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Krones made a very good start to the 2023 financial year

- Customer demand remained very strong in the first quarter of 2023. The order intake of €1,513.1 million was only 2.6% below the very high level in the first quarter of 2022 (€1,553.8 million), but significantly higher than in the preceding quarter (Q4 2022: €1,183.1 million).
- Krones improved revenue by 21.4% to €1,198.8 million.
- Despite challenging conditions, Krones significantly increased profitability in the reporting period. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up 32.1% to €114.9 million. The EBITDA margin improved to 9.6% (previous year: 8.8%).
- Based on the positive first-quarter trend, Krones is confident of meeting the forecast for 2023. For the full year, the company expects revenue growth of 8% to 11%, an EBITDA margin of 9% to 10% and ROCE of 15% to 17%.

The first quarter of 2023 was very positive for Krones. The company was able to seamlessly build on the highly successful 2022 financial year. International beverage companies continue to show a strong readiness to invest and high levels of market activity. This shows that Krones' markets are hardly affected by economic cycles.

Very large order intake, significant increase in revenue

Order intake from January to March 2023 once again exceeded the €1.5 billion mark and, at €1,513.1 million, was only 2.6% lower than the extremely high figure from the first quarter of 2022 (€1,553.8 million). Compared to the preceding quarter (Q4 2022: €1,183.1 million), order intake once again increased significantly. The strong demand means that Krones' order backlog further increased in the first three months of 2023. As of 31 March 2023, the company had an order backlog totalling €3,780.7 million. The order backlog was thus 53.7% up on the previous year (€2,459.6 million). Compared to year-end 2022, the order backlog grew by a further 9.1% in the first quarter of 2023.

Krones' revenue from January to March 2023 increased by a substantial 21.4% year on year, from €987.2 million to €1,198.8 million. It should be noted, however, that the previous year's quarter was heavily impacted by supply chain problems. Material availability was better in the reporting period than in the previous year, but still not optimal. Flexible production management by Krones had a positive impact on capacity utilisation and output in the first

three months of 2023. In addition to volume effects, the revenue growth was also supported by Krones' price increases.

Krones improved the EBITDA margin in the first quarter to 9.6%

As for other companies, conditions were challenging for Krones in the first quarter of 2023. Improvements in efficiency and flexibility meant that, despite the limited availability of materials, the company was able to utilise production capacity to the best possible degree, although not to the full. Krones offset rising material costs with price increases for its machines and lines. Overall, profitability improved significantly in the first quarter of 2023 compared to the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up by 32.1% year on year, from €87.0 million to €114.9 million. The EBITDA margin consequently rose from 8.8% to 9.6%.

Earnings before taxes (EBT) from January to March went up by 51.7%, from €54.7 million in the previous year to €83.0 million in 2023. The EBT margin improved from 5.5% to 6.9%. Krones generated consolidated net income of €63.5 million in the first quarter of 2023, up 58.4% year on year. Earnings per share climbed to €2.01 (previous year: €1.27).

Continued very strong financial and capital base

Krones' free cash flow developed as expected in the first three months of 2023, declining from the high prior-year figure (plus €77.4 million) to minus €21.0 million. Free cash flow was significantly influenced by working capital, which increased by €121.8 million in the first quarter of 2023 due to the rise in business volume. As a percentage of revenue, however, average working capital over the past four quarters improved to 17.9% in the reporting period (previous year: 23.0%). ROCE (return on capital employed) increased significantly in the first quarter to 17.8% (previous year: 11.7%), mainly due to the higher earnings before interest and taxes. The company's net cash, meaning cash and cash equivalents less bank debt, amounted to €640 million at the end of March 2023. In addition, Krones had around €870 million in unused lines of credit as of 31 March 2023.

Following good first quarter, Krones confirms full-year guidance for 2023

The first quarter of 2023 saw Krones' markets continue their stable growth, which is hardly affected by economic cycles. At the same time, the business environment remains challenging for Krones due to various uncertainties that could affect the company's processes and production. These include geopolitical risks in Europe and other parts of the world, and also high inflation and interest rates in many countries. Material shortages and problems in global supply chains likewise remain a source of uncertainty. Krones expects that the situation on the procurement markets relevant to the company, especially for electronic components, may ease slightly only in the second half of 2023.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company is confident of achieving its financial targets for 2023.

Krones expects consolidated revenue growth of 8% to 11%. With increasing efficiency, continued implementation of the cost optimisation measures and the effects of the price rises, with which Krones will offset future cost increases, the company aims to further improve profitability. At group level, Krones is forecasting an EBITDA margin of 9% to 10% for 2023 (2022: 8.9%). For the third performance target, ROCE, Krones expects an increase in the current year to between 15% and 17% (2022: 14.1%).

Krones has published the complete quarterly statement online at:

https://www.krones.com/media/downloads/Q1_2023_e.pdf

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