Report for the first quarter of 2003

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KRONES

A selection of KRONES Group company data
for the 1st quarter of 2003

	2003 1st quarter Mio. €	2002 1st quarter Mio. €	Difference %
Sales	367.0	344.8	6.4 %
Profit after tax	15.9	16.9	-5.9 %
Earnings per share (in €)	1.51	1.60	-5.6 %
EBIT	28.3	29.2	-3.1 %
Cash flow	25.6	26.4	-3.0 %
Orders received	376.0	346.5	8.5 %
Orders on hand	622.9	631.7	-1.4 %
Investments	12.6	13,.2	-4.5 %
Employees (31.03.)			
Domestic	7,256	7,079	2.5 %
Worldwide	8,701*	8,428	3.2 %

* Including 302 employees from the initial consolidation with KOSME.

KRONES Group profit-and-loss account
for the 1st quarter of 2003

	2003 1st quarter Mio. €	2002 1st quarter Mio. €	Difference %
Sales revenues	367,0	344,8	6,4 %
Stock movement	+4,3	−4,5	
Overall performance	371,3	340,3	9,1 %
Sales input	−164,1	−142,8	14,9 %
Gross profit	207,2	197,5	4,9 %
Personnel expenses	−118,4	−112,4	5,3 %
Balance of other revenues/expend.	−50,8	−46,4	9,5 %
Asset write-off	−9,7	−9,5	2,1 %
Financial result	+0,2	+0,9	−77,8 %
Profit from norm. business activities	28,5	30,1	−5,3 %
Taxes on earnings*	−12,6	−13,2	−4,5 %
Profit after tax	15,9	16,9	−5,9 %

*1.8 million € in taxes from the previous year (discontinuation of dividend distribution relief).

Dear shareholders,
ladies and gentlemen,

Global economic weaknesses, stagnating markets, a fragile geopolitical situation, all of this combined with our own unsuccessful domestic economic politics presented us with new challenges. KRONES will have to exert itself even more in 2003 than in the previous year if it is to affirm its exposed position.

We have firmly adapted ourselves to this situation. KRONES remains on the path of growth in 2003. The results achieved in the first quarter show that we can also reach our targets in the current year – targets which are ambitious considering the generally difficult situation.

Yours,

Volker Kronseder
Executive Chairman

Hans-Jürgen Thaus
Deputy Executive Chairman

High level of orders received

Despite a general reluctance to invest and other hurdles (such as Basel II, the imposition of deposits on beverage cans) and despite a fragile general economic situation, we have succeeded in increasing our level of total orders received by +9% to 376 million €.

The continuing keen demand for KRONES products in the first quarter indicates to us that our customers obviously regard our service offer as the »right« one.

Orders received 1st quarter in mio. €

Orders on hand remain relatively constant

On 31.03.2003, the Group's orders on hand amounted to 623 mio. € which corresponds to a full working capacity for the duration of 5.5 months. This value shows that our procedures, improved processes and methodology make it possible for us, as a systems engineer, to handle relatively short lead times. We were able to keep the number of orders on hand relatively constant compared to the previous years.

Another increase in Group sales

When compared to the previous year, Group sales showed a renewed increase of + 6% reaching 367 mio. €, and this despite a generally difficult environment.

This figure includes the KOSME group for the first time with approximately 13 mio. €; as a comparison, sales growth amounts to around 3% without KOSME. Our plans indicate that we can expect Group sales to amount to around 1.4 bn. € for 2003.

In view of the sales already achieved and the slightly exponential number of orders received in the first quarter, we are well on our way to achieving our planned figures.

Group sales 1st quarter in mio. €

Profit development progressing as planned

Our profits after tax have fallen in the first quarter from 16.9 to 15.9 mio. € compared to last year. However, this profit figure takes into account that, due to the »tax relief dismantling law« which was enforced on 11.04.2003 (i.e., after the end of the 2002 inspections), corporate income tax charges for 2002 have to be taken into consideration. Corporate income tax assets reduce profit dividends by one sixth and, in our case, this corresponds to around 1.8 mio. € which should be added to the previous year.

Profit after tax 1st quarter in mio. €

One should also consider that, with a plus of 32 %, profits were extraordinarily high when compared to the first quarter of 2002.

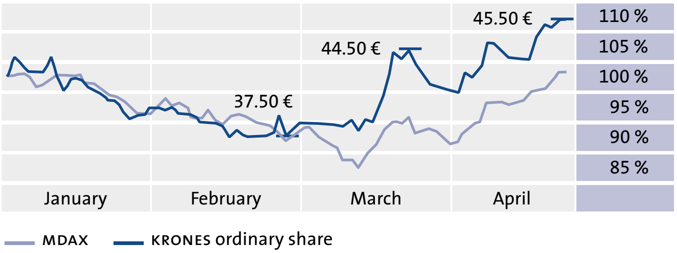
With the profits achieved in the first quarter of this year, we are once again completely in line with our calculations which predict a renewed improvement in our profit for the year (2002: 57.3 mio. €).

Due to the introduction of our restrictive personnel policy and consistent cost budgeting (especially with regard to company expenses), we expect significant cost reductions in the second half of 2003 and these should result in corresponding contributions to results.

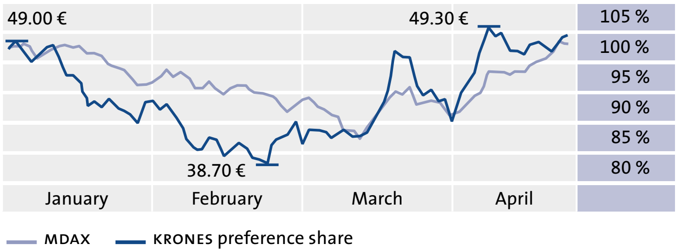
KRONES share value shows potential for increase

Despite purchase recommendations from various analysts, the KRONES share dropped slightly in value when compared with the previous year. The standard share reached a peak of 44.50 € at the end of March (previous year: 50.00 €) while the preference share was quoted at its highest value in January at 49.00 € (previous year 58.50 €). The roadshows and investor discussions held by us reinforced our supposition that we will be able to forecast a significant increase in our share values in the current year of trading.

Progression of ordinary share 1st quarter in mio. €



Progression of preference share 1st quarter in mio. €



Investments exceed depreciation

In 2003, KRONES will continue with its investment strategy for expanding capacities, improving processes, site optimisation and modernising all areas of the company. With 2002 having been a record year for investment (in 2002, 88.3 mio. € was invested in the Group – and in the same period depreciation amounted to 38.0 mio.), investments planned for 2003 will be significantly lower, but will still exceed the level of depreciation.

Investments 1st quarter in mio. €

2001	17.5
2002	13.2
2003	12.6

Employees – restrictive personnel policy

The restrictive personnel policy which has become necessary due to the challenges anticipated over next few years and due to the introduction of measures for improving processes and increasing productivity leads us to expect that the number of employees in the current Group worldwide will fall by approximately 300 by the end of 2003 when compared to the level at the end of 2002.

However, due to the integration of KOSME, the number of employees in the Group will firstly rise again to reach the 2002 year-end level.

Despite the change in the number of employees required under the framework of our cost reduction programme, we will endeavour to be active and show our presence in the work market in order to meet our demand for junior staff from the fields of engineering and industrial engineering , business management, computer science, microbiology and physics.

Employees worldwide (31.3.)

2001	8,079
2002	8,428
2003	8,701*

* Including 302 employees from the initial consolidation with KOSME.

Outlook

We anticipate a growth in Group sales within the target range of between 5 and 10 % which was established as part of our impetus programme. With the inclusion of the KOSME group for the first time, Group sales should grow to around 1.4 billion €. In all probability, the group net income after tax should exceed the good level achieved last year.

KRONES is opening up a wide range of additional areas of growth. In addition to our »non-beverage« division, we would like to draw special attention to our service segment. With clear concepts and pioneering technologies, we have ensured that KRONES will retain and extend its market position and its competitive status this year and in subsequent years.

KRONES will continue along its path of growth in 2003.