



Krones Preliminary Figures 2022

Conference Call Februar 23, 2023

Christoph Klenk, CEO

Uta Anders, CFO

Krones with all key figures of 2022 on the upper part or above the target range; profitable growth in 2023 leads to a further increase in EBITDA



After three very strong quarters in 2022 with approx. €1.5 billion each, order intake in Q4 with €1.2 billion was again above normal market level.

Customers' demand results in increased **order intake** in 2022 by 34% to €5.8 billion. **Order backlog** is 83% above prior year and gives a range till 2024.

The strong market development still continues.

Revenue growth in 2022 by 15.8% to €4.2 billion and so above the actual target range. 2022 revenue is also 6.3% above pre Covid-19 level of 2019.

Free cash flow with +€371 million again over previous year (+€203 million) and influenced by the high prepayments.

ROCE increased from 9.0% to 14.1% 2022 and is also above the 2022 target range (10% to 12%).

In Q4 first impacts of price increases are included, which compensated the rising material costs plus performance improvements.

EBITDA margin of 8.9% was strong above prior year margin of 8.1% (without one-offs).

EBITDA margin is in the upper range of the full year target of 2022 (8% to 9%).

Despite various global challenges, Krones plans a **growth in revenues** in 2023 in a range from **8% to 11%**.

Krones expects further profitable growth in 2023 and so an **EBITDA margin target** from **9% to 10%**.

For the third key figure, the **ROCE** Krones anticipates realize in a range from **15% to 17%** in 2023.

With the targets Krones is fully in line to reach midterm profitability target of 10% to 13% by 2025 at the latest.

Krones highlights



+34.0%

Order intake

€5.78 billion

+15.8%

Revenue

€4,209 million

8.9%

EBITDA margin

(PY 8.6%)

+€371 million

Free cash flow

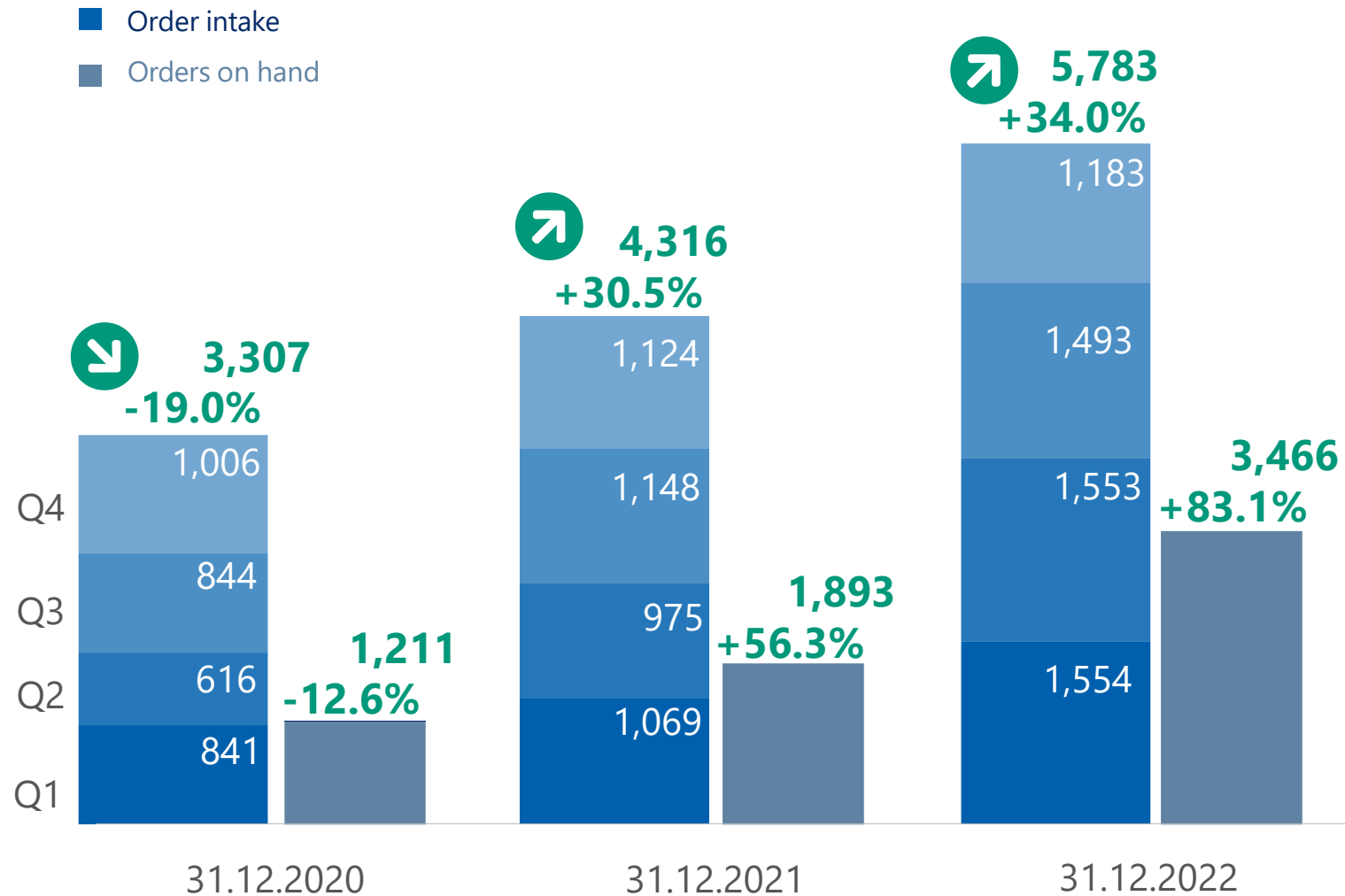
(PY +€203 million)

Order intake and orders on hand (€ million)



Market demand still very high. Order intake and orders on hand on all time high

- In 2022 the **order intake** was 34% above the strong prior year. With €5.8 billion the highest order intake reflects the actual situation on the markets
- Also in the beginning of 2023 the demand in the market is pretty strong and we see also a good order intake situation for Q1 2023
- With a book-to-bill ratio of 1.4x the **orders on hand** at 31.12.2022 was 83.1% above the high amount at year end 2021 (€1.9 billion; +56%). Delivery times are >70 weeks at the moment



Revenue split reflects a stabilization in all regions on a high level and a strong performance mainly in the industrial countries



Share of sales (Q1 – Q4)

North and Central America

2020	2021	2022
19.4%	21.1%	21.9%

Europe

2020	2021	2022
30.8%	31.2%	33.2%

**Eastern Europe/
Russia/Central Asia**

2020	2021	2022
6.5%	6.6%	5.6%

China

2020	2021	2022
6.5%	8.5%	8.2%

**Middle East/
Africa**

2020	2021	2022
14.4%	11.6%	11.5%

South America

2020	2021	2022
9.4%	9.8%	8.5%

Asia/Pacific

2020	2021	2022
13.0%	11.2%	11.1%

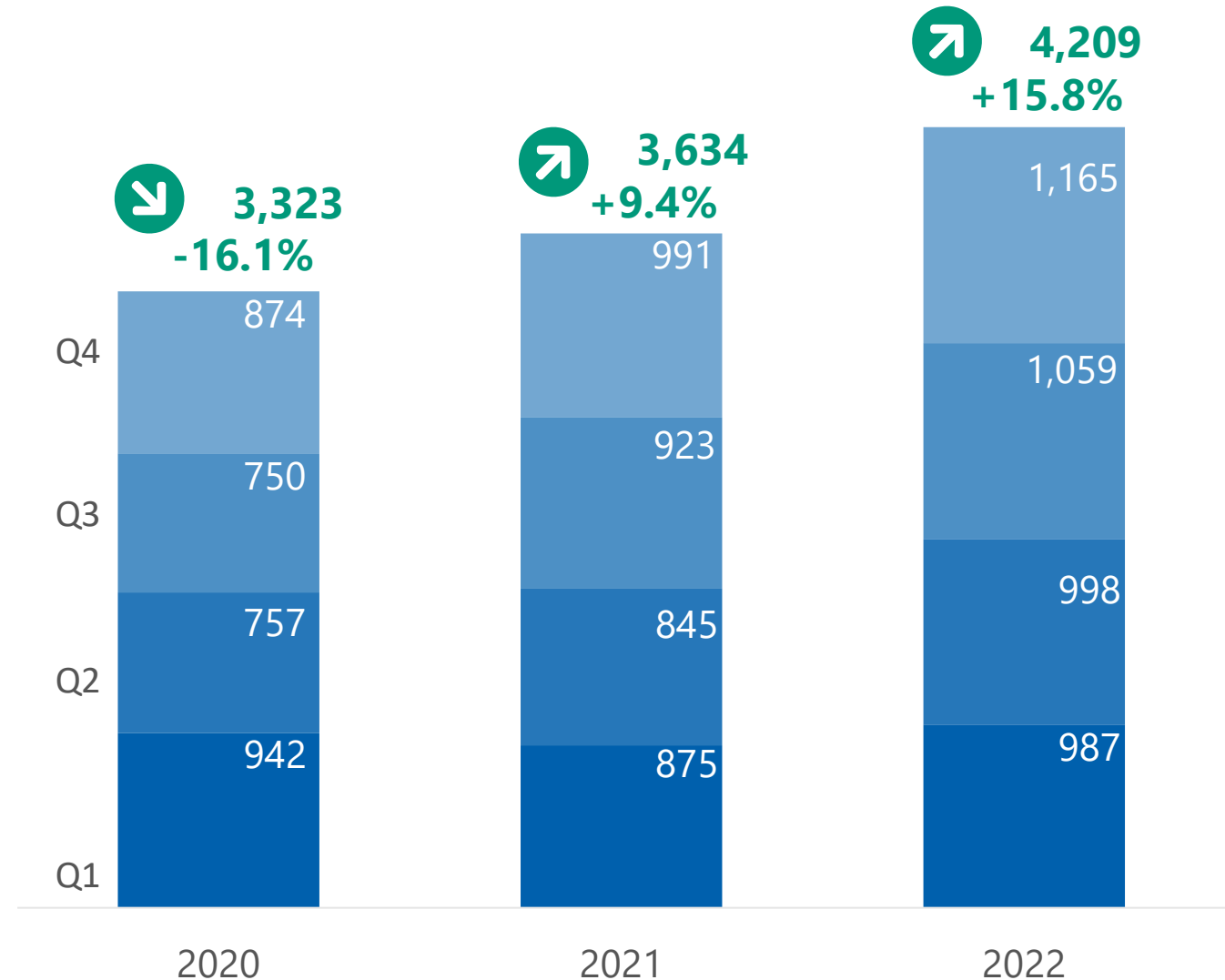
Revenue development by quarter (€ million)



Strong sales growth in 2022 (+15.8%) above the target for full year 10–12%

- Revenue in 2022 first time above €4 billion and was increased by 15.8% compared to prior year
- In Q4 revenue increased by 17.6% vs. Q4 2021
- Due to longer lead times, the enforced price increase of August 2021 is yet partly reflected in the sales of Q4
- Revenue was also above the pre Covid-19 level 2019 (+6.3%)

The limited factor for further growth in revenue are still the actual supply chain shortages. An improvement seems realistic in the 2 HY 2023



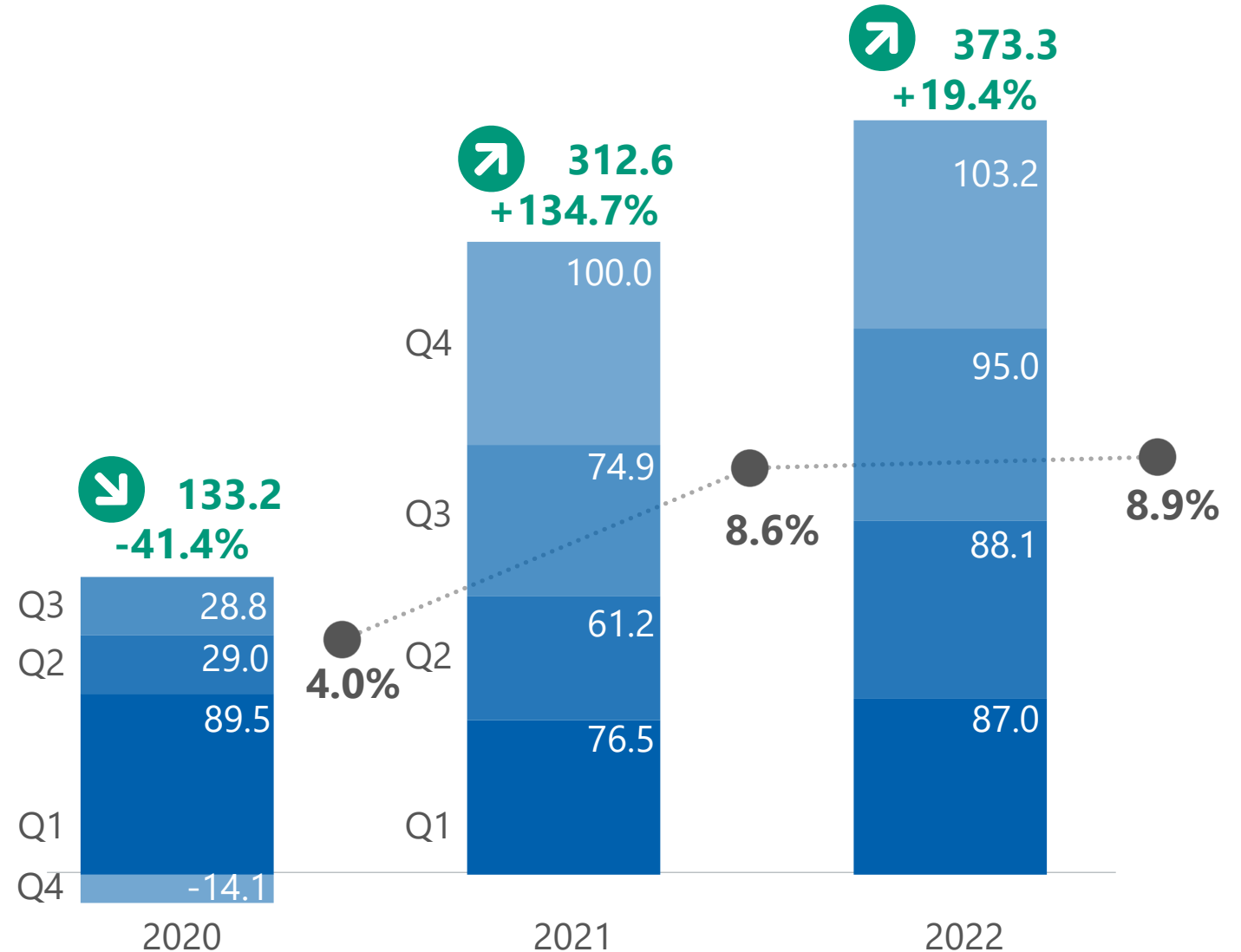
EBITDA and EBITDA margin strongly improved (€ million and %)



EBITDA at €373 million and EBITDA margin at 8.9%

- As a result of performance optimizations EBITDA margin with 8.9% above the margin of 2021 (8.1%; without on-offs).
- EBITDA margin for 2022 as expected on the upper part of the range (8% to 9%)
- With the actual targets (9% to 10%) Krones is fully in line to reach midterm profitability target of 10% to 13% by 2025 at the latest.

■ EBITDA (€ million)
 ... EBITDA margin in %



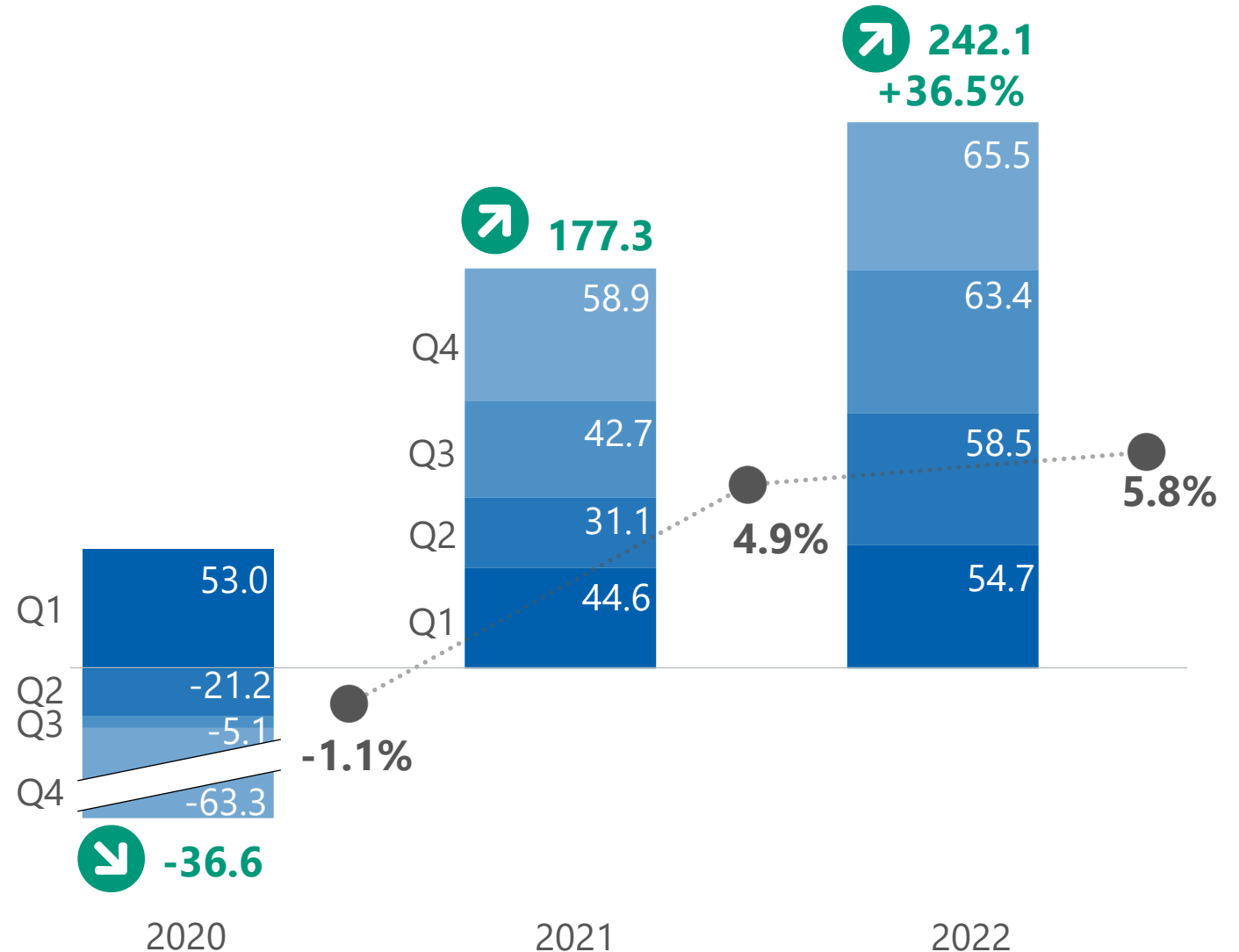
EBT and EBT margin by quarter (€ million and %)



EBT at €242 million and EBT margin increased to 5.8%

- EBT also increased with 36.5% in 2022 and with a margin of 5.8% far above prior year (2021: 4.4% without one-offs)
- EBT margin during the complete year on a stable level and reflects the well balanced development
- EBT margin is in line with full year expectations for 2022

■ EBT (€ million)
 ... EBT margin in %

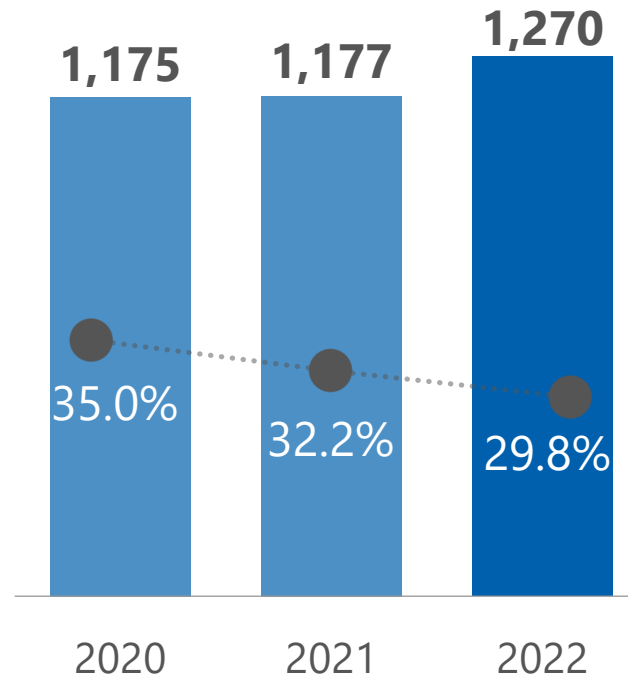


Personnel and material expenses Q1 – Q4 (€ million and %)



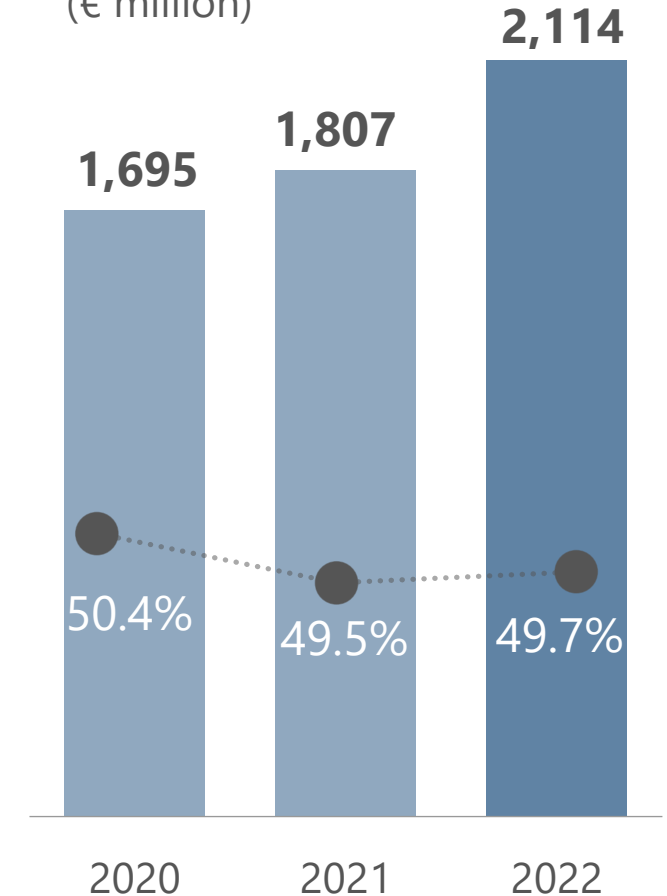
- **Personnel cost ratio** with 29.8% clearly better than last year (32.2%) and further decreased vs. 1st HY 2022 (30.6%). Positive effects from the fully implemented structural measures are completely in the P&L in 2022
- Despite increasing material costs and higher new equipment business (with higher material ratio) the **material cost ratio** overall was stable at 49.7% (vs. 1st HY 2021 with 49.2%), and also stable vs. 1st HY 2022 (49.2%)
- Further cost increases in both cost categories are fully compensated by the implemented price increases (August 2021 and April 2022)

Personnel cost Q1 – Q4
(€ million)



- Personnel expenses to total performance (%)

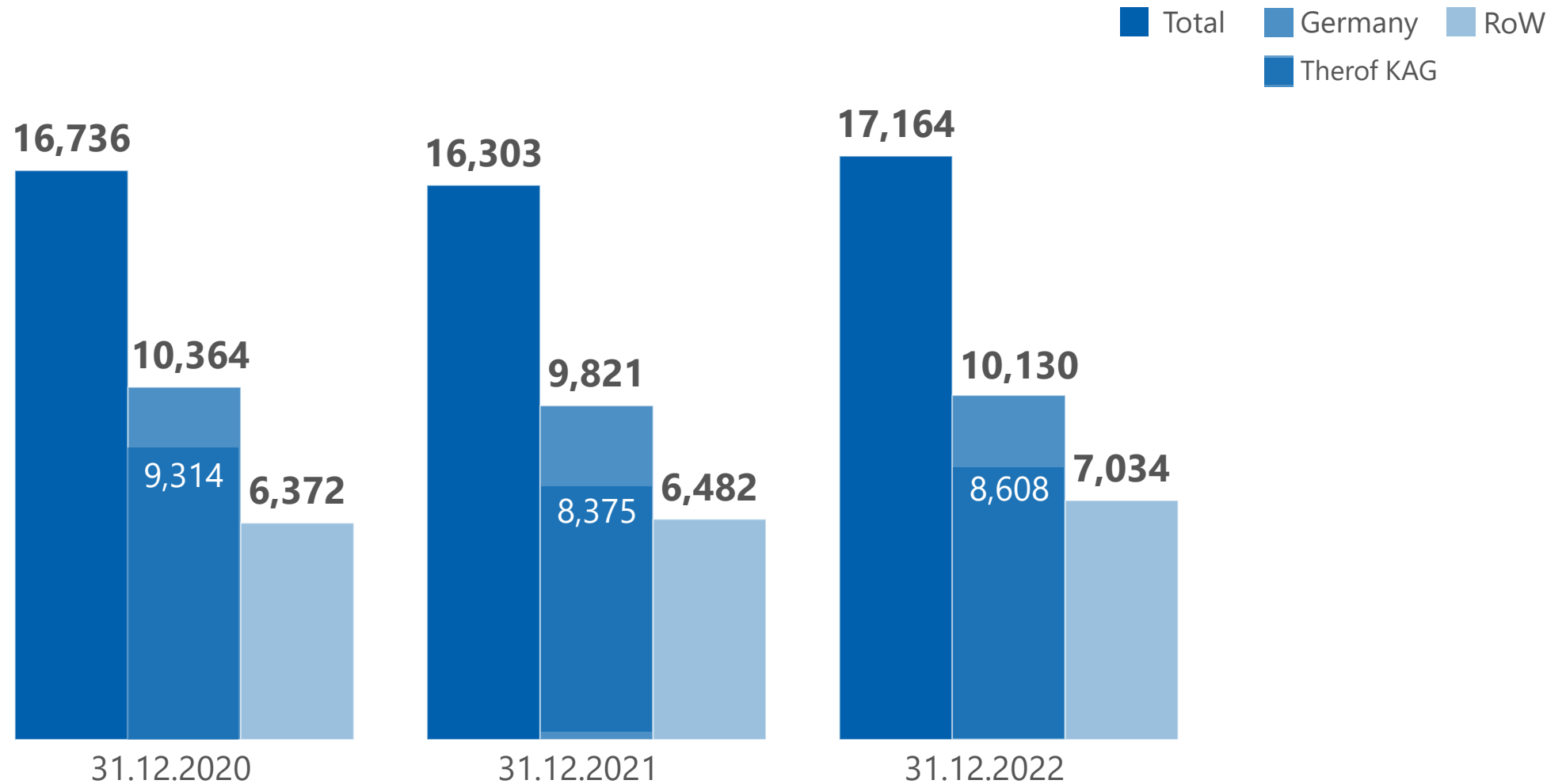
Material cost Q1 – Q4
(€ million)



- Material expenses to total performance (%)

Krones employees worldwide –

slight growth in Germany (mainly at KAG) in 2022 after prior years capacity adjustment programs and a further growth in the rest of the world



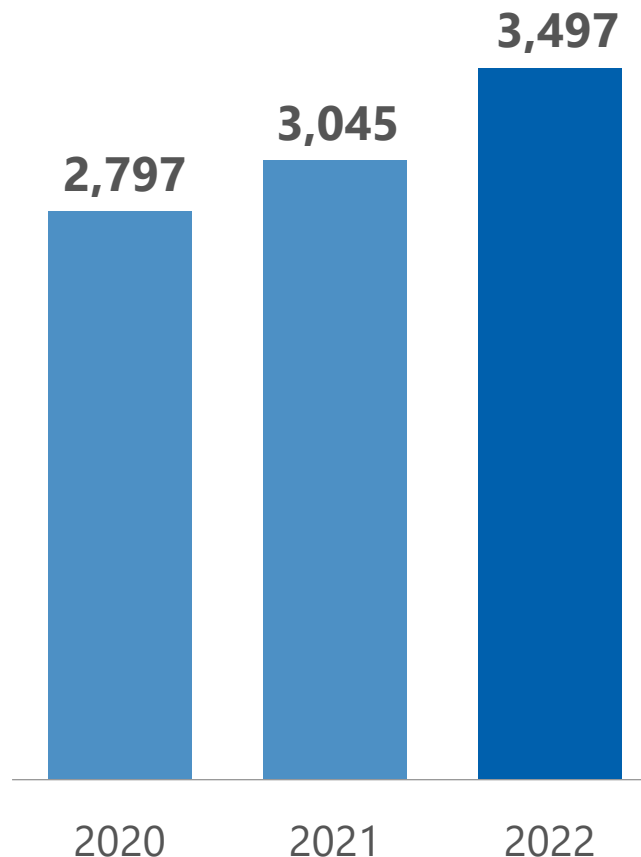
Revenue and EBITDA per segment



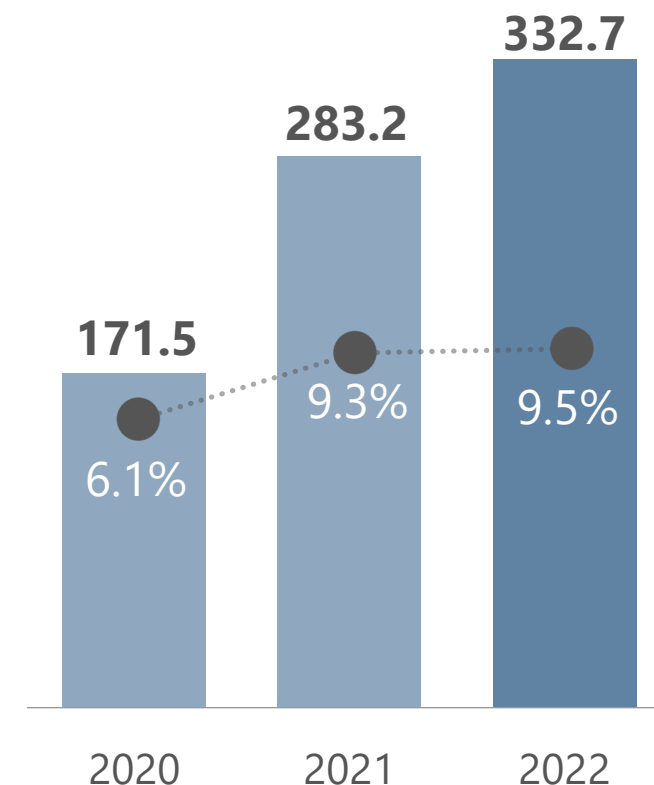
Filling and Packaging Technology

- Increase in **revenue** are nearly at group level (+15%) and also above the target for 2022 (8% to 10%). Revenue growth is driven primarily by new equipment sales
- Positive effects from structural measures plus increasing efficiency in production cycles result in **EBITDA margin** of 9.5% which is above prior year (9.3%)
- EBITDA margin is full in line with expectations (target 2022: 9%-10%)

Revenue development Q1 – Q4
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) Q1 – Q4



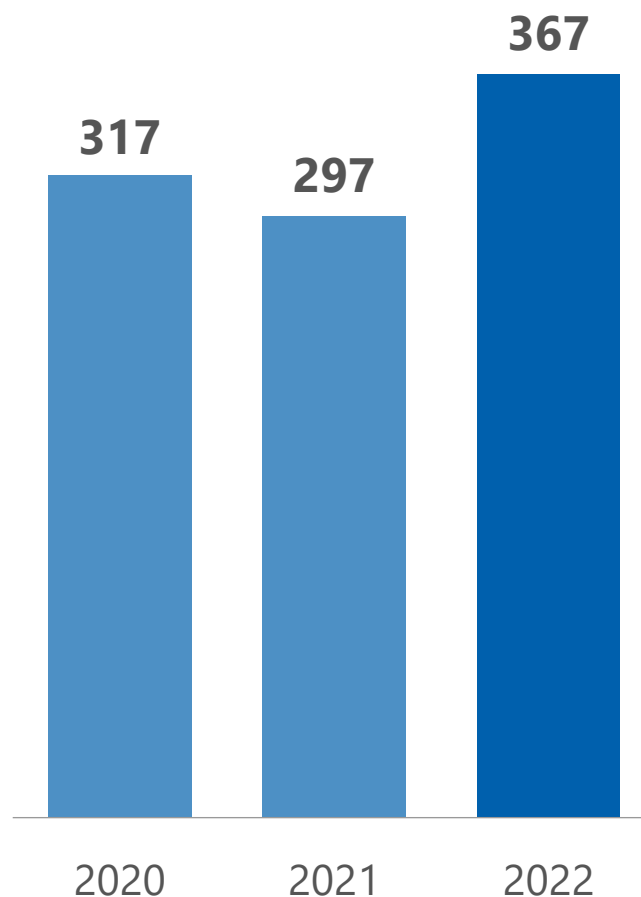
Revenue and EBITDA per segment



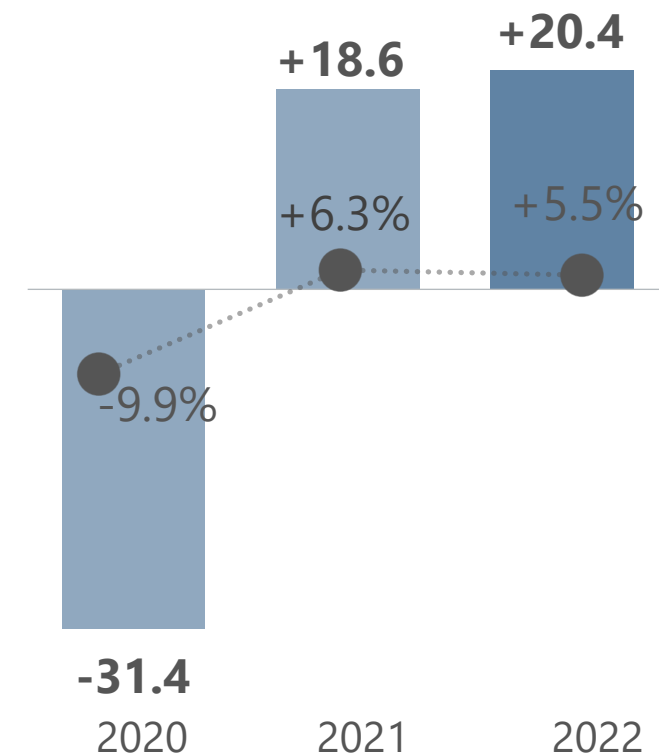
Process Technology

- **Revenues** increased vs. prior year by 24% and was fully inline with the guidance revenue growth in 2022 (20% to 25%)
- **EBITDA margin** with 5.5% is in line with full year target (5% to 7%)
- This new segment represents the business with products and services for producing and processing of beer, soft drinks and sensitive products like dairy products, fruit juices and plant based products

Revenue development Q1 – Q4
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) Q1 – Q4



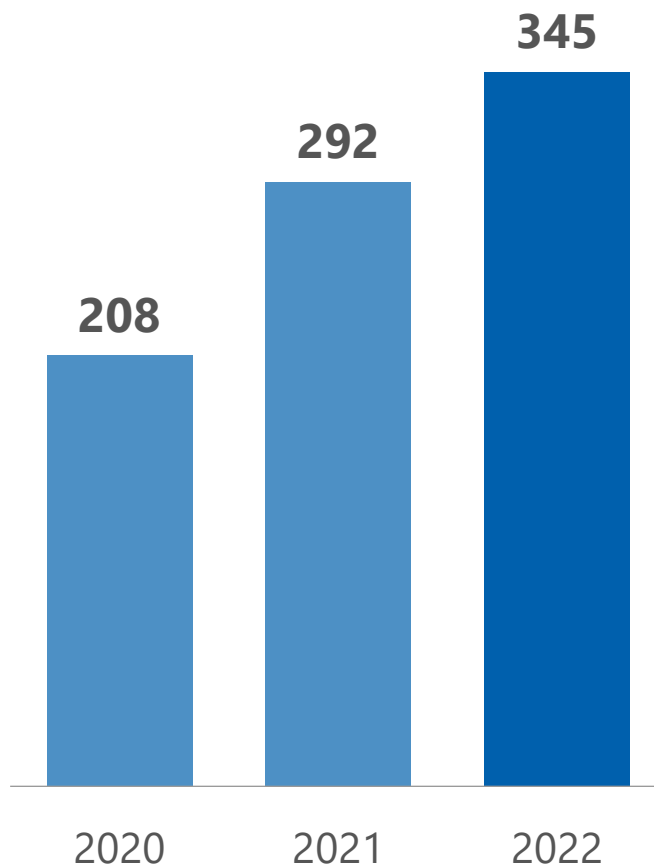
Revenue and EBITDA per segment



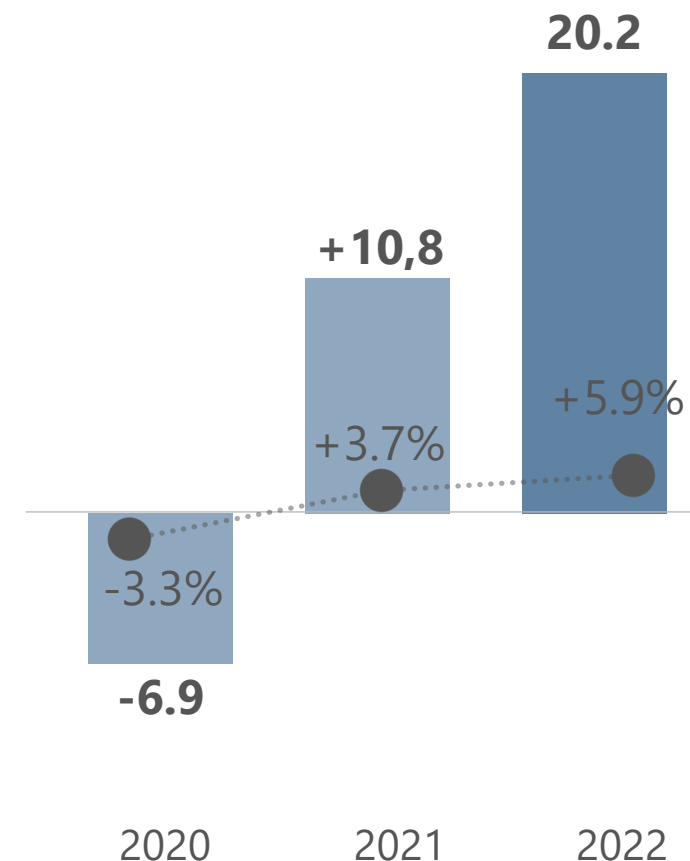
Intralogistics

- After a strong recovery in revenue in 2021 (+40%) based on high negative influences in 2020 by Covid-19, the **revenue** growth in 2022 has realized on the actual level of 18% and was slightly above the growth target of 13% to 16%
- **EBITDA margin** with 5.9% at the upper end of the full year target (4% to 6%) with a strong margin development in Q4 based on seasonal effects
- This new segment represents the business with intralogistics solutions of Krones for the beverage industry as well for other industries

Revenue development Q1 – Q4
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) Q1 – Q4

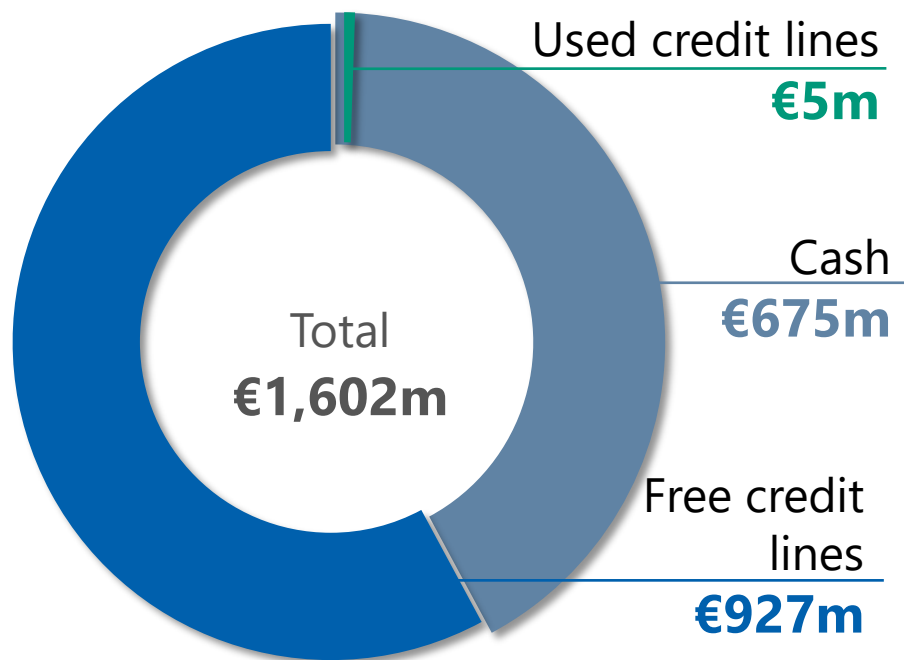


Krones financially very strong; resilient capital position of Krones to withstand volatile world economy developments

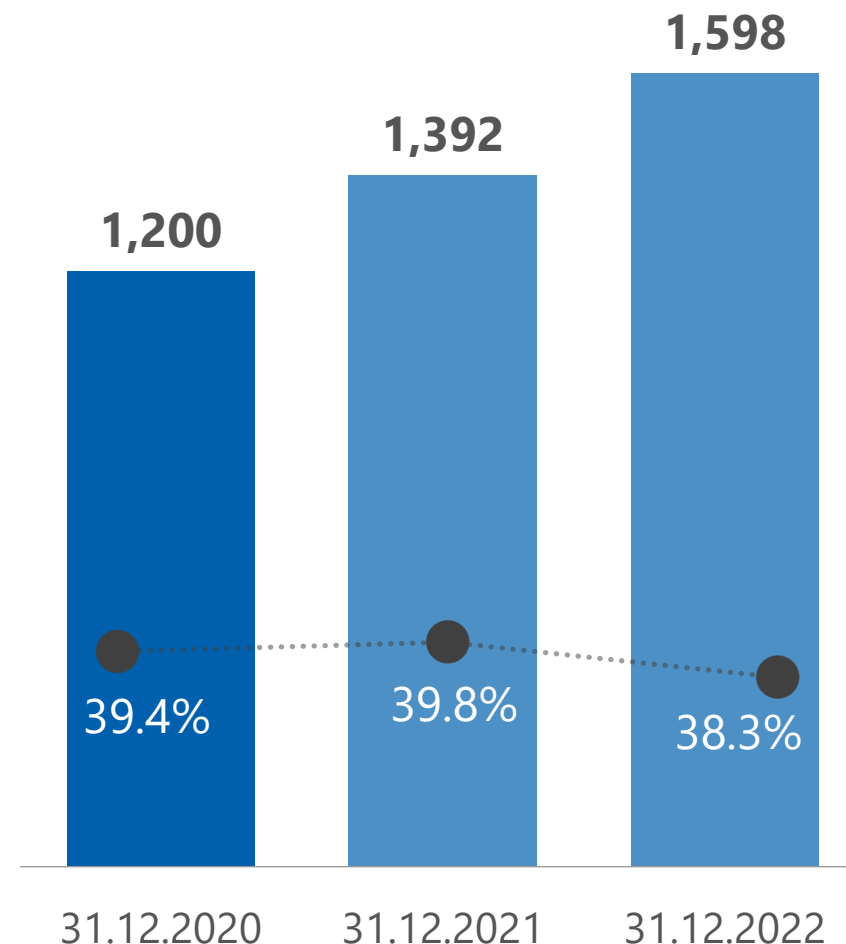


- Strong cash position of €675million and also free credit lines of approx. €900 million reflects the **extremely strong financial position of Krones**
- **Equity** increased by €200 million
- Based on increased business activity in 2022 (+15.8% in revenues) and a strong increase in prepayments the balance sheet amount increased by 19.3%
- As a result **equity ratio** decreased from 39.8% to 38.3% in the actual year

Liquidity reserves Q1 – Q4 2022 ~ €1.6bn



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



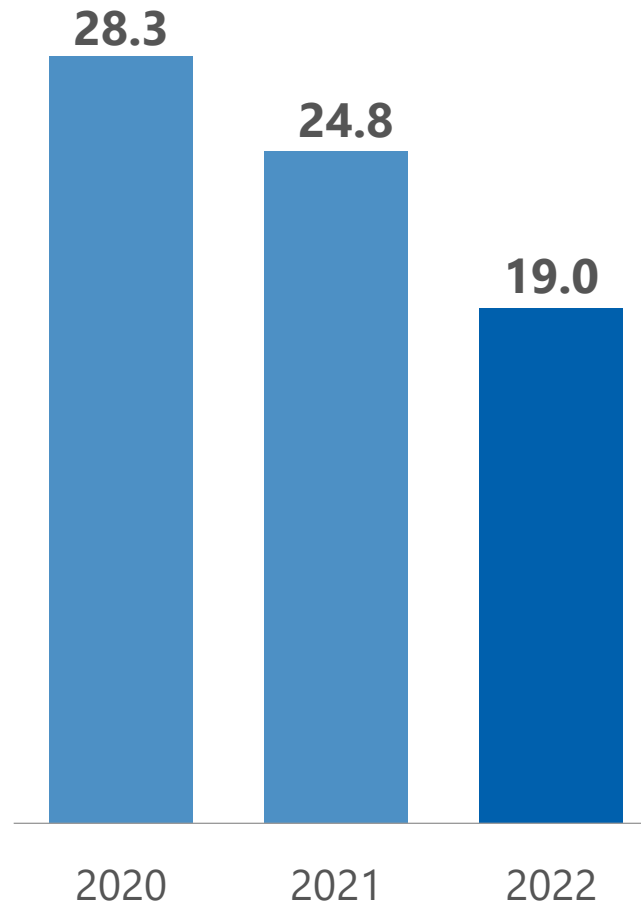
Working Capital Q1 – Q4 (in %)



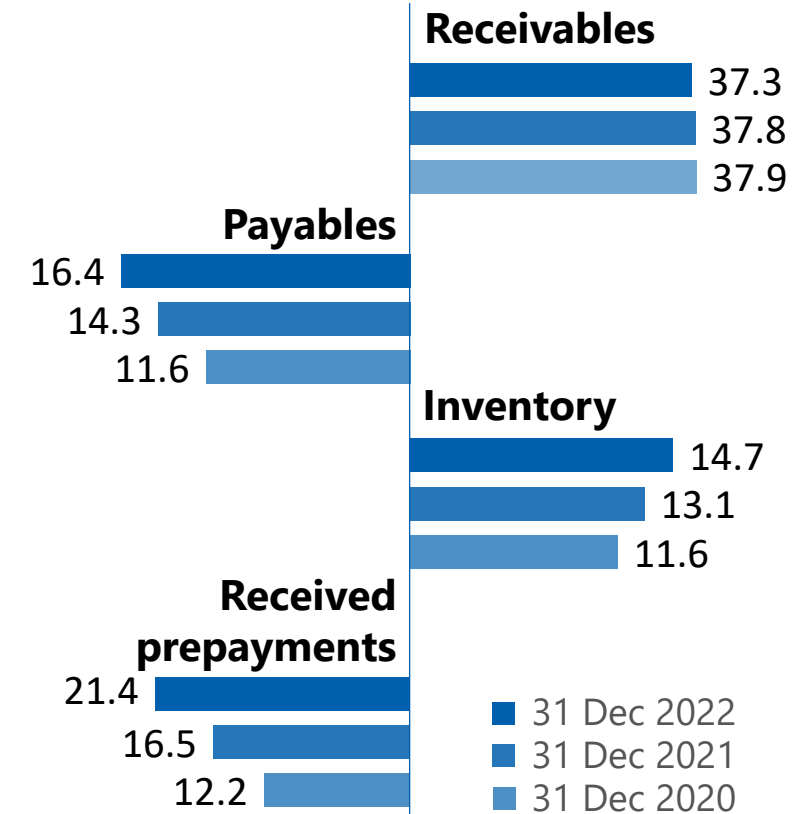
Strong decrease in Working Capital with 19.0% vs. 24.8% prior year

- Beside higher business activities (sales +15.8%), **receivables** nearly stable at prior year level (-0.6%). The **payables** increased by 2.1% also as result of supplier programs
- The further increase in **inventory** (+1.6%) results mainly from efforts to strengthen supply chain (safety stock)
- **Prepayments** show a strong positive impact on Working Capital by +4.9% vs. prior year; and also better than 9 month 2022 (17.3%) as a result of further increasing order intake
- Nevertheless average **working capital ratio** of 2022 was with 19.0% significant lower than year-end 2021 (24.8%), whereas the biggest improvements were realized in Q4

Working Capital of revenue Q1 – Q4 (% , average over four quarters)



Part of Working Capital in % of revenue (last 12 months)

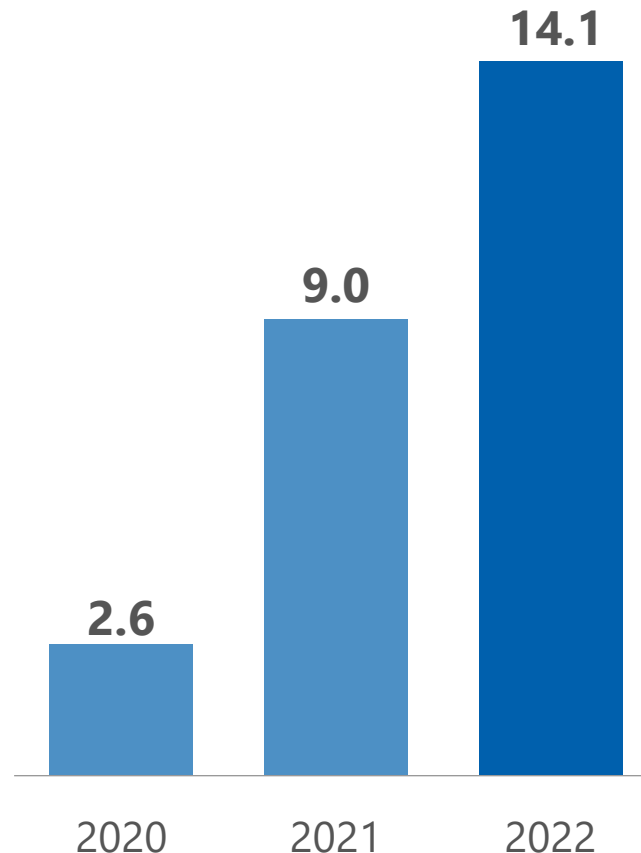


ROCE



- ROCE, as the new third target figure, is with 14.1% better than expectations for FY 2022 (10% to 12%)
- The positive development of the last years mainly based on higher earnings but also on better working capital, whereas the fixed assets are nearly stable during the last years
- For 2023 a further improvement is expected the 2023 target is at 15% to 17%

ROCE Q1 – Q4 2020 – 2022* in %



* ROCE without one-offs and goodwill and financial assets

Free cash flow Q1 – Q4



Strong improvements in cashflows

- **Operating activities** with €508 million in 2022 (vs. €306 million prior year) were influenced by stronger EBT but also by higher non-cash changes. The working capital decreased by €136 million 2022 (in Q4 2022 the working capital decreased by €209 million). In 2022 mainly tax payments are in other assets and liabilities; whereas in 2021 higher payments for employee program was included
- **Investing activities with** €118 million 12% above prior year (€105 million); in line with sales growth of 15.8%
- **Financing activities** include mainly dividend payment (€ 44 million) and payments for leasing

(€ million)	2022	2021
Earnings before taxes (EBT)	242.1	177.3
+/- Other non-cash changes	+189.8	+153.7
+/- Change in Working Capital	+136.0	+124.5
+/- Other assets and liabilities	-60.1	-149.9
Cash flow from operating activities	507.8	305.7
+/- Capex	-118.2	-104.9
+/- M&A-Activities	-27.2	0.0
+/- Other	+8.6	+2.5
Free cash flow	+371.0	+203.3
+/- Financing activities/Others	-79.9	-36.9
Net change in cash	+291.1	+166.4
Cash at the end of period	674.5	383.4

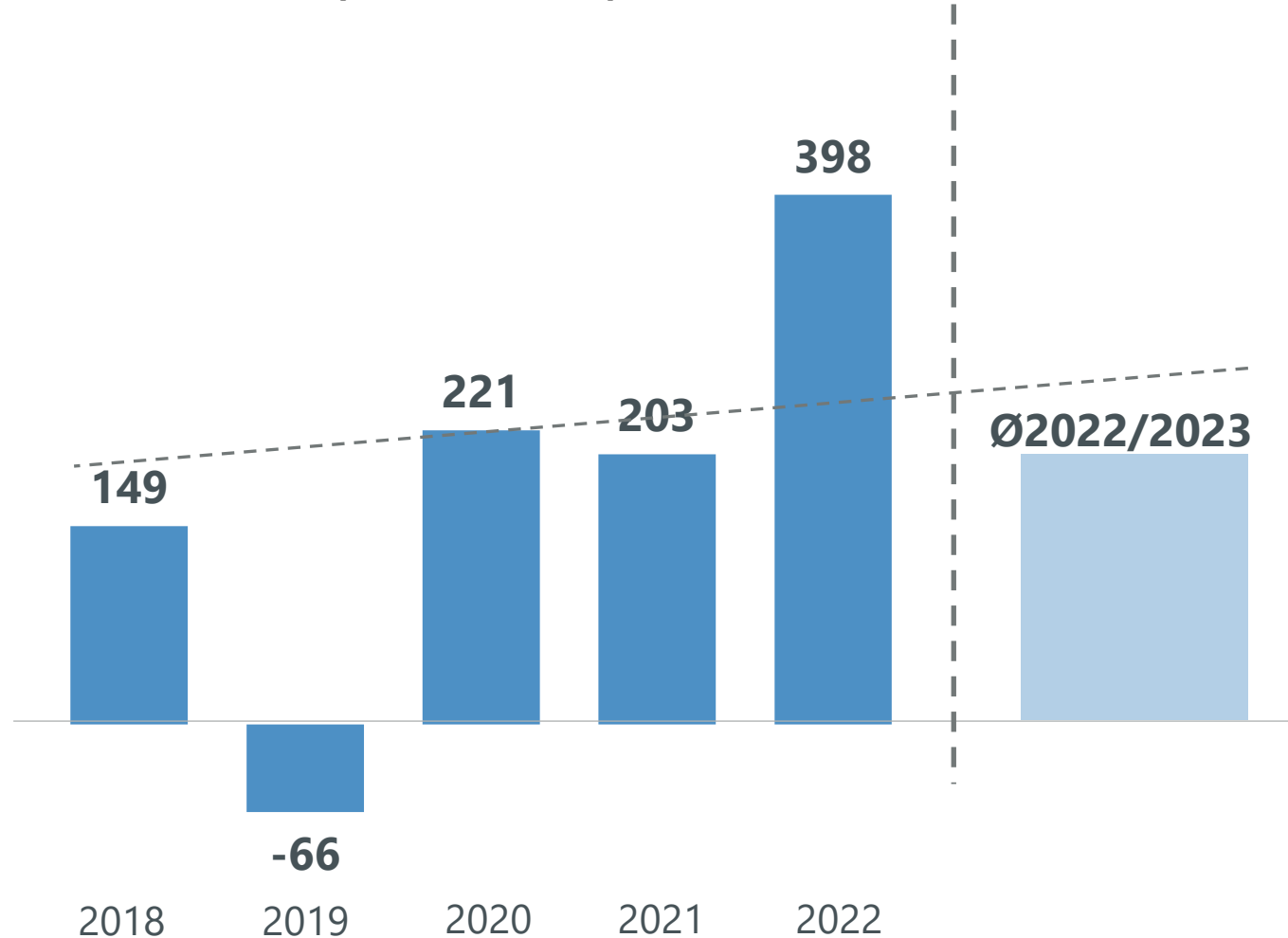
Free cash flow



Free cash flow and cash conversion rate significantly improving

- Beside further positive effects in working capital the **Free cash flow** increased by 83% to €371 million also as a result of high prepayments.
- Still high discipline in **investments**; Investments in relation of sales in 2022 at 2.8%; slightly below prior year (2.9%)
- **Cash conversion rate** in 2022 was at 213% vs. 158% in prior year; strong increase based on strong growth in Free cashflow(+83%)

Free cash flow (without M&A) in € million





Outlook 2023

Krones Outlook 2023 – a strong confirmation in challenging times



8% – 11%

Revenue growth

9% – 10%

EBITDA margin

15% – 17%

ROCE

Key assumptions:

1. No further escalation of Russia-Ukraine conflict
2. No major Covid-19 shutdowns in important markets of Krones

Global supply chain shortages and interruptions, strong inflation in many countries, political risks in Europe and other parts of the world as well as exchange rate volatilities and remaining pandemic uncertainties create a challenging business environment for 2023.

Krones Outlook 2023 – Segment targets



	Filling and Packaging Technology	Process Technology	Intralogistics
Revenue growth	7% – 9%	15% – 20%	10% – 15%
EBITDA margin	9% – 11%	6% – 7%	6% – 7%

Key take aways



1. Record order intake and order backlog – excellent base for 2023 and 2024 and relevant price increases are imposed
2. All targets for 2022 are fulfilled or exceeded
3. Strong improvement in profitability, due to efficiency improvement measures and strong service business in all regions
4. Excellent free cash flow generation in 2022, with one-off effects from strong prepayment situation
5. Global supply chain situation very challenging – improvements before mid 2023 not expected
6. Guidance for 2023 includes a further development to reach mid-term targets



Questions and Answers



Thank you
for your attention!

Financial calendar 2023



- May 5, 2023** Conference Call Group
Quarterly statement for the period
from 1 January to March 31, 2023
- August 1, 2023** Conference Call Group
Quarterly statement for the period
from 1 January to June 30, 2023
- November 3, 2023** Conference Call Group
Quarterly statement for the period
from 1 January to September 30, 2023



Olaf Scholz
Head of Investor Relations

KRONES AG
Böhmerwaldstrasse 5
93073 Neutraubling
Germany

Mail Olaf.Scholz@krones.com

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.

**SOLUTIONS
BEYOND
TOMORROW**

