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Krones with successful first half-year 2023

- Demand for Krones' products and services remains very good. Customer orders "normalised" at a high level in the second quarter of 2023 with an order intake of €1,272.8 million. From January to June 2023, order intake was €2,785.9 million, only 10.3% below the extremely high record figure for the same period of the previous year (€3,106.4 million).
- Krones' revenue developed well between January and June, despite the persistently tight situation in the procurement of electronic components, rising by 16.9% to €2,320.9 million.
- The company significantly improved its profitability in a challenging environment. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up by 26.4% in the reporting period to €221.4 million. The EBITDA margin improved to 9.5% (previous year: 8.8%).
- Krones has raised its guidance for revenue growth in the full year 2023. The Executive Board now expects revenue growth of 11% to 13% (previously 8% to 11%). The guidance for the other two financial targets is confirmed. The company aims to further improve profitability and forecasts an EBITDA margin of 9% to 10% in 2023. For return on capital employed (ROCE), Krones expects an increase to between 15% and 17%.

Krones continued its stable growth despite challenging conditions in the second quarter of 2023. One key reason for this is that the company's markets are hardly affected by economic cycles.

Strong customer demand continues, revenue up 16.9% in first half of 2023

As expected, following the exceptionally high order intake in the first quarter of the year, customer orders "normalised" at a high level in the second quarter of 2023. Order intake once again reached a very good level at €1,272.8 million (Q2 2022: €1,552.6 million). In the first half of 2023, order intake totalled €2,785.9 million, only 10.3% below the extremely high record figure for the same period of the previous year (€3,106.4 million). The international beverage industry continues to show a strong readiness to invest and high levels of market activity. Krones therefore expects order intake to continue developing well at a normalised level in the second half of 2023. As a result of the continued strong demand, Krones' order backlog further increased despite the higher output in the first half of 2023. At the end of June, the company had an order backlog totalling €3,931.4 million. The order backlog was

thus 13.4% up on the beginning of the year. Compared to the previous year (€3,014.6 million), the order backlog increased by 30.4%.

Krones' revenue developed well in the second quarter, despite the ongoing tight situation on procurement markets, particularly for electronic components. This is attributable to the great commitment, creativity and flexibility of the company's workforce. Revenue from April to June 2023 increased by 12.5% year on year to €1,122.1 million. In the first half of 2023, revenue consequently went up by 16.9%, from €1,984.8 million a year earlier to €2,320.9 million.

Krones improved the EBITDA margin the first half-year to 9.5%

The continuing shortage of electrical components presented Krones with a major challenge in production in the first half of 2023 and resulted in additional costs. However, due to the overall improvement in the company's efficiency and flexibility, Krones nevertheless improved profitability as planned compared to the previous year. Krones offset rising material costs with price increases for its machines and lines. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up by 26.4% year on year between January and June 2023, from €175.1 million to €221.4 million. The EBITDA margin consequently rose from 8.8% to 9.5%.

Earnings before taxes (EBT) improved in the first half-year by 42.3% to €161.1 million. This corresponds to an EBT margin of 6.9% (previous year: 5.7%). Krones generated consolidated net income of €121.4 million in the first two quarters of 2023, up 45.9% year on year. Earnings per share went up to €3.84 (previous year: €2.63).

In the second quarter of 2023, Krones' EBITDA increased by 20.9 % year on year to €106.5 million. The EBITDA margin climbed from 8.8% to 9.5%. From April to June, the company generated 34.3% higher consolidated net income of €57.9 million and earnings per share of €1.83 (Q2 2022: €1.36).

Strong improvement in ROCE, free cash flow down as expected

Working capital rose sharply at Krones in the first half-year due to the increased business volume. Krones also acquired a 90% stake in Ampco Pumps, USA, during the reporting period. These are the main reasons why free cash flow decreased to –€245.7 million in the first half of 2023 (previous year: +€68.4 million). Free cash flow adjusted for M&A activities was –€131.2 million, in line with planning. Krones improved ROCE (return on capital employed) in the reporting period to 17.3% (previous year: 11.8%), mainly due to the higher earnings before interest and taxes (EBIT). Net cash, meaning cash and cash equivalents less bank debt, stood at €324.7 million at the end of June 2023. In addition, Krones had around €860 million in unused lines of credit as of 30 June 2023.

Krones raises guidance for revenue growth in full year 2023

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

Based on Krones' good total operating performance in the second quarter of the current fiscal year, the Executive Board increased the full-year revenue growth forecast for 2023. In mid-July, taking into account the current production planning for the second half of 2023, the guidance was raised to a range of 11% to 13% (previously 8% to 11%). At the same time, Krones has confirmed the guidance for the remaining financial targets. The company aims to further improve profitability and expects an EBITDA margin of 9% to 10% for the Group (2022: 8.9%). For the third performance target, ROCE, Krones forecasts an increase in the current year to between 15% and 17% (2022: 14.1%).

Krones has published the complete Interim Report for the first half of 2023 online at: https://www.krones.com/media/downloads/Q2_2023_e.pdf

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