



Kronos Q3 2021

Conference Call 05 November 2021

Christoph Klenk, CEO

Norbert Broger, CFO



After strong third quarter updated full year guidance confirmed

Summary Q1 - Q3 2021

Customers' demand remain very high and results in **increased order intake** in first nine months by **38.8%** to **€3.2 bn.**

Strong **market development** still **sustainable.**

Nine months 2021 **revenue** of **€2,643 million** up by **7.9%** to prior-year figure, and full **inline with 2021 target.**

Revenue growth in third quarter of **23%** reflects the recovery of the corona crisis.

Profitability significantly improved in first 9 months 2021.

EBITDA increased by 44% with a **margin of 8.0%** in the reporting period (previous year 6.0%).

Free Cash Flow with +€108 million is **€166 million higher** than previous year (-€58 million).

Based on the **positive trend**, Krones is confident of meeting the upgraded **forecast for 2021.**

For the full year, the company expects revenue **growth** of **7% to 9%** and an **EBITDA** margin of **7% to 8%**.



Krones highlights

Q1 – Q3 2021

Order intake

+38.8%

€3.19 billion

Revenue

+7.9%

€2.6 billion

EBITDA margin

8.0%

(PY 6.0%)

Free cash flow

+€108 million

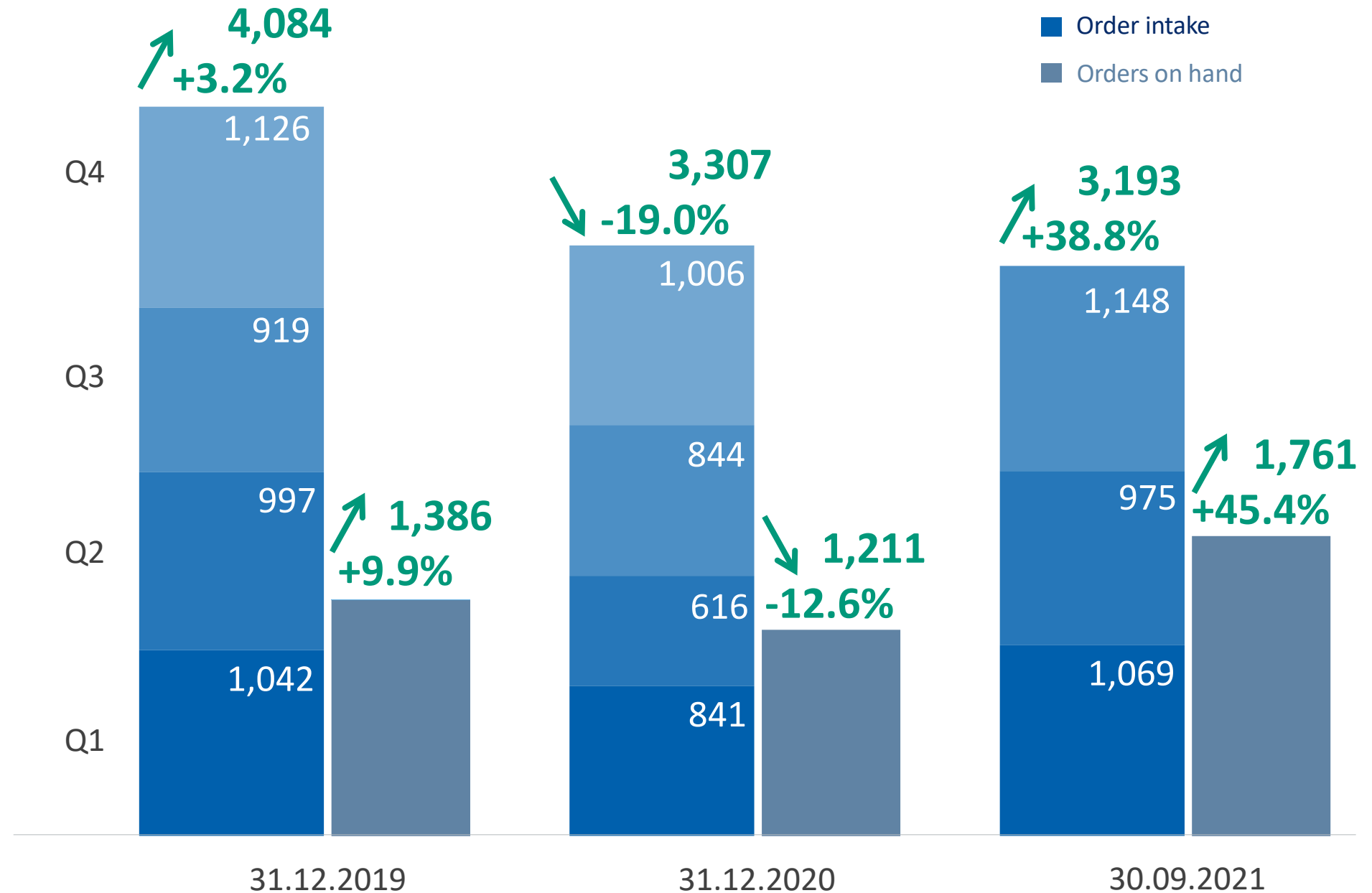
(PY €-58 million)



Order intake and orders on hand (€ million)

Sustainable growth in 3rd quarter 2021

- Compared to Q3 2020, **order intake** in Q3 2021 had an **increase of 36.1%**. **Highest order intake** in a 3rd quarter **ever**.
- Orders on hand** at 30.09.2021 was **57.7% above prior year**. Compared to the **beginning of 2021** the **increase was at 45%**.



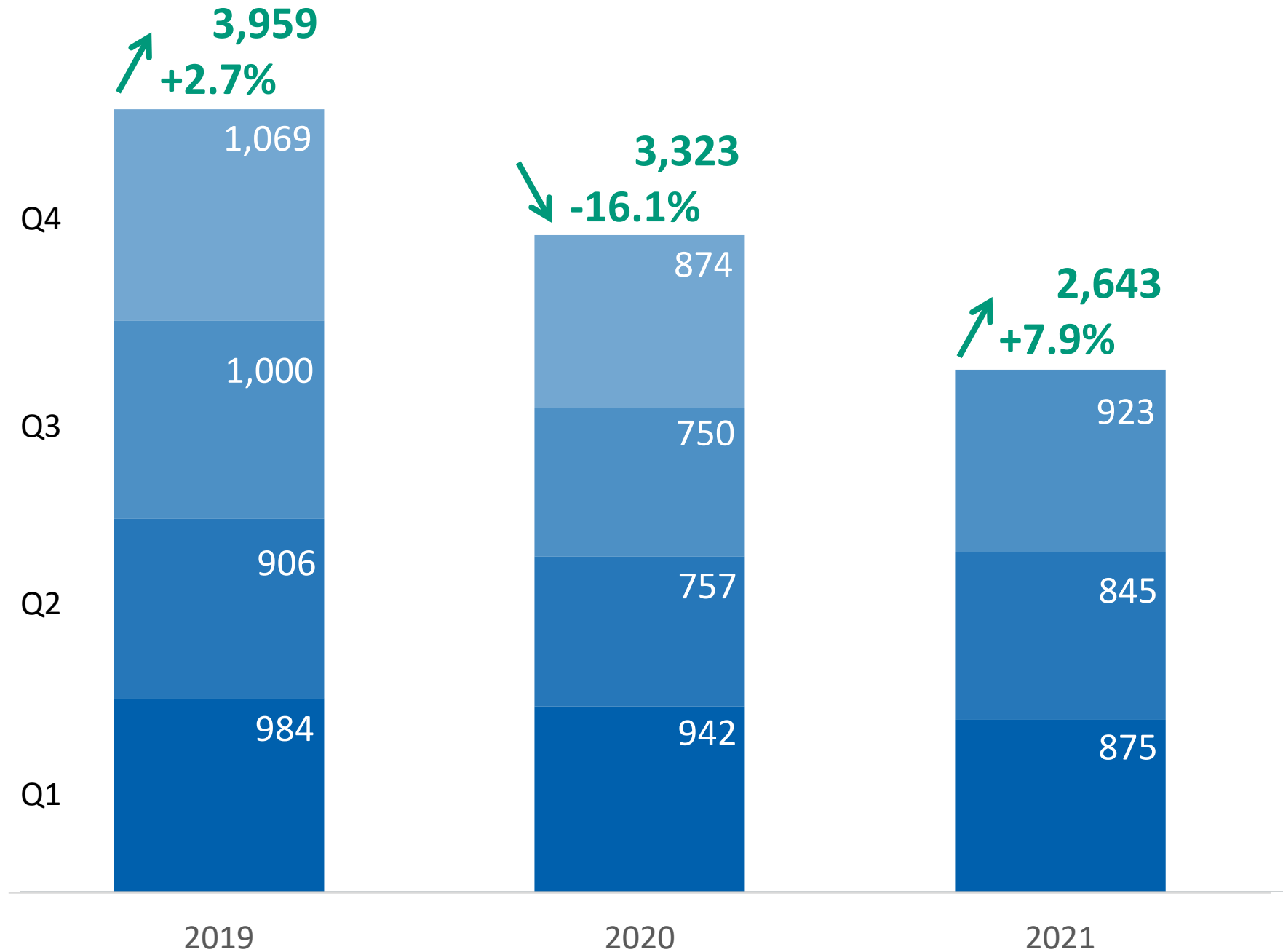


Revenue development by quarter (€ million)

Revenue growth at Krones accelerated in 3rd quarter 2021

- **Revenue** was increased in Q3 2021 by 23%, compared to prior year
- **Revenue in Q3** higher than previous quarters, but **still below pre Covid-19 level** of 2019

Further growing revenues expected **till end of this year**. **Upper part** of revenue **target range** is achievable.





Revenue split reflects the world-wide business activity of Krones, with a regain strength in industrial countries

Share of sales (Q1 – Q3)

North and Central America		
2019	2020	2021
17.5%	18.6%	21.2%

Europe		
2019	2020	2021
33.3%	28.4%	31.6%

Eastern Europe/ Russia/Central Asia		
2019	2020	2021
7.6%	6.7%	6.9%

China		
2019	2020	2021
8.6%	6.7%	7.5%

Middle East/ Africa		
2019	2020	2021
11.2%	15.2%	12.9%

South America		
2019	2020	2021
9.2%	12.0%	9.5%

Asia/Pacific		
2019	2020	2021
12.6%	12.4%	10.5%

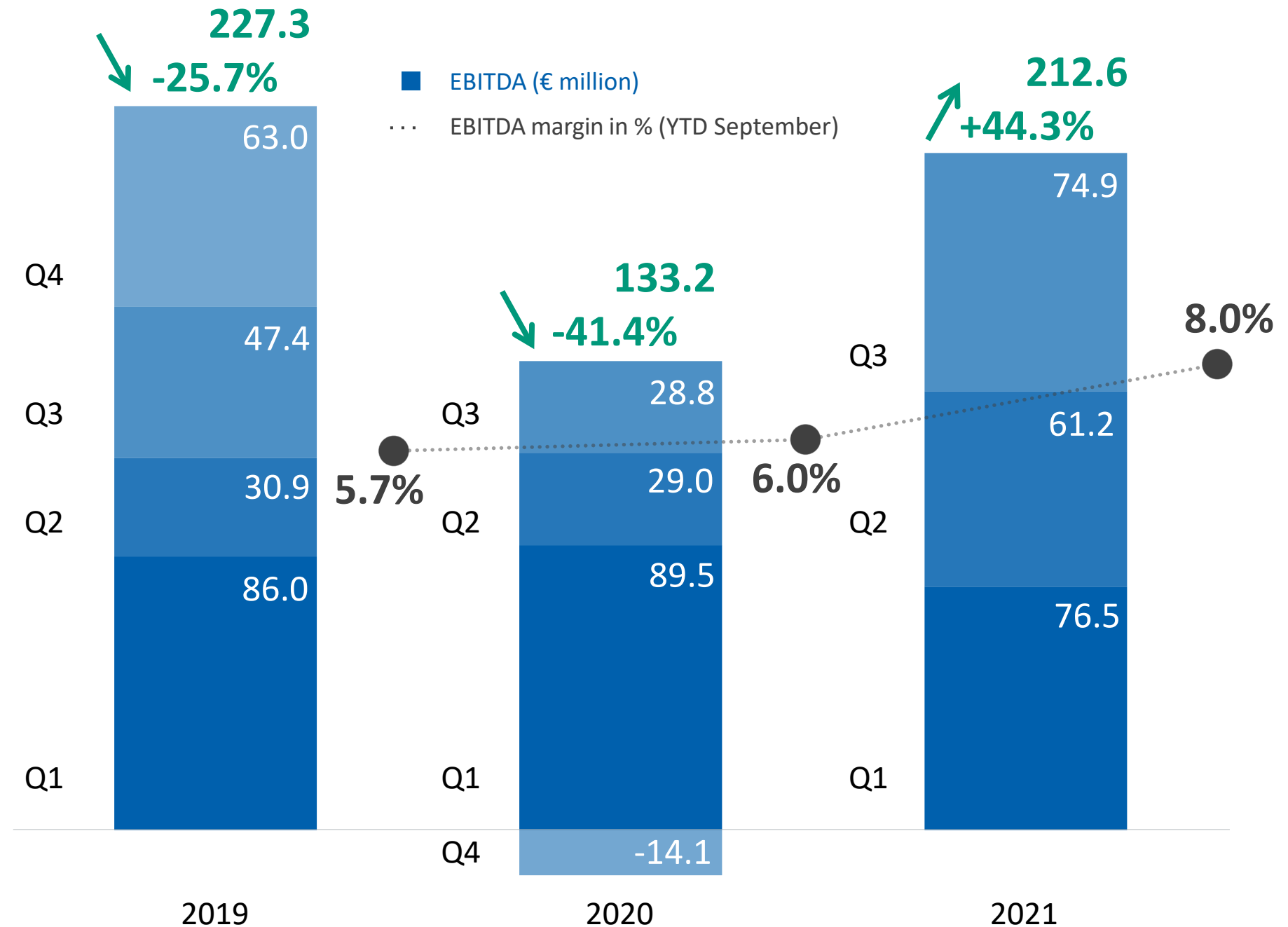


EBITDA and EBITDA margin by quarter (€ million and %)

EBITDA margin at 8.0%

- **Significantly improved profitability** impacted by structural measures and strong market development
- **EBITDA margin with 8% above pre Covid-19 level** of 2019 (FY 6.6% without one-offs)

Krones **full on track for EBITDA margin outlook** for 2021 (7% – 8%).

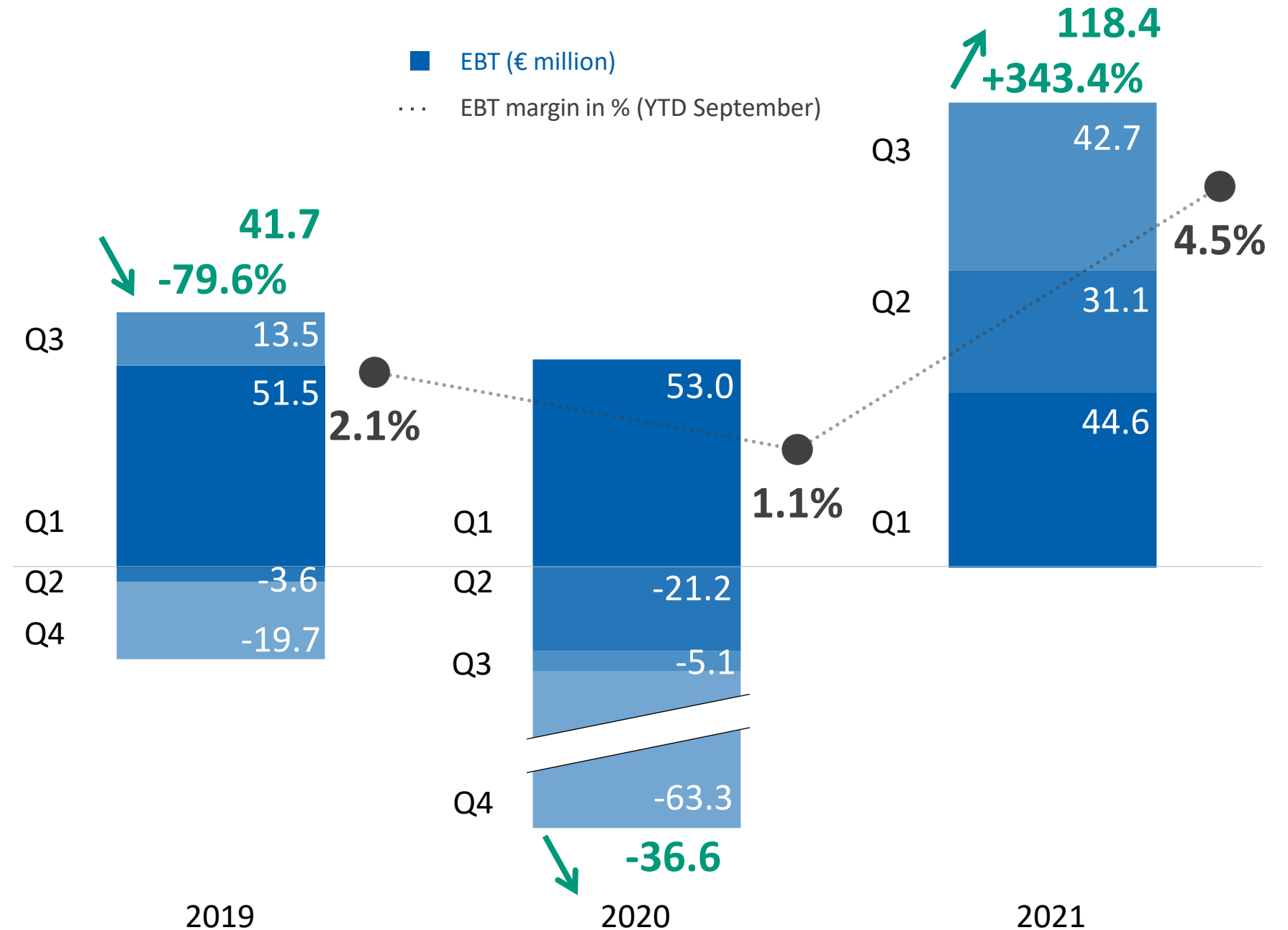




EBT and EBT margin by quarter (€ million and %)

EBT margin after 9 month was at 4.5%

- **Strong increase** after 9 months 2021 compared with 2020 margin (1.6% without one-offs)
- **EBT margin in Q3** with 4.6% in line with full year expectations
- **Significant improvement** to 9 months 2019 (before Covid-19) of plus 93% EBT increase (€118.4 vs €61.4 million) despite 8.5% lower revenues

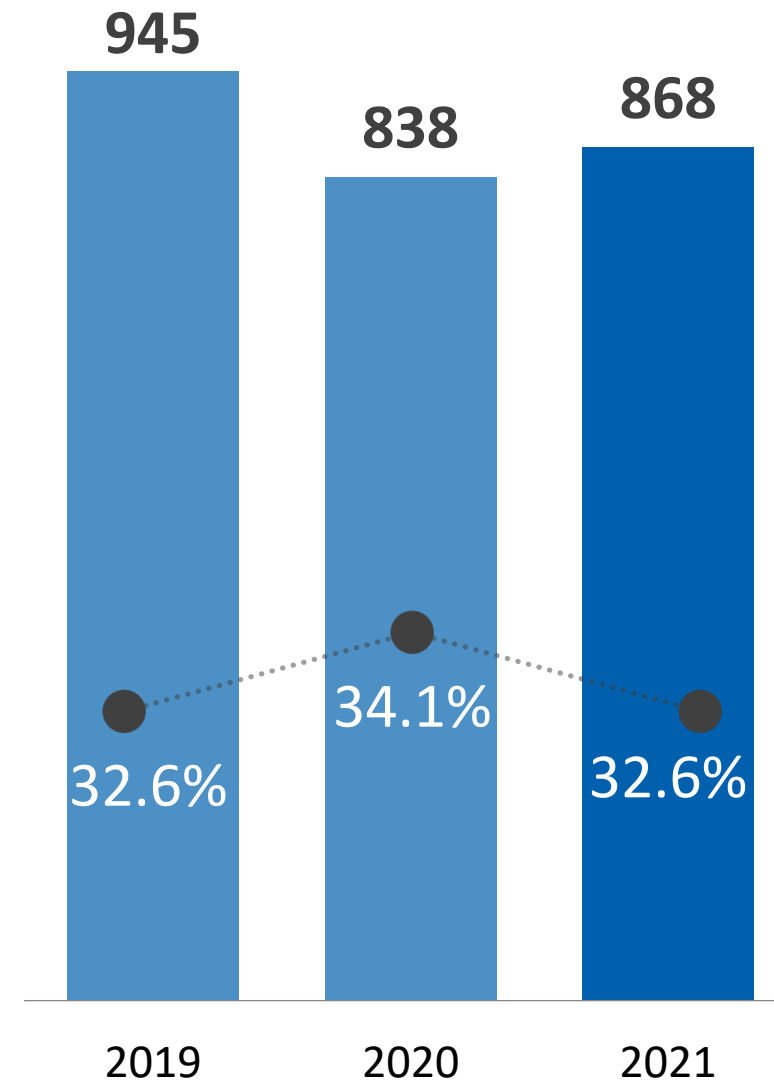




Personnel and material expenses Q1 – Q3 (€ million and %)

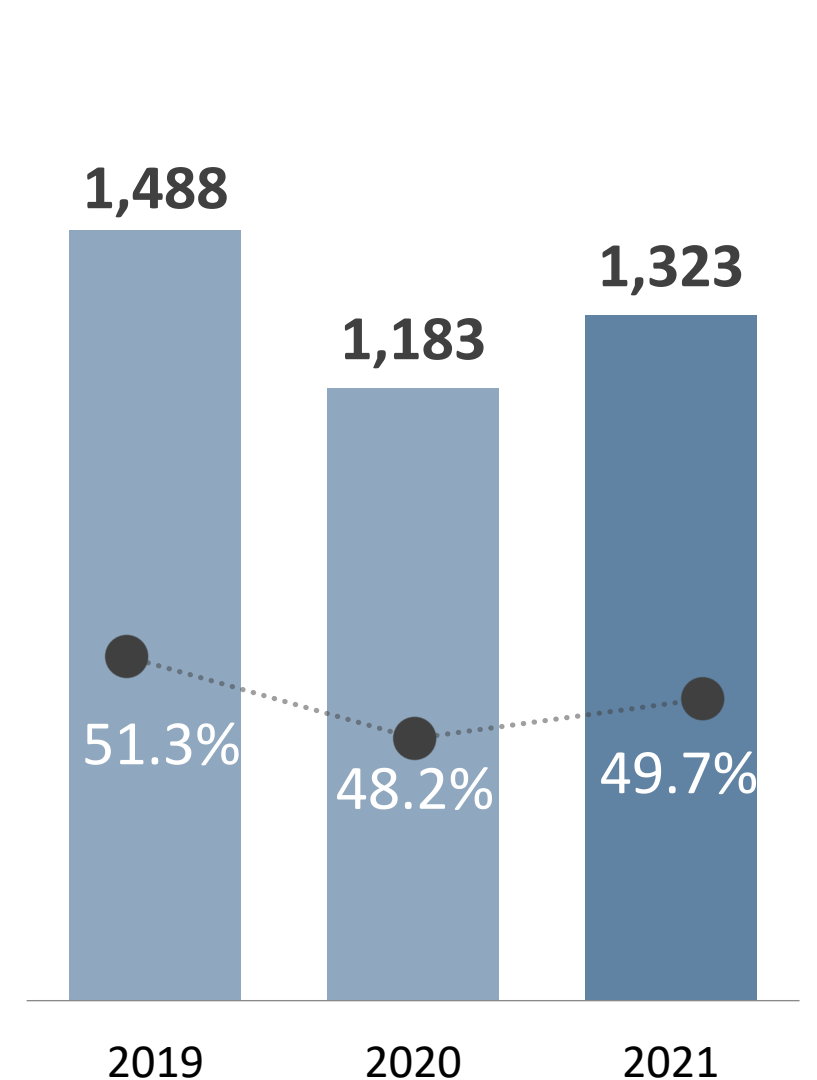
- Personnel cost ratio** with **32.6% clearly better** than last year. Positive effects from structural **measures** show **stronger impact in 3rd quarter** than in prior quarters.
- Material cost ratio** with **49.7%** was stronger influenced by **increasing raw material prices** and higher machine business with higher material ratio. A **partly compensation** of the cost increases **by higher prices** planned for next year.

Personnel cost Q1 – Q3 (€ million)



--- Personnel expenses to total performance (%)

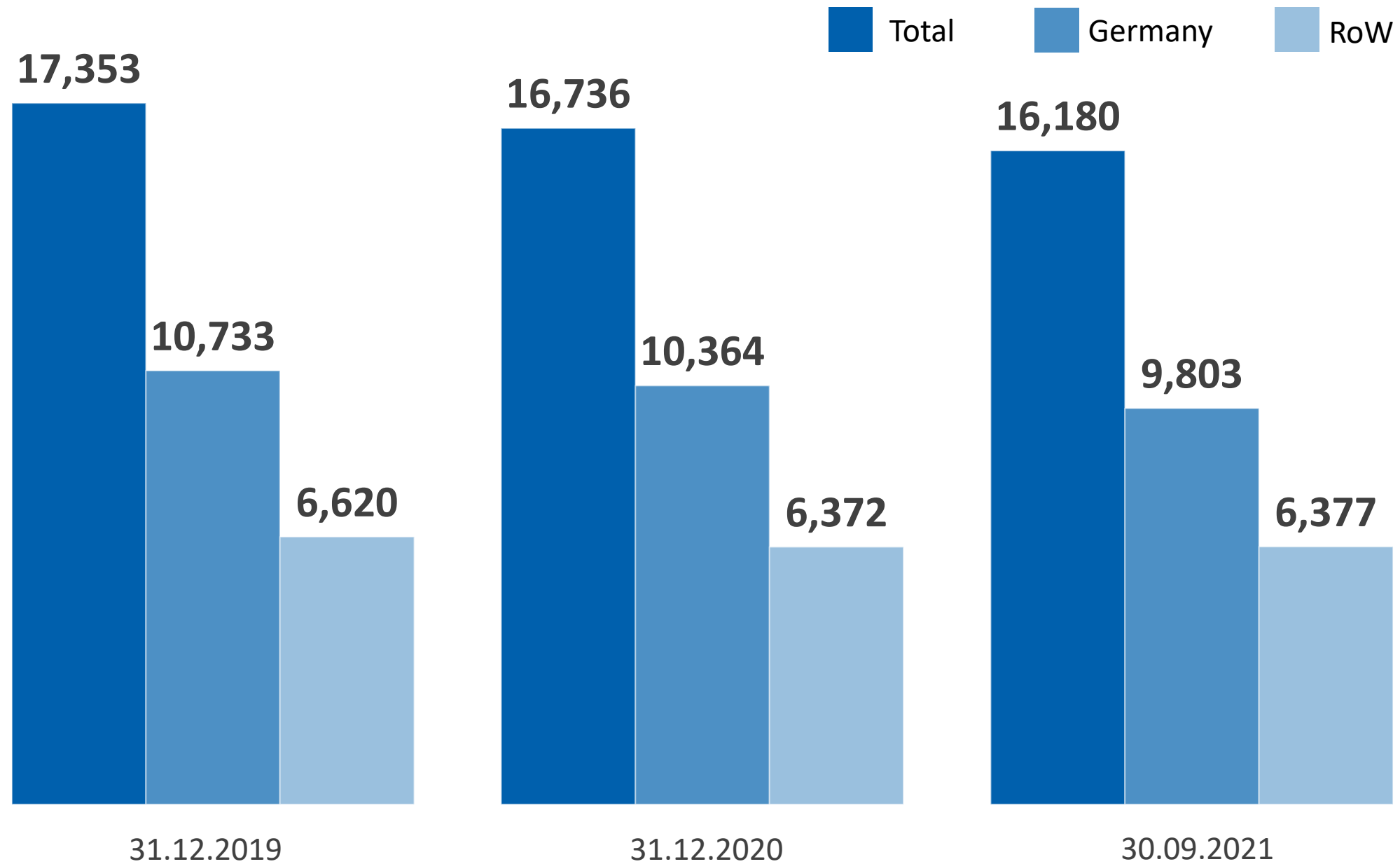
Material cost Q1 – Q3 (€ million)



--- Material expenses to total performance (%)



Krones employees worldwide – capacity adjustment program successfully completed





Working Capital Q1 – Q3 (in %)

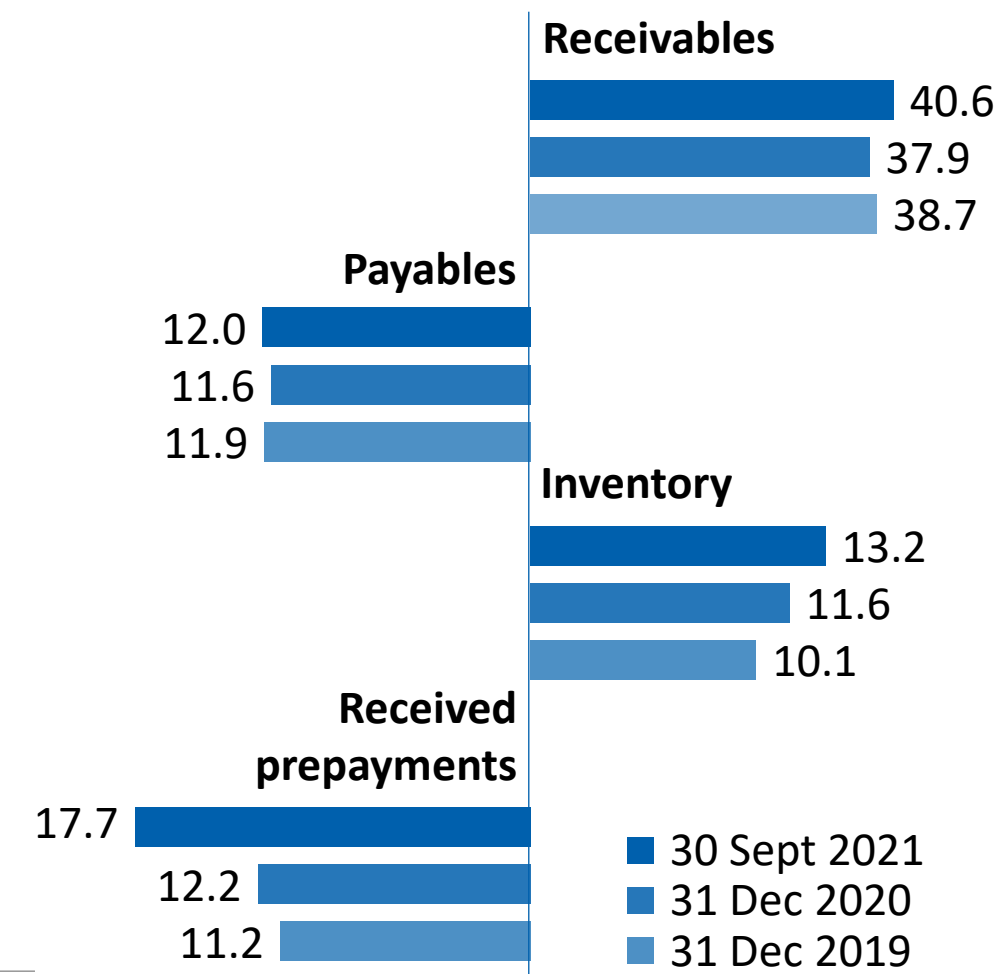
Working Capital in % of sales with **26.2% reduced vs. prior year** and slightly below 2019 level

- **Increase in receivables** since beginning of the year (+2.7%) could not be compensated by **higher payables** (+0.4%)
- Increase in inventory (+1.6%) results from **increasing business activities** in the first months 2021 **plus efforts to strengthen supply chain** (safety stock)
- As a result of strong order intake **prepayments (5.5%)** show the **biggest positive impact** on Working Capital

Working capital of revenue
(%, average over four quarters)



Part of working capital in %
of revenue (last 12 months)





Revenue and EBITDA per segment

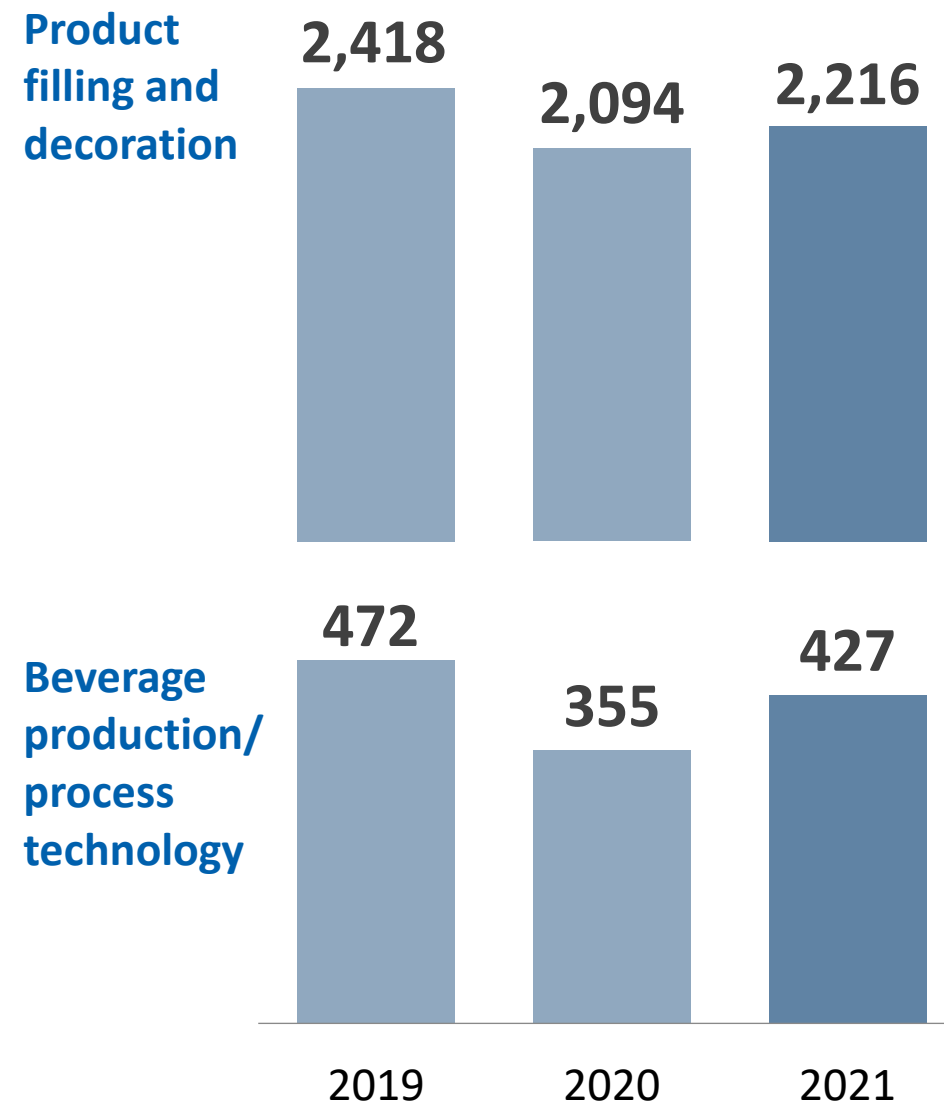
Product filling and decoration

- **Increase in revenue** little below than on group level (+6%)
- **Positive effects from structural measures** enabled Krones to limit the impact of higher material costs and results in **EBITDA margin** of **9.1%**

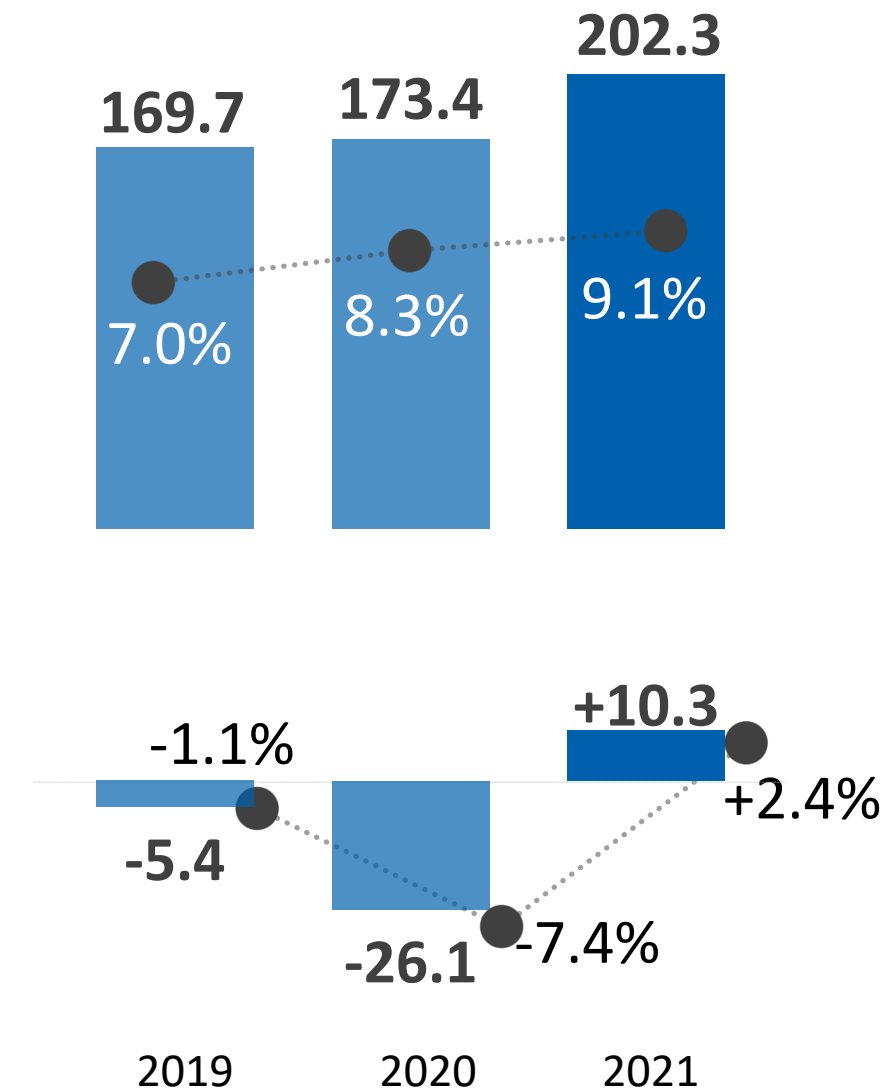
Beverage production/ process technology

- **Strong increase in revenue** (+20%) mainly in intralogistics
- **Positive EBITDA margin** of **2.4%** results from first positive effects of structural measures in Process Technology and better performance of System Logistics group

Revenue development Q1 – Q3 (€ million)



Segment EBITDA (€ million) and EBITDA margin (%) Q1 – Q3



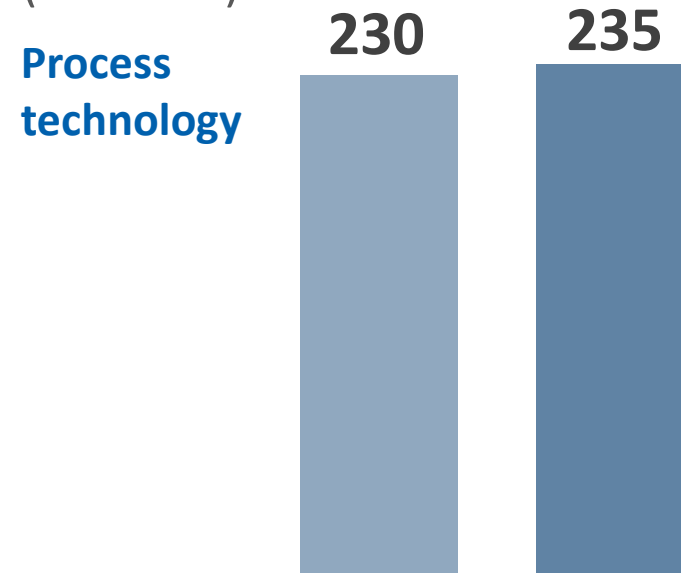


Revenue and EBITDA per segment II

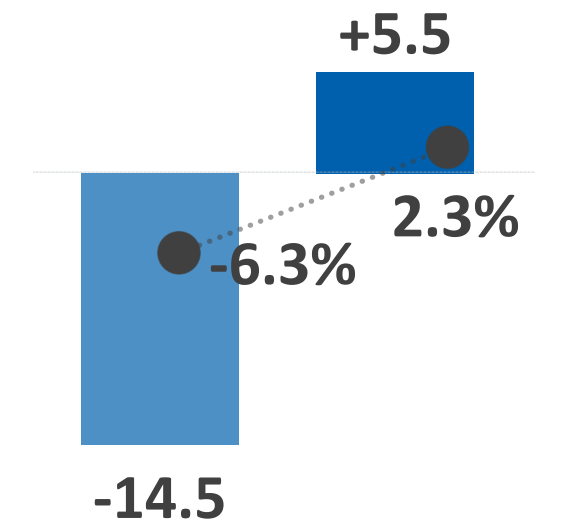
Process technology

- Revenues normal stable vs. prior year (-11%)
- Positive EBITDA margin in Process technology since a long time mainly based on effects from structural measures

Revenue development Q1 – Q3 (€ million)



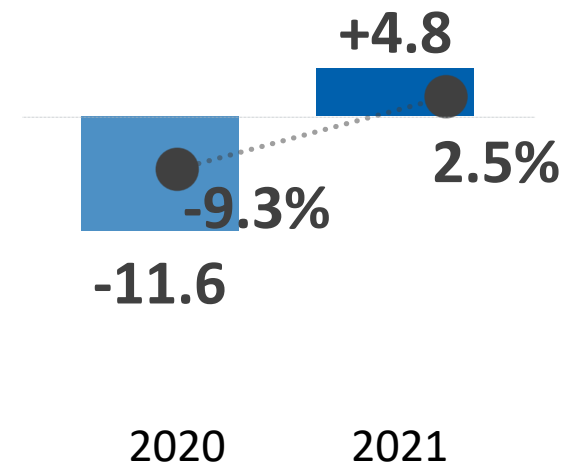
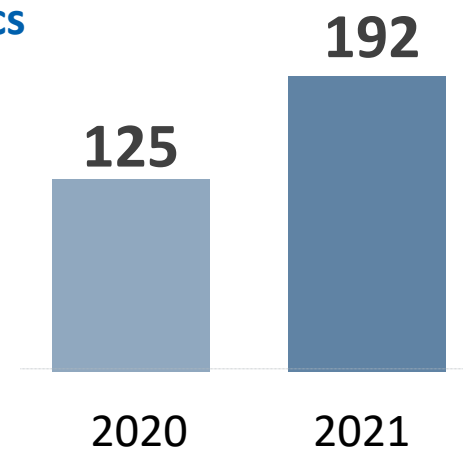
Segment EBITDA (€ million) and EBITDA margin (%) Q1 – Q3



Intralogistics

- Strong increase in revenue +54% vs. prior year (which was strongly influenced by Covid-19)
- This strong top line and the full utilisation results in EBITDA margin of +2.5%

Intralogistics

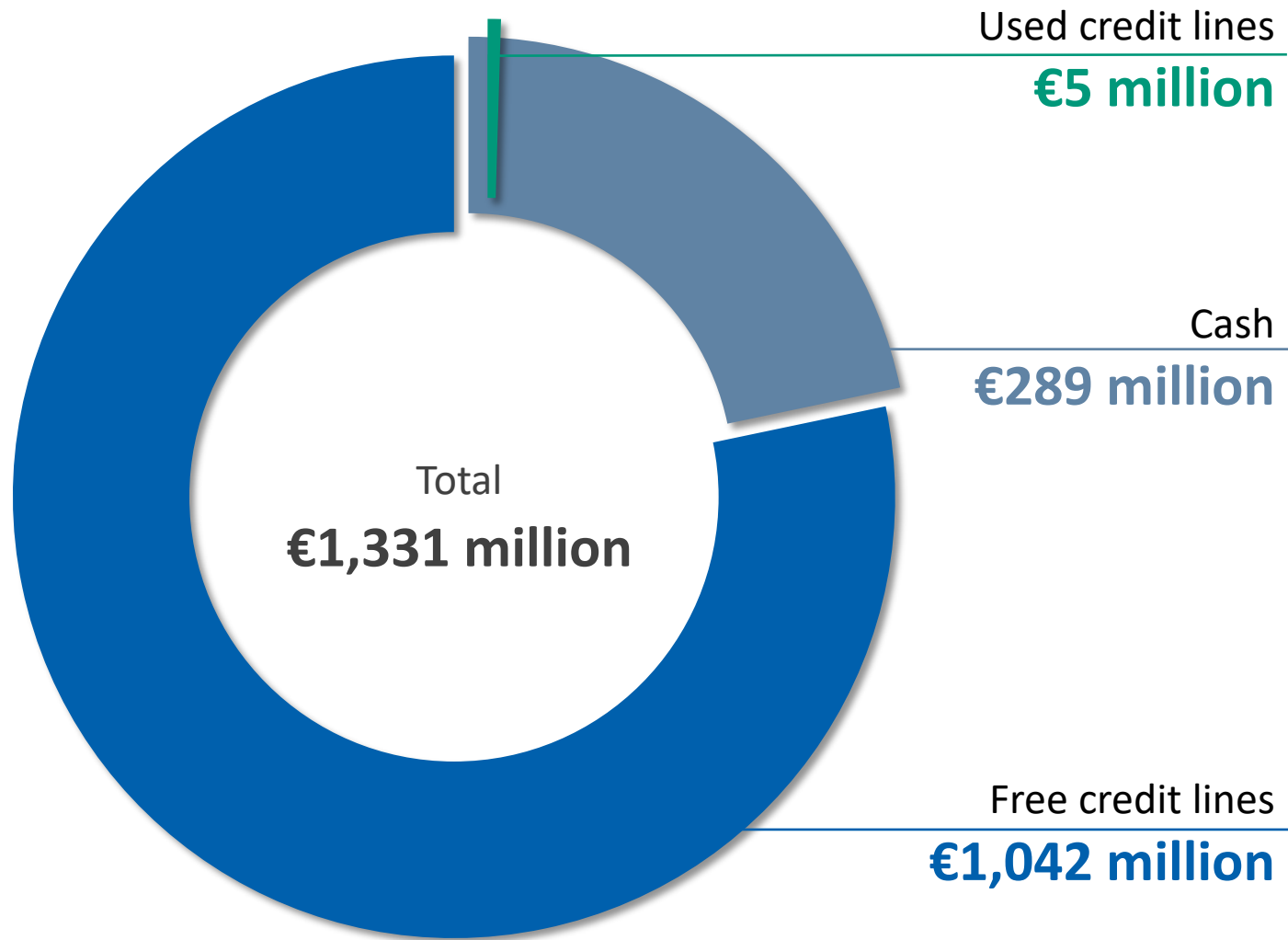




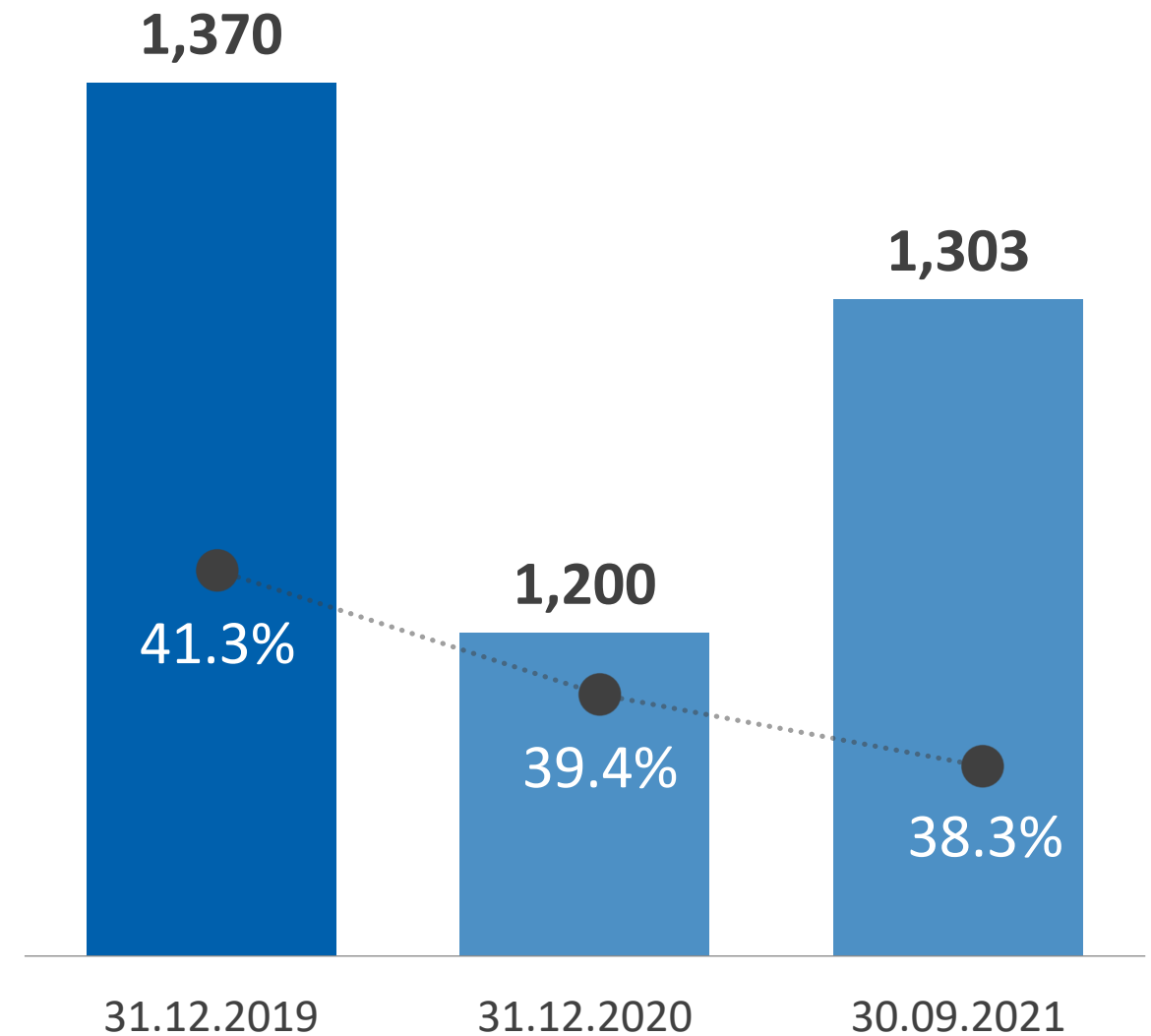
Krones is very well positioned financially

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

Liquidity reserves Q1 – Q3 2021 > €1.3 billion



Equity (€ million) and equity ratio (in %)





Free cash flow Q1 – Q3

Free cash flow €165 million higher than in Q3 2020

- **Strong EBT** and **increasing non-cash changes** result in a strong **cash flow from operating activities (+€182 million)**
- **Working capital reduced** after 9 month 2021 **by €7 million** (prior year increase of €86 million)
- **Financing activities** are influenced by **repayment of bank liabilities** and **leasing payments**

(€ million)	2021	2020
Earnings before taxes (EBT)	118.4	26.7
+/- Other non-cash changes	+192.7	+176.6
+/- Change in Working Capital	+7.0	-85.5
+/- Other assets and liabilities	-135.7	-107.9
Cash flow from operating activities	182.4	9.9
+/- Capex	-73.4	-68.5
+/- M&A-Activities	0.0	0.0
+/- Other	-1.5	+0.2
Free cash flow	+107.5	-58.4
+/- Financing activities/Others	-35.9	+124.5
Net change in cash	+71.6	+66.1
Cash at the end of period	288.6	176.5



Outlook 2021



Krones Outlook 2021

We confirm our
increased guidance
for 2021

Revenue

7% – 9%

EBITDA margin

7% – 8%

Working capital

26% – 27%



Key take aways

1. Record order intake and order backlog – good base for 2022
2. Revenues recovering and capacity utilization improving
3. Strong improvement in profitability, due to efficiency improvement measures and strong service business in all regions
4. Excellent free cash flow generation
5. Global supply chain situation very challenging but still manageable
6. Guidance for 2021 confirmed

Questions and Answers





Thank you
for your attention!



Financial calendar 2022

- February 24, 2022** Conference Call Group
Preliminary figures for the period
from 1 January to December 31, 2021
- May 6, 2022** Conference Call Group
Quarterly statement for the period
from 1 January to March 31, 2022
- August 2, 2022** Conference Call Group
Quarterly statement for the period
from 1 January to June 30, 2022
- November 4, 2022** Conference Call Group
Quarterly statement for the period
from 1 January to September 30, 2022



Olaf Scholz
Head of Investor Relations

KRONES AG
Böhmerwaldstrasse 5
93073 Neutraubling
Germany

Phone +49 9401 70-1169



Disclaimer

This investor presentation contains forward-looking statements that are based on current estimates, forecasts and assumptions made by Krones AG management to the best of its knowledge and other information currently available to Krones AG.

The forward-looking statements of this presentation are by their very nature subject to various known and unknown risks, uncertainties and other factors, the non-occurrence or occurrence of which could cause material differences in future results of operations, financial situation, development or performance of Krones AG. Factors that could cause such differences include but are not limited to changes in political, business, economic and competitive environment, effects of future legal and legislative issues, fiscal, and other regulatory measures, foreign exchange rate fluctuations, interest rates, the availability of financing, developments in raw material and personnel costs, launches of competing products or services, poor acceptance of new products or services, and changes in business strategy.

Krones AG does not intend and does not assume any liability whatsoever to publicly update or revise any forward-looking statements or other information contained in this presentation as a result of new information, future events or otherwise. No representation or warranty, express or implied, is made by Krones AG and/or its management with respect to the fairness, completeness, correctness, reasonableness, or accuracy of any information, facts, expectations or opinions contained herein. Neither Krones AG nor any of its affiliates, representatives or advisors shall have any liability whatsoever (in negligence or otherwise) for any losses or damages arising from any use of this presentation or its content or otherwise arising in connection with the statements given herein.