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TO OUR SHAREHOLDERS

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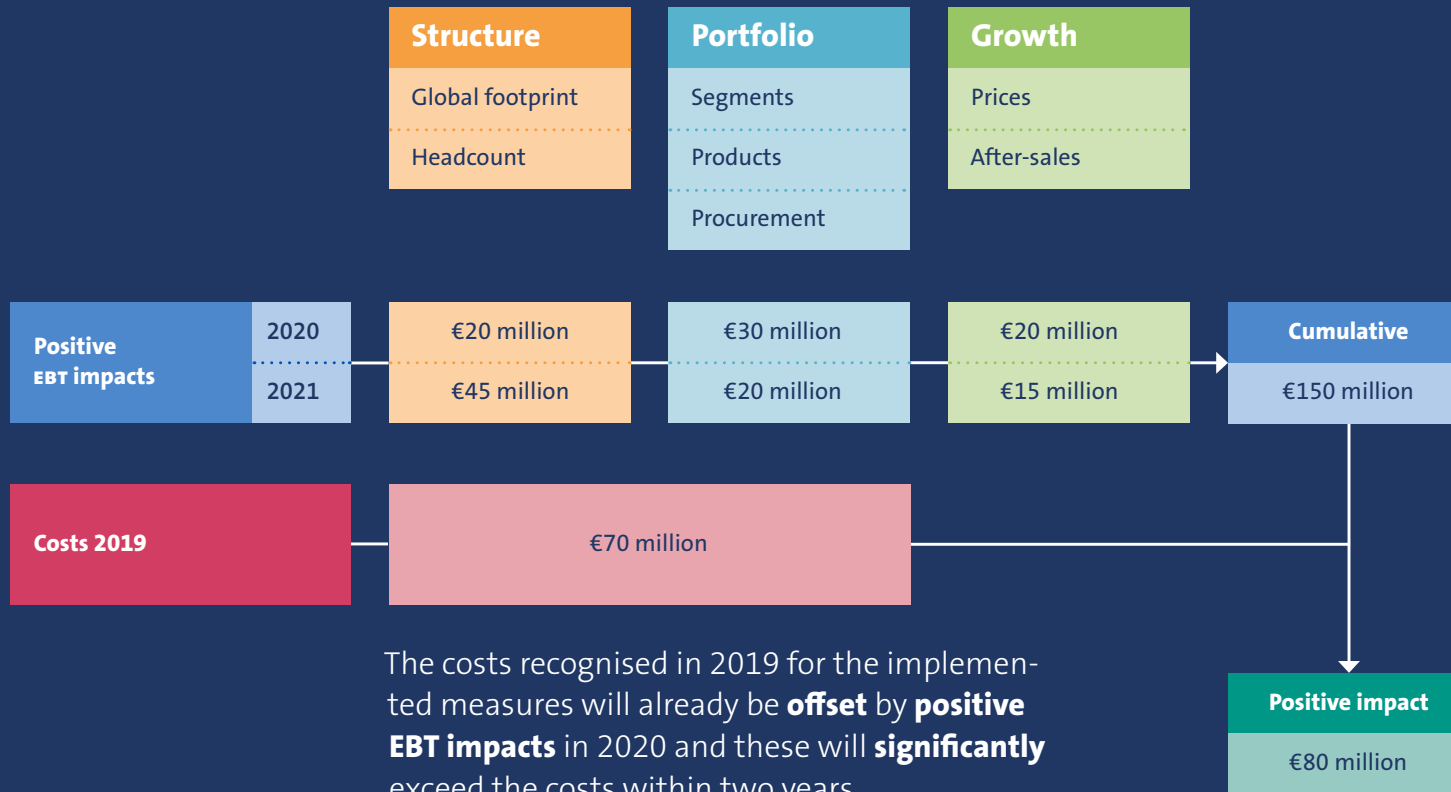
Set on **success**

The 2019 financial year has clearly shown the need for changes at KRONES. So that the company stays **competitive going forward**, the Executive Board has decided structural measures that are now being implemented. Among other things, we are further expanding our **global footprint** and optimising the entire House of KRONES product portfolio. We will eliminate the weaknesses in the company overall.

Despite the many challenges, we look to the future with confidence and self-assurance – because KRONES' **strengths clearly predominate**. We are outstandingly well positioned in markets with stable growth in the medium and long term. Our workforce is both highly qualified and highly motivated. Moreover, the company has very sound finances and a stable majority shareholder. Building on this strong foundation, we are sure that together with our team, we have KRONES **set on success**.

These are the **measures** to keep KRONES on **track for success**.

Measures Overview



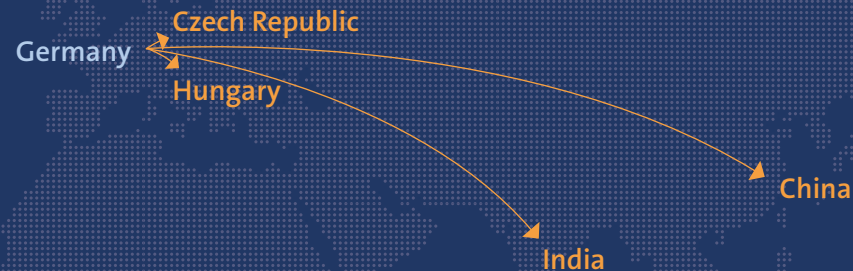
Expansion of our **global footprint** in **emerging markets**

Structure
Global footprint



By the end of 2020, KRONES will implement a total of **600,000 production hours** at its new locations in Hungary and China. The new Hungarian production facility is expected to save KRONES about **€5–10 million** in 2020. When it is fully established, we expect annual cost savings of **€20 million**. The production facility in China will deliver savings of at least **€2 million** in the first stage.

Added to this are **200,000 construction hours** in Hungary, China, the Czech Republic and India.



The **plant in Hungary** will increase our future **profitability**

Structure
Global footprint



The plant in Debrecen, Hungary, will be fully operational by the end of 2020. It will then have a capacity of 36,000 working hours per month. At the beginning of 2020, the new plant had 450 employees. Another 50 are to be added by the end of 2020.

Expanding our **global footprint** with local cost structures

Structure
Global footprint



KRONES has already significantly expanded its emerging markets workforce in past years. At the end of **2019**, we had **4,187 employees** in emerging markets, **33% more than in 2018**.

That has a simple reason: To take advantage of market growth opportunities in emerging economies, we need **more employees in the regions where customers are located**. We already employ about **24% of the workforce** in emerging markets. Given corresponding market growth, we will further increase that percentage.

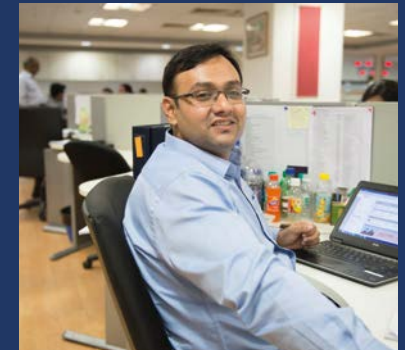


Expansion of our **global footprint** in **process technology**

Structure
Global footprint



A critical success factor in process technology is the ability to support customers locally with capabilities along the **entire value chain**. For this purpose, KRONES has **built up and expanded in-house capacity** in recent years. We have additionally strengthened our process technology capabilities with acquisitions. **In this way, KRONES has gained process technology locations in the USA and China.** These will generate **positive earnings contributions from 2020.**



Reduction in workforce in **Germany** and **internationally**

Structure
Employees



To increase profitability for the long term, group processes and resources are to be further optimised and **organisational units streamlined**.

As part of its efficiency measures, KRONES has **already reduced full-time jobs in Germany in 2019**. This will continue in 2020.

In **Germany**, the structural measures result in the loss of **500 jobs**, comprising **200 in the reporting period** and **300 in 2020**. About **200 jobs will be cut** internationally by the end of 2020.

Germany (in-house)	– 200 FTE
Germany (temp)	– 50 FTE
RoW (in-house)	0 FTE

2019

– 250 FTE



Germany (in-house)	– 300 FTE
Germany (temp)	– 100 FTE
RoW (in-house)	– 200 FTE

2020

– 600 FTE

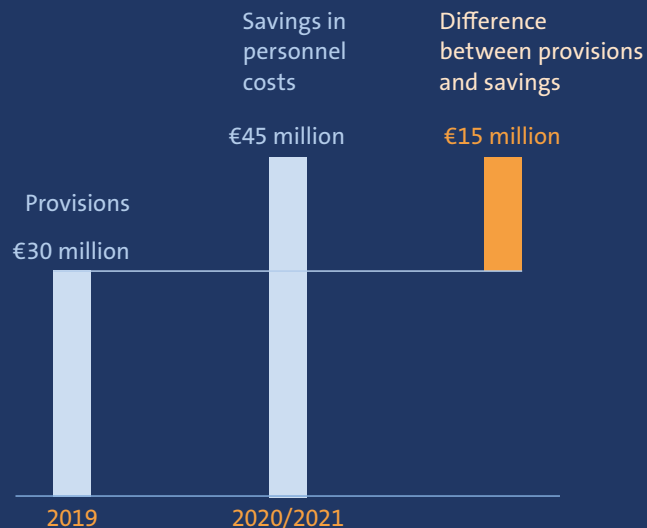


Reduction in workforce in **Germany** and **internationally**

Structure
Employees

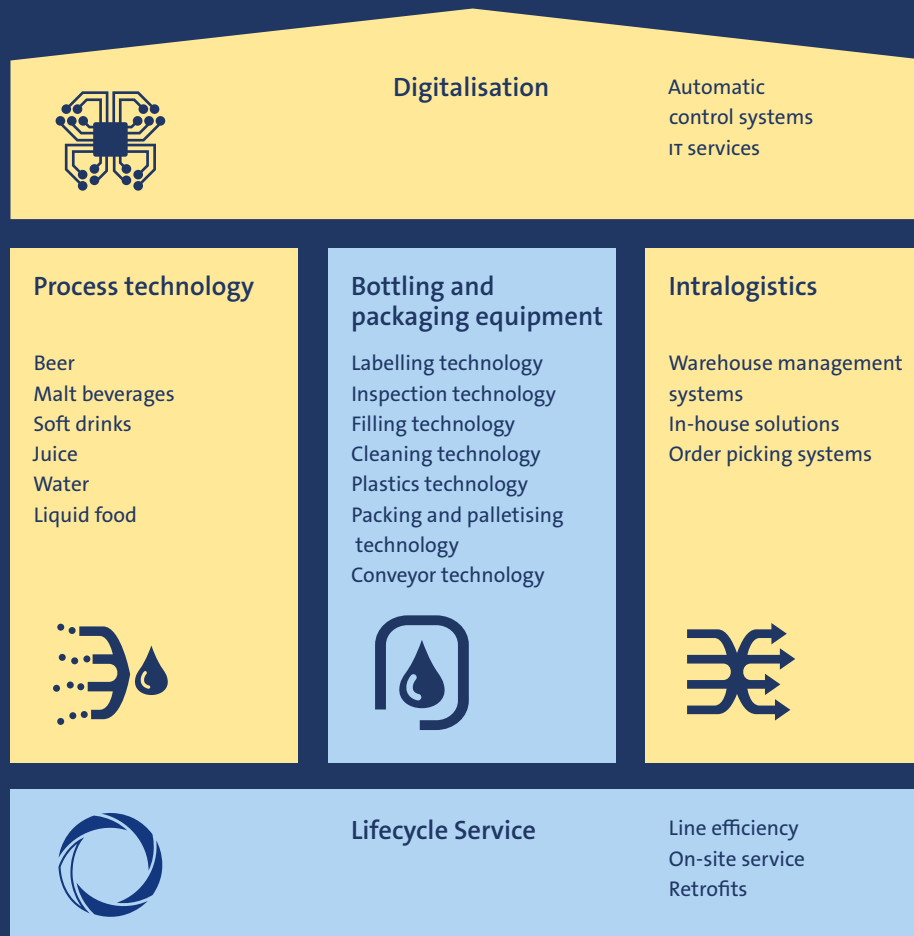


The measures to **reduce personnel costs** necessitated around **€30 million in provisions** in 2019 and had a corresponding negative impact on earnings. By reducing the workforce, **KRONES** expects **savings** in personnel costs totalling **around €45 million in 2020 and 2021**.



Portfolio streamlining in the House of KRONES

Portfolio Segments



We are streamlining our portfolio across the entire House of KRONES. This includes new products and services as well as exiting from unprofitable areas and technologies.

Portfolio streamlining in process technology

Portfolio
Segments



Portfolio streamlining in process technology

Portfolio Segments



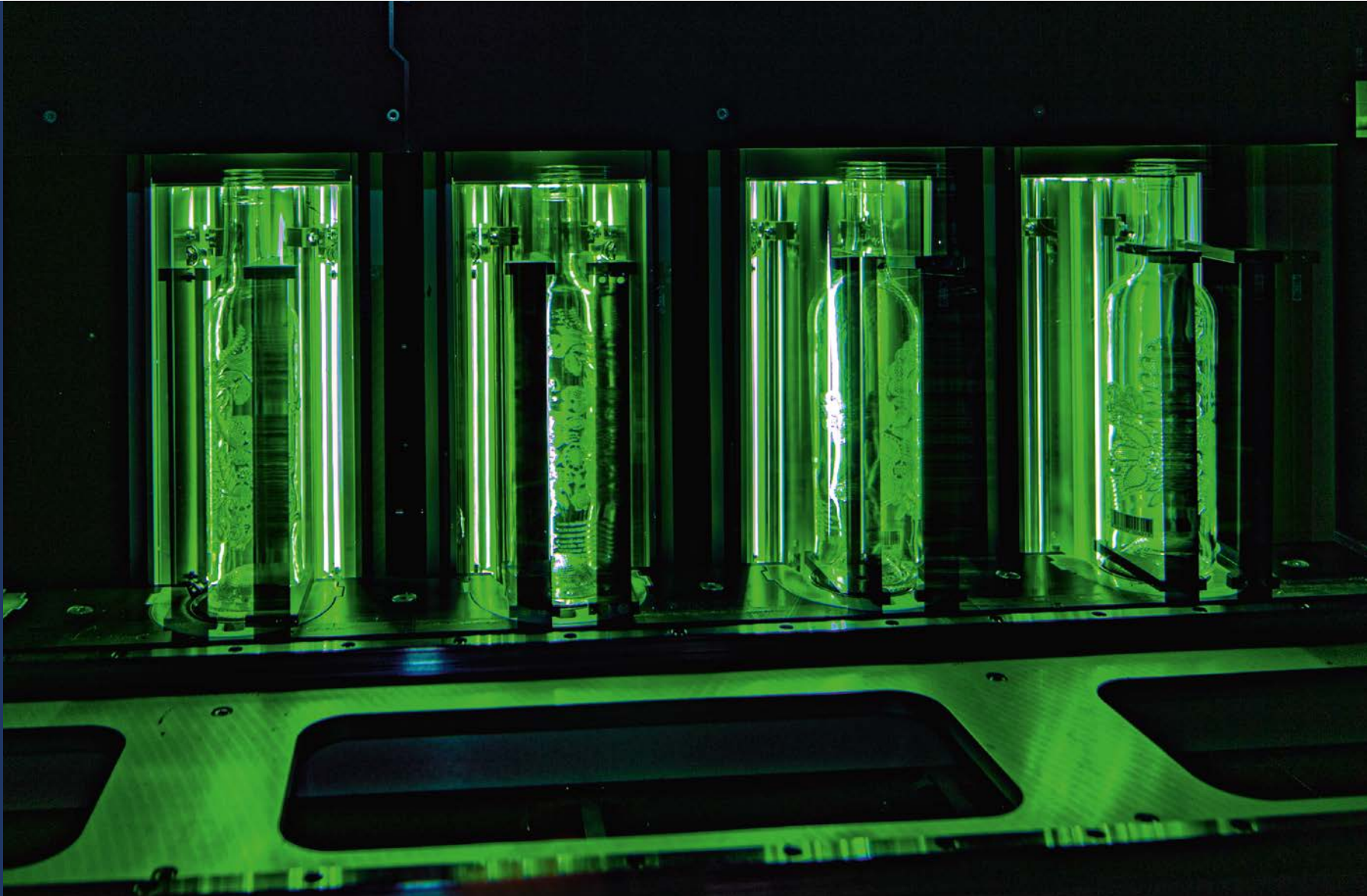
Process technology is one pillar of the **House of KRONES**. It includes products and areas that are developing well. Overall, however, **profitability** in process technology is **insufficient**. This is mainly due to **beverage production**. We are going to make this a **legally independent unit**. This enables us to **better assess** how the individual businesses, specifically with regard to the different types of beverages, are developing on a **standalone basis**.

After several acquisitions in the past, we currently plan **no acquisitions** in process technology.



Portfolio streamlining in **Bottling** and **Packaging Equipment**

Portfolio
Segments



Portfolio streamlining in **Bottling** and **Packaging Equipment**

Portfolio
Segments



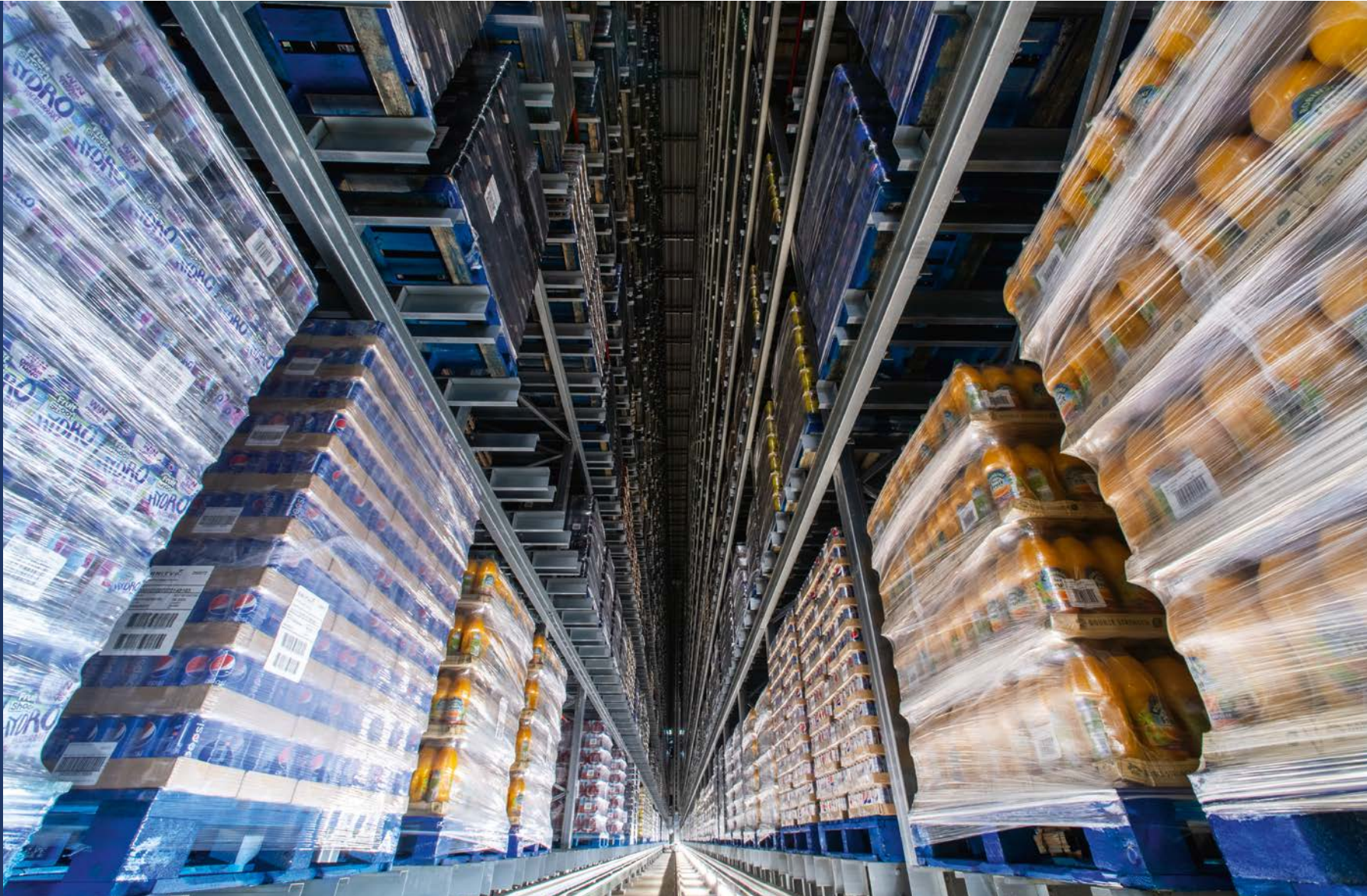
This segment is suffering as a result of the critically skewed debate about plastics. We create **sustainable material cycles** with our high-quality **PET recycling systems**, material-saving container design and low-energy container production.

At the same time, we continue to expand our product portfolio in **glass** and **cans** as packaging types.



Portfolio streamlining in Intralogistics

Portfolio
Segments



Portfolio streamlining in Intralogistics

Portfolio
Segments



The third pillar of the **House of KRONES**, intralogistics, continues to see **very good demand** for our products and services. We will **manage the rapid rate of growth** and **push ahead with internationalisation**. For this purpose, we have **pooled** all intralogistics activities in **SYSTEM LOGISTICS** and made this a **legally independent unit**.



Portfolio streamlining in digitalisation

Portfolio Segments



Looking ahead, we will concentrate our digitalisation activities more intensively around solutions for our core **bottling and packaging equipment** segment and notably for **lifecycle services**. Overall, **investment** in digitalisation will continue to **impact profitability** in the **next few years**. KRONES sees **good market opportunities** here in the **medium to long term**.



Internationalisation and **optimisation** of procurement

Portfolio Procurement



At **about €2 billion**, cost of materials is by far the largest expense item in the statement of profit and loss.

Expansion of our global footprint relates not only to production, but also to the procurement of material inputs.

Best-cost country (BCC) sourcing secures us **significant reductions in procurement costs**.

We will **rigorously continue** with the **international procurement measures** we have implemented so far.



Internationalisation and optimisation of procurement

Portfolio
Procurement



KRONES has already successfully implemented this in **Taicang, China**. It has also established a supplier network in **India, Taiwan, Thailand** and **Turkey**.

BCC procurement volume totalled **around €45 million** in 2019. This will continue to rise and will deliver significant cost savings in the years ahead.

Large potential savings in procurement

	Use of known cost levers	Medium-term measures		Advanced tools
		Category management	BCC and make-or-buy	
<i>Current status</i>	Ongoing optimisation of current expense structure	Main categories assessed	Concrete outcomes attained	To be published
<i>KRONES action</i>	Maintenance of negotiating practices	Systematic assessment covering 80% of total expenses Optimised procurement strategy	Planning and use of all options	Combined requirements and consolidated supplier base Product structure optimised for outsourcing
<i>Cumulative savings in next 3 years</i>	€20–30 million	€20–30 million	€30–40 million	

Implementation of **price increases**

Growth
Prices



Price increases are necessary in order to partially offset rising labour and material costs. The basis for this is **strong price discipline**. Realistically, a €10–20 million earnings contribution is attainable. A **1% price increase** on **self-produced machinery** would provide an additional EBT contribution of **€10–15 million** in 2020.



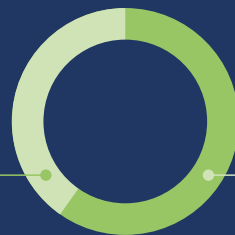
Exploiting **after-sales market potential**

Growth
After-Sales



Due to the strong installed base, the after-sales market has considerable growth potential for KRONES in the medium to long term. KRONES has **around 40,000** machines installed in customers' factories. **Further expanding** our service locations around the world will enable us to significantly increase our service business. Our LCS team so far serve **about 60%** of our installed base. **Each percentage point generates €12 million annually** in profitable service revenue.

Third-party providers
proportion of service
~ **40%**



Krones proportion
of service
~ **60%**



Letter from the **Executive Board**



“KRONES will rigorously implement the measures it has decided in order to put us back on track for success.”

Christoph Klenk
CEO

etary Fund (IMF) experts had to revise their global growth forecast downwards several times in 2019, from at first 3.5% to 2.9%. The sometimes highly emotionally charged plastics debate also did not benefit our business.

Despite these uncertainties, demand in our markets serving the international beverage and packaging industry was satisfactory. KRONES was able to use the relatively stable demand and increased revenue during the reporting period by 2.7% to €3.96 billion. This means we met our 3% growth forecast. Order intake grew similarly, improving by 3.2% to €4.08 billion.

Dear shareholders and friends of KRONES,

2019 was very challenging for KRONES. Due to various factors, we had to lower our earnings guidance mid-year. In response, the Executive Board introduced far-reaching structural measures to strengthen profitability and keep the company set on success.

KRONES continues stable growth despite weakening economy

Forecasts for the economy gradually worsened over the course of the year. The US trade disputes with China and Europe and the long-unresolved Brexit weighed down on the economy. International Mon-

Profitability in 2019 significantly below target

In contrast to revenue and order intake, profitability did not develop as planned at the beginning of 2019. KRONES' profitability was hit unexpectedly hard during the reporting period by significant rises in labour costs. In addition an unfavourable product mix leading to capacity underutilisation in plastics technology and temporarily weak demand in parts of the after-sales business also had a negative impact, primarily in the second quarter. In total, the EBT margin fell in the reporting period from 5.3% to 1.1%. It should also be noted that we recognised €70 million in expenses for provisions and writedowns in 2019. Adjusted for these expenses for structural measures, the EBT margin was 2.8%. KRONES therefore attained the target of around 3%, which had been reduced mid-year (from originally around 6%).

Structural measures launched – initial benefits visible

To stay competitive for the long term and attain the profitability needed for the purpose, we launched a package of short and medium-term measures in the second half of 2019. The aim is to improve cost structures, raise efficiency, review our portfolio and create new growth momentum. Many of the individual measures to be implemented in 2020 and 2021 are described in detail on pages 5 to 24.

KRONES is already seeing initial benefits. We are progressing well with the cost savings. Selling prices have stabilised and are moving in the right direction. We are also making good progress with the expansion of our global footprint. The

most important project here is our new plant in Hungary. After delays, the factory will be fully operational in the second half of 2020 and from then onwards will save some €20 million a year. We have also significantly strengthened our presence in China after expanding production and establishing completely regional procurement structures.

There is still much to be done in process technology, however, most of all in business with breweries. We have set ourselves clear targets here, together with a timescale for attaining them. If the beverage production business does not meet the required profitability target by 2021, we will make clear-cut decisions about the future of this business.

Continued high level of investment in innovation

As part of the action package, we are reducing the recently very high level of capital expenditure back to normal levels. This mainly relates to spending on property, plant and equipment and on acquisitions. Regarding acquisitions, we are going to concentrate on integrating the companies acquired in recent years. No major acquisitions are planned for the time being.

Technologically leading products and services are our company's aspiration and future. Consequently, we are going to maintain our high level of investment in innovation and will not be cutting our research and development budget or expenditure on digital activities.

KRONES has innovative products for global challenges such as reducing CO₂ emissions and sustainability in plastic packaging. We will secure our technology leadership with further innovations in the years ahead. Some of our innovations from the reporting period are showcased on pages 58 to 63.

International workforce to grow – reduction in Germany

The number of employees in the Group increased in the reporting period by around 800 to 17,353. In Germany, the number employed decreased by 150. The job cuts in Germany are very painful but regrettably unavoidable. As difficult as those job cuts in Germany have been for us, we have to relocate parts of our value creation abroad in order to remain competitive as a strongly export-oriented company in our international markets. Especially in the current challenging and, for our company, unusual situation, I would like on behalf of the entire Executive Board to extend my sincere thanks to the entire KRONES team for their hard work and commitment.

Targets for 2020 – delivering sustained turnaround in profitability

After the difficult year in 2019, KRONES aims to achieve a rapid and sustained turnaround in profitability so that we meet our medium-term targets as soon as possible. Although we have set ambitious targets for 2020, we do not expect any growth in revenue with a view to the current uncertain situation in the markets. The EBITDA margin (see also page 49 following) is expected to improve to about 6.7–7.2%. For our third performance target, working capital to revenue, we will attain 26% this year and in doing so, in combination with lower capital expenditure, we will also increase free cash flow.

We are the market and technology leaders in a globally growing market. The task now is to continue implementing the structural aspects and the adopted measures together with our motivated global team. I firmly believe that together we can put KRONES back on track for success.



Handwritten signature of Christoph Klensk in blue ink.

Christoph Klensk
CEO

The Executive Board

Markus Tischer
International Operations
and Services
Digitalisation

Thomas Ricker
CSO

Norbert Broger
CFO

Christoph Klenk
CEO
Intralogistics
Process Technology

Ralf Goldbrunner
Bottling and Packaging
Equipment
Compact Class



Report of the **Supervisory Board**



*Volker Kronseder
Chairman of the
Supervisory Board*

Ladies and Gentlemen,

KRONES is in a challenging situation. The past few years have mainly been characterised by profitable growth. However, the 2019 financial year has clearly shown that there is a need for changes. Although revenue increased, earnings fell well short of expectations. So that KRONES stays competitive moving forward, the Executive Board, in close consultation with the Supervisory Board, has already implemented strategic and operational measures and initiated further structural adjustments. Those measures also include what for KRONES is the unusual step of a reduction in the workforce. This was not an easy decision for the Executive Board and Supervisory Board, but it is regrettably unavoidable. The Supervisory Board has consulted in great detail on the causes of the weak earnings as explained by the Executive Board together with the measures to improve profitability. It considers the path now taken and the structural measures to be the right way forward. The Supervisory Board will follow and review the implementation of the measures. It will work closely and constructively for this purpose with the Executive Board.

Advice and oversight

The Supervisory Board of KRONES AG continuously oversaw and advised the Executive Board during the 2019 financial year, as prescribed by the German Stock Corporation Act and the company's articles of association, and discharged its responsibilities with due care. Full regard was given at all times to the provisions of the German Corporate Governance Code and those of the German Stock Corporation Act on Executive Board reporting obligations to

the Supervisory Board. The Executive Board regularly informed the Supervisory Board about the company's business and financial situation and risk management in written and oral reports both during and outside of Supervisory Board meetings. With regard to decisions of particular significance to KRONES AG and the Group, the Supervisory Board was informed and involved by the Executive Board at an early stage. The Chairman of the Supervisory Board and the Chief Executive Officer in particular maintained regular contact between meetings. In that connection, they jointly discussed questions of corporate strategy, current business performance, the risk situation, risk management and compliance.

Focuses of the work of the Supervisory Board in 2019 included current business performance and in particular earnings performance, strategy and measures for target attainment and sustained strengthening of profitability. Other focuses of the Supervisory Board's work were market and competition topics. There were no changes in the membership of the Supervisory Board in 2019.

Conflicts of interest

Under section 5.5.2 of the German Corporate Governance Code, each member of the Supervisory Board must inform the Supervisory Board of any conflicts of interest, particularly if they could arise as a result of performing an advisory role or membership of a governing body at customers, suppliers, lenders or other third parties. No such conflicts of interest were disclosed in the reporting period.

Supervisory Board meeting reports

In total, four regular Supervisory Board meetings were held in 2019. All 18 Supervisory Board members were present at three of the four meetings. One member of the Supervisory Board was unable to attend one meeting.

Representatives from KRONES' auditing firm were present for a portion of the first meeting on 20 March. They gave the Supervisory Board a detailed explanation of their audit engagement together with the focus of their audit of the 2018 annual financial statements and provided a detailed overview of the audit. Questions from the Supervisory Board were explained and answered by the auditors in detail. The Supervisory Board then ratified the annual financial statements and management report of KRONES AG and approved the consolidated financial statements and consolidated management report. Under the "Supervisory Board and Executive Board matters" agenda item, the Chairman of the Supervisory Board presented the findings of the efficiency review on the work of the Supervisory Board. In summary, the Chairman of the Supervisory Board noted that the efficiency of the Supervisory Board in 2018 was rated as very positive. Under the same agenda item, the Supervisory Board unanimously resolved to extend the contract of Chief Sales Officer Thomas Ricker, which was set to expire on 31 December 2019, by five years to 31 December 2024. In doing so, the Supervisory Board complied with the recommendation of the Standing Committee. On the same occasion, the Supervisory Board adopted the agenda for the 2019 annual general meeting. Finally, the Management Board provided the Supervisory Board as part of reporting on business planning with a detailed explanation of the targets and measures for target attainment for 2019 together with the medium-term planning.

The Supervisory Board held its second meeting in 2019 on 24 July. Reporting on the business situation, the Executive Board informed the Supervisory Board about the most important figures for the first half of 2019 and the outlook for the full year. In the same connection, the Executive Board members each gave a current status report and the outlook for 2019 with regard to the business areas in their respective portfolios. The Supervisory Board consulted in detail on the reasons for the current difficult business situation and the downgraded guidance published by the company on 10 July. Following lengthy discussion, the Supervisory Board also decided to terminate, with immediate effect, the appointment of Michael Andersen as a member of the Executive Board of

KRONES AG. His responsibilities were provisionally assumed by Chief Executive Officer Christoph Klenk.

The third meeting of the Supervisory Board in 2019 took place on 25 September. At the recommendation of the Standing Committee, the Supervisory Board unanimously appointed Norbert Broger as member of the Executive Board and Chief Financial Officer of KRONES AG with effect from 1 January 2020 to 31 December 2022. Prior to his appointment, the selection procedure was outlined to the Supervisory Board and Norbert Broger introduced himself in person. A further item on the agenda was the business situation at KRONES. Chief Executive Officer Christoph Klenk and the members of the Executive Board heading the various units explained their analysis and the measures planned.

The Supervisory Board held its fourth meeting of 2019 on 27 November. During the meeting, an external expert in capital market law gave a presentation and informed the Supervisory Board about important formal stipulations and the adoption of Supervisory Board resolutions. The "Executive Board matters" agenda item included the redistribution of responsibilities within the Executive Board. Another item on the agenda at the fourth meeting of the Supervisory Board was the report of the Audit and Risk Management Committee, addressing the topics of risk management, internal auditing and compliance. The Executive Board then presented the Supervisory Board with figures on the current performance of the business and the outlook for the full year 2019. Finally, the Supervisory Board considered the Executive Board's budgeting for the 2020 financial year. The Supervisory Board unanimously approved the annual and investment budget for 2020.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee consists of Supervisory Board Chairman Volker Kronseder, his deputy Werner Schrödl and Supervisory Board members Norman Kronseder, Hans-Jürgen Thaus, Josef Weitzer and Jürgen Scholz. Its Chairman is Hans-Jürgen Thaus. The Audit and Risk Management

Committee oversees the company's accounting and financial reporting, the audit of the financial statements and other reporting, and prepares related proposals for Supervisory Board resolutions. In addition, the committee prepares the Supervisory Board's review of the annual financial statements, the management report and the auditor's report for the separate and consolidated financial statements, and makes recommendations. Furthermore, the Audit and Risk Management Committee monitors the effectiveness of the internal control system, the risk management system and the compliance system.

The Audit and Risk Management Committee met five times in 2019. All six members were present at four of the five meetings. One member of the committee was absent at the meeting on 20 November.

At its 14 March meeting, the committee mainly considered the auditor's report on the audit of the annual and consolidated financial statements as of 31 December 2018.

On 20 March, the committee met to prepare the Supervisory Board meeting held to ratify the financial statements. Based on the remarks of the auditor and information from the auditor's report, the members of the Audit and Risk Management Committee agreed to recommend that the Supervisory Board ratify the annual financial statements and management report of KRONES AG for the 2018 financial year and approve the consolidated financial statements and consolidated management report for 2018.

At its third meeting on 10 April, the Audit and Risk Management Committee addressed the report on the non-financial statement. The auditor presented the audit findings for this purpose. The Audit and Risk Management Committee approved the audit findings and had no objections. The committee members decided to recommend that the Supervisory Board ratify the consolidated non-financial report. In addition, the committee explained the recommendation to the Supervisory Board for the auditor to be proposed by Supervisory Board to the Annual General Meeting for election as auditor of the annual and consolidated financial statements for 2019.

Items on the agenda at the fourth meeting of the Audit and Risk Management Committee on 15 October included KRONES' current financing situation, the Executive Board's review of the portfolio and of portfolio streamlining measures and the Group's current situation.

At the fifth meeting of the Audit and Risk Management Committee on 20 November, the heads of Controlling, Internal Audit and Compliance informed the members of the committee about the current risk situation, internal audit and compliance management.

The work of the Standing Committee

The Standing Committee consists of Werner Schrödl, Norman Kronseder, Josef Weitzer, and Volker Kronseder. It is chaired by Volker Kronseder. The committee generally deals with all other topics that are outside the remit of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration. The Standing Committee met three times in 2019. All four members were present at all three meetings.

At the meeting on 14 March, the Standing Committee prepared the extension of Chief Sales Officer Thomas Ricker's contract for the Supervisory Board. The committee members resolved to recommend that the Supervisory Board adopt the resolution to extend the contract with Thomas Ricker by five years to 31 December 2024.

The Standing Committee's second meeting took place on 10 July. At that meeting, Chief Executive Officer Christoph Klenk and Chief Finance Officer Michael Andersen informed the committee about the current business situation and measures for improving earnings in the short to medium term.

The Standing Committee's meeting on 12 September was primarily convened to make a recommendation in advance of the Supervisory Board meeting on 25 September for the appointment of Norbert Broger as a member of the Executive Board of KRONES AG.

Supervisory Board concurs with audit findings

The annual financial statements of KRONES Aktiengesellschaft prepared by the Executive Board, the consolidated financial statements, the management report for KRONES AG and the group management report for the period ended 31 December 2019 were examined by the auditors elected by the annual general meeting, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and each issued with an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report for KRONES AG and the consolidated management report for the period ended 31 December 2019 were duly submitted to all members of the Supervisory Board for review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 18 March 2020. Representatives of the auditing firm also participated in the meeting and reported to the Supervisory Board on their audit findings and the focal points of their audit.

The Supervisory Board noted and approved the audit findings. No objections were raised following the final review by the Supervisory Board, which covered in particular the matters described in the auditor's audit report including the audit procedures. The Supervisory Board has ratified the annual financial statements for KRONES AG and approved the consolidated financial statements as well as the Executive Board's proposal for the appropriation of earnings available for distribution. The 2019 annual financial statements for KRONES AG are thus ratified.

The auditors included in their audit the Executive Board's report, in accordance with section 312 of the German Stock Corporation Act, on KRONES AG's relations to affiliated companies and submitted their audit report to the Supervisory Board. The audit by the auditors did not give rise to any objections. The auditor issued the following unqualified audit opinion on the dependency report:

“Based on our due audit and assessment, we confirm that

1. the statements as to fact made in the report are accurate,
2. the consideration given by the company in respect of the legal transactions referred to in the report was not unreasonably high.”

The Supervisory Board's review of the report in accordance with section 312 of the German Stock Corporation Act on KRONES AG's relations to affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the findings of the audit by the auditors. Following the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's concluding declaration on relations with affiliated companies.

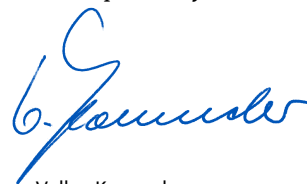
In addition to the statutory audit, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also performed a limited assurance review of the separate combined non-financial report for KRONES AG and the Group for the period from 1 January to 31 December 2019. On the basis of that review, the auditor did not raise any objections to the reporting in and fulfilment of the statutory requirements for the non-financial statement.

Thanks to the Executive Board and the workforce

The members of the Supervisory Board would like to thank the Executive Board and all of the company's employees for their dedication and wholly successful work in the 2019 financial year.

Neutraubling, March 2020

The Supervisory Board



Volker Kronseder
Chairman of the Supervisory Board

The Supervisory Board



Volker Kronseder

Chairman of the Supervisory Board

* University Hospital Regensburg

* Economic Advisory Board, Bayerische Landesbank



Werner Schrödl**

Deputy Chairman of the Supervisory Board

Chairman of the Group Works Council

Chairman of the Central Works Council

* Executive Board member of the Bavarian Company Health Insurance Funds Confederation



Dr. Verena Di Pasquale**

Deputy Chairperson of DGB Bayern

(the German Trade Union Confederation in Bavaria)



Robert Friedmann

Spokesman for the central managing board of the Würth Group

* zF Friedrichshafen AG



Klaus Gerlach**

Head of Central International Operations and Services



Oliver Grober**

Chairman of the Employees' Council, Rosenheim



Thomas Hilt**

Chairman of the Employees' Council, Nittenau



Norman Kronseder

Farmer and forester

* Bayerische Futtersaatbau GmbH

* Other Supervisory Board seats held, pursuant to Section 125 (1) sentence 5 of the German Stock Corporation Act

** Elected by the employees



Prof. Dr. jur. Susanne Nonnast

Professor at Ostbayerische Technische Hochschule (OTH) Regensburg



Beate Eva Maria Pöpperl **

Independent Member of the Employees' Council



Norbert Samhammer

Managing Director, Samhammer Holding GmbH
* Samhammer AG



Petra Schadeberg-Herrmann

Managing Partner, Krombacher Brauerei Bernhard Schadeberg GmbH & Co. KG, Krombacher Finance GmbH, Schawei GmbH, Diversum Holding GmbH & Co. KG



Jürgen Scholz**

First authorised representative, IG Metall administrative office in Regensburg
* Infineon Technologies AG



Hans-Jürgen Thaus

* Maschinenfabrik Reinhausen GmbH
* Hawe Hydraulik SE, Aschheim/Munich (until 27 June 2019)



Josef Weitzer**

Deputy Group Employees' Council Chairman
Deputy Composite Employees' Council Chairman
Employees' Council Chairman, Neutraubling
* Sparkasse Regensburg



Matthias Winkler

Managing Partner,
ww + KN Steuerberatungsgesellschaft mbH

The KRONES share



“KRONES’ profitability was below expectations in 2019. That was also reflected in our share price.”

*Olaf Scholz
Head of Investor Relations*

- Stock markets benefit from low interest rates
- KRONES share price affected by revised guidance
- Shareholders to receive €0.75 per share dividend for 2019

Low interest rates stimulate international stock markets

Two main themes dominated the 2019 stock market year. One focus was the sustained low interest rate policy pursued by central banks. The activities of the US Federal Reserve and the European Central Bank caused long-term bond yields in 2019 to fall on both sides of the Atlantic. Central banks additionally indicated that they plan to continue applying expansionary monetary policy going forward. Low interest rates encourage investment in equities. On the other hand, the simmering trade conflict between the USA and China was an ongoing source of concern for investors in 2019. This led to sharp price swings on several occasions. On balance, however, positive factors prevailed and most share indices gained strongly in 2019.

The leading German share index, the DAX, improved by 25.5% between January and December 2019 to close the year at 13,250 points. As a result, the DAX ended 2019 only slightly below its all-time high of nearly 13,600 points in 2018. The EURO STOXX 50, comprising the 50 largest companies in the euro area, gained similarly strongly to the DAX with an increase of 24.8% in the reporting period. 2019 saw the Dow Jones index reach new record levels. The leading US stock market index climbed 22.3%. Compared with the USA and Europe, the upward trend on the Japanese stock market was not quite as dynamic. The Nikkei index rose by 18.2% in 2019.

KRONES share price impacted in 2019 by revised earnings guidance

The KRONES share price fluctuated sharply between January and December 2019. After a good start to the 2019 stock market year and significant price gains in the first quarter, our share price continued to rise at the beginning of the second quarter. KRONES shares reached their high point for 2019 at

The KRONES share price fell sharply in the third quarter of 2019 due to the revised guidance. This was the main reason why our shares underperformed the SDAX over the full year 2019.

KRONES share price performance compared with the SDAX 2019



€88.85 on 18 April. This marked a gain of 32% on the opening price of €67.50 at the beginning of the year. Our share price then increasingly moved away from that level as the year progressed. This was partly due to a temporary general market correction. Mainly, however, the decreases in the share price were due to the unsatisfactory operating business. KRONES’ profitability performance was weaker than expected in 2019.

On 10 July, KRONES published an ad-hoc announcement lowering its guidance for the EBT margin in 2019. This accelerated the downward trend in our share price. KRONES shares reached their lowest level during the reporting period at €47.46 on 15 August. Although our share price subsequently recovered, the price of €55.45 at the end of September was 18% down on the beginning of the year. The fourth quarter of 2019 brought a strong rise in our share price. A contributing factor was the publication of details on structural measures to secure sustained gains in KRONES' profitability. Our share price also benefited from a favourable overall market. The KRONES share price at the end of December 2019, at €67.50, was exactly the same as a year earlier. Including the €1.70 per share dividend, the annual performance of the KRONES share price in 2019 was 2.5%. The SDAX, of which KRONES has been a component since 18 June 2018, improved by 31.6% in 2019.

Key figures for the KRONES share

at 31 December		2019	2018	2017
Earnings per share	€	0.30	4.78	5.97
Equity per share	€	43.36	45.36	42.10
Free cash flow per share	€	-2.99	3.82	-4.77
Price/earning (p/E) ratio based on closing price for the year		225.0	14.1	19.2
Dividend per share	€	0.75*	1.70	1.70
High	€	88.85	122.80	121.25
Low	€	47.46	66.10	87.28
Year's closing price	€	67.50	67.50	114.50

* As per proposal for the appropriation of earnings available for distribution

KRONES shares deliver very solid long-term return

The past ten years from 2010 to 2019 have seen our share price almost double with an increase of 90%. KRONES' average annual share price gain over the ten-year period comes to 6.6%. That is less than the SDAX price index (+11.1%), meaning the SDAX excluding dividends. Including dividends, and assuming reinvestment of the dividends in KRONES shares, the average annual return since 2010 comes to 8.2%. The comparable SDAX performance index gained 13.4% annually.

The KRONES share price has risen by an average of 6.6% a year over the last ten years.

Performance of KRONES shares compared with the SDAX price index, 2010 – 2019



KRONES retains strong position in SDAX index

Due to its below-average performance, the KRONES share price slipped down the ranking in terms of market capitalisation in 2019. In contrast, there was a strong rise in trading volume.

KRONES shares have been listed and available for trading on all German stock exchanges since 29 October 1984. Our shares are no par value ordinary bearer shares. Each share carries one vote in the annual general meeting. The total number of KRONES shares is 31,593,072.

Our share has been a component of the SDAX since mid-2018. The SDAX is the German stock exchange index containing the 70 companies that succeed those listed in the MDAX in market capitalisation and revenue. Over the reporting period, KRONES slipped to 25th place (previous year: 13th place) among the companies in the SDAX in terms of market capitalisation. In terms of trading volume, on the other hand, the KRONES share gained significantly, improving to 11th place at the end of 2019 (previous year: 23rd place). This makes our shares one of the larger and highest-revenue SDAX components.

Total daily trading volume in XETRA trading and on Frankfurt stock exchange averaged around 71,000 KRONES shares in 2019 (previous year: 40,000 shares). 2019 likewise saw more KRONES shares change hands on alternative trading platforms, which primarily handle orders from institutional investors. Average daily trading volume there came to around 108,000 shares (previous year: around 63,000).

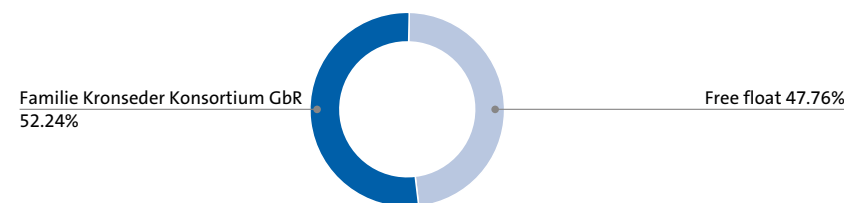
Key figures for the KRONES share

Number of shares	31,593,072
WKN (German securities code)	633500
ISIN	DE 0006335003
XETRA symbol	KRN

Shareholder structure

KRONES' shareholder structure remained virtually unchanged in the reporting period. At 31 December 2019, Familie Kronseder Konsortium GbR held the majority of KRONES AG's shares, with 52.24%. The family intends to remain a stable majority shareholder of KRONES AG. The free float came to 47.76% at the end of 2019.

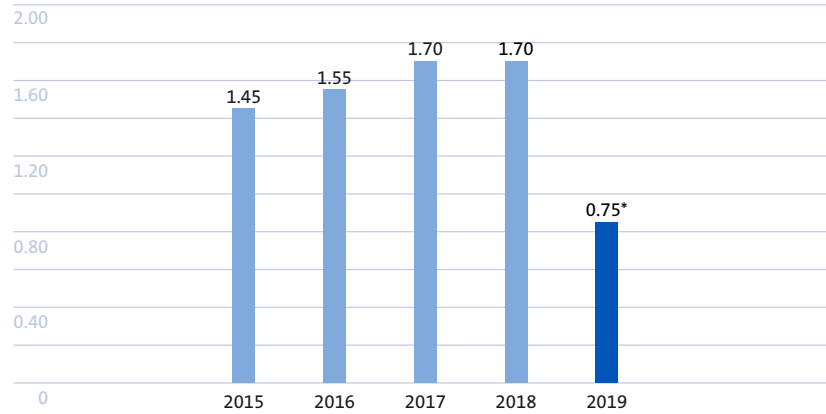
Shareholder structure as of December 2019



KRONES plans to pay a dividend of €0.75 per share for 2019

The company's long-term dividend policy is to pay out 25% to 30% of consolidated net income to shareholders. At the Annual General Meeting on 18 May 2020, the Executive Board and Supervisory Board will be proposing a dividend of €0.75 per share for the 2019 financial year (previous year: €1.70 per share).

Dividend per share (€)



* As per proposal for the appropriation of earnings available for distribution