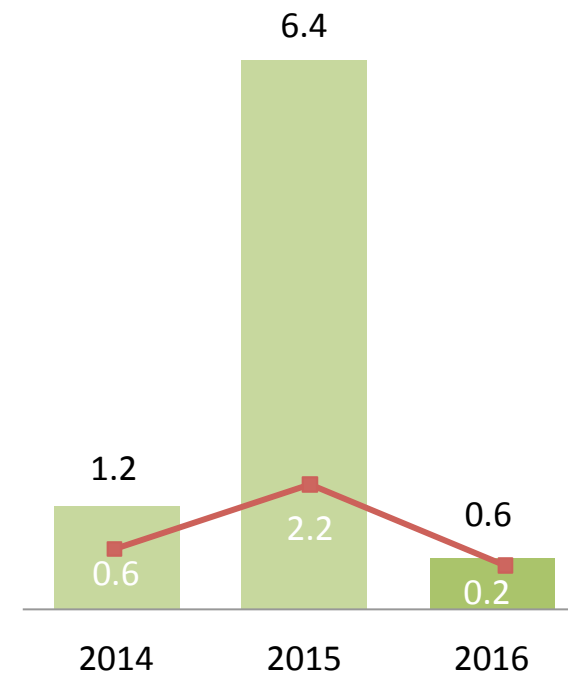
8%  
EBT margin

## Beverage production/process technology: expecting strong Q4

Revenue development  
in Q1 – Q3 (€ million)



EBT development  
in Q1 – Q3 (€ million)



— EBT margin in %

## MEDIUM-TERM TARGETS:

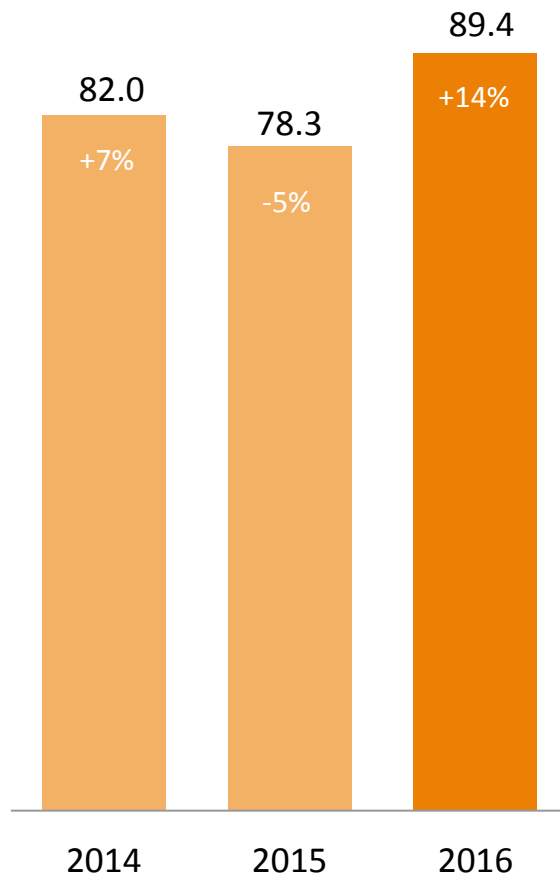
8 - 10%  
Growth

4%  
EBT margin

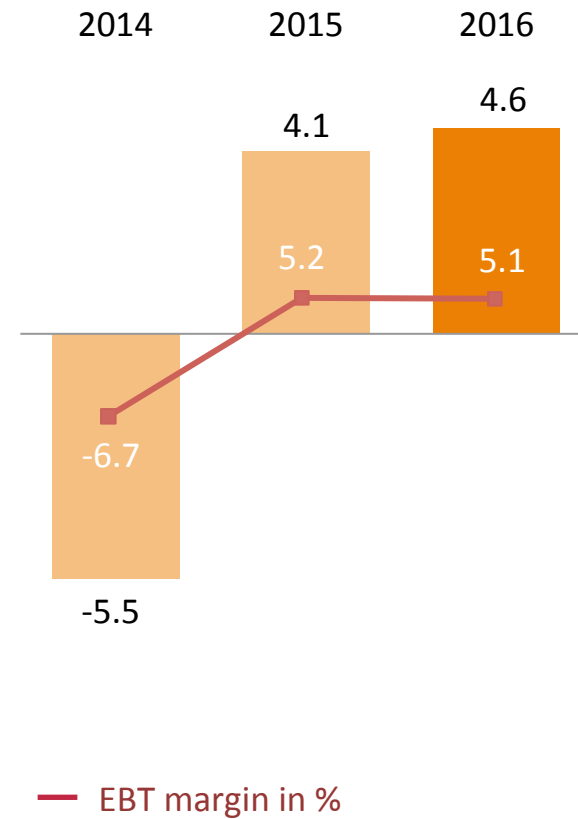


## Compact class: profitable growth

Revenue development  
in Q1 – Q3 (€ million)



EBT development  
in Q1 – Q3 (€ million)



## MEDIUM-TERM TARGETS:

4 - 6%  
Growth

5%  
EBT margin



## Working capital target missed

Working capital\* in %  
of revenue (Q1 – Q3 )



\*LTM (Last Twelve Months)

ROCE\* in % (Q1 – Q3 )



\*LTM (Last Twelve Months)



## High working capital caused negative free cash flow

| (€ million)                                | Q1 - Q3<br>2016 | Q1 - Q3<br>2015 |
|--|-----------------|-----------------|
| Earnings before taxes                      | 163.6           | 156.1           |
| +/- Non-cash expenses and income           | +120.0          | +83.4           |
| +/- Change in Working Capital              | -340.2          | -189.0          |
| +/- Other (mainly tax payments)            | -52.8           | -29.5           |
| <b>Cash flow from operating activities</b> | <b>-109.4</b>   | <b>+21.0</b>    |
| +/- Capex                                  | -58.2           | -55.4           |
| +/- Other                                  | -29.4           | -13.7           |
| <b>Free cash flow</b>                      | <b>-197.0</b>   | <b>-48.1</b>    |
| +/- Financing activities and others        | +48.5           | -34.6           |
| Net change in cash                         | -148.5          | -82.7           |
| <b>Cash at the end of period</b>           | <b>216.1</b>    | <b>253.7</b>    |



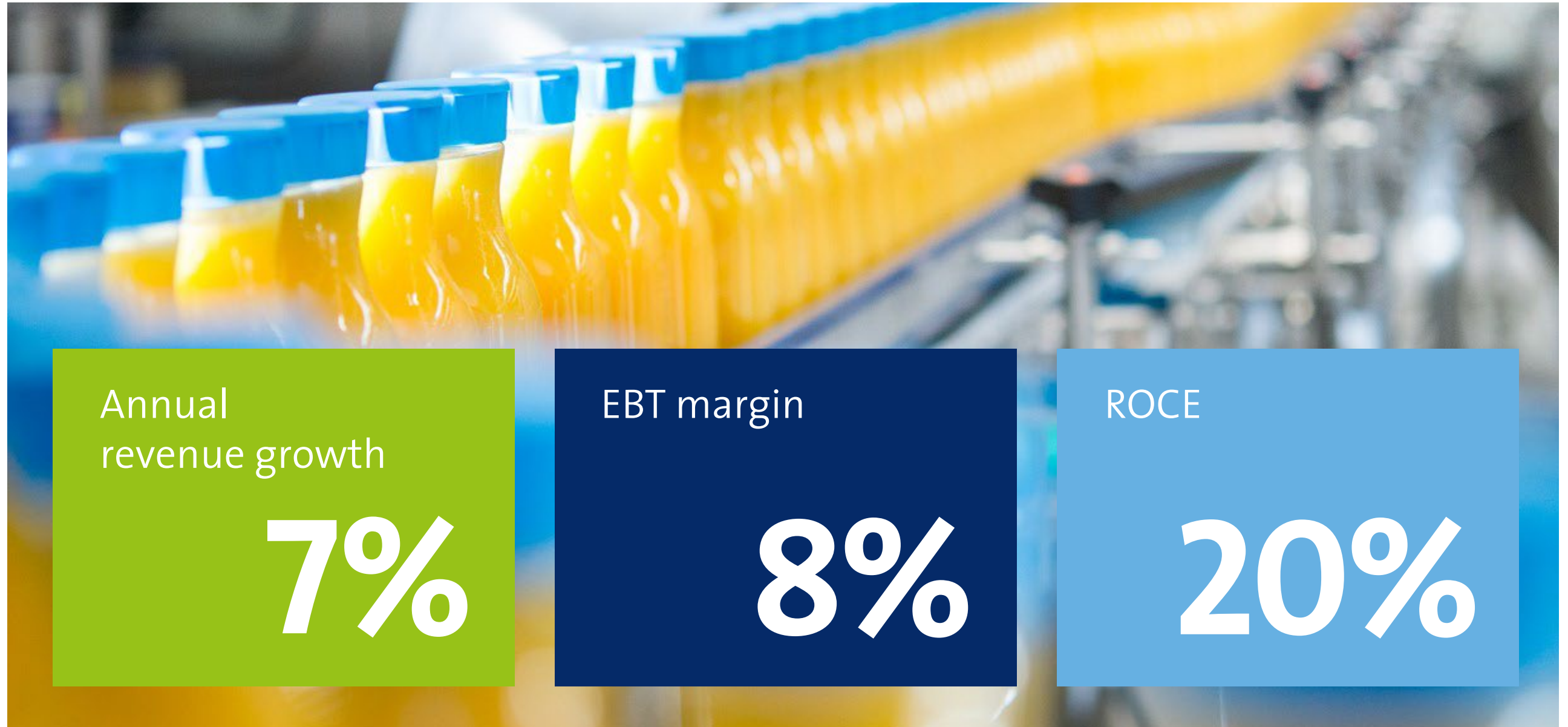
## KRONES targets 2016





Medium-term targets through 2020

## Our targets through 2020



## These megatrends support our growth



URBANISATION



RAPIDLY GROWING MIDDLE CLASS



WORLD POPULATION GROWTH



DIGITALISATION

### TARGETS 2020

Revenue growth

7%

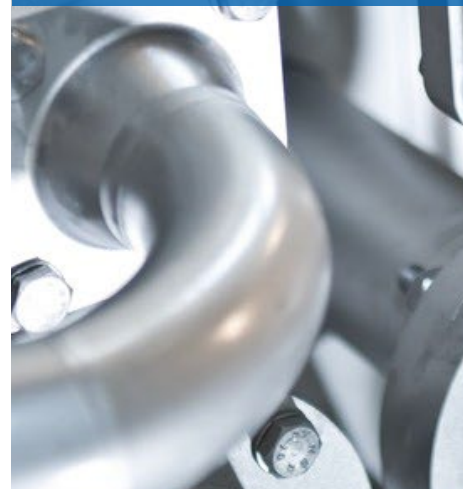
EBT margin

8%

ROCE

20%

## How KRONES will achieve its growth targets



### TARGETS 2020

Revenue growth  
**7%**

EBT margin  
**8%**

ROCE  
**20%**

## KRONES will further increase its EBT margin and ROCE by ...



### TARGETS 2020

Revenue growth

**7%**

EBT margin

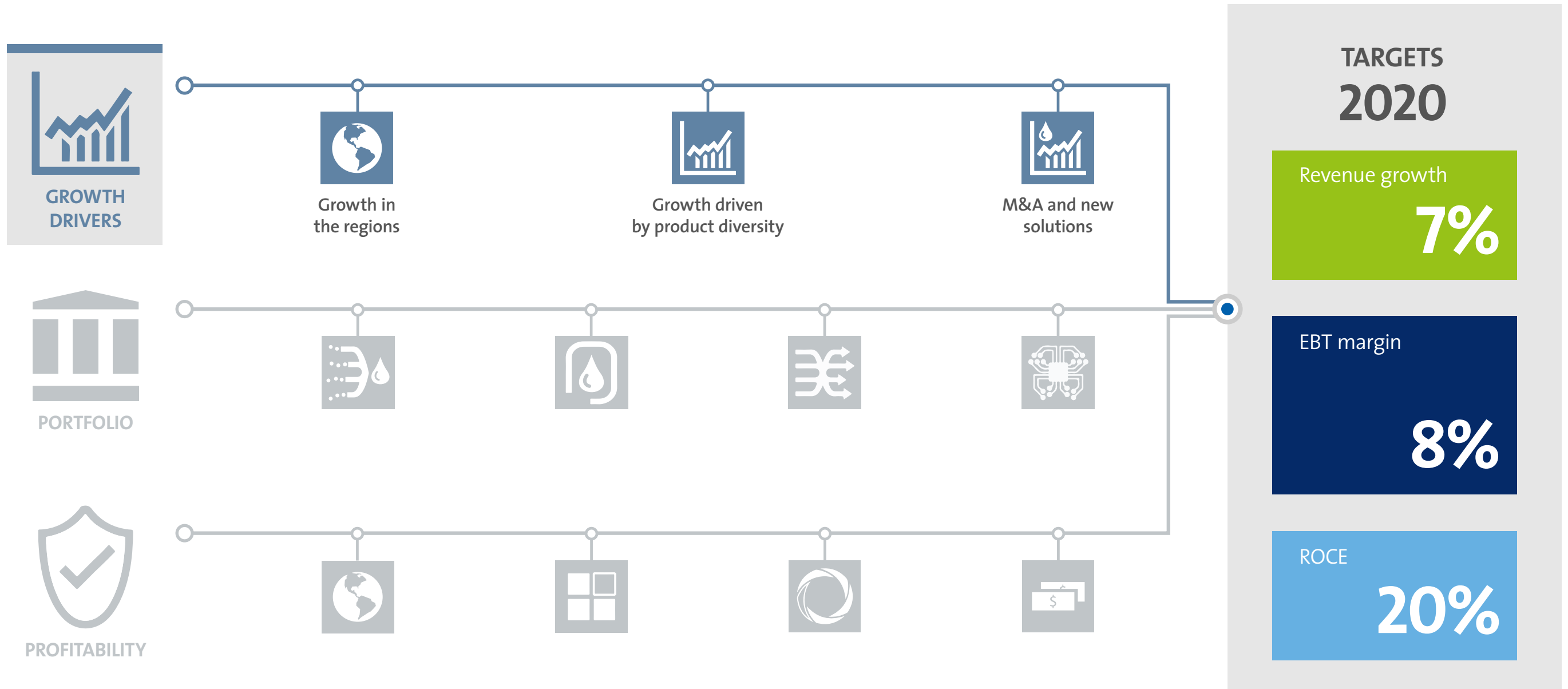
**8%**

ROCE

**20%**

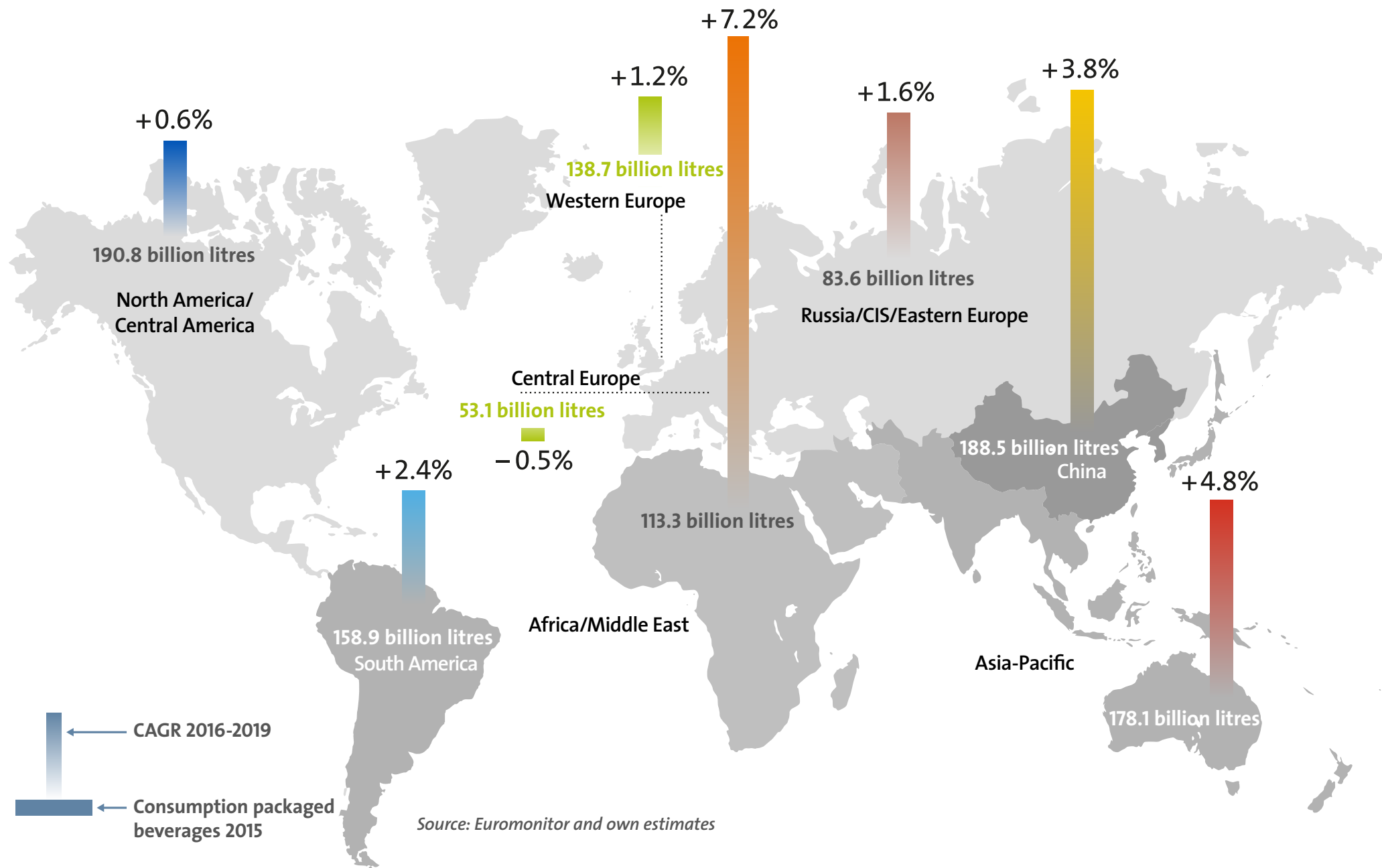


## These measures will take us to our goal





## We are building our footprint in regions where beverage consumption is growing rapidly



**TARGETS 2020**

- Revenue growth **7%**
- EBT margin **8%**
- ROCE **20%**





# That is why we are investing in infrastructure and broadening our base



Strengthening our local service network, establishing a training centre in Nairobi



Establishing offices in Asia



Expanding production capacities in Taicang

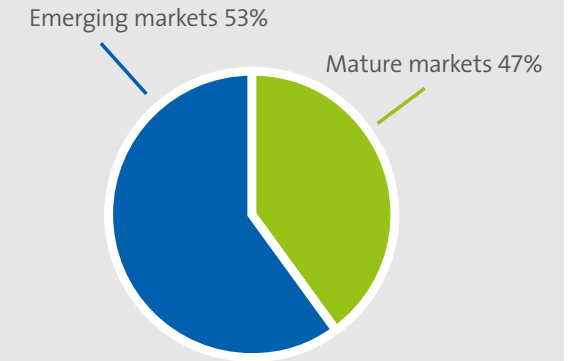


Workforce growth in the emerging markets

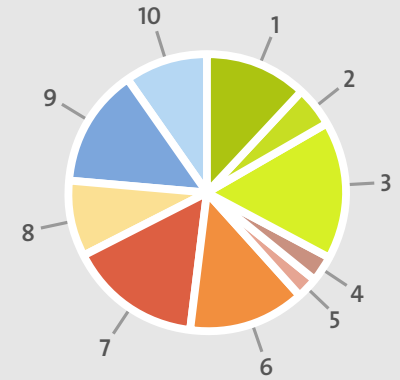


as per end of September

## REVENUE BREAKDOWN 2015



## BY REGION



|    |                                    |       |
|----|------------------------------------|-------|
| 1  | Germany                            | 12.0% |
| 2  | Central Europe (excluding Germany) | 4.8%  |
| 3  | Western Europe                     | 16.2% |
| 4  | Eastern Europe                     | 2.9%  |
| 5  | Russia/Central Asia (CIS)          | 2.6%  |
| 6  | Middle East/Africa                 | 13.6% |
| 7  | Asia-Pacific                       | 15.4% |
| 8  | China                              | 9.1%  |
| 9  | North America/Central America      | 13.8% |
| 10 | South America/Mexico               | 9.6%  |



## Krones delivers advanced solutions for new beverages



Aseptic filling and complex bottle design – Contiform Asept Bloc

### TARGETS 2020

Revenue growth  
**7%**

EBT margin  
**8%**

ROCE  
**20%**



## Product diversity continues to increase – and that is good for KRONES



Secondary and tertiary packaging are Varioline's expertise. No other system is as versatile.

### TARGETS 2020

Revenue growth

**7%**

EBT margin

**8%**

ROCE

**20%**



## KRONES is growing its product range and regional presence through acquisitions

Process technology



Compact class



Intralogistics



TARGETS  
2020

Revenue growth

7%

EBT margin

8%

ROCE

20%

Criteria for acquisitions: - Profitable  
- Revenue €20 - 70 million  
- Strengthen regional presence

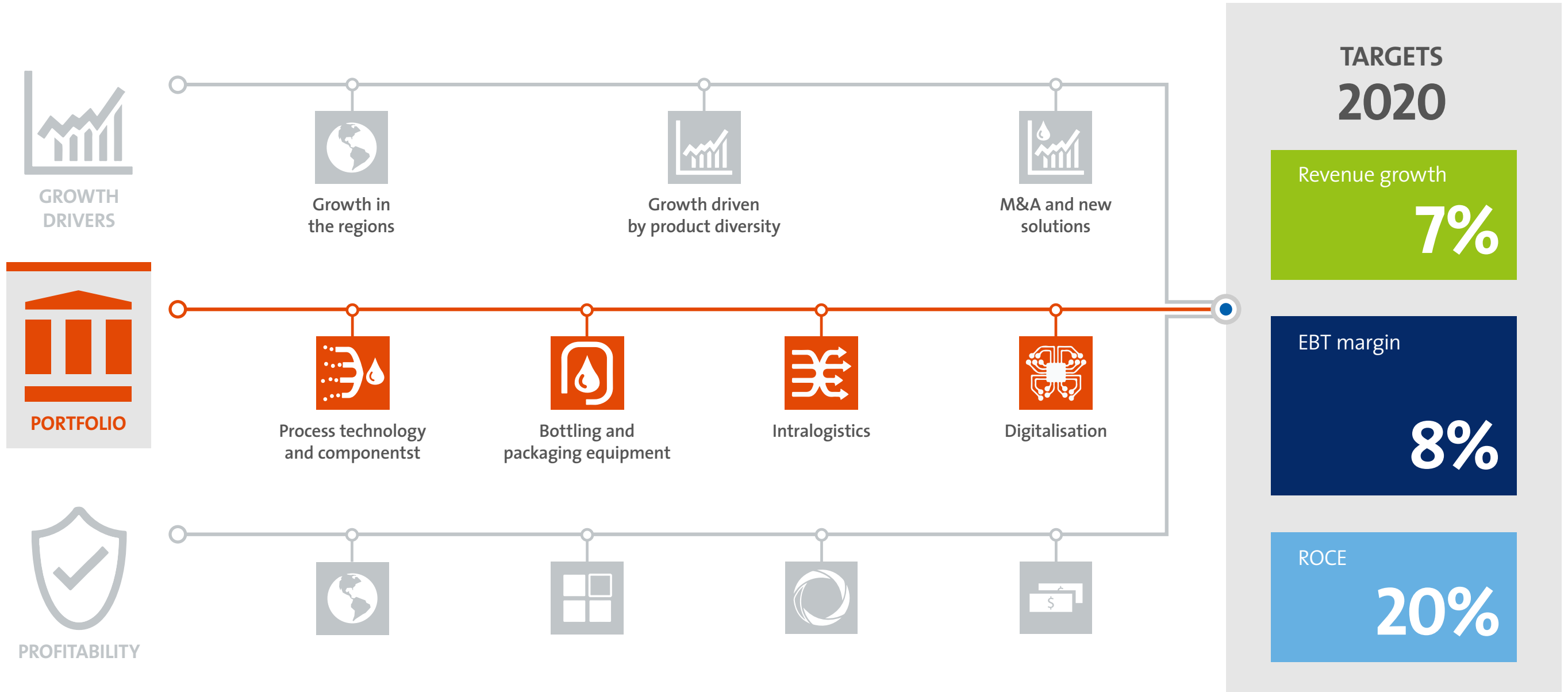
Krones wants ~2% acquisition-driven growth each year through 2020

Trans-Market, Florida, USA

GERNEP, Germany

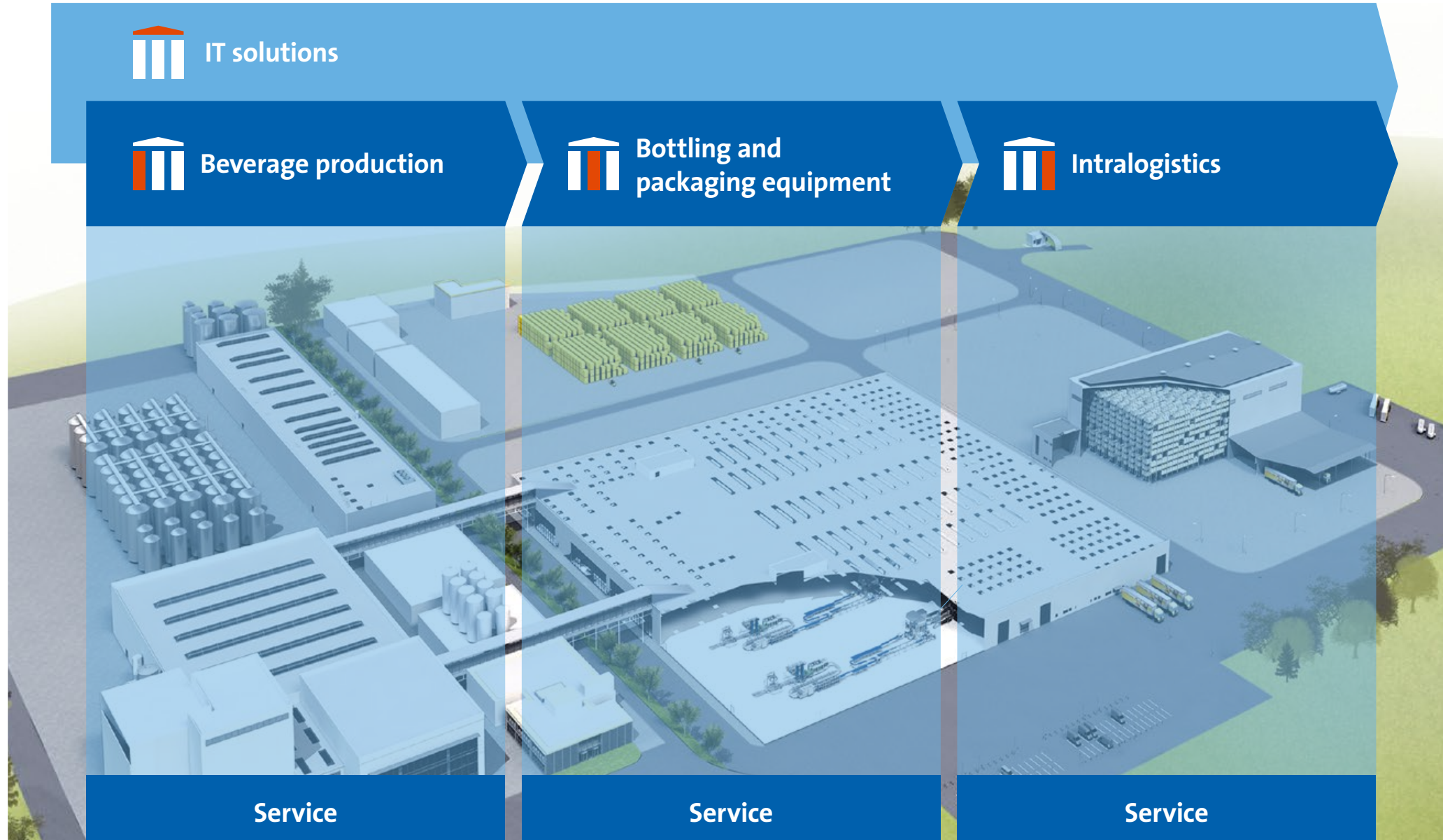
System Logistics, Fiorano, Italy

## These measures will take us to our goal





## Our business model is precisely tailored to our customers' needs



### TARGETS 2020

Revenue growth

**7%**

EBT margin

**8%**

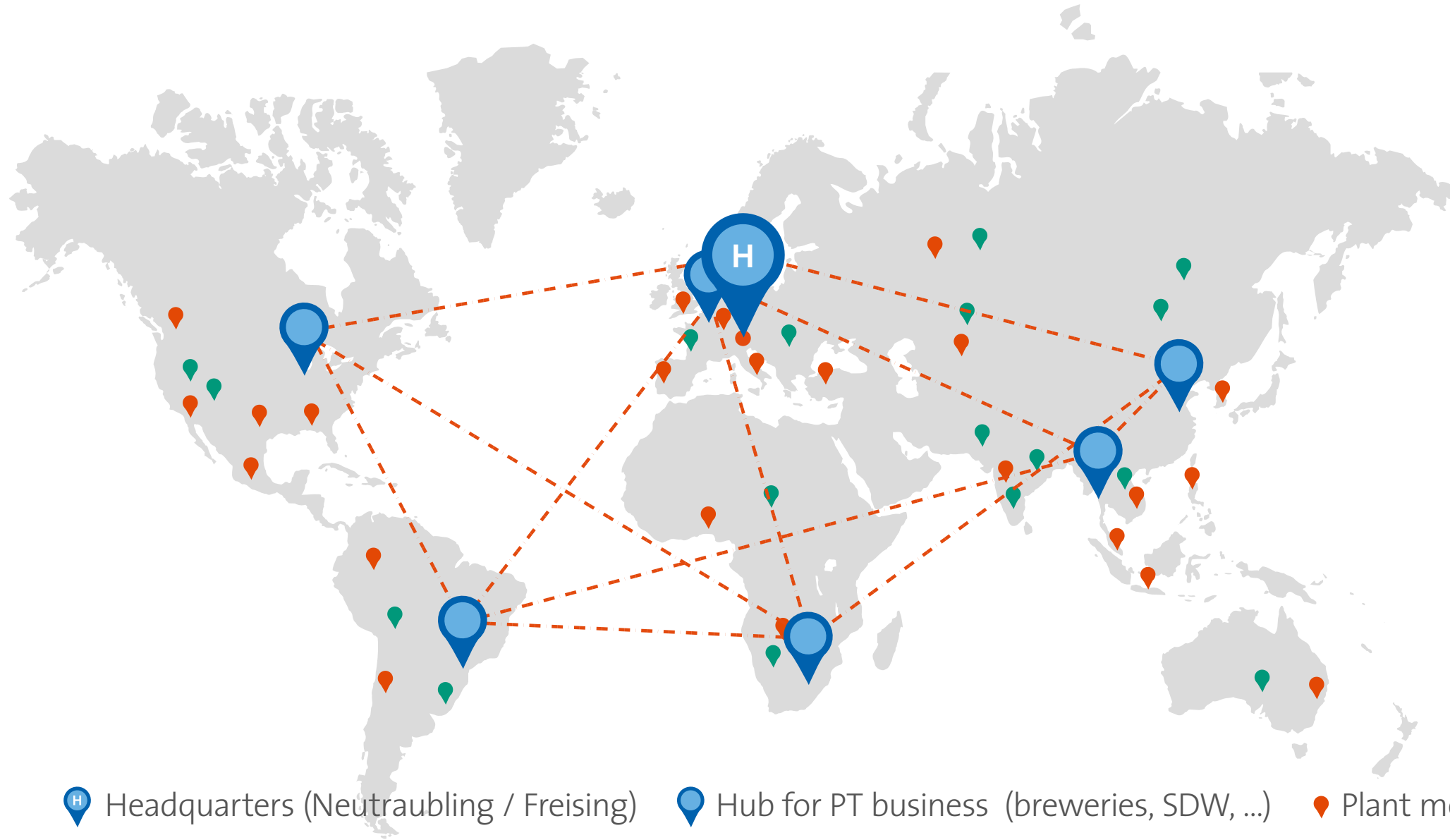
ROCE

**20%**





## Expanding PT business by growing local presence



Headquarters (Neutraubling / Freising)   Hub for PT business (breweries, SDW, ...)   Plant modifications   Supplier

### PT USA

Example of a completed transaction:



Trans-Market

- > 50 people (approx. 20 engineering, automation)
- Locations: Florida, Texas

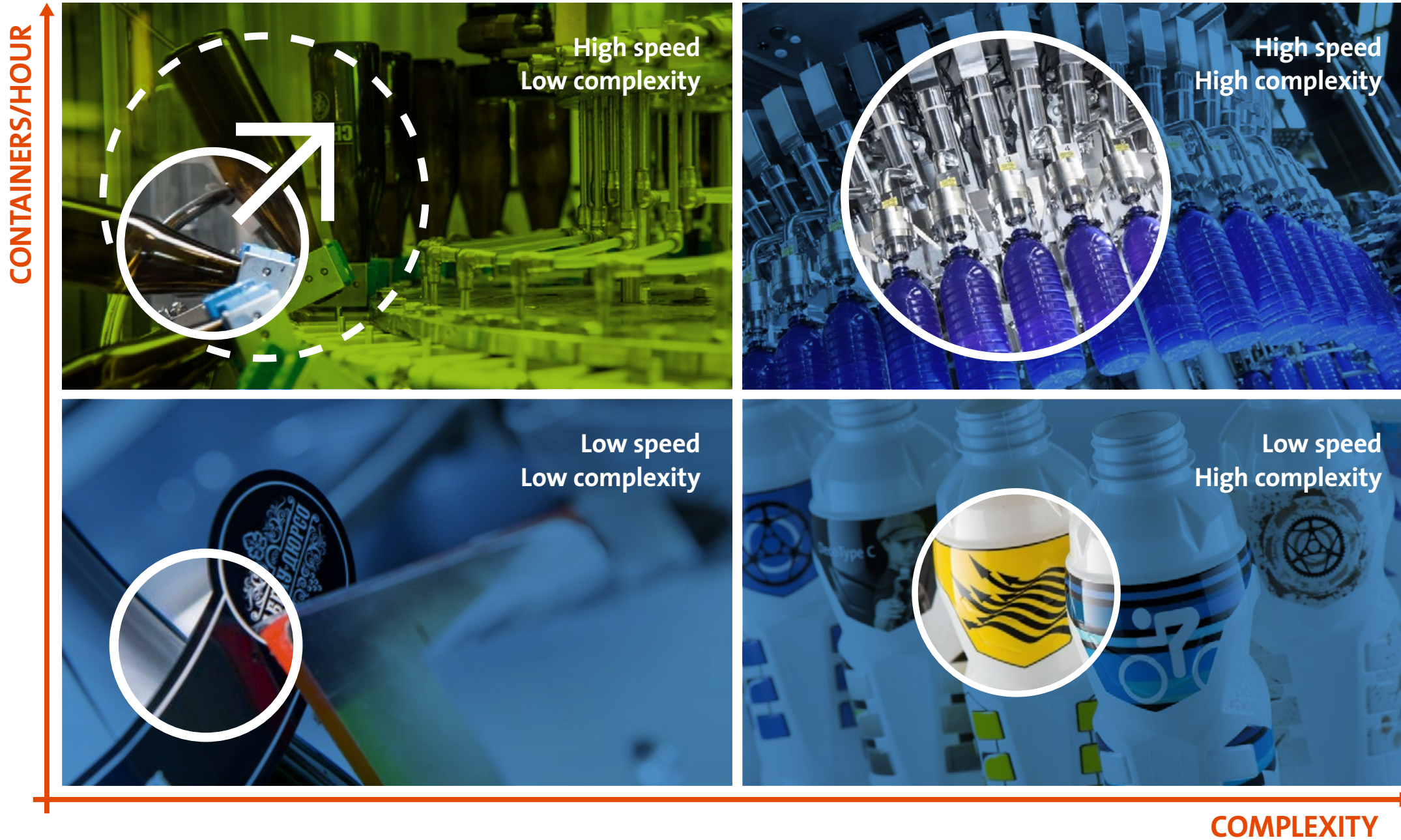
**\$30** 2016 revenue million

### SELECTED CUSTOMERS





## Bottling and packaging equipment: expanding our mid-range business



### TARGETS 2020

Revenue growth  
**7%**

EBT margin  
**8%**

ROCE  
**20%**



## Krones is utilising market potential for intralogistics solutions



Market potential for intralogistics solutions:

€100 billion

**Growth**

CAGR 2016 – 2020: 7.5%

Relevant market for KRONES

### Customer benefit

Our expertise across the entire value chain makes us the best partner for intralogistics solutions

### Revenue

|      |                     |
|------|---------------------|
| 2016 | approx. €50 million |
| 2020 | > €300 million      |

### TARGETS

## 2020

Revenue growth

# 7%

EBT margin

# 8%

ROCE

# 20%



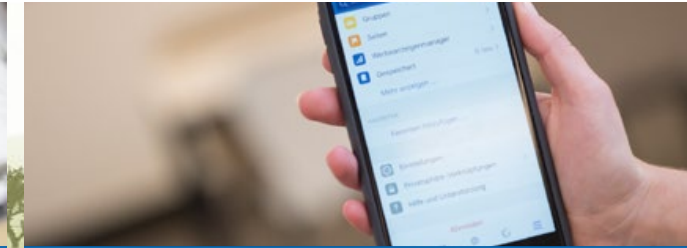
## Digitalisation holds great potential for the medium and long term



Management of all information



SAP integration by TRIACOS



App as information platform



### TARGETS 2020

Revenue growth

**7%**

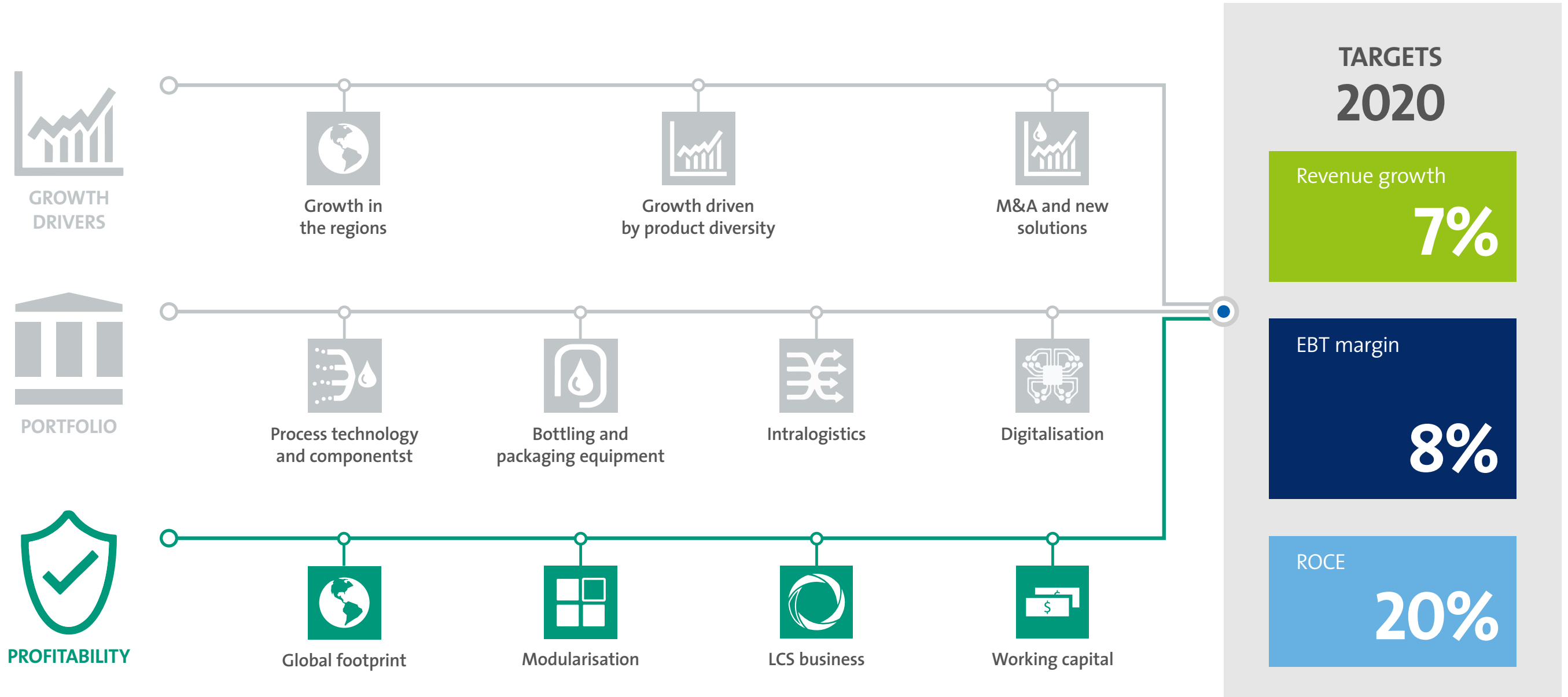
EBT margin

**8%**

ROCE

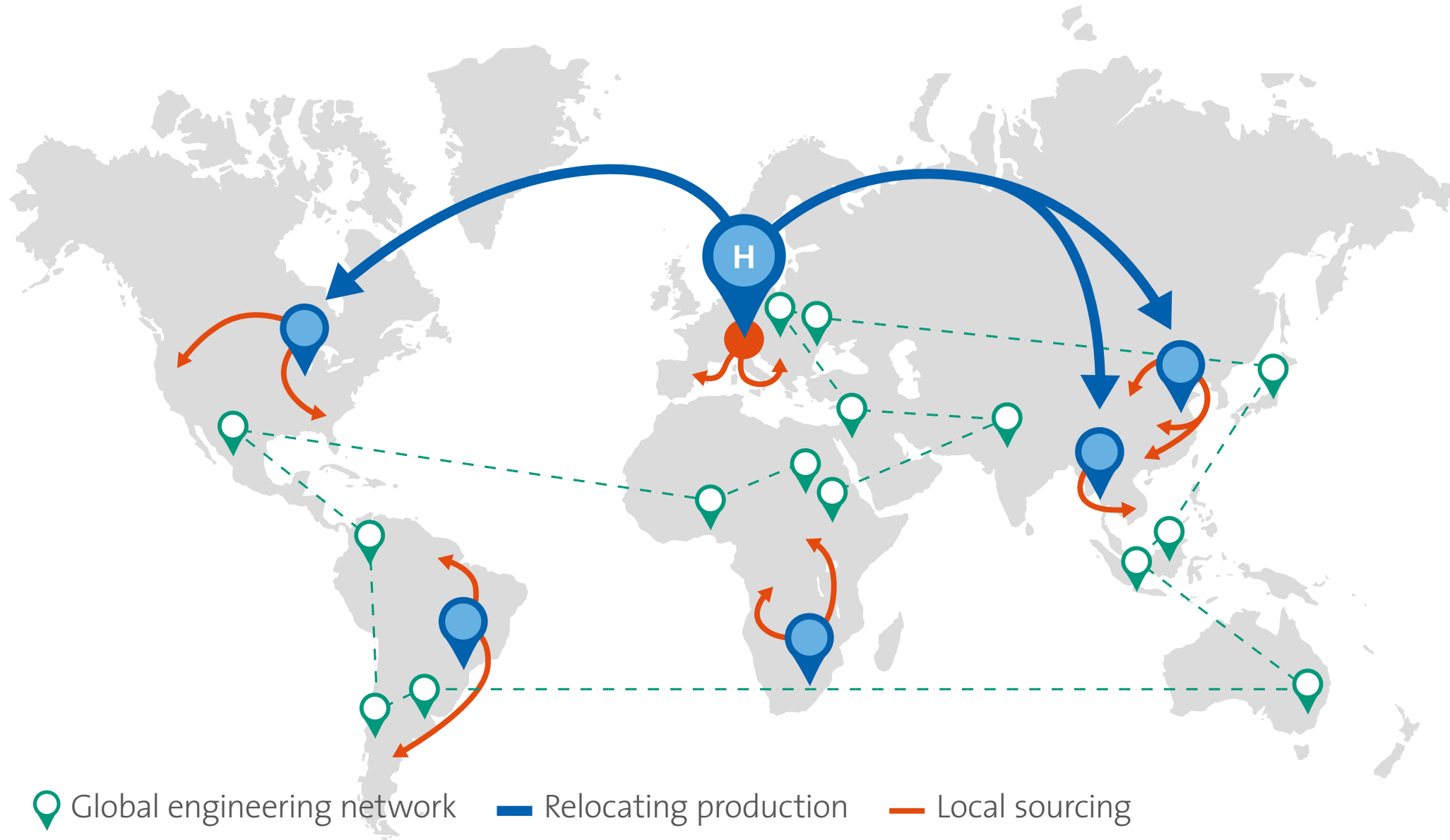
**20%**

## These measures will take us to our goal





## Cost-optimised procurement worldwide – including engineering



### TARGETS 2020

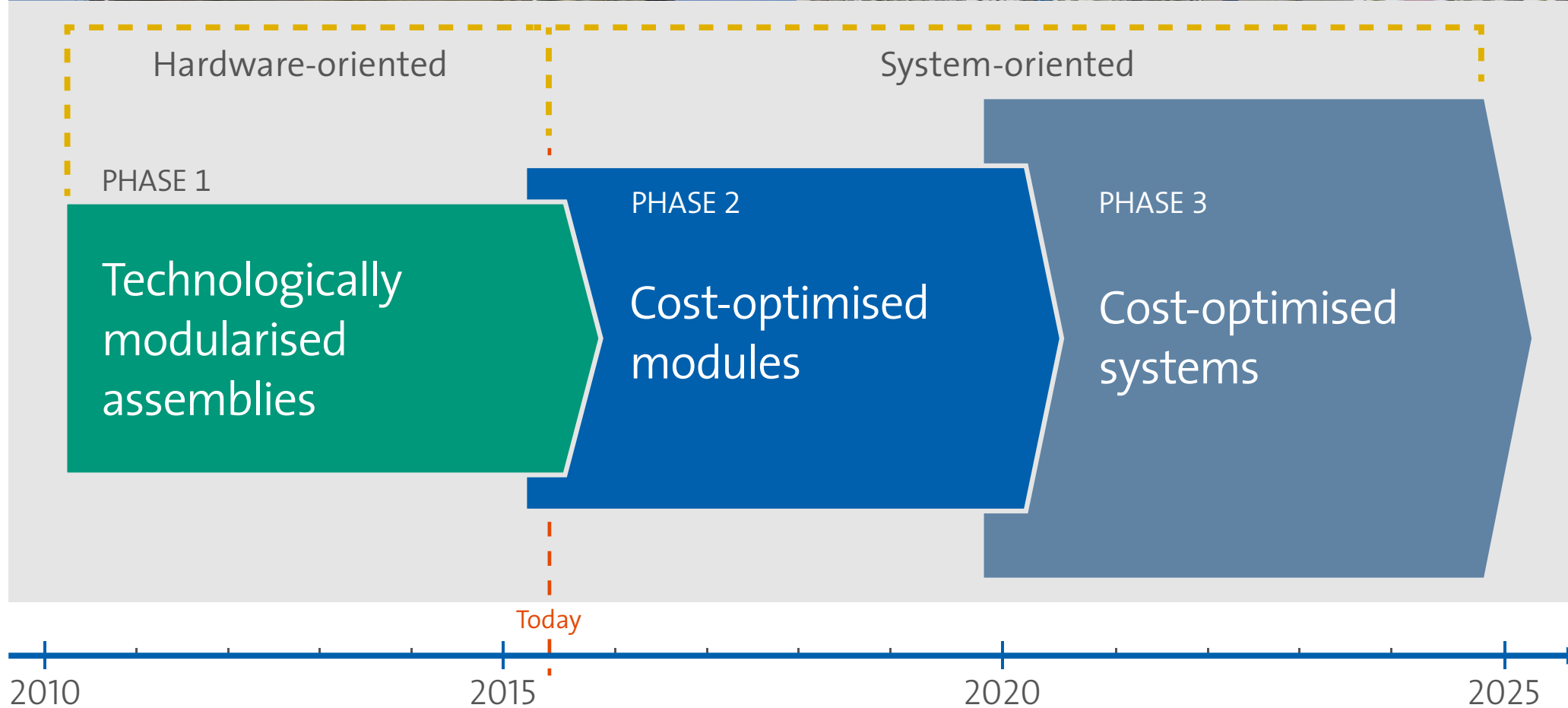
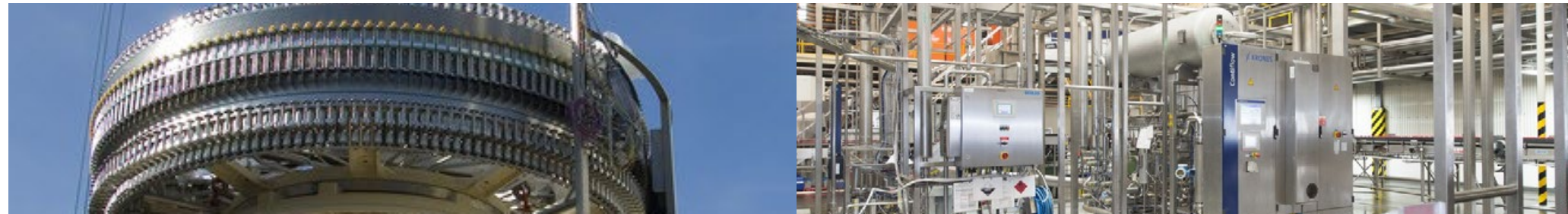
Revenue growth  
**7%**

EBT margin  
**8%**

ROCE  
**20%**



## Next step in modularisation will yield considerable cost advantages



### TARGETS 2020

Revenue growth

7%

EBT margin

8%

ROCE

20%



## Expanding our profitable service business



Service engineers

2012

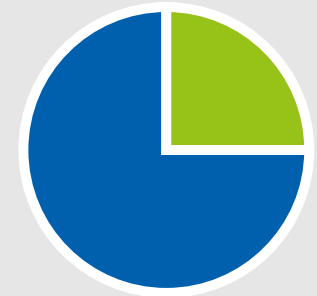
1,650

2016

1,949

as per end of September

### SERVICE REVENUE SHARE

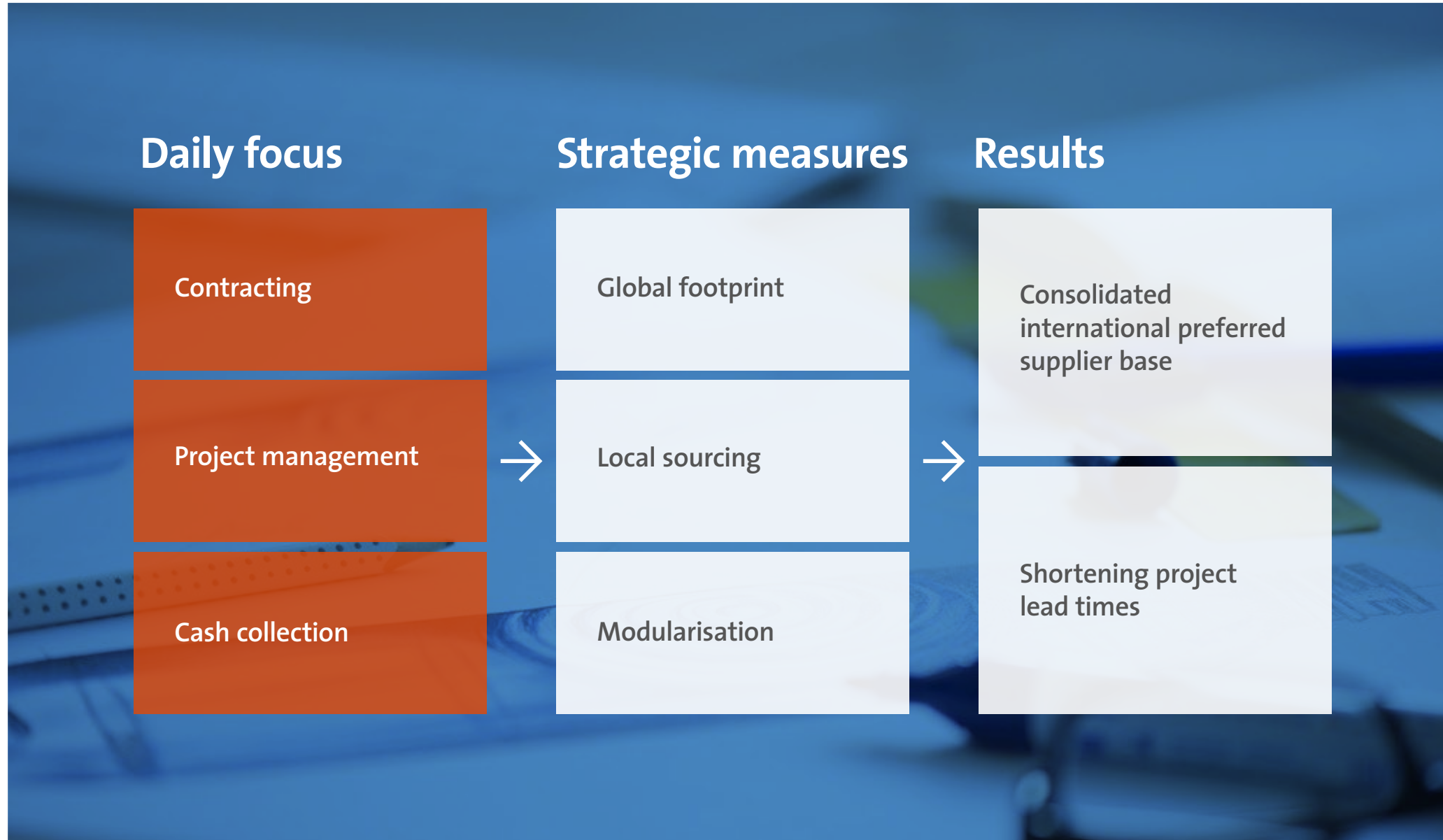


2016





## Optimising working capital – increasing ROCE

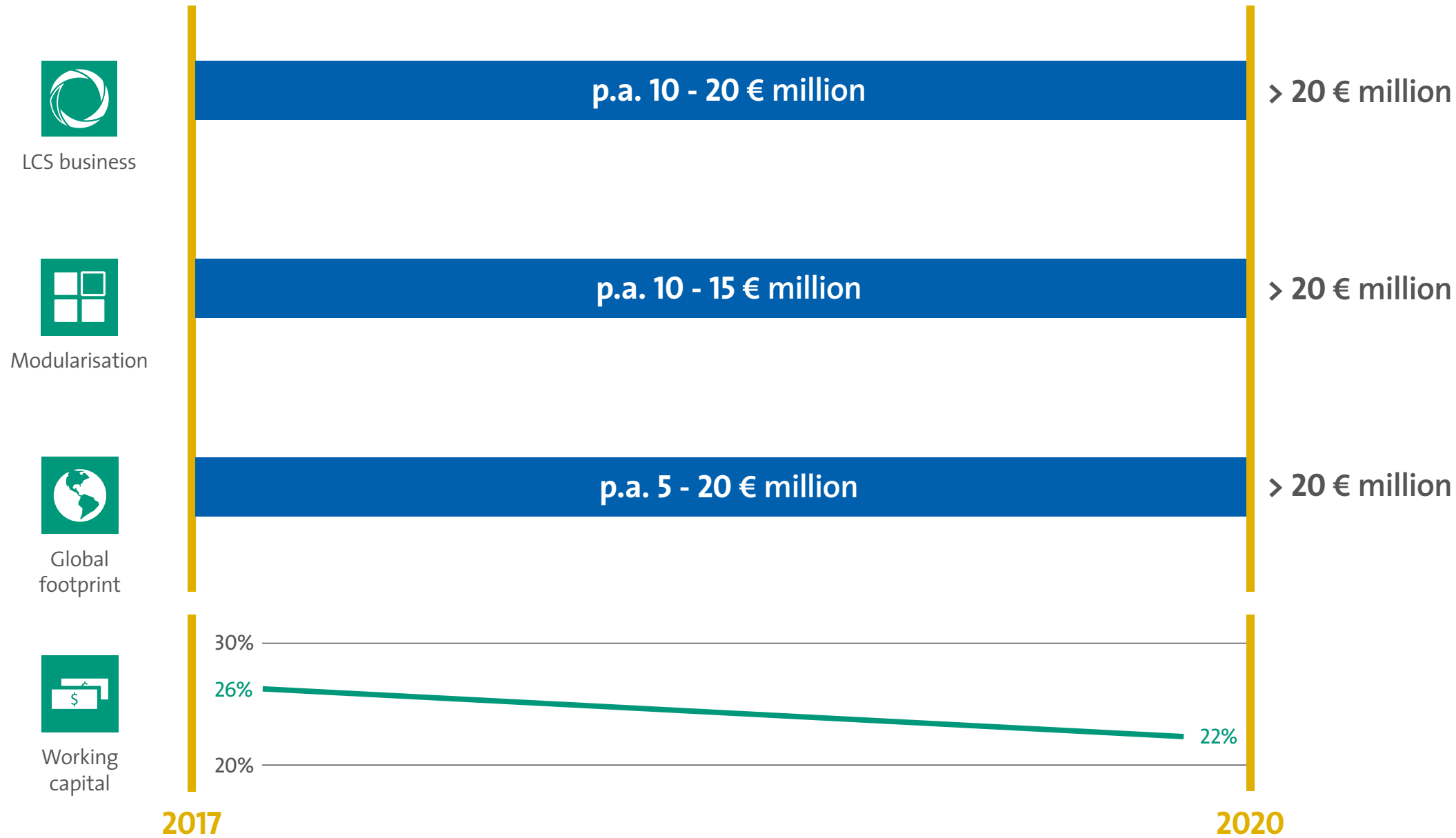


**TARGETS 2020**

- Revenue growth **7%**
- EBT margin **8%**
- ROCE **20%**



## Milestones Profitability



### TARGETS 2020

Revenue growth  
**7%**

EBT margin  
**8%**

ROCE  
**20%**

Thank you  
for your attention!

## Financial calendar 2017

|                  |  |
|------------------|--|
| March 2, 2017    | Preliminary figures 2016   |
| March 23, 2017   | Annual Report 2016   |
| April 27, 2017   | Conference Call Group Q1 2017 and Interim Report as per March 31     |
| June 20, 2017    | Annual General Meeting   |
| July 20, 2017    | Conference Call Group Q2 2017 and Interim Report as per June 30      |
| October 26, 2017 | Conference Call Group Q3 2017 and Interim Report as per September 30 |



Olaf Scholz  
Head of Investor Relations

KRONES AG  
Böhmerwaldstrasse 5  
93073 Neutraubling  
Germany

Phone +49 9401 70-1169  
Fax +49 9401 70-911169

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