



# Krones Preliminary Figures 2023

Conference Call February 22, 2024

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# Krones reports strong figures for full year 2023; targets for 2024 represent a strong growth in revenues and a further growth in EBITDA margin



**Order intake** in 2023 at €5.4bn as a result of strong markets. In Q4 2023 order intake is €1.3bn and therefore 6.8% above Q4 2022.

**Order backlog** with a book-to-bill ratio of 1.14x increased again to €4.12bn or 19% above the previous year (31.12.2022). This leads to a stable capacity utilization until mid of 2025.

Demand is expected to be strong in 2024, meaning that the book-to-bill ratio is also expected to be slightly above 1x in 2024.

**Revenue** growth in 2023 by 12.2% to €4.7bn and therefore in the actual target range. Supply chain shortages have been the restricting factor for higher productivity in 2023, although an improvement can be seen since Q4.

**Free cash flow** (w/o M&A) in 2023 was influenced by high working capital but was on a positive level (+€13m). Free cash flow of 2023 must be seen in relation to the extraordinary high amount of 2022 (+€398,2m). For FY 2024 a normalized positive free cash flow is anticipated.

**EBITDA** significantly increased by 23% in 2023. **EBITDA margin** of 9.7% was strongly above prior year's margin of 8.9%.

EBITDA margin is in the range of the target of 2023 (9% to 10%).

**EBT** increased by 28% also significantly, and the **EBT margin** increased from 5.8% to 6.6%.

**ROCE** for 2023 increased from 14.1% to 17.3% and slightly above the 2023 target range (15% to 17%).

**Targets for 2023** are as predicted and in line with the published targets.

**Targets for 2024** include the effects of the imminent acquisition of Netstal.

For 2024 the **revenue target** is in a range from **9% to 13%**.

With the expected profitable growth, the **EBITDA margin target** for 2024 is **9.8% to 10.3%**.

For the third key figure, the **ROCE**, Krones plans a range of **17% to 19%** in 2024.

# Krones highlights Q1 – Q4 2023



**€5.38** billion

**Order intake**

(PY +€5.78 billion)

**+12.2%**

**Revenue**

€4,721 million

**9.7%**

**EBITDA margin**

(PY 8.9%)

**+€13** million

**Free cash flow  
w/o M&A**

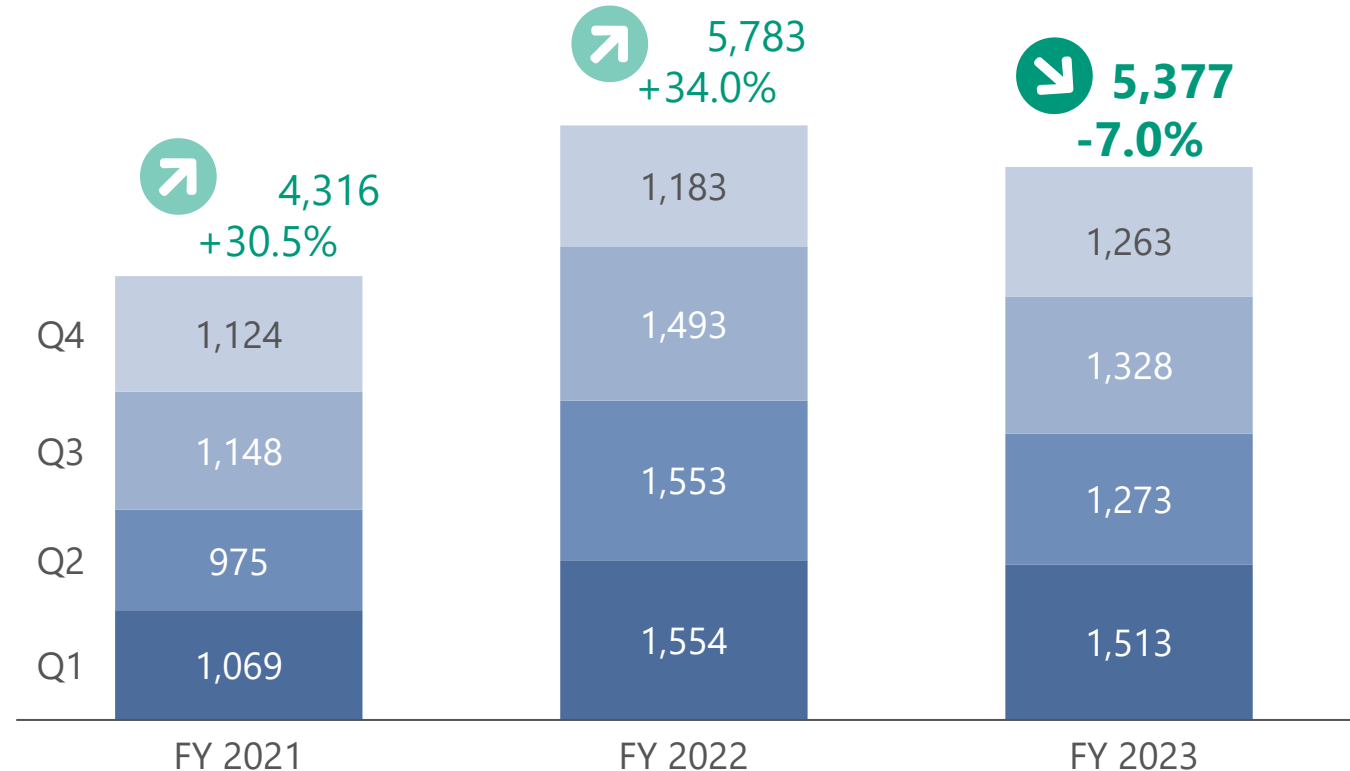
(PY +€398 million)

# Order intake (€ million)



- Market demand in the filling and packaging industry for liquid food continues to be very high
- Beside any seasonal effects Q4 **order intake** of €1.26bn was within the order level per quarter (€1.2 - €1.3bn p.q. in 2023) and 6.8% above Q4 2022
- Order intake in FY 2022 was influenced by **extraordinary effects** (post-pandemic catch-up)

Order intake (€ million)

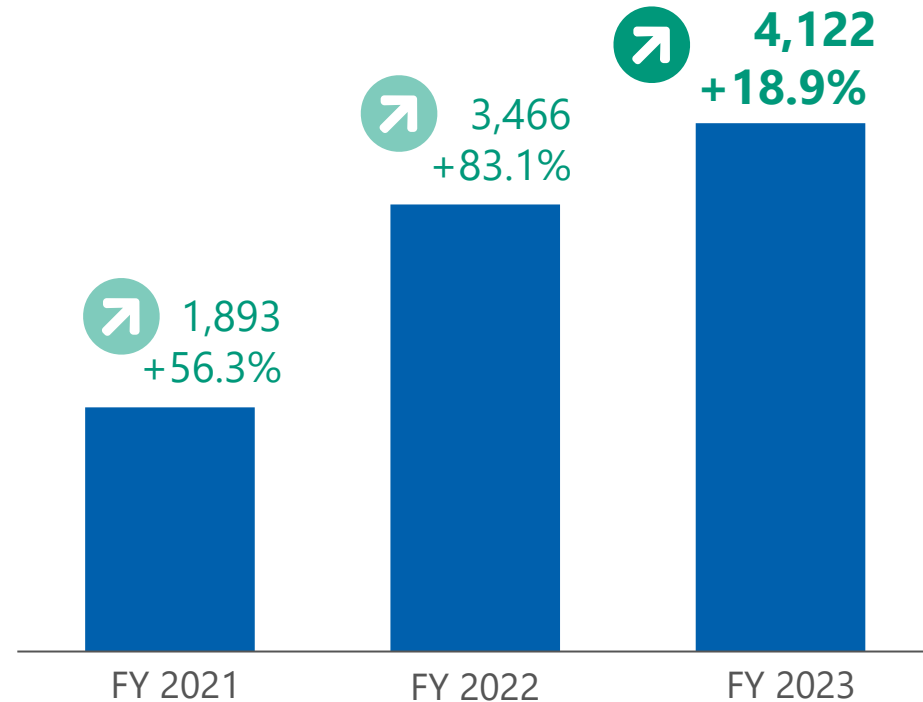


**High order intake confirms Krones consistent customer orientation** and its resilient business

## Order backlog (€ million)

- **Order backlog** at 31.12.2023 is at €4.1bn with a range until mid of 2025
- With a **book-to-bill ratio** of 1.14x the order backlog at 31.12.2023 is 18.9% above the very high level at year end 2022 (€3.5bn; +83.1%)
- **Delivery times** are approx. 70 weeks at present

### Order backlog (€ million)

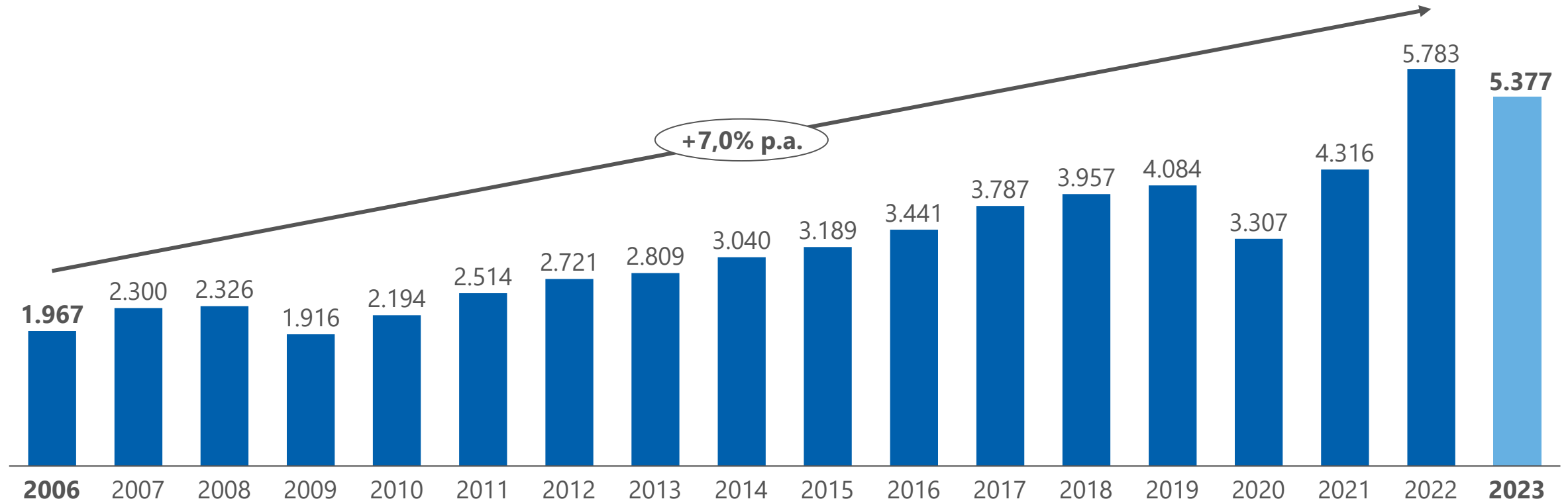


**High utilisation is ensured until mid of 2025** given strong level of order backlog  
**This offers Krones a high degree of planning security** in a potentially challenging global economic situation



# Development of order intake [€ million]

## 2006 – 2023



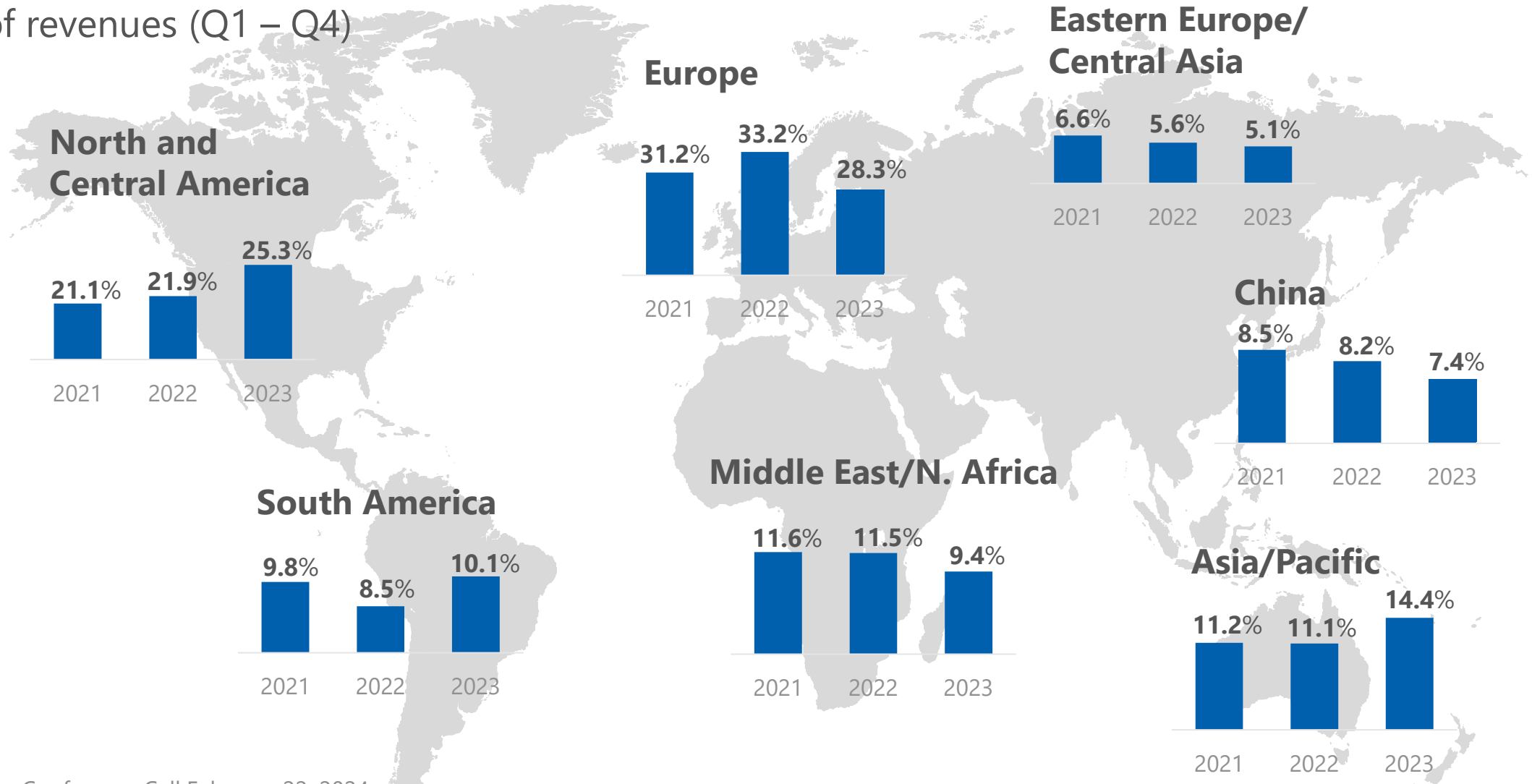
**The longterm view of order intake shows the stability of the business model**  
**For 2024 the book-to-bill ratio is expected to be slightly above 1x.**

# Strong growth in North America and in APAC outperforming other regions

## Altogether the revenue split shows a strong resilience



Share of revenues (Q1 – Q4)

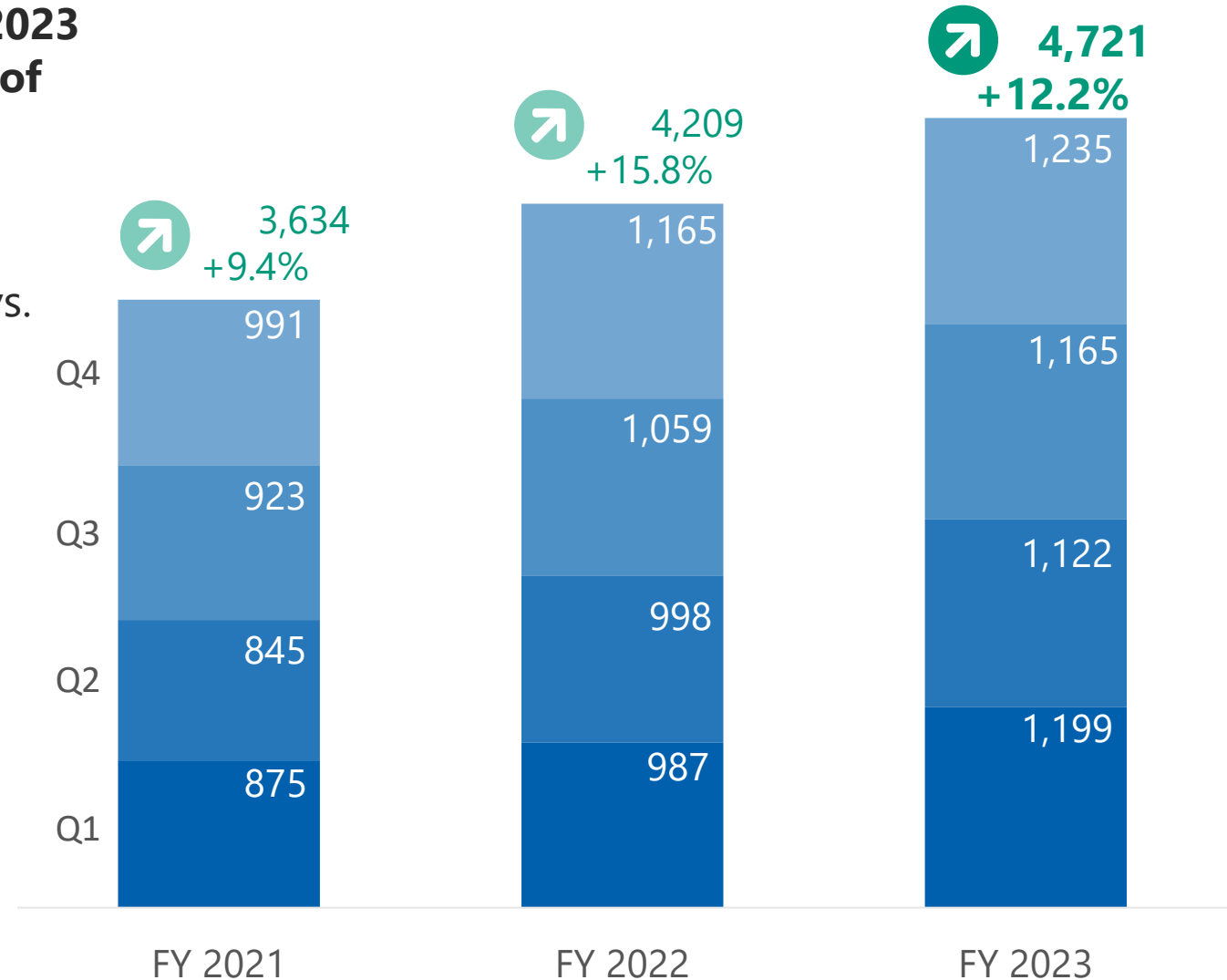


# Revenue development by quarter (€ million)



## Continued strong revenue growth in FY 2023 (12.2%); the updated revenue guidance\* of 11%–13% in 2023 was fully achieved

- Despite supply chain shortages for electronic devices the revenue in 2023 increased by 12.2% and 6.0% in Q4 2023 vs. Q4 2022
- In 2023 the limiting factor for the production processes were supply chain shortages. While further improvements were visible in Q4 2023, the effects in revenues will be realized in 2024



\*as published on 17 of July 2023

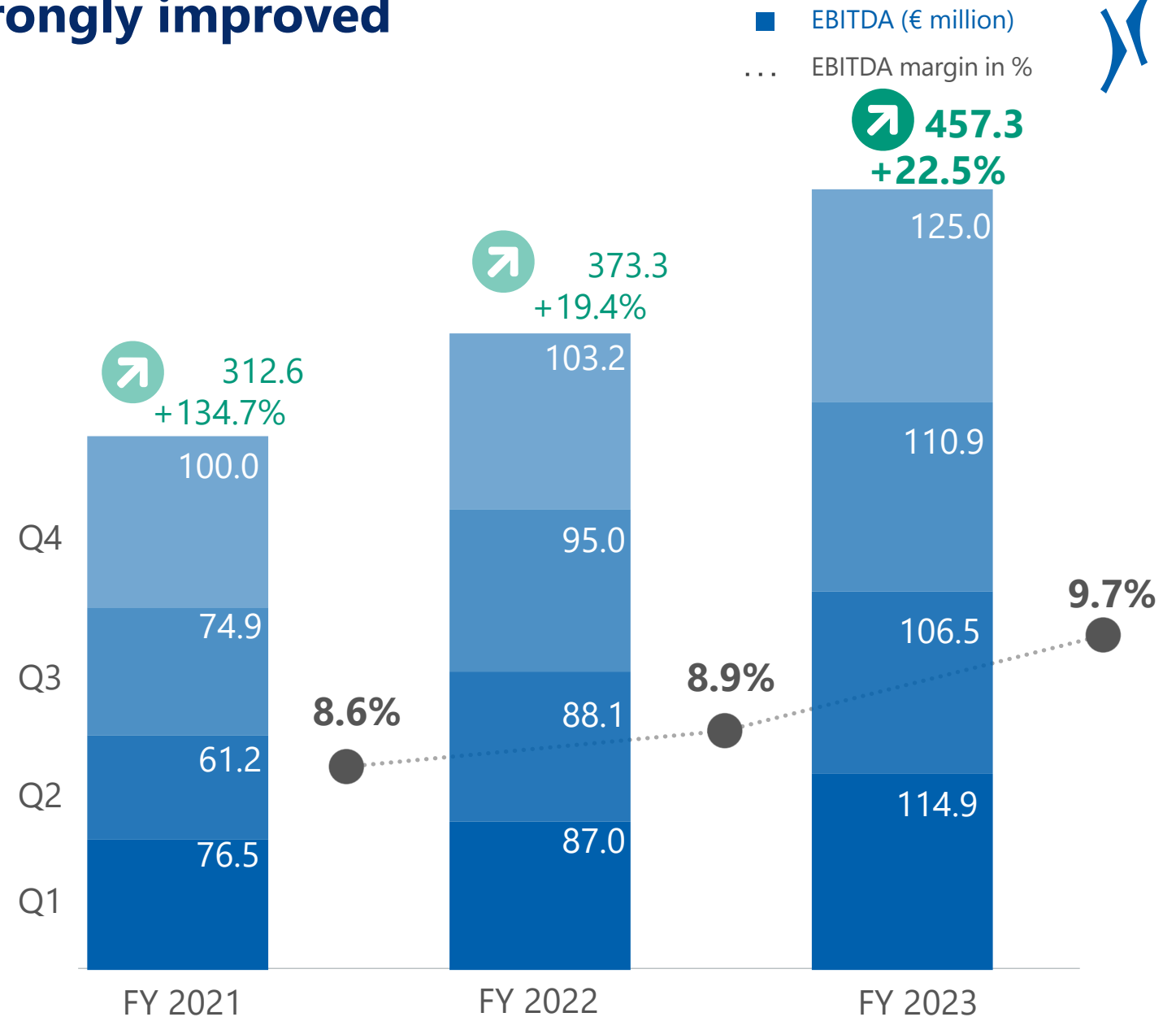


# EBITDA and EBITDA margin strongly improved (€ million and %)

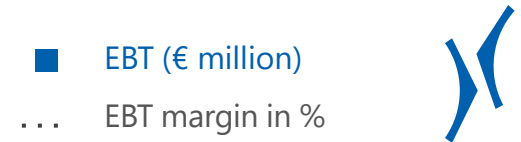


## EBITDA at €457m (+23%) with EBITDA margin at 9.7%

- Under challenging conditions EBITDA was significantly increased by 23% and therefore more strongly than the revenue (12.2%)
- EBITDA margin after 12 months was increased from 8.9% to 9.7% and is fully in line with our margin outlook for the full year (9% to 10%)
- With the achieved EBITDA margin, Krones is on track to reach the mid-term profitability target of 10% to 13% by 2025

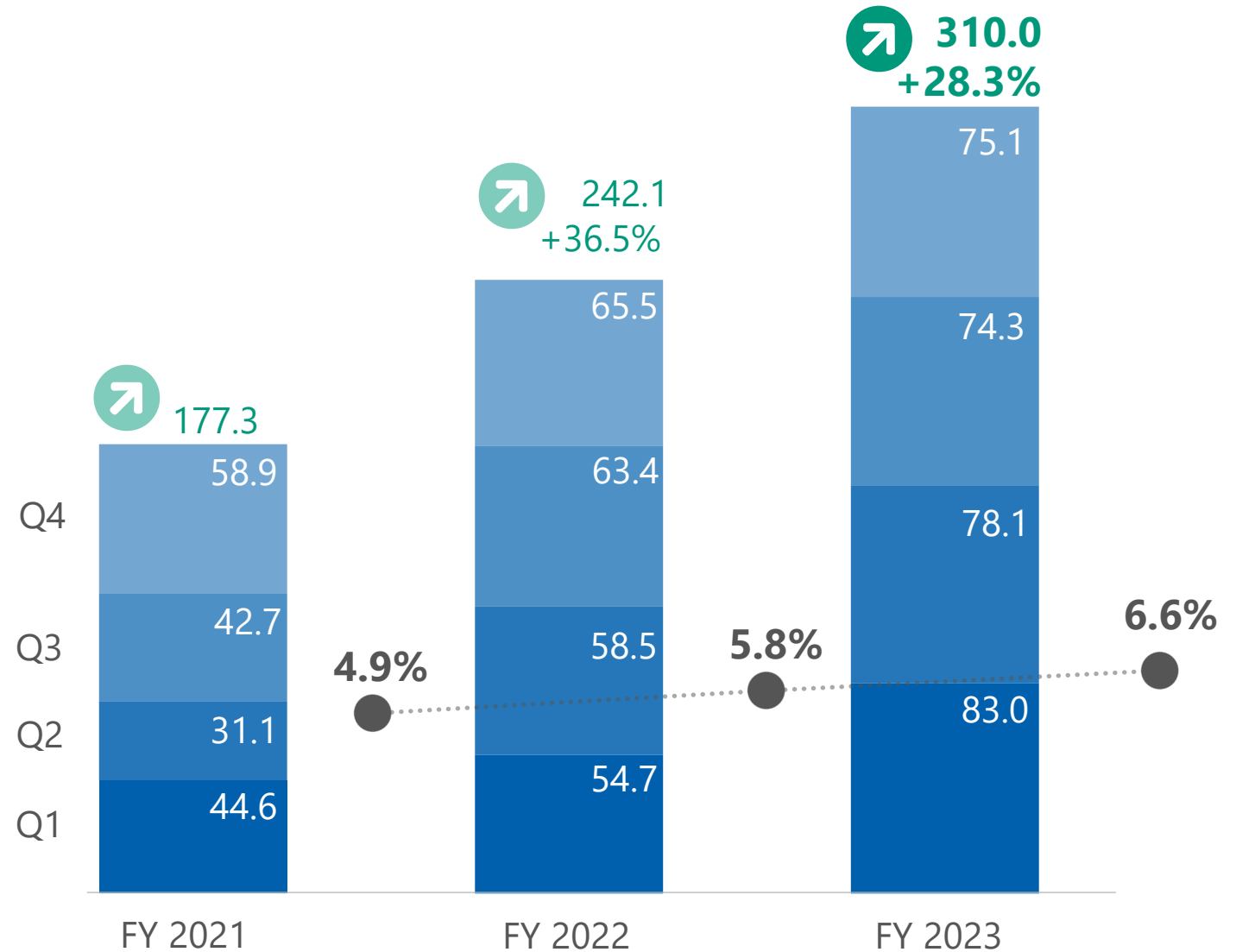


# EBT and EBT margin by quarter (€ million and %)



## EBT margin strongly increased in 2023 to 6.6% vs. 5.8% in 2022

- EBT also increased significantly and is with €310m 28% above full year 2022 (€242m)
- Financial income includes - besides positive interest effects - income from adjustments of contingent purchase price payments
- Equivalent to valuation adjustments of intangible assets, which are posted in depreciations, so there is a minor negative effect on EBT
- EBT margin is fully in line with expectations for 2023



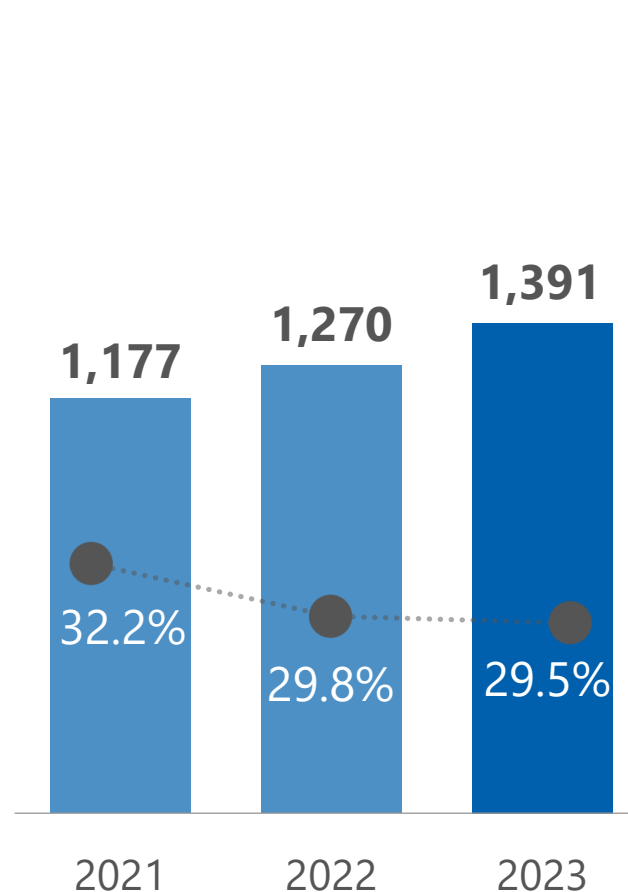
# Personnel and material expenses Q1 – Q4 (€ million and %)



- **Personnel cost ratio** stabilized with 29.5% nearly on same level as last year 2022 (29.8%) and is below 30%.
- Due to higher growth in new equipment business (which is more material intensive than after-sales business) the **material cost ratio** increased slightly to 50.4% vs. prior year 2022 (49.7%), but remains around 50%

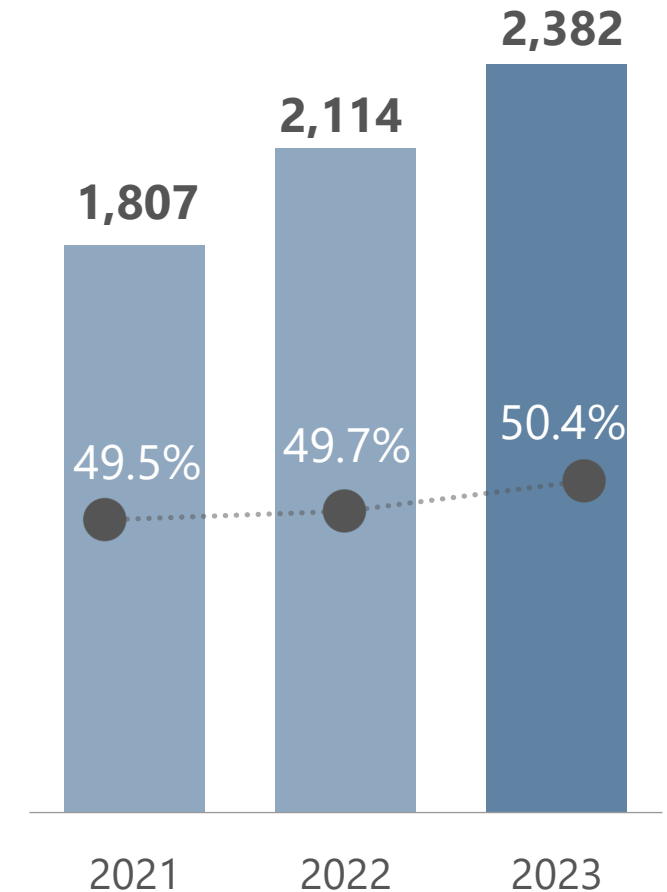
Further cost increases in both cost categories are and will be compensated by the implemented price increases (August 2021 and April 2022)

Personnel costs Q1 – Q4 (€ million)



Personnel expenses to total performance (%)

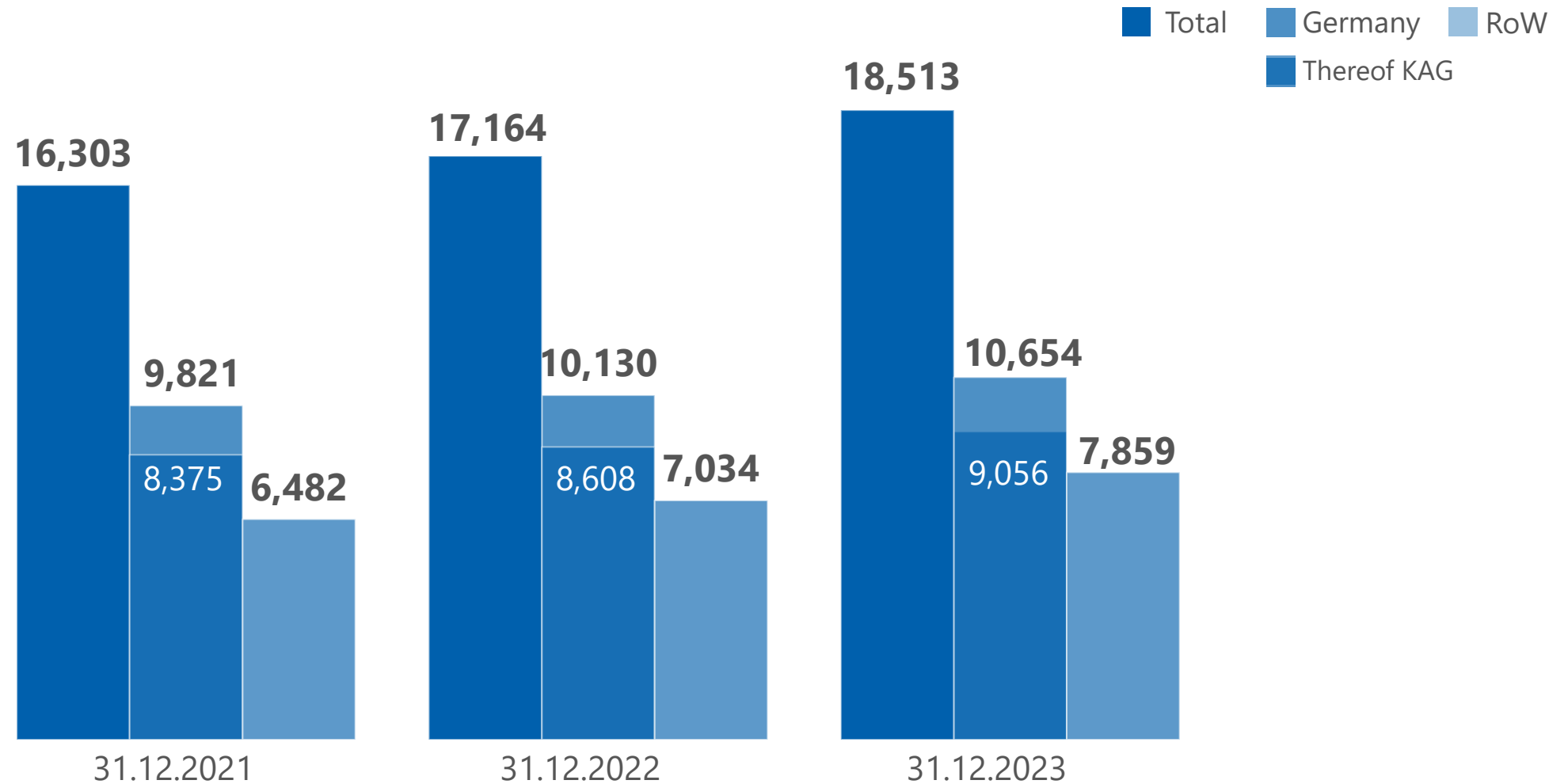
Material costs Q1 – Q4 (€ million)



Material expenses to total performance (%)

## Krones employees worldwide –

Growth in Germany in 2023 (+5%) also includes hiring of temporary workers; a further growth in the RoW (+8%) mainly related to services and digitalization and M&A (Ampco Pumps)



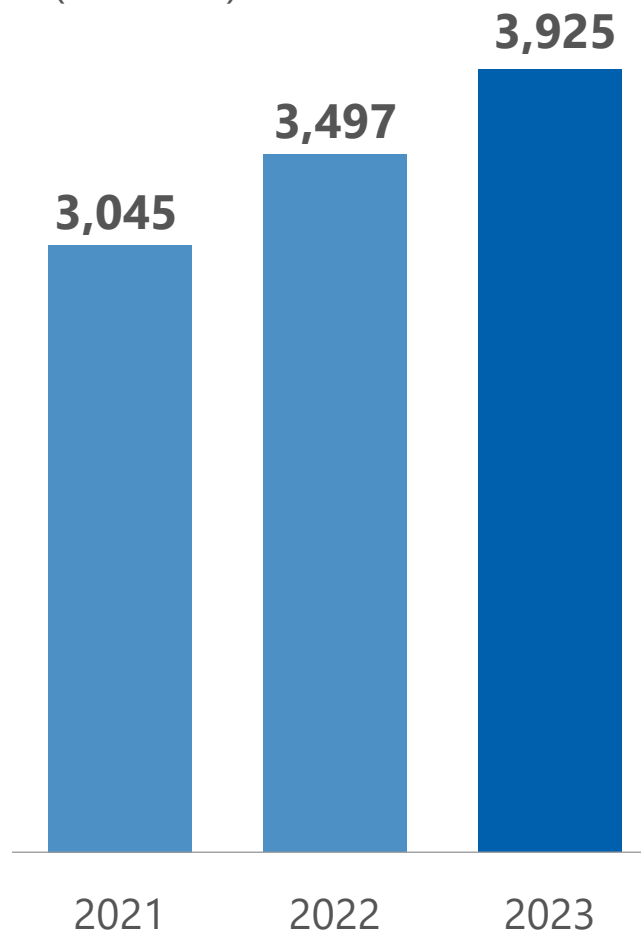
# Revenue and EBITDA per segment (1/3)



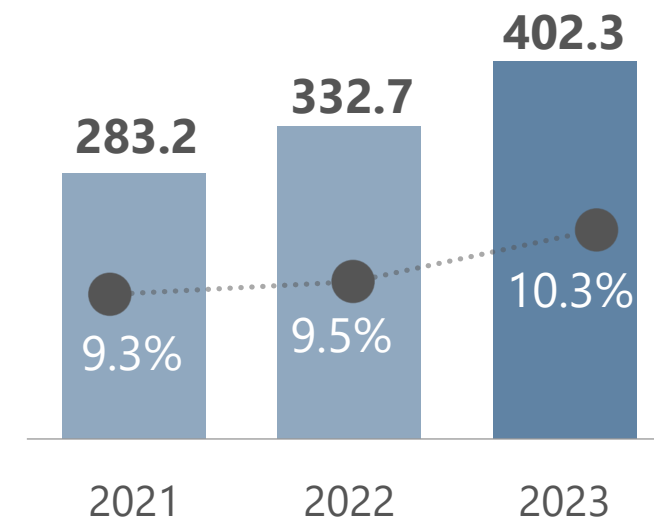
## Filling and Packaging Technology

- Increase in **revenue** (+12.2%) is at same level as of the group and at the upper end of the range of our new revenue target\* for 2023 (10% to 12%)
- Despite the difficult manufacturing conditions, based on bottlenecks mainly for electronic components, the **EBITDA margin** was increased from 9.5% to 10.3% and is in line with our expectations (target 2023: 9%-11%)

Revenue development Q1 – Q4  
(€ million)



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



\*as published on 17 of July 2023

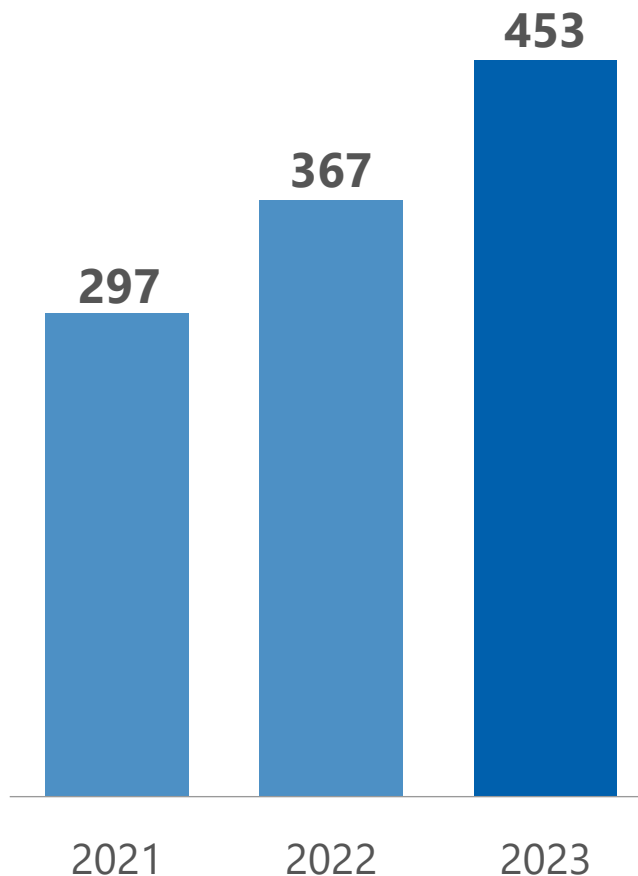
# Revenue and EBITDA per segment (2/3)



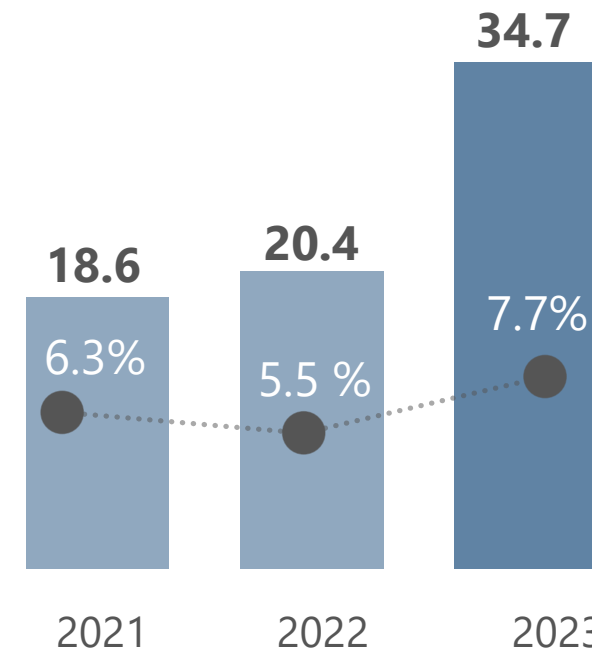
## Process Technology

- **Revenues** increased by 23% and is in line with the updated growth target\* for full year 2023 (20% to 25%)
- **EBITDA margin** with 7.7% reflects the strong positive development of the last quarters and is above the margin target (6% to 7%)
- **Acquisition** of Ampco Pumps, US, (in June 2023) had first small positive impact on the segment figures and will support the further margin development

Revenue development Q1 – Q4 (€ million)



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



\*as published on 17 of July 2023

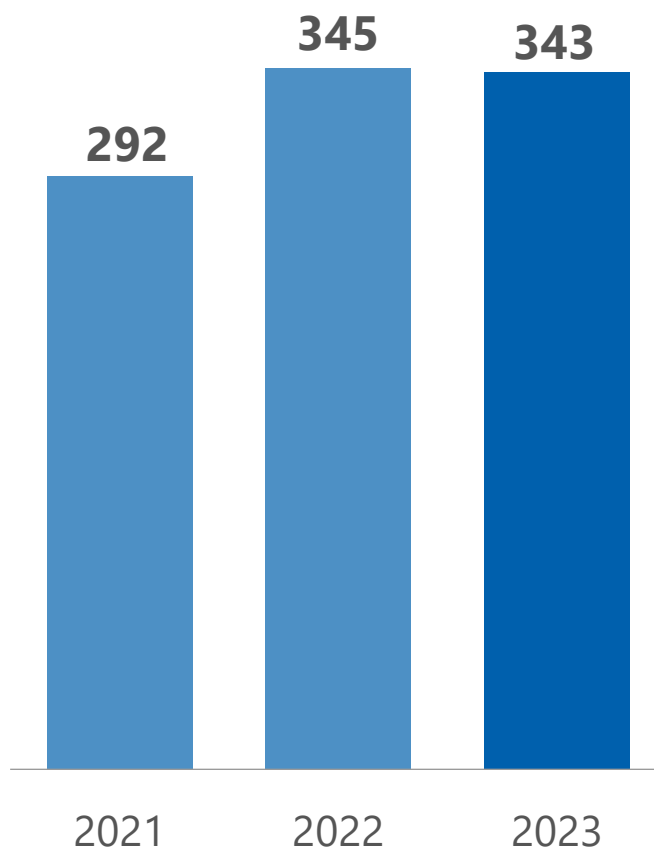
# Revenue and EBITDA per segment (3/3)



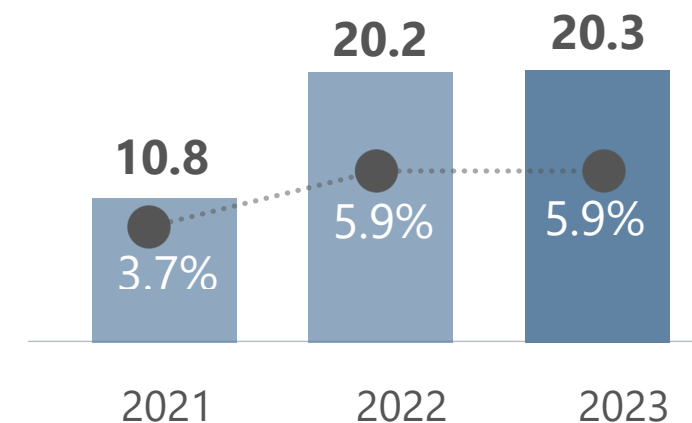
## Intralogistics

- **Revenue** in 2023 was flat in relation to prior year. Stronger focus in Q4 2023 on smaller projects with higher margins
- **EBITDA margin** of 5.9% in 2023 is slightly below the full year target (6% to 7%); Q4 2023 EBITDA margin with 9.2% strongly above margin of 9 months 2023 (5.0%)

Revenue development Q1 – Q4  
(€ million)



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

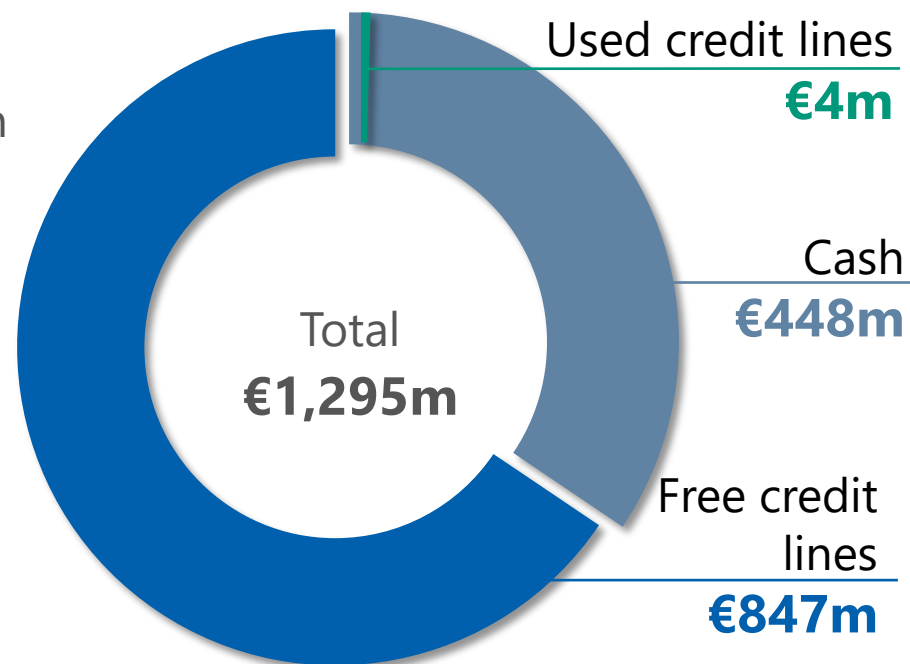


# Krones financially very strong; resilient capital position of Krones to withstand volatile world economy developments

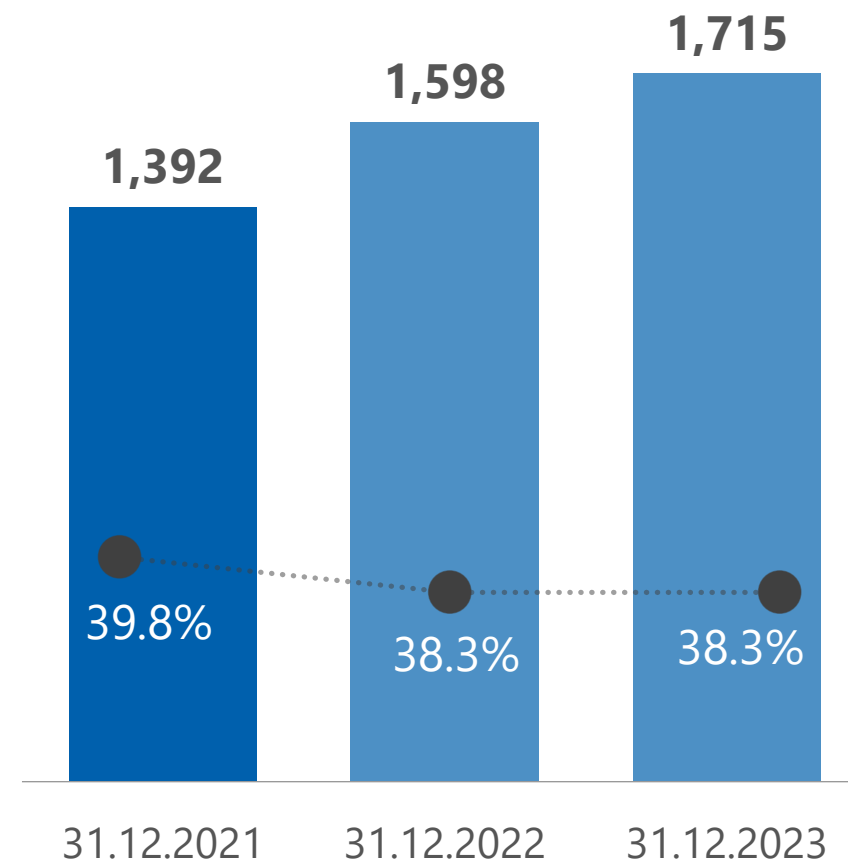


- With €448m cash and €847m free credit lines Krones has a very strong **financial position** with €1.3bn liquidity reserves
- This strong financial position allows Krones to finance acquisitions largely from its own resources
- Despite the payment of €55m for dividends and the increasing total assets (+7.3%; based on further business development) the **equity ratio** was stable at 38.3%

Liquidity reserves  
31.12.2023



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





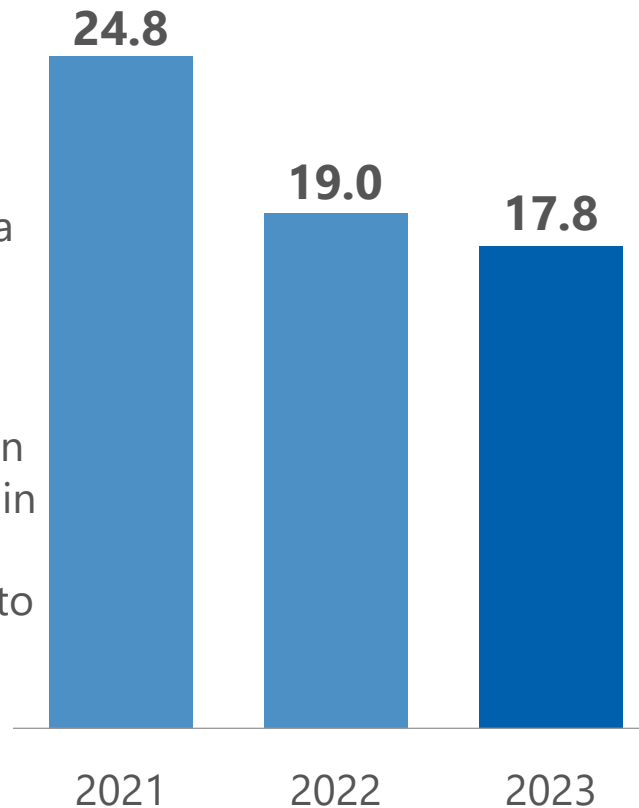
# Working Capital (in %)



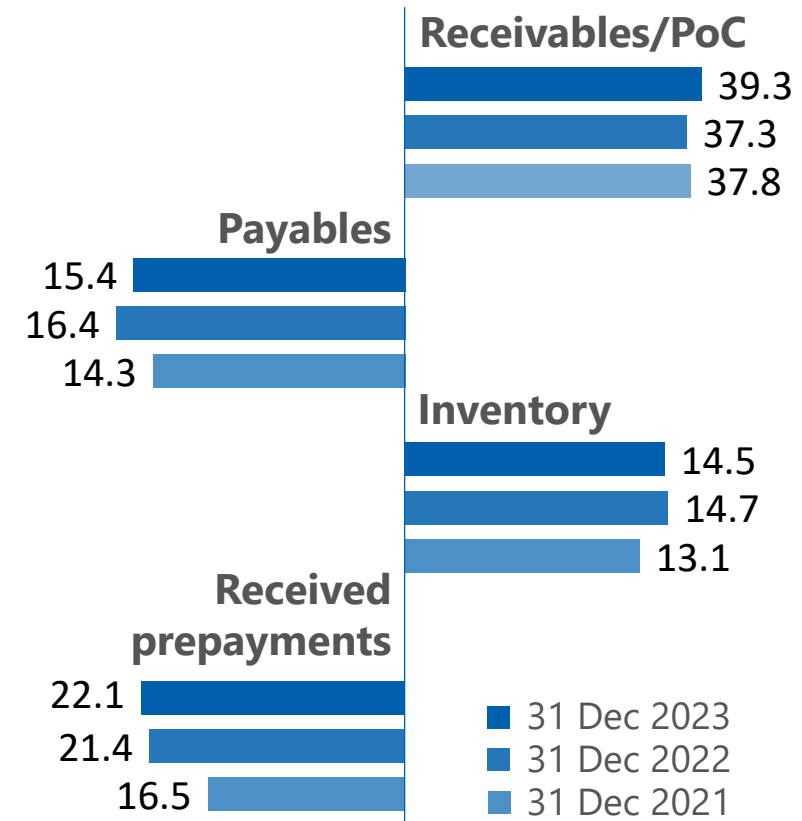
## Further decrease in Working Capital with an average of 17.8% vs. 19.0%

- The **receivables/POC** increased by 2.0% relating to the revenues. In Euro amount the increase (+18%) reflects the higher business activity (revenue growth+12%)
- **Payables** increased slightly in Euro amount, but decreased by -1.0% in percentage of revenues
- The **inventory** (-0.2% to revenues) stabilized on a high level based mainly on efforts to strengthen supply chain (safety stock) and higher paid prepayments
- Based on strong market development and thus on a growth in order intake in Q4 2023 (+6.8%) and in orders on hand at 31.12.2023 (+19.1%) the **prepayments** were also increasing 0.7% relative to revenues

**Working Capital of revenue**  
(%, average over four quarters)



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



# Free cash flow Q1 – Q4



**With a strong cash flow in Q4 the free cash flow (w/o M&A) for 2023 was positive, this has to be seen in relation to the extraordinary strong free cash flow in 2022**

- Despite a strong increase of working capital (€172m) the **operating cash flow** went positive (+€138m) in 2023. The other assets and liabilities include mainly tax payments and other movements
- **Investing activities** with €163m is above prior year (€118m) and with an investment ratio of 3.5% as expected
- Free cash flow additionally impacted by **M&A payments** of €115m
- **Financing activities** include payments for dividend, leasing and cash effects for F/X

(€ million)	2023	2022
<b>Earnings before taxes (EBT)</b>	<b>310.5</b>	<b>242.1</b>
+/- Other non-cash changes	+129.9	+189.8
+/- Change in Working Capital	-172.3	+136.0
+/- Other assets and liabilities	-130.5	-89.2
<b>Cash flow from operating activities</b>	<b>137.6</b>	<b>478.7</b>
+/- Capex	-162.7	-118.2
+/- Other	+38.3	+37.7
<b>Free cash flow w/o M&amp;A</b>	<b>13.2</b>	<b>398.2</b>
+/- M&A-Activities	-114.5	-27.2
<b>Free cash flow reported</b>	<b>-101.3</b>	<b>+371.0</b>
+/- Financing activities/Others	-124.8	-79.9
Net change in cash	-226.1	+291.1
<b>Cash at the end of period</b>	<b>448.4</b>	<b>674.5</b>

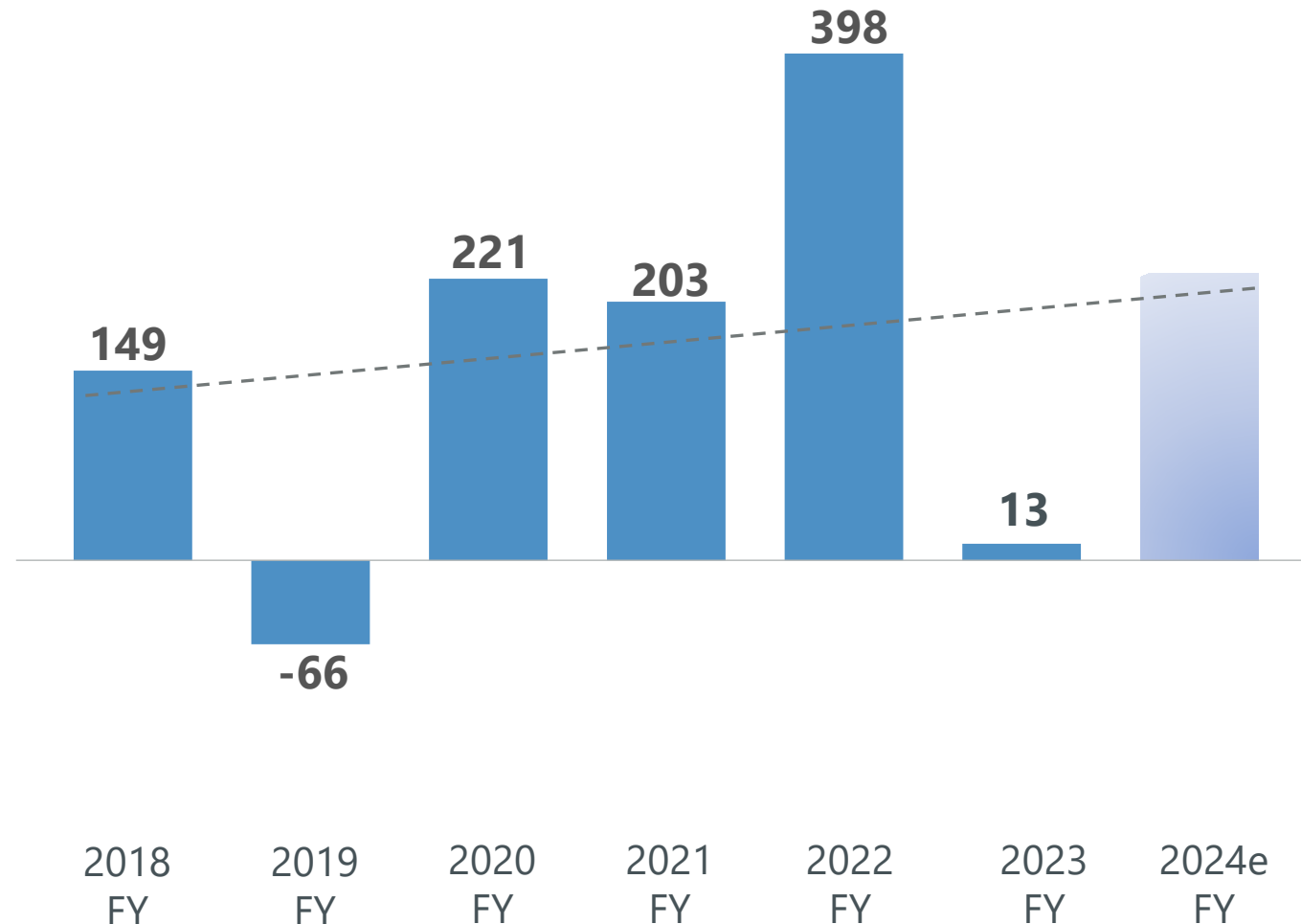
# Free cash flow



## Free cash flow and cash conversion rates of FY 2023 and FY 2022 must be considered together

- Free cash flow in 2023 is influenced by a further rising Working Capital based on stronger operative activities
- As consequence of the small free cash flow in 2023, also the **cash conversion rate** after 2023 is pretty low (+5%). In 2022 it was on an extraordinarily high level (213%)
- **Both free cash flow and the cash conversion rate in 2023 must be seen in the context of the extraordinarily high values of 2022**
- **For 2024 a significant increase to a normal level is planned**

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



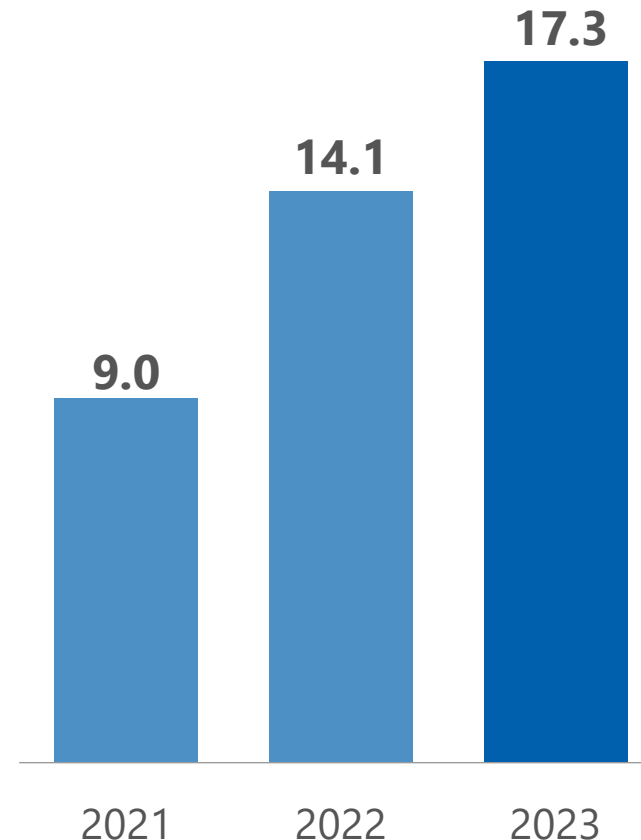
# ROCE



- **ROCE**, as the third target figure, is at 17.3% slightly above the expectations for FY 2023 (15% to 17%) and also better than 14.1% of full year 2022
- The positive development of the last years is mainly based on higher earnings
- This increase in earnings will compensate the further growth in the working capital and the fixed assets developments
- For 2024 a target of 17% to 19% reflects the further profitable growth of Krones

\* ROCE without one-offs, goodwill and financial assets

**ROCE Q1 – Q4 2021 – 2023\* in %**





# Netstal



- **Supplier of injection molding machines** for PET preforms and caps as well as applications for the life science and packaging industry
- **Head office in Näfels**, Switzerland
- **Approx. 560 employees**
- **12 subsidiaries worldwide**

## Strategic Rational

### **Reduction of OPEX and reduction of CO<sub>2</sub> emissions in the beverage market**

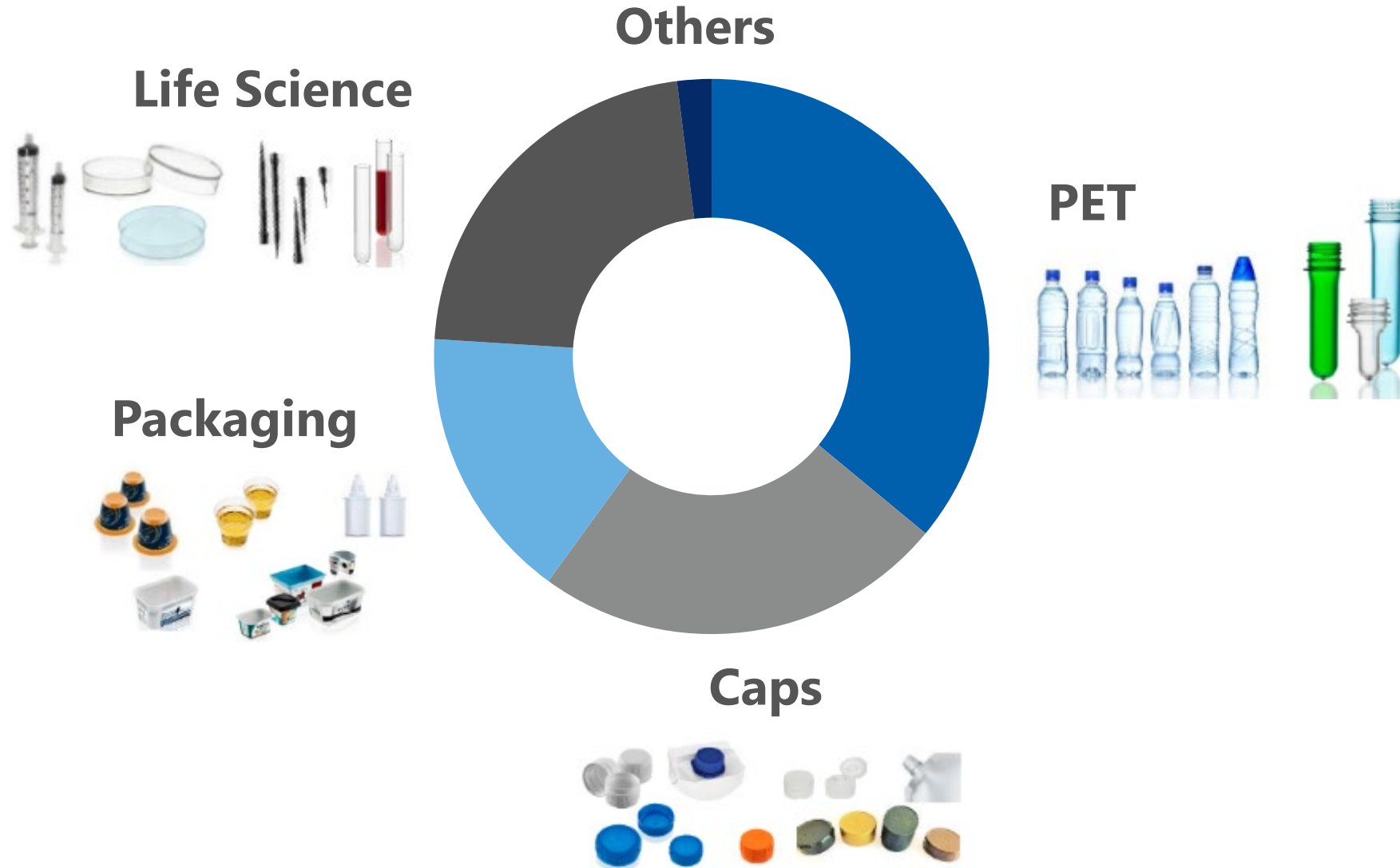
- Connection of injection molding and blow molding
- Connection recycling and injection molding

### **Strengthening business opportunities in life science and food markets**

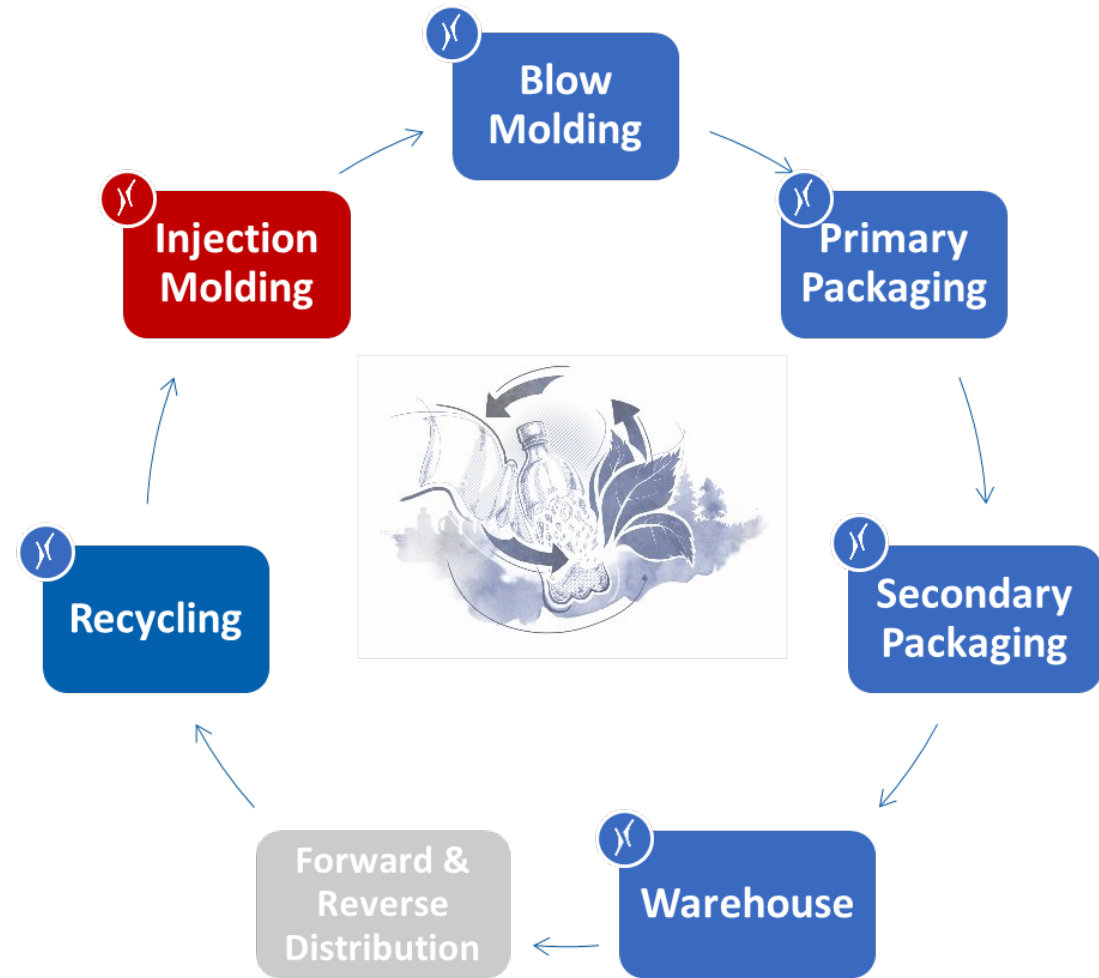
## Financials

- > 200 Mio. € sales p.a.
- Margin improvement program established

# Netstal: Revenue distribution



# Strategic rationale: close the loop for circular economy



**Krones offers a unique know-how for the closed loop for plastics**





# Outlook 2024

## Krones Outlook 2024 –

further growth and improvement of profitability; All targets including the imminent acquisition of Netstal



**9% – 13%**

**Revenue growth**

**9.8% – 10.3%**

**EBITDA margin**

**17% – 19%**

**ROCE**

### **Key assumptions:**

1. No further escalation of Russia-Ukraine conflict and in Middle East
2. No geopolitical escalations, e.g. China/Taiwan

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**There are various unpredictable factors that could affect the company's business processes and production. These include geopolitical risks in Europe, the Middle East 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 Outlook 2024 – Segment targets

(including the imminent acquisition of Netstal in the core segment)



	Filling and Packaging Technology	Process Technology	Intralogistics
Revenue growth	9% – 13%	15% – 20%	5% – 10%
EBITDA margin	10.3% – 10.8%	8% – 9%	6% – 7%

## Key take aways



1. 2023 Krones has delivered a very good performance. With a book-to-bill ratio above 1x we have a very strong base for 2024 and 2025
2. Strong improvement in profitability, due to price setting, efficiency improvements and strong service business in all regions
3. After an excellent free cash flow generation in 2022, the free cash flow in 2023 was influenced by rising working capital because of strong growth
4. The improved supply chain of electronic components will have a positive effect on the performance for 2024
5. Customers will continue to push their sustainability targets by further investments, short- and mid-term
6. Krones will realize profitable growth in 2024



# Questions and Answers



**Thank you**  
for your attention!

# Financial calendar 2024



**May 3, 2024**

Conference Call Group  
Quarterly statement for the period  
from 1 January to March 31, 2024

**June 4, 2024**

Annual General Meeting in Regensburg

**July 31, 2024**

Conference Call Group  
Quarterly statement for the period  
from 1 January to June 30, 2024

**November 5, 2024**

Conference Call Group  
Quarterly statement for the period  
from 1 January to September 30, 2024



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TOMORROW**

