

Outlook

- Financial crisis weighs heavily on global economy
- Machinery sector continues to grow
- KRONES targets new records

Slower global economic growth

The economic outlook for 2008 darkened over the course of 2007. The main culprit here was the mortgage and lending crisis in the United States, which made headlines worldwide as the »subprime crisis«. When the crisis hit, there was still hope that it would shake up the capital markets but have little impact on the real economy. These hopes were soon dashed and the facts now suggest that the crisis is hobbling global economic growth. The International Monetary Fund (IMF) is now predicting global economic growth of just 4.1% for 2008, after 4.9% in 2007.

The object of greatest concern is the home of the mortgage crisis, the us. The Federal Reserve is trying to prevent the economy from sliding into recession by cutting interest rates sharply, and economists believe the Fed's efforts will be successful. However, because the real estate market has a significant impact on the world's biggest economy, growth will slow sharply. The IMF is forecasting GDP growth at just 1.5% for 2008, following 2.6% in 2007.

Dynamic growth in countries like China and India will prevent the sluggish us economy from bringing the global economy even farther off its years-long growth trend. For China, economists are once again predicting double-digit growth. The IMF's forecast is 10%. Growth rates in the emerging economies of Southeast Asia are expected to be more than 8% on average. By contrast, Japan's GDP is expected to develop poorly, growing just 1.5%.

The economic revival in Europe is also expected to continue at a slower pace. The IMF is forecasting euro area GDP growth of 1.6%. It was 2.7% in 2007.

Global economic growth will slow considerably in 2008 due to the mortgage crisis and credit crunch in the us.

Waning economic momentum in Germany

German economic growth will not be spared the effects of the US mortgage crisis. That comes as no surprise considering how important exports are to the country's economy. For 2008, there is hope that private consumption will pick up. On the whole, economists at the IMF expect Germany's GDP to increase 1.7% this year (2006: 2.5%).

Positive outlook for the machinery sector

The German machinery sector will grow again in 2008, continuing the trend of the past four years. The last time the sector experienced such a long growth spurt was around 50 years ago. The German Engineering Federation (VDMA) is forecasting 5% output growth. Exports and domestic demand alike are expected to contribute to this gain.

KRONES intends to grow faster than the market

The markets that KRONES serves are growing at around 3% on average each year. In 2008 and beyond, we want to have a more than proportionate share in the general growth of the beverage market and gain additional market shares. As a full-service supplier, we are well poised to achieve this goal.

Moreover, the trend toward plastic (PET) as a packaging material is likely to continue. And since we are the leading supplier of machinery and lines for the production and filling of PET bottles, this trend will support our own growth. An increasing share of KRONES' sales revenues will come from spare parts and maintenance services provided under our Lifecycle Service. The expansion of our process engineering portfolio also offers KRONES solid opportunities for growth.

Executive Board expects new sales and earnings records in 2008

KRONES intends to increase revenues within the corridor of 5% to 10% annually for the long term. Given the strong orders situation in the first months of this year and the positive outlook, the Executive Board expects sales growth in 2008 to be at the upper end of the forecast corridor and expects revenues to pass the €2.3bn mark.

We want to further improve our pre-tax return on sales (EBT margin) in 2008. It was 7.1% in 2007. Since the company benefits from the reform of Germany's Corporate Income Tax Law, after-tax earnings will grow more steeply than earnings before taxes.

KRONES will hold steady on its growth course in 2008.

Responsibility statement

Statement required by § 37y No. 1 of the German Securities Trading Act (WpHG) in conjunction with §§ 297 (2) Sentence 3 and 315 (1) Sentence 6 of the German Commercial Code (HGB)

»To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.«

Neutraubling 28 March 2008

KRONES AG
The Executive Board



Volker Kronseder
(Chairman)



Hans-Jürgen Thaus
(Deputy Chairman)



Rainulf Diepold



Werner Frischholz



Christoph Klenk