

Global crisis puts Krones in the loss zone for 2009

Company has high liquidity and no debts with banks
No dividend planned for the 2009 business year
Krones reports a profit again in the first quarter of 2010

Neutraubling, Germany, 27 April 2010 – Demand on the packaging machinery market fell in 2009 by more than 25 % worldwide, due to the global economic crisis. With the exception of China, all regions were affected by a significant downturn, particularly North America and Eastern Europe, plus Russia. For Krones AG, the world's market leader for beverage filling and packaging technology, the 2009 business year was probably the most difficult overall in the company's 59 years of corporate history.

Order bookings were down by 17.6 % compared to the preceding year, to 1,916.0 million euros (preceding year: 2,326.5 million euros), which caused consolidated sales in 2009 to fall by 21.7 % compared to the record year of 2008, to 1,864.9 million euros (preceding year: 2,381.4 million euros). The company's earnings situation was crucially determined by the effects of the economic crisis, by reason of the rapid reversal in ongoing trends.

Although the Executive Board had at the end of 2008, with the "Conversion" programme, already begun to adjust the entire company to the exigencies of the shrinking markets, Krones achieved consolidated earnings in 2009 of minus 34.5 million euros (preceding year: plus 106.5 million euros). Earnings per share were minus 1.13 euros (preceding year: 3.39 euros).

Krones' rock-solid financial policies have proved their worth during the economic crisis. Despite the loss the company increased its free cash flow by around 5 % in 2009, to 82.5 million euros. On the reporting date of 31 December 2009, the Krones Group had no debts with banks, and in addition possessed net liquidity amounting to more than 135 million euros (preceding year: 107 million euros).

In view of the loss, the Executive and Supervisory Boards regard it as appropriate to propose to the AGM that no dividend be paid for the 2009 business year. Krones' long-term dividend policy is to pay out 20 % to 25 % of the profits.

Krones in the black again during the first quarter of 2010

Since the drinktec, the world's biggest trade fair for the beverage and packaging industries, which was



held in September 2009, the entire sector has awoken from its state of shocked paralysis. In addition, the macro-economic environment has improved over recent months. Krones' sales, for example, at 533.5 million euros in the first quarter of 2010, exceeded the previous year's figure of 482.3 million euros by 10.6 %. Order bookings had already risen last year from quarter to quarter, a trend that accelerated during the first three months of 2010. From January to March, the company received orders worth 550.4 million euros in all. In comparison to the first quarter of 2009, this corresponds to a rise of 32.8 %. On a regional breakdown, order bookings during the first three months of the 2010 business year were particularly good from Asia, China, Africa and the Middle and Near East. While the propensity to invest among Krones' clients from Central and Western Europe would appear to be gradually recovering, demand remained weak from the USA, Eastern Europe and Russia during the period under review.

Orders on hand totalled 905.3 million euros at the end of March, which means that Krones' order backlog has grown by more than 135 million euros in the past twelve months.

From January to March, Krones achieved earnings before taxes (EBT) of 13.2 million euros. In the preceding year, EBT came to minus 4.0 million euros. Earnings after taxes improved by 14.2 million euros to reach 9.1 million euros. Earnings per share were 0.30 euros (preceding year: minus 0.17 euros).

Cautious optimism for 2010

Following the most serious recession since the Second World War, the global economy is recovering. Future developments, however, are still shrouded in profound uncertainty. Krones' business model plus its clearly defined corporate strategy have proved their worth. The company has learned its lessons from the crisis, and with its change programme "Conversion", which stands for "rethink and revamp", will mobilise even more perceptible potentials so as to fit Krones for coping with more volatile markets.

The long-term growth prospects for Krones continue to be good, since the mega-trends are auspicious for its chosen sector. The world's population is still increasing, as is affluence in many countries, with concomitant rises in consumption levels. These requirements, plus the necessity for Krones' clients to intensify their mutual differentiation at the point of sale in the industrialised nations, are generating an ever-increasing number of new containers and packaging forms. This renders the value creation chain progressively more complex. Krones benefits from this, because as a complete-system vendor the company is always able to offer its clients a responsively suitable solution.

In view of the encouraging performance during the first quarter of 2010, Krones is cautiously optimistic for the year as a whole. The Executive Board is anticipating growth in sales of 5 % to 15 %, and appreciably positive consolidated earnings measured in the tens of millions.



For the 2011 business year, Krones expects a further uptrend, given no significant change in the situational framework.

For details regarding the 2009 annual report and the first quarter of 2010, please consult the annual report and the quarterly report, which can be found under www.krones.com.

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