

**Corporate news release**

15 March 2018

## Krones plans to pay out a dividend of €1.70 per share for 2017

- Krones publishes 2017 annual report and confirms preliminary figures
- The company intends to increase dividend from €1.55 to €1.70 per share
- Executive Board forecasts continued revenue and earnings growth in 2018

Krones, the world's leading manufacturer of filling and packaging technology, released its annual report for the financial year 2017 today. The company continued its stable, profitable growth and intends to give shareholders an appropriate share in its success.

### Krones' revenue grew 8.8%

Krones' revenue increased 8.8% year-on-year to €3,691.4 million. Adjusted for acquisitions, revenue was up 7.2%. Krones' broad international diversification and comprehensive portfolio of products and services served the company well in 2017. The highest percentage revenue growth came in the South America/Mexico, Asia-Pacific, and Western Europe sales regions.

Order intake improved by 10.0% year-on-year to €3,786.8 million in 2017. Adjusted for acquisitions, the increase was 7.1%. While order intake in the Asia-Pacific and North America regions rose more than that, ordering activity was somewhat slower in China and the Middle East/Africa. At the end of 2017, Krones had orders on hand totalling €1,240.1 million, which is up 8.3% year-on-year. The comfortable orders backlog provides a good basis for continued revenue growth.

### The EBT margin was stable at 7.0%.

As forecast, Krones further increased earnings before taxes (EBT) in 2017. It should be borne in mind that the expense for the drinktec trade fair resulted in a charge against EBT in the mid-single-digit millions of euros. Nevertheless, EBT improved 8.9% over 2016 to €258.8 million. The EBT margin remained stable at 7.0%, as in the year-earlier period. Thus, Krones met its EBT margin target for 2017. As expected, market prices provided no support. Krones was able to offset increased costs with increased efficiency. Expanding our global footprint and general cost-cutting measures helped here. Net income increased 10.7% year-on-year in 2017 to €187.1 million. Earnings per share rose from €5.40 in the previous year to €5.97.

Earnings before taxes (EBT) developed best in the machines and lines for product filling and decoration segment in 2017. The company's core segment increased EBT 11.9% year-on-year to

€257.0 million. The EBT margin improved from 8.2% to 8.7%, more than the 8% forecast. By contrast, earnings in the machines and lines for beverage production/process technology segment fell short of expectations. After totalling €1.5 million in the previous year, EBT slipped into the red, to -€4.5 million in 2017. Krones is confident that the segment will be profitable again in 2018 as it expands its global footprint and fully integrates the acquisitions. Profitability in the company's smallest segment, machines and lines for the compact class, was within the forecast range. EBT declined slightly, from €6.4 million to €6.3 million. The EBT margin was 5.1% (previous year: 5.2%). As of 2018, Krones' compact class offerings are now part of the core segment, machines and lines for product filling and decoration. Thus, the company will report on only two segments going forward.

### Shareholders to receive a dividend of €1.70 per share for 2017

Krones wishes to give its shareholders an appropriate share in the company's success in 2017. 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 13 June 2018 that a dividend of €1.70 per share be paid out for the 2017 financial year (previous year: €1.55). That is an increase of 9.7%. The planned payout for 2017 corresponds to 28.7% of consolidated net income.

### Krones still has a very robust financial and capital structure

The ratio of average working capital for the past four quarters to revenue was up from 26.7% in the previous year to 27.3% in 2017. The target for 2017 was 27%. The company is not satisfied with the development of free cash flow, which decreased to -€150.7 million in 2017 (2016: +€49 million). Net cash and cash equivalents (cash and cash equivalents less liabilities to banks) decreased to €157.4 million (previous year: €369 million). The company's equity ratio improved to 43.8% (previous year: 39.9%). Overall, Krones continues to possess a very robust financial and capital structure.

With the figures noted above, Krones confirms the preliminary figures released on 22 February 2018. 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 6% in 2018. Profitability is expected to remain stable despite investment in digitalisation and start-up costs associated with expanding the company's global footprint, in particular for the new site in Hungary. Krones expects the reported EBT margin to be 7.0% in 2018. The company's third financial performance target, working capital to revenue, is expected to improve to 26%.

Krones has published the complete Annual Report 2017 online at <https://www.krones.com/en/company/investor-relations/reports.php>

| Figures for 2017                                   |           | 2017    | 2016    | Change          |
|----------------------------------------------------|-----------|---------|---------|-----------------|
| Revenue                                            | € million | 3,691.4 | 3,391.3 | +8.8%           |
| Order intake                                       | € million | 3,786.8 | 3,441.3 | +10.0%          |
| Orders on hand at 31 December                      | € million | 1,240.1 | 1,144.7 | +8.3%           |
|                                                    |           |         |         |                 |
| EBITDA                                             | € million | 340.2   | 320.8   | +6.0%           |
| EBIT                                               | € million | 245.5   | 228.0   | +7.7%           |
| EBT                                                | € million | 258.8   | 237.6   | +8.9%           |
| EBT margin                                         | %         | 7.0     | 7.0     | ±0.0 PP*        |
| Consolidated net income                            | € million | 187.1   | 169.1   | +10.7%          |
| Earnings per share                                 | €         | 5.97    | 5.40    | +10.6%          |
| Dividend per share                                 | €         | 1.70**  | 1.55    | +9.7%           |
|                                                    |           |         |         |                 |
| Capital expenditure for PP&E and intangible assets | € million | 133.5   | 111.3   | +€22.2 million  |
| Free cash flow                                     | € million | –150.7  | 49.2    | –€199.9 million |
| Net cash and cash equivalents*** at 31 December    | € million | 157.4   | 368.9   | –€211.5 million |
| Working capital to revenue ****                    | %         | 27.3    | 26.7    | +0.6 PP*        |
| ROCE                                               | %         | 16.6    | 17.0    | –0.4 PP*        |
|                                                    |           |         |         |                 |
| Employees at 31 December                           |           |         |         |                 |
| Worldwide                                          |           | 15,299  | 14,443  | +856            |
| Germany                                            |           | 10,366  | 10,061  | +305            |
| Outside Germany                                    |           | 4,933   | 4,382   | +551            |

\*Percentage Points

\*\*As per proposal for the appropriation of retained earnings

\*\*\*Cash and cash equivalents less debt

\*\*\*\*Average of last 4 quarters

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