



# KRONES 9 Months 2020 Preliminary Figures

Conference Call November 04, 2020





## The Global Impact of COVID-19 is severe,...



## ...but long-term Growth Fundamentals remain intact...



## ...and Krones is well positioned for the “New Normal”!





## Krones Highlights Q1 – Q3 2020

# -22.2%

## New orders

2,301 EURm

# 2,449

Sales (-15.3%)  
EURm

# 6.0%

## EBITDA margin

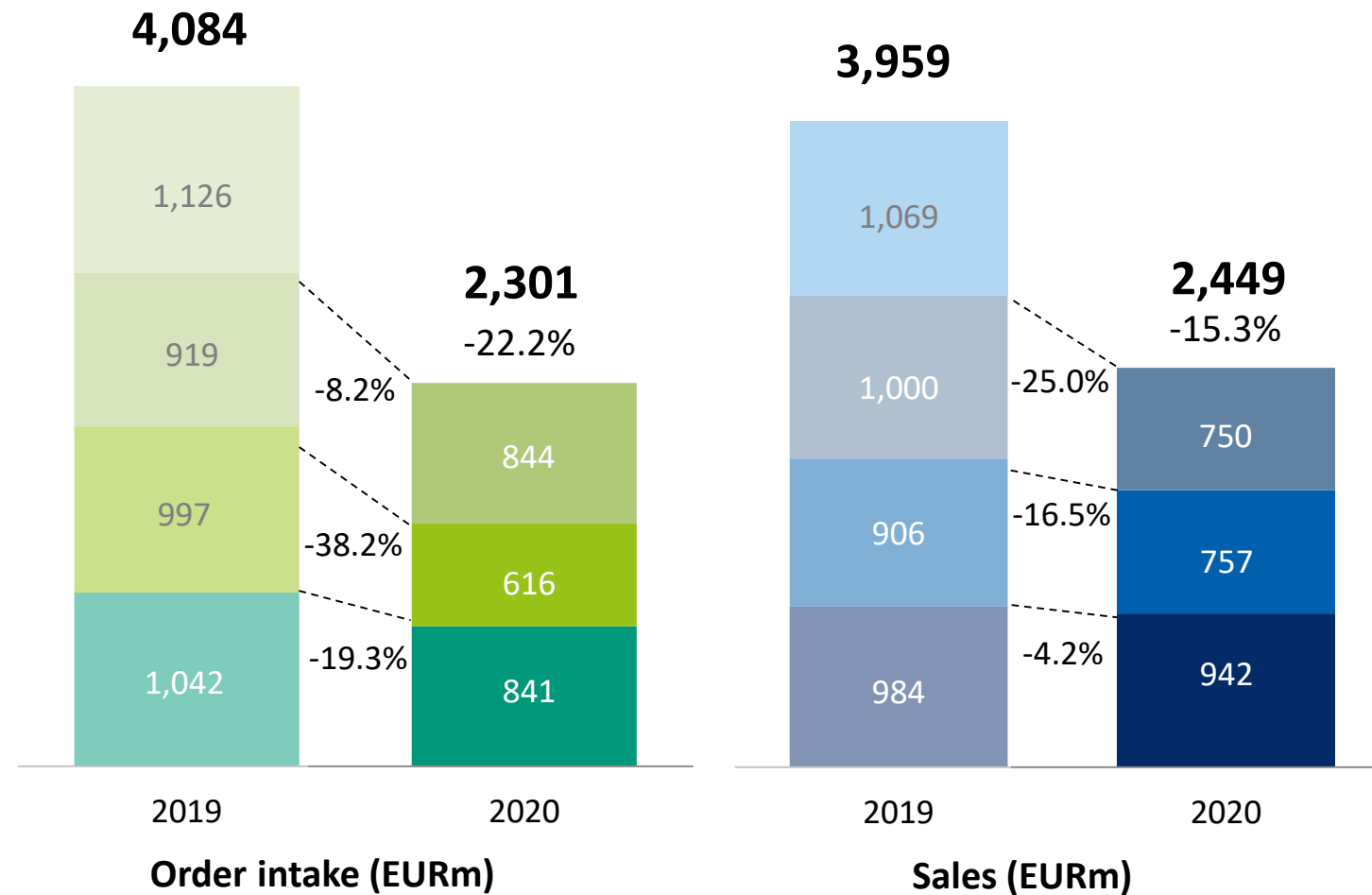
147,3 EURm  
(PY 164,3 EURm; 5.7%)

# -58.4

Free cash flow  
EURm (PY -294.5 EURm)



## Order intake in Q3 clearly better than Q2 – but still affected by Covid 19



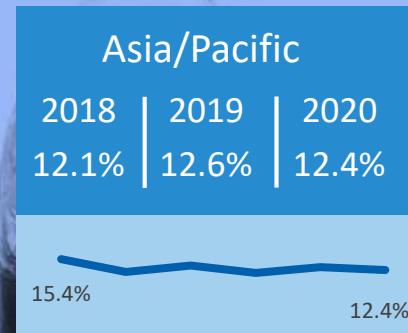
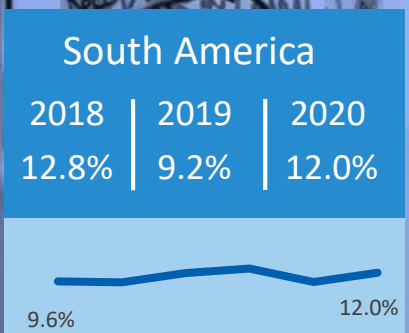
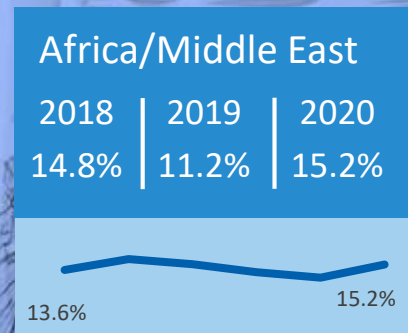
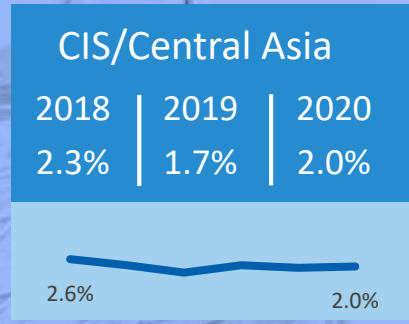
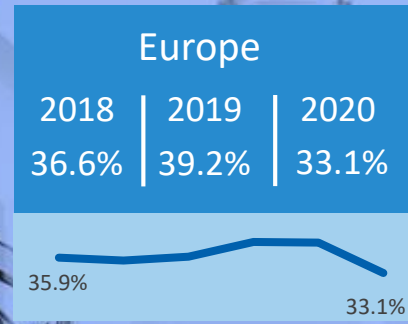
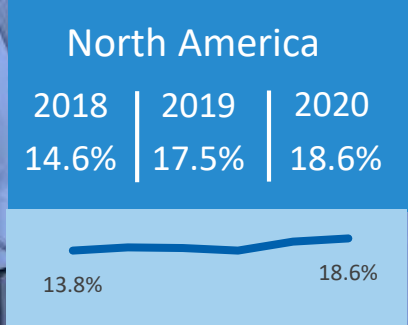
- Order intake in Q3 2020 was 8% below prior year, but with a strong increase vs. Q2 2020 (+37%).
- As a result from low Q2 2020 order intake, the decrease in sales in Q3 was 25% compared to Q3 2019.





# Krones` sales split

Share of sales (Q1 – Q3)

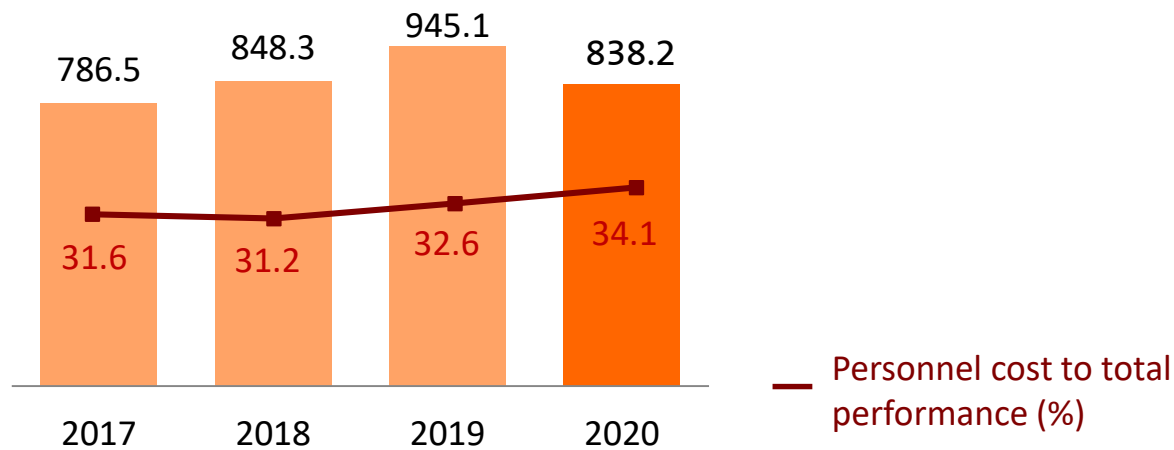


Trend covering the last six years (full year)

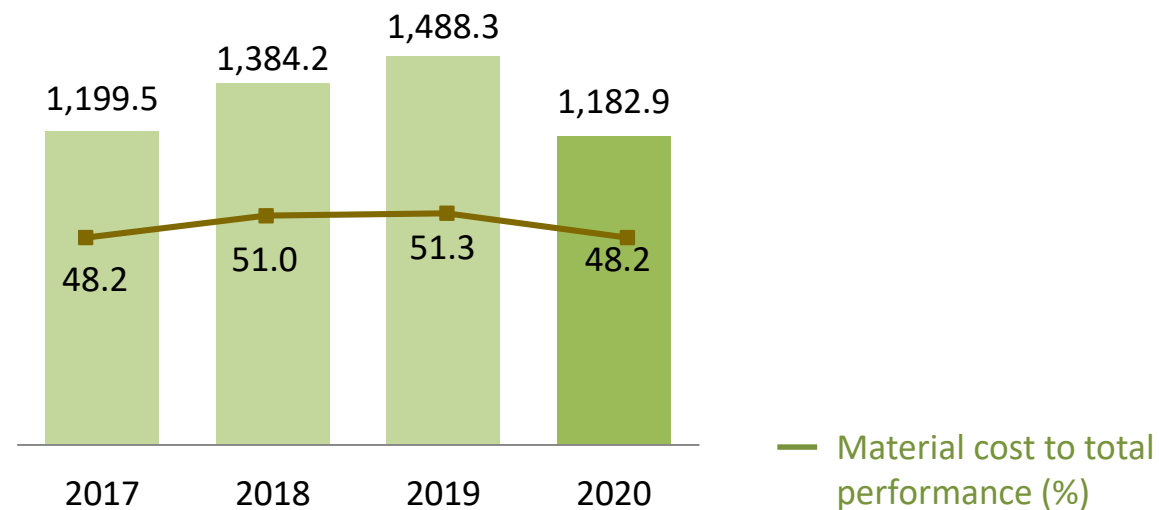


## Personnel and material cost

Personnel cost Q1 – Q3 (EURm)



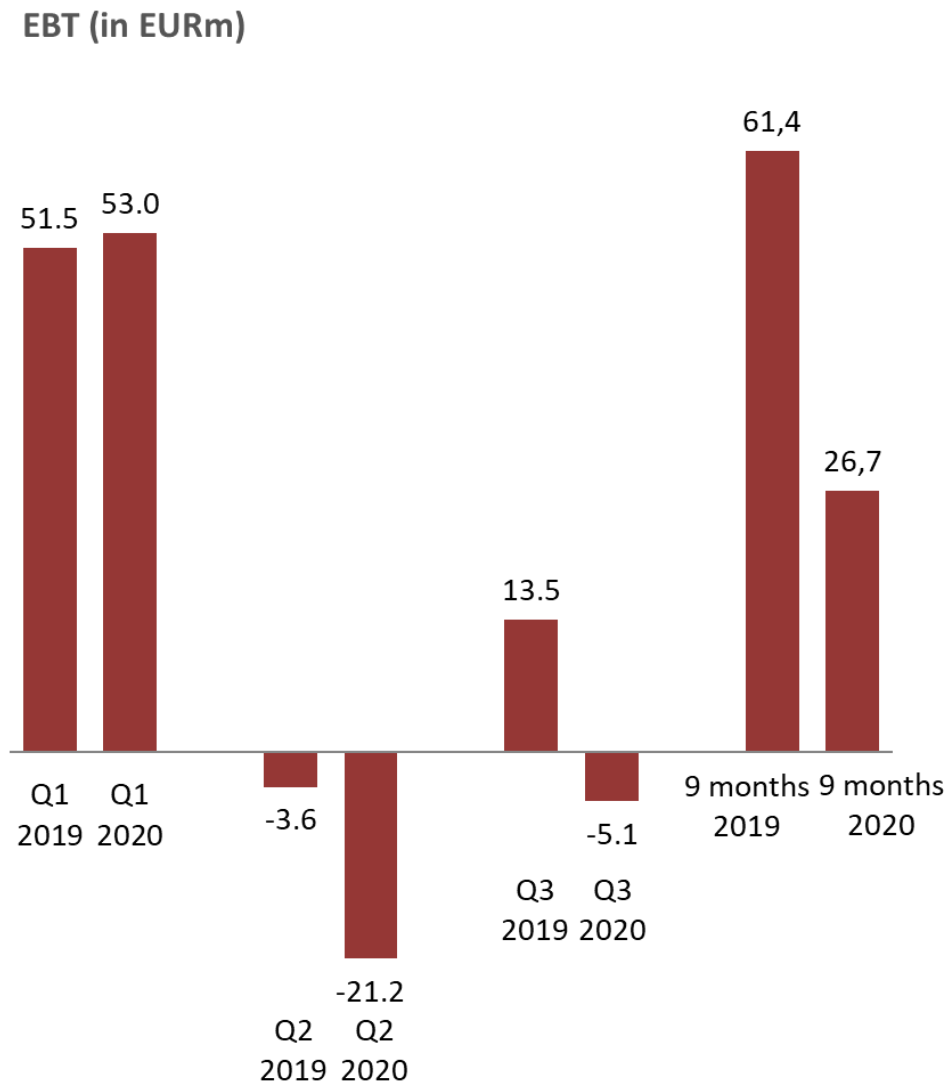
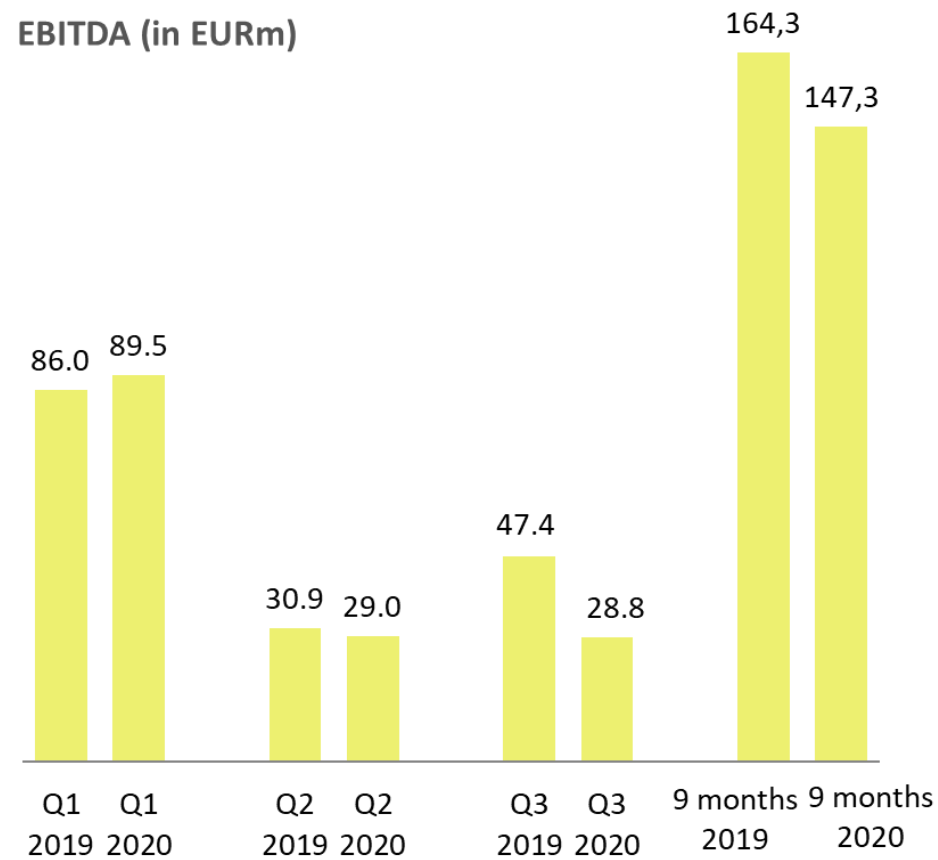
Material cost Q1 – Q3 (EURm)



- Short-term measures (reduction of over-time, short-time working, ...) reduced personnel costs as well as the further positive effects from structural measures (more than 560 or 3.3% less employees at Krones in 2020)
- Material costs were further positively influenced by the reduction in purchased services (mainly temporary workers) by more than 100 EURm yoy. The product mix (new machine vs. after sales) affected positively the ratio of material costs to total performance further more



## Cost savings compensate the negative sales effect on the EBITDA in Q3



- Cost savings in personnel and material costs compensate most of the negative effects from the decrease in sales on the EBITDA
- EBITDA margin in Q3 with 6.0% was higher than prior year (5.7%)
- EBT affected by 13.6 EURm impairments in Q2 2020



## Development of sales and EBITDA per segment 9 months

Segment	Sales (EURm) 9 months			EBITDA (EURm) 9 months		
Product filling and decoration	Growth			EBITDA margin		
	+6%	+6%	-13%	8.7%	7.0%	8.3%
Beverage production/ Process technology (incl. Intralogistics)	Growth			EBITDA margin		
	+14%	+12%	-25%	1.9%	-1.1%	-7.4%
	2,271	2,418	2,094	197.9	169.7	173.4
	421	472	355	+8.2	-5.4	-26.1
	2018	2019	2020	2018	2019	2020

### Product filling

- The measures to reduce personnel costs (short-term) as well as reduction of employees on one hand and the positive product mix on the other hand have had positive effects in the core segment, which was influenced by decrease in sales mainly in the third quarter.

### Process technology

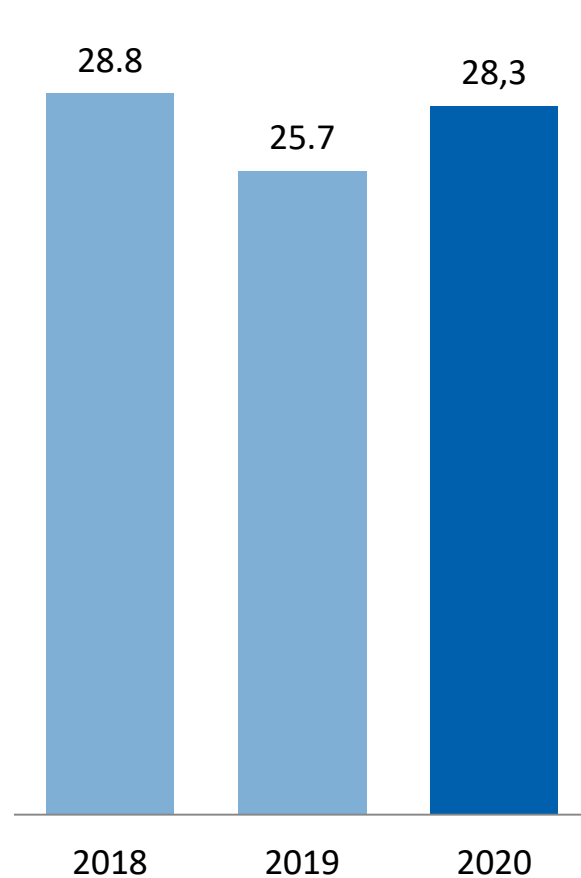
- This segment improved its profitability in Q3, but still with a small loss of 1 EURm in Q3 2020.
- Intralogistics as part of the segment has recovered in Q3 the shutdown of Q2 and posted a small profit of 0.5 EURm in Q3.



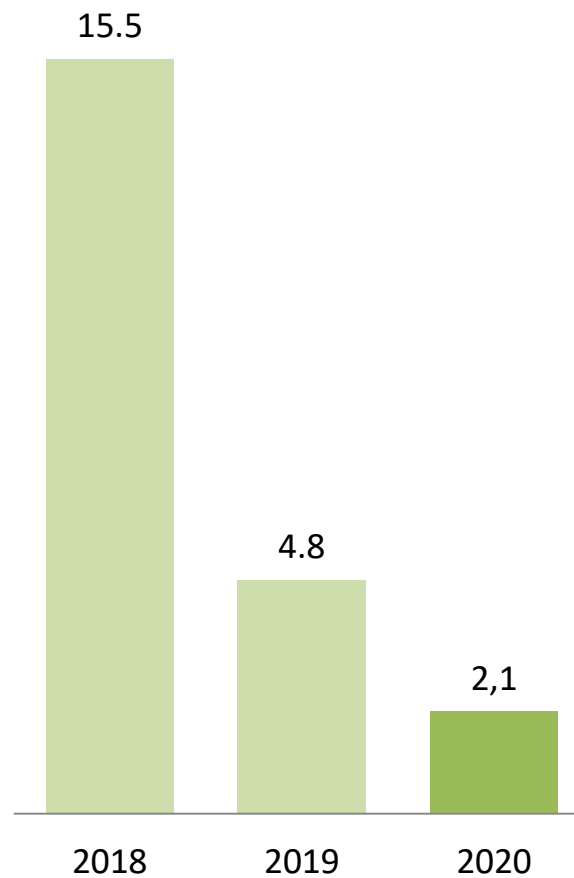


## Working capital to sales ratio increased

Working capital\* in %  
of sales (Q1-Q3)



ROCE\* in % (Q1-Q3)



- Due to lower prepayments and increase in receivable regarding onsite installations postponed because of Covid 19
- Additionally the average working capital to sales ratio (last twelve months) was influenced by the sales decrease in 2020

\*LTM (Last twelve months)



## Free cash flow improved significantly by 236 EURm vs. prior year

Q1 – Q3 (in EURm)	2020	2019
Earnings before taxes	26.7	61.4
+/- Other non-cash changes	+176.6	+187.9
+/- Changes in working capital	-85.5	-321.1
+/- Changes in other assets and liabilities	-107.9	-50.2
<b>Cash flow from operating activities</b>	<b>9.9</b>	<b>-122.0</b>
+/- Capex	-68.5	-138.3
+/- M&A activities	0	-34.9
+/- Other	+0.2	+0.7
<b>Free cash flow</b>	<b>-58.4</b>	<b>-294.5</b>
+/- Financing activities	+124.6	+248.9
Other	0	+3.8
Net change in cash	+66.2	-41.8
<b>Cash at the end of the period</b>	<b>176.6</b>	<b>177.0</b>

- Change in working capital favorable developed compared to last year
- Investments were reduced by 50% compared to the same period of the previous year
- No M&A activities
- **Free cash flow improves by more than 230 EURm in the first nine months**

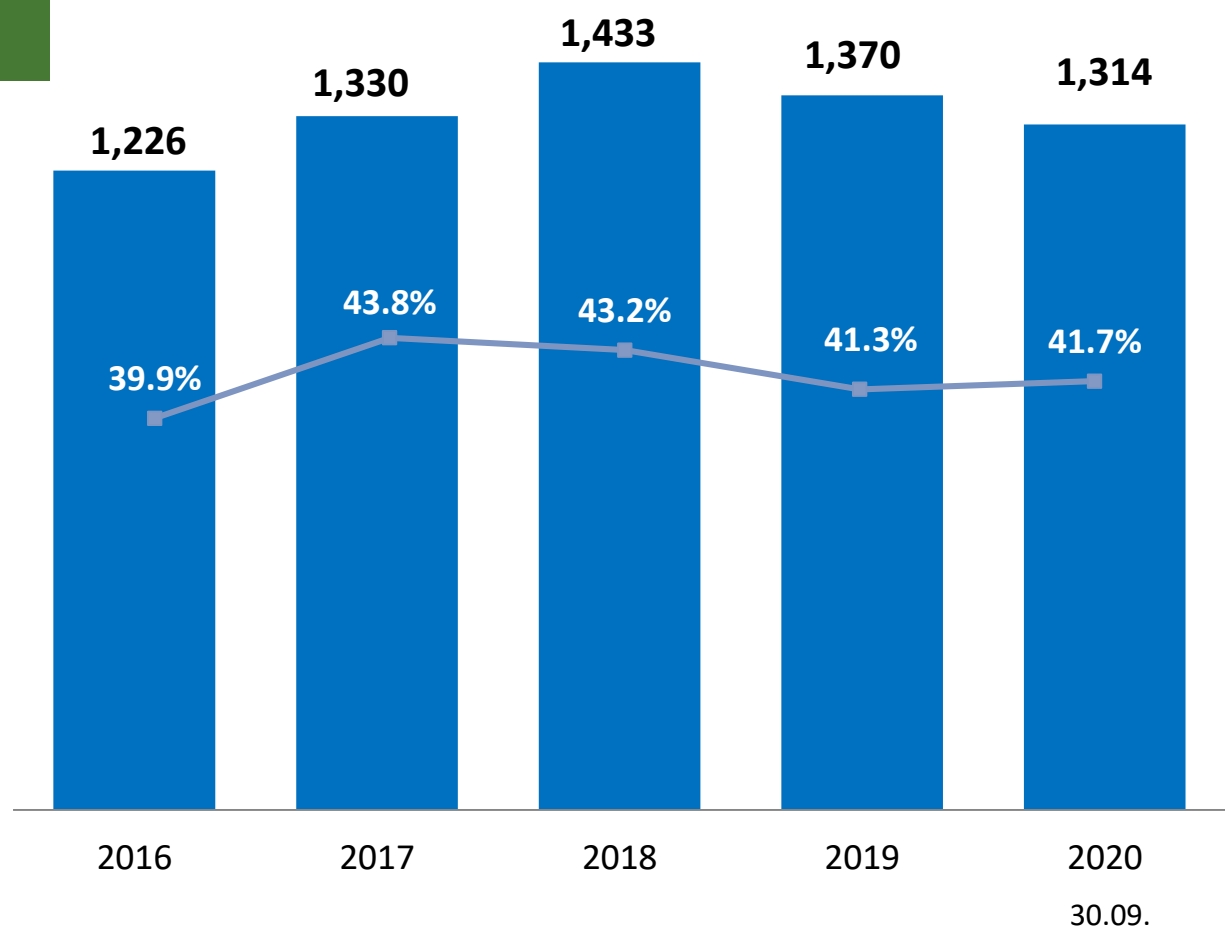
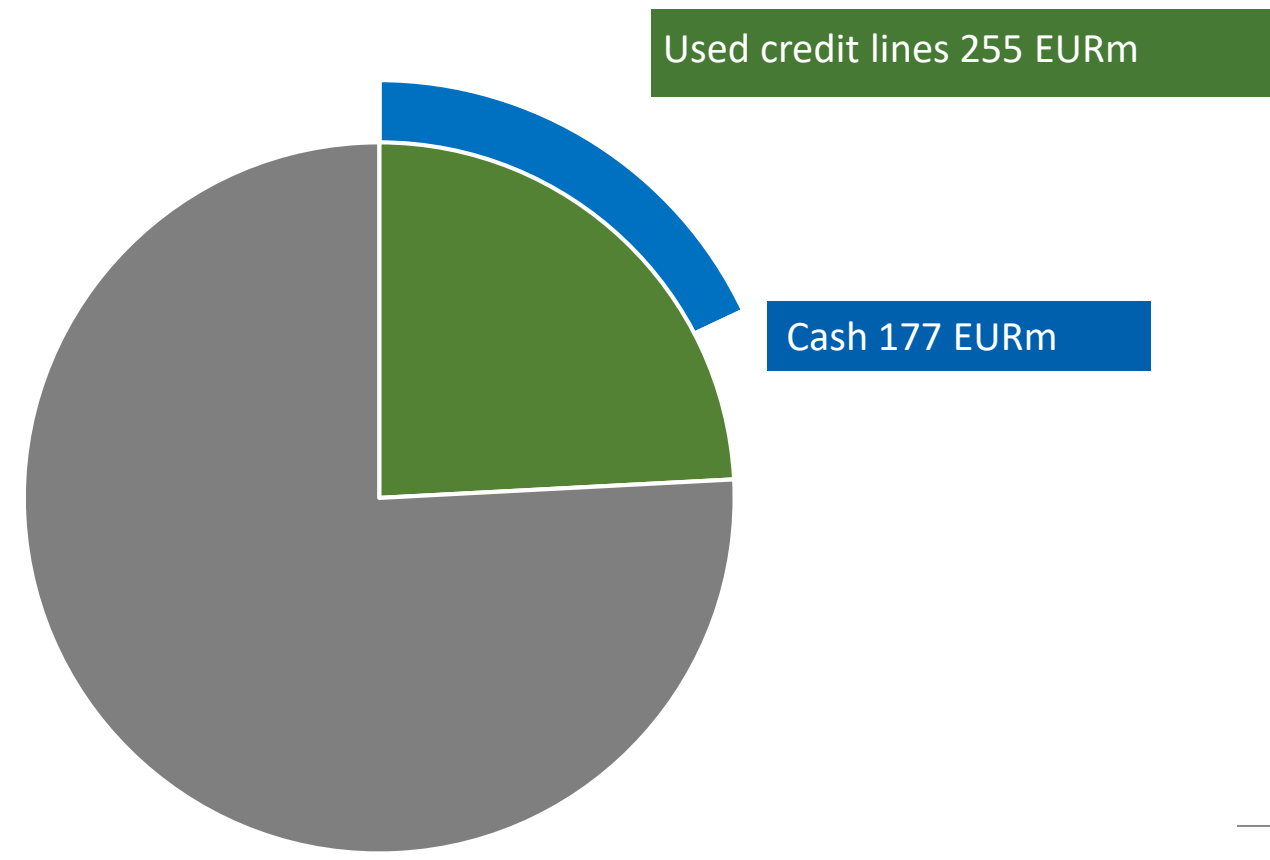
# Krones is very well positioned financially

## Net cash, free credit lines and high equity ratio in Q3



Liquidity reserves > €1bn

Equity in EURm and equity ratio in %



Free credit lines 800 EURm





## Krones Outlook 2020

Revenue growth

~-17%

Sales

~€3.3bn

EBITDA margin

5.5-6.0%

Equivalent to EBT margin

1.0-1.6%

**This outlook does not include any one-off expenses for impairments and structural measures for capacity adjustments.** If further countries and regions impose lockdowns, partial lockdowns or travel restrictions because of Covid 19, this could negatively impact the completion of orders and order intake and consequently have a negative influence on Krones' financial performance.



Thank you  
for your attention!

# Questions and Answers







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