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Krone maintains its strong market position

Sales reach record €1.9 billion

Bucking the trend – this is an appropriate way to describe the growth of the Krone Group over the past few financial years. While many agricultural machinery manufacturers have had to cope with a severe downturn in sales, even in this financial year Krone succeeded in generating a record turnover. With Krone Commercial Vehicles Group sales also at a record high, the Krone Group as a whole generated total sales worth 1.9 billion euros (previously 1.8 billion euros). Domestic sales for the Krone Group rose to 515.5 million euros, reflecting an increase of 1.6% over the previous year. About 30.8% of the domestic sales were accounted for by the agricultural machinery and 69.2% by the commercial vehicle business. 27.2% of all Krone Group sales were generated in Germany, which compares with 28.4% over the previous year. Sales revenues in foreign markets amounted to 1.4 billion euros which reflects a 7.6% increase over the previous year. About 30.7% of the export sales were accounted for by agricultural machinery and 69.3% by commercial vehicles, reflecting a slight increase to 72.8% from 71.6% in the previous year. In the 2016/2017 financial year, Commercial Vehicles group sales slightly increased over the previous year to 1.3 billion euros, maintaining the previous 27.2% market share in Germany and securing sales worth 356.6 million euros (364.7 million euros in the previous year). These results make Germany the group's largest single market. In foreign markets, Krone has been able to increase its sales to 956 million euros (previous 855 million euros), With the Western European markets accounting for 43.8% (previously 41%) and Eastern Europe for 21.6% (previously 26.5%) of sales. The agricultural machinery division benefitted from a relieved dairy market as milk prices started to recover in late 2016. This trend was also beneficial for Krone, so that the company was able to increase its sales revenues to 582.8 million euros (previously 569.8 million euros) in a buoyant market in the second half of the financial year. 27.3% of these sales were generated in Germany (up from 25.1% in the previous year) while Western European markets contributed 33.1% (previously 32.4%), Eastern Europe 9.9% (previously 10.6%) and the rest of world 14.3% (previously 11.4%). **Financial position/funding** In the financial year 2016–2017, the balance total increased to 1,031.3 million euros from 931.7 million euros. Total investments of 76.0 million euros (previously 37.1 million euros) and changes in the

consolidated group of 6.9 million euros are offset by depreciation of 31.1 million euros in both business segments. The growth mainly results from a number of investments in various production sites and the first-time consolidation of Brüggen Holding GmbH & Co. KG. On account of the annual surplus, equity capital increased from 445.3 million euros to 486.1 million euros on the balance sheet date. The equity capital ratio decreased slightly from previously 47.8% to 47.1% in 2016–2017 and was accounted for by a higher Working Capital on the balance sheet date and the investments mentioned. In the reported period, the medium and long-term debt capital increased to 286.1 million euros from 254.3 million euros. The Group currently has 772.1 million euros (previously 700.6 million euros) available in the form of medium and long-term capital. This covers fixed assets and the entire stock assets as well as many of the receivables. **Company employees** The average number of persons employed around the world (permanent staff) by the Krone Group increased to 4,497 (from previously 4,281). At the same time, the number of apprentices decreased slightly to 243 (261 in the previous year). **Investing in future growth** Total investments made by the Krone Group amounted to about 76 million euros (previously 37.1 million euros), most of which was spent on a new painting facility at the Werlte site, the construction of the central Spare Parts Logistics centre in Herzlake which serves all products in the Commercial Vehicle group, and the automated components assembly line in Herzlake. The processing technologies and the manufacturing capacities at the Spelle agricultural machinery factory were upgraded to meet growing demand. A machine tool loading and unloading robot was also used for the first time. Bernard Krone, Managing Partner of the KRONE Holding, is delighted with this performance. “Initially, the low milk prices were a concern for our agricultural machinery division, but fortunately these prices recovered significantly during the year. The commercial vehicle business benefitted from our strategy of moving closer to our customers. In addition, we noticed a great demand for the services we offer, especially in digitisation and telematics which are features that contribute significantly to a more efficient and economical use of machines and vehicles. Moreover, our investments in our German production sites in Werlte and Herzlake reflect our commitment to these local regions. We are very confident about the future of our business which after all caters for two global mega trends - the increasing world population and connectivity. These trends lead to a consistently growing demand for food and to an increase in freight transportation.



If you have any questions, please do not hesitate to contact me.:

SIMON RICHENHAGEN

Phone [+49 5951 209-8216](tel:+4959512098216) · E-mail: simon.richenhagen@krone.de