

Corporate news release

23 March 2017

KRONES intends to pay out a dividend of €1.55 per share for 2016

- Krones publishes 2016 annual report and confirms preliminary figures
- Dividend to increase by €0.10 per share year-on-year to €1.55 per share
- Executive Board expects continued revenue and earnings growth in 2017

Krones, the world's leading manufacturer of filling and packaging technology, released its 2016 annual report today. The company continued its stable, profitable growth and intends to give shareholders an appropriate share in its success.

Krones' revenue increased 6.9% year-on-year from €3,173.5 million to €3,391.3 million in 2016. Adjusted for the acquisitions, revenue growth came to 4.2%. With that, Krones has slightly exceeded its growth target of 3% for the year 2016. Our comprehensive range of products and services and our strong international presence continue to support the company's growth. For example, revenue in the Middle East and Africa, which together make up an important growth region for Krones, and in North and Central America grew more than overall revenue.

Order intake increased 7.9% year-on-year to €3,441.3 million in 2016. The increase is partly due to acquisitions. Adjusted for acquisitions, order intake increased 5.2%. The biggest percentage increase in orders was in North America and in the Eastern Europe/CIS sales region. At 31 December 2016, the company had orders on hand totalling €1.14 billion, which is up 4.6% on the previous year (€1.09 billion).

Krones performed well in highly competitive markets

Krones increased earnings again in 2016 despite the highly competitive markets. Earnings before taxes (EBT) rose 6.4% year-on-year, from €223.3 million in 2015 to €237.6 million. The EBT margin remained unchanged year-on-year at 7.0%. Thus, Krones met its EBT margin target for 2016. Market prices provided no support, as expected. Net income improved 8.2%, from €156.3 million in the previous year to €169.1 million in 2016. Earnings per share rose to €5.40 (previous year: €4.98).

All three of the company's segments grew profitably in 2016. The core segment, machines and lines for product filling and decoration, generated €229.6 million in earnings before taxes in 2016 (previous year: €220.5 million).

The EBT margin rose slightly, from 8.1% a year earlier to 8.2% in 2016. Earnings before taxes in the beverage production/process technology segment improved from –€2.1 million in the previous year to +€1.5 million. At 0.3%, the EBT margin was slightly below the forecast of around 1%. Earnings before taxes in the smallest segment, machines and lines for the compact class, increased from €4.9 million in the previous year to €6.4 million in 2016 and the EBT margin came to 5.2% (previous year: 4.5%).

Shareholders to receive a dividend of €1.55 per share for 2016

Krones wishes to give its shareholders an appropriate share in the company's success in 2016. As a matter of policy, Krones pays out 25% to 30% of consolidated net income to shareholders. The Executive Board and the Supervisory Board will propose to the annual general meeting on 20 June 2017 that a dividend of €1.55 per share be paid out for the 2016 financial year. That is a year-on-year increase of €0.10 per share. The planned payout for 2016 corresponds to 29.0% of consolidated net income and lies near the upper end of the target corridor.

Krones has a very robust financial and capital structure

Krones' return on capital employed (ROCE), the ratio of EBIT to average net capital employed, came to 17.0% in 2016 (previous year: 17.7%). With that, Krones did not achieve its ROCE target of 18% for 2016 because the increase in capital employed was higher than the increase in EBIT. The relatively high positive cash flow from operating activities in the fourth quarter of 2016 resulted in free cash flow of €49.2 million for the year as a whole (previous year: €70.7 million).

At the end of 2016, Krones held cash and cash equivalents totalling €368.9 million (previous year: €364.6 million) and had no bank debt. The company's equity ratio was 39.9% on 31 December 2016 (previous year: 41.0%). Overall, Krones continues to possess a very robust financial and capital structure.

With the figures noted above, Krones confirms the preliminary figures released on 2 March 2017. The financial audit did not give rise to any material changes.

Outlook

Based on the current macroeconomic prospects and developments in the markets relevant to Krones, the company expects consolidated revenue to grow by 4% in 2017. The company expects earnings to rise further and the EBT margin to remain stable at 7.0% this year. The forecast for the company's new financial performance target, working capital to sales, is 27% for 2017. This indicator replaces ROCE as one of our key targets. Possible acquisitions are not included in these forecasts for 2017.

Krones has published the complete Annual Report 2016 online at http://www.krones.com/en/investor_relations/reports.php.

Key figures for 2016

Key Figures for 2016		2016	2015	Change
Revenue	€ million	3,391.3	3,173.5	+6.9%
Order intake	€ million	3,441.3	3,189.0	+7.9%
Orders on hand at 31 December	€ million	1,144.7	1,094.6	+4.6%
EBITDA	€ million	320.8	305.3	+5.1%
EBIT	€ million	228.0	216.9	+5.1%
EBT	€ million	237.6	223.3	+6.4%
EBT margin	%	7.0	7.0	–
Consolidated net income	€ million	169.1	156.3	+8.2%
Earnings per share	€	5.40	4.98	+8.4%
Dividend per share	€	1.55*	1.45	+6.9%
Capital expenditure for PP&E and intangible assets	€ million	111.3	102.6	+€8.7 million
Free cash flow	€ million	49.2	70.7	–€21.5 million
Net cash and equivalents** at 31 December	€ million	368.9	364.6	+€4.3 million
ROCE	%	17.0	17.7	-70 base points
Employees at 31 December				
Worldwide		14,443	13,346	+1,097
Germany		10,061	9,767	+294
Outside Germany		4,382	3,579	+803

* As per proposal for the appropriation of retained earnings ** Cash and cash equivalents less debt

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