

Ad-hoc press release

Krones publishes its provisional figures for the 2008 business year

Sales and earnings up yet again in 2008

Neutraubling, Germany, 18 March 2009 – Krones AG, the world's market leader for beverage filling and packaging equipment, has yet again turned in a very good result for the 2008 business year, as demonstrated by the provisional figures involved.

Consolidated sales were up by 10.5 % over the previous year, to reach 2,381.4 million euros. Order bookings, too, at 2,326.5 million euros, rose above the preceding business year's level of 2,300.2 million euros, a plus of 1.1 %. In the year's first six months, particularly, Krones, a full-service vendor, profited from the buoyant demand for complete-system packages.

Earnings before taxes (EBT) came to 156.1 million euros in 2008, thus exceeding the previous year's figure by 1.6 %, with the EBT margin falling from 7.1 % to 6.6 %. Among the determinant factors behind this decrease were higher personnel expenditure and change-over costs, incurred during the year's fourth quarter and aimed at preparing the company for the tough challenges awaiting us in the 2009 business year. Profits after taxes rose by 4.6 %, from 101.8 to 106.5 million euros.

In 2008, Krones' cash flow showed a marked improvement, with cash flow from ongoing business operations rising by 79.6 million euros to reach 183.8 million euros. Free cash flow was upped from 16.1 million euros to 78.4 million euros. At the end of 2008, Krones possessed liquid funds amounting to 108.4 million euros (preceding year: 53.8 million euros) and had practically no liabilities to banks.

Krones is preparing for a difficult business year 2009

In the wake of the international economic crisis, Krones, too, has noticed an increasingly lower propensity to buy on the part of its customers worldwide. Following a fall in order bookings of a moderate 15 % in 2008's fourth quarter, we anticipate incoming orders will fall by about one third in this year's first quarter, as compared to a good first quarter in 2008.

Since the present-day imponderabilities are unprecedented, it is impossible as yet to make a soundly based forecast for consolidated earnings in 2009. We have to proceed on the assumption that the worldwide economic and financial crises will perceptibly affect our sales and earnings as the year goes on. In the event of our customers' reluctance to invest persisting to the extent currently observable, with a concomitant slump in turnover, we can no longer entirely rule out a negative result for the group in 2009.

During the fourth quarter of 2008, the Executive Board had already embarked upon a comprehensive range of initiatives aimed at counteracting the fall in earnings, which must inevitably be expected as a result of this development, and at enabling Krones to emerge from the ongoing crisis better and faster, thus extending its competitive lead over its rivals.

The group's soundly based asset situation, backed up by its stable finances, is one of the crucial factors providing some reassuring solidity in the ongoing global crisis.

Taking a long-term view, definite growth opportunities can be expected in our markets. All our products and services are closely connected to consumption, i.e. to eating and drinking, thus profiting indirectly from the growth of the Earth's population, and from increasing global affluence.

September 2009 will see the most important sectoral trade fair for Krones worldwide, the "drinktec" in Munich. Krones will be using this event as a timely opportunity to convince our customers of our innovative vigour and our solutional competence.

The company is confident that once the general economic crisis has been overcome it will very swiftly resume its familiar strong performance.

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