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## KRONES reports an exceptionally strong third quarter

KRONES AG, Neutraubling, Germany, the world's market leader for beverage filling and packaging technology, improved its figures in all significant categories during the first nine months of 2007. KRONES has profited from the good macro-economic situation and the cyclical peak in its chosen sector. Moreover, the company also benefited from its ability to operate as a complete-system vendor on its chosen markets, with concomitant gains in terms of large orders.

At €1,569.7 m, consolidated sales were up by 17 % on the preceding year. Domestic earnings in the year's first three quarters climbed by 51 % to reach €282.4 m. Domestic sales thus account for 18 % of consolidated turnover (preceding year: 14 %). The figures were equally gratifying in the year's first nine months for South America, Russia and China.

In the months of July to September 2007, KRONES' growth accelerated. On a like-for-like basis, sales were up by 22.8 % at €515.8 m. In contrast to the preceding years, the third quarter of 2007 did not see the customary severe seasonal dip in the figures. Besides the favourable state of the business cycle, this is also attributable to improved internal processes

### Order bookings and backlog at record levels

Order bookings improved during the year's first nine months by 20.9 % on a like-for-like basis, to reach €1,762.8 m. In the year's third quarter alone, the company booked orders worth €653.3 m (preceding year: €516.5 m). In the months of July to September, major orders were booked from Germany and abroad.

On 30 September 2007, the order backlog was 16.2 % up on the preceding year's figure, at €939.9 m. Thanks to good production capacity utilisation, the company is able to adopt a selective approach to order acceptance, and ignore those that are commercially unappealing.

## Pretax earnings after nine months 37.4 % up on the preceding year

Pretax earnings rose in the year's first three quarters by 37.4 % to reach €105.0. The pretax return on sales (EBT margin), at 6.7 % after nine months, still hovers below the margin target for the year as a whole, which is more than 7 %. The reason for this is that due to seasonal factors earnings in the year's third quarter are not as strong as in the others. Compared to the preceding year's equivalent period (EBT margin: 5.7 %), however, the return has risen significantly. Besides the measures taken in the past for optimising internal processes and cutting costs, the rise in margin is also attributable to the better quality of earnings.

In the year's third quarter, KRONES achieved earnings before taxes of €29.3 m, 81 % up on the preceding year's figure. The EBT margin was 5.7 % (preceding year: 3.9 %).

Profits after taxes rose in the first nine months of 2007 by 36.3 % to reach €66.1 m. Earnings per share improved to €2.10 (preceding year: €1.52).

## Outlook

KRONES is profiting from the favourable status of the business cycle, and the firm's strong position on its chosen markets. The demand for our products from Germany and abroad is accordingly expected to remain high over the further course of the year.

The Executive Board anticipates that in the 2007 business year sales will exceed €2 bn for the first time. Growth in earnings is expected to reach more than 12 %. The corporate focus, however, will continue to lie not on sales growth alone, but also on profitability. The firm's efficiency has already been upgraded, and the processes involved are being continually improved.

KRONES is therefore aiming to significantly increase its pretax earnings in 2007 as a whole. The target for the pretax return on sales is more than 7 %. For the return on capital employed (ROCE), KRONES is aiming for 20 %. With the sales and earnings achieved in the first nine months of 2007, KRONES has come significantly closer to its targets for the 2007 business year, and is more than confident that it will also achieve them.

The complete nine-month report is available for downloading under [http://www.krones.de/downloads/Q3\\_2007\\_e.pdf](http://www.krones.de/downloads/Q3_2007_e.pdf).



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