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Krones generates high order intake in first half of 2021 and improves profitability

Krones, the leading manufacturer of filling and packaging technology, today published its report for the first half of 2021. Following a successful start to the 2021 financial year, business continued to develop dynamically between April and June. Overall, Krones' markets have so far recovered faster than expected from the pandemic-related downturn.

Strong demand for Krones products and services

Order intake increased by 58.3% relative to the second quarter of 2020, to €975.5 million in the second quarter of 2021. In the first six months of 2021, the contract value of orders went up by 40.3% year on year to €2,044.3 million. The order intake in the first half of 2021 was higher than the prior year in all of Krones' sales regions. As of 30 June 2021, the company had an order backlog totalling €1,535.5 million. This marks a significant increase in the order backlog compared both with the beginning of 2021 (up 26.8%) and with a year earlier (up 35.5%).

It should be noted with regard to the revenue performance that revenue in the first quarter of 2020 was hardly affected by Covid-19. Revenue in the first half of 2021 consequently showed only a slight year-on-year increase of 1.3% to €1,720.1 million. In the second quarter of 2021, on the other hand, revenue showed strong year-on-year growth to some €845.5 million, marking a rise of around 11.7% on the prior-year quarter.

Krones significantly improves profitability and free cash flow

Despite rising costs, notably of materials and freight, Krones' profitability improved significantly in the period January to June 2021. This was due most of all to structural measures that the company has launched and already implemented. Earnings before interest, taxes, depreciation and amortisation went up 16.2% year on year in the first half of 2021, from €118.5 million to €137.7 million. The EBITDA margin increased to 8.0% (previous year: 7.0%). EBITDA includes a Covid-19 bonus for employees totalling around €5 million paid out by Krones in the second quarter. Nevertheless, EBITDA in the second quarter of 2021, at €61.2 million, was more than twice as high as in the previous year (EUR 29.0 million).

Krones' earnings before taxes (EBT) increased significantly year on year in the first half of 2021, from €31.8 million to €75.7 million. It should be noted in this connection that EBT in

the previous year was affected by €13.6 million in goodwill impairments. In total, Krones generated consolidated net income of €56.9 million from January to June 2021 (previous year: €21.5 million). Earnings per share consequently went up from €0.68 in the previous year to €1.80.

Krones significantly improved free cash flow in the first six months of 2021 by €100.2 million to €35.4 million (previous year: €-64.8 million). The company thus consolidated its strong finances. Net cash and cash equivalents, meaning cash and cash equivalents less bank debt, increased to €203.7 million at the end of June 2021 (previous year: €-77.9 million). In addition, Krones had around €1.05 billion in unused lines of credit as of 30 June 2021. Average working capital over the past four quarters increased slightly as a percentage of revenue to 28.1% in the first six months of 2021 (previous year: 27.6%).

Krones remains optimistic for 2021 and has raised its guidance

For the second half of 2021, the company expects demand to stay strong and production capacity utilisation to remain stable. Based on the good figures for the first half year and the positive outlook for the third and fourth quarters of 2021, Krones already raised its full-year guidance for 2021 on publication of the preliminary half-year results on 23 July. For the Krones Group, the Executive Board expects full-year revenue growth of 7% to 9% in 2021 (previously 2.5% to 3.5%). Krones anticipates an EBITDA margin of 7% to 8% (previously 6.5% to 7.5%). For the third performance target, working capital to revenue, the guidance remains unchanged at 26% to 27%.

The guidance for 2021 is subject to the assumption that there will be no severe impacts from the Covid-19 pandemic, problems in supply chains or other general economic impacts.

Krones has published the complete Interim Report for the first half of 2021 online at https://www.krones.com/media/downloads/Q2_2021_e.pdf

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