

Corporate news release

22 February 2018

Krones continues growth with stable profitability in 2017

- Revenue increased 9% to €3.69 billion. Adjusted for acquisitions, growth reached 7%.
- Order intake increased 10%. Excluding acquisitions, orders were up 7%.
- Krones kept profitability stable. The EBT margin was once again 7.0%.
- Revenue and earnings are expected to increase further in 2018.

Krones, the world's leading manufacturer of filling and packaging technology, continued its stable growth in 2017. Revenue increased 8.8% year-on-year from €3,391 million to €3,691 million. Adjusted for acquisitions, revenue was up 7.2% year-on-year. The main reason was that Krones was able to invoice more projects than expected in the fourth quarter. Order intake was up 10.0% year-on-year to €3,787 million in 2017. Adjusted for acquisitions, the increase was 7.1%. At the end of 2017, the company had orders on hand totalling €1,240 million, which is 8.3% more than the previous year.

Krones broad international diversification and comprehensive portfolio of products and services also served the company well in 2017.

The EBT margin was stable at 7.0%

Krones further increased earnings before taxes (EBT) as forecast in 2017. EBT improved 8.9% year-on-year to €259 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.

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 –€151 million (2016: +€49 million). As a result, net cash and cash equivalents (that is, cash and cash equivalents less liabilities to banks) decreased to €157 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.

All figures stated here are provisional and may change following completion of the audit.

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 to post an EBT margin of 7.0% in 2018. The company's third financial performance target, working capital to revenue, is expected to improve to 26%.

Krones will publish its annual report for 2017 on 15 March 2018.

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%
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 **Cash and cash equivalents less debt ***Average of last 4 quarters

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