

6 May 2022

Krones reports record order intake in first quarter and increases revenue and earnings

- Order intake picked up strongly in the first quarter of 2022, rising by 45.4% to €1,553.8 million – the highest figure for a single quarter in the company’s entire history.
- Krones increased revenue by 12.9% to €987.2 million between January and March 2022.
- Despite shortages and higher material procurement costs, Krones generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of €87.0 million in the reporting period, an increase of 13.7%. The EBITDA margin was 8.8% (previous year: 8.7%).
- Based on the positive first-quarter trend, Krones has confirmed the guidance for 2022. For the full year, the company expects revenue growth of 5% to 8%, an EBITDA margin of 8% to 9% and ROCE of 10% to 12%. These forecasts are based on the assumption that the war in Ukraine does not further escalate and that the pandemic-related shutdown in China will be limited to a few weeks.

Krones made a very good start to the 2022 financial year. Companies in the international beverage industry showed strong willingness to invest during the first quarter of 2022. Krones was able to benefit from this as the world’s leading manufacturer of filling and packaging technology. Order intake from January to March 2022 increased by a substantial 45.4% year on year, from €1,068.8 million to €1,553.8 million. This is the highest order intake for a single quarter in the entire history of Krones. The order backlog also reached a record high level. Krones had orders on hand totalling €2,459.6 million as of 31 March 2022. The order backlog was consequently €1,054.1 million or 75.0% up on the prior-year quarter. Compared to the beginning of 2022, the increase is 29.9%. The exceptionally large forward reach of the order backlog secures stable production capacity utilisation for the coming quarters.

Krones benefited in its first-quarter revenue performance from flexible production management. Production capacity utilisation remained stable despite global material shortages and tight supply chains, thus enabling a significant increase in revenue. Revenue improved by 12.9% year on year, from €874.6 million to €987.2 million.

Krones improves EBITDA margin despite higher material costs

Despite the material shortages, Krones was able to maintain stable production capacity utilisation in the first quarter of 2022. The company increased earnings before interest, taxes, depreciation and amortisation (EBITDA) by 13.7% year on year to €87.0 million (previous year: €76.5 million). The EBITDA margin improved slightly from 8.7% in the previous year to 8.8%. Krones was able to offset higher material, freight and travel costs thanks to extensive measures to increase efficiency and the initial effects of the price increases on its machines and lines.

Earnings before taxes (EBT) went up between January to March 2022 by 22.6% to €54.7 million (previous year: €44.6 million). The EBT margin consequently rose to 5.5% (previous year: 5.1%). In total, Krones generated consolidated net income of €40.1 million in the first quarter of 2022, an increase of 22.3% (previous year: €32.8 million). This corresponds to earnings per share of €1.27 (previous year: €1.04).

Significant increases in free cash flow, ROCE and net cash

The higher revenue and rising advance payments from customers are also reflected in working capital and free cash flow for the first quarter of 2022. Krones improved average working capital over the past four quarters as a percentage of revenue substantially to 23.0% (previous year: 28.7%). Free cash flow increased by €47.1 million to €77.4 million in the reporting period. The company thus consolidated its strong finances. Net cash, meaning cash and cash equivalents less bank debt, increased to €447.6 million at the end of March 2022 (previous year: €208.2 million). In addition, Krones had around €957 million in unused lines of credit as of 31 March 2022. Krones improved ROCE (return on capital employed) to 11.7% in the first quarter (previous year: 9.3%).

Krones confirms full-year guidance for 2022

Krones got off to a very good start in the new financial year and ended the first quarter of 2022 with a very large order backlog. Krones' business environment nevertheless remains challenging. Uncertainties include material shortages and problems in global supply chains, political risks in Europe and other parts of the world, and also strong inflation in many countries. The forecasts for the full year 2022 are based on the assumption that the war in Ukraine does not further escalate and that the pandemic-related shutdown in China will be limited to a few weeks.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company forecasts revenue growth of 5% to 8% in 2022, with good chances of achieving the upper end of this guidance range. The full year forecast for the EBITDA margin remains unchanged at 8% to 9%. For ROCE, Krones expects an increase to between 10% and 12% in 2022.



Krones has published the complete quarterly statement online at:
https://www.krones.com/media/downloads/Q1_2022_e.pdf

Contact:

Olaf Scholz

Head of Investor Relations, Krones AG

Phone: +49 9401 70 1169

E-mail: olaf.scholz@krones.com