

Krones back in the fast lane for success

- Pretax earnings up by 110 million euros
- Sales up by 16.5 %
- Proposed dividend of 0.40 euros per share
- A very good start to the 2011 business year

Neutraubling, 27.04.11 – Despite a less-than-easy macro-economic environment, Krones, the world's market leader for beverage filling and packaging technology, finished the 2010 business year in good shape. The company benefited not only from the general recovery on many of its sales markets following the global economic crisis, but also from its exceptionally good position on the world market.

At 2,173.3 million euros, consolidated sales in 2010 were 16.5 % up on the preceding year's figure of 1,864.9 million euros. Because demand in China, the rest of Asia and in South America continued to rise, it was Krones' sales outside Europe that showed the steepest growth. In 2010, the company achieved almost two-thirds of its consolidated sales outside Europe.

The order bookings, too, reflect the rising propensity to invest among companies in the international beverage and packaging industries. Krones' order bookings, at 2,193.5 million euros, were 14.5 % above the previous year's figure of 1,916.0 million euros.

At the end of 2010, the company had orders worth 908.7 million euros (preceding year: 888.5 million euros) on its books.

The programmes that Krones put in place for reducing costs and upgrading performance have had a beneficial effect on the earnings situation. Earnings before taxes improved in 2010 by 110.0 million euros, totalling 70.8 million euros following a minus of 39.2 million euros in the preceding year. After taxes, the company earned 50.9 million euros (preceding year: minus 34.5 million euros).

Earnings per Krones share were 1.68 euros (preceding year: minus 1.13 euros).

Krones possesses a high level of net liquidity and intends to share the company's success with its stockholders

Krones' financial and capital structure was continually rock-solid at the end of 2010. On 31 December 2010, the group had no bank debt whatsoever, and possessed a net liquidity of around 147 million euros. This figure does not include the approximately 1.4 million of its own shares that the company had purchased on the stock market under its 2009 buyback programme. At the end of 2010, the value of these shares came to around 66 million euros. The equity ratio was 40.2 % on the balance sheet reporting date.



The company's long-termist dividend policy aims to pay out 20 to 25 % of consolidated profits. The Executive and Supervisory Boards of Krones AG will propose to the AGM on 15 June 2011 that a dividend of 0.40 euros per share be paid out for the 2010 business year. In 2009, Krones made a loss, and accordingly paid out no dividend last year.

Krones begins 2011 with a good first quarter

Demand for Krones' products and services has risen steadily since the beginning of 2011. The company's order bookings, at 628.6 million euros, increased by 14.2 % in the year's first quarter on a like-for-like comparison. As in the preceding quarters, too, continuingly high order bookings came from China, South America, Africa, the Near East and Asia. In addition, orders from Western Europe, Eastern Europe and Russia have been rising again.

Sales, at 606.7 million euros, were 13.7 % up on the 533.5 million euros achieved in the preceding year's equivalent quarter. This is in fact the highest first-quarter sales figure in Krones' entire history.

Krones' profitability showed a significant improvement. Thanks to the healthy order situation, the firm's production capacities were being very well utilised in the year's first quarter. Earnings before taxes rose during January to March 2011, the period under review, from 13.2 million euros in the preceding year to 35.2 million euros. The EBT margin, the ratio between earnings before taxes and sales revenues, was 5.8 % (preceding year: 2.5 %). After taxes, Krones earned a profit of 24.8 million euros (preceding year: 9.1 million euros). Earnings per share improved from 0.30 to 0.82 euros.

Significant rises anticipated in Krones' sales and profitability for 2011

Krones is benefiting from the currently auspicious development of the global economy. However, the times of linear growth planning are history. Present-day markets are characterised by volatility, trend reversals and uncertainty.

With the result for the year's first quarter, Krones has created a solid foundation for achieving its targets for 2011 as a whole. From today's perspective, Krones is confident of generating growth of 7 to 10 % in consolidated sales, and exceeding a pretax return on sales of 5 % (year 2010: 3.3 %). In the year's first quarter, Krones has already succeeded in this, with an EBT margin of 5.8 %.

Beyond the year of 2011 as well, Krones aims to proactively and purposefully shape its corporate future. The target and aspiration is that the pretax return in 2012 – provided the global economy continues to progress auspiciously – will thanks to improved profit margins in all segments once again return to a sustainable 7 %. In terms of sales, too, Krones anticipates further growth for all segments.



Details of the 2010 business year and the first quarter of 2011 can be found in the annual report and the relevant quarterly report, which can be retrieved under www.krones.com.

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