

## Krones publishes its nine-month report for 2009

**Business is being hit by the worldwide financial crisis. In the year's first nine months, sales fell by 22.8 % to 1,364.0 million euros, while pretax earnings were at minus 26.9 million euros. Krones is targeting a break-even result in the year's final quarter.**

Neutraubling, 29 October 2009 – Krones AG, the world's market leader in the beverage filling and packaging sector, has seen its business hit by the worldwide financial crisis during the first nine months of 2009. Although the company is performing better in the crisis than the market as a whole, the key financial indicators show a significant deterioration on the successful previous year's levels.

From January to September 2009, sales were 22.8 % down on the preceding year's equivalent figure, at 1,364.0 million euros.

While sales in Germany itself and the rest of Europe were significantly down on a like-for-like comparison, revenues in the rest of the world were emulating 2008's high level after nine months of this year had elapsed. Krones achieved relatively gratifying figures in the regions of Africa/Near East and Asia, plus China and South America.

In the first nine months of 2009, the severe cyclical downturn meant that clients' propensity to invest was low. During the period under review, order bookings dropped by 24.4 % to 1,414.4 million euros (preceding year: 1,870.4 million euros). Despite the unfavourable business environment overall, there were also regions from which numerous orders continued to flow, prominent among them China, Africa and South America. Order bookings from Eastern Europe, the CIS nations and from North America, by contrast, remained well below the preceding year's equivalent figures.

In the third quarter of 2009, order bookings, at 540.4 million euros, were now only 13.9 % below the preceding year's level. Compared to the second quarter of the ongoing business year, Krones' order bookings rose by 17.6 % in the July-to-September period.

On 30 September 2009, the company's order backlog, at 887.8 million euros, was 10.9 % down on a like-for-like basis.

## Krones with a 25.4-million-euro loss after nine months

Krones' earnings during the year's first nine months were hit by the less-than-easy market conditions and the concomitant fall in sales. Since the drops in volume and prices were particularly substantial in the year's first half, the savings achieved by the "Conversion" programme were not sufficient to avoid a loss after three quarters of the year, during which the company recorded pretax earnings of minus 26.9 million euros (preceding year: 126.8 million euros). Consolidated earnings fell in the period under review from 86.8 million euros in the preceding year to minus 25.4 million euros. This corresponds to earnings per share of minus 0.85 euros (preceding year: 2.75 euros).

Despite the loss suffered in the year's first nine months, Krones achieved a free cash flow of 26.8 million euros, and possesses a consistently sound financial and asset structure. On 30 September 2009, the equity ratio, at 40.9 %, was well above the sectoral average. In addition, it is meanwhile apparent that the cost cuts achievable by means of the "Conversion" programme are set to be higher overall than originally anticipated.

## Krones is targeting a break-even result in the fourth quarter of 2009

Prospects for the business cycle have improved in recent months. Most pundits are predicting that the economy will continue to recover. The filling and packaging industry, too, has seen its slump bottom out, and is now experiencing a modest recovery. Krones is accordingly facing the future with cautious optimism. However, certain adverse factors still persist. Clients continue to encounter problems in financing their planned investments, because loans are increasingly difficult to obtain. In addition, the profitability of the orders involved is sometimes less than satisfactory, because prices are still coming under pressure due to the significantly downsized volume of the market as a whole.

Krones will purposefully progress the efforts synergised in its "Conversion" action programme, with which the company has since the fourth quarter of 2008 been proactively countering the consequences of the downturn. Since "Conversion" is already bearing fruit, and order bookings have recently shown signs of recovery, the company is confident of achieving a roughly break-even result in the fourth quarter of 2009.

For 2009 as a whole, Krones is expecting its sales to fall by 20 to 25 % compared with the preceding year. The loss for the year in relation to sales will be in the very low single-figure range.

Thanks not least to the highly encouraging feedback from Krones' appearance at the drinktec, the industry's premier trade fair, the Executive Board is predicting that next year the company will be back on the road to success. From today's perspective, the Executive Board is confident that sales next year will grow and pretax earnings will be once more in the black.

The complete quarterly report for 3/2009 can be retrieved under:

[http://www.krones.com/downloads/Q3\\_2009\\_d.pdf](http://www.krones.com/downloads/Q3_2009_d.pdf)

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