



**KRONES**  
**Financial Year 2019**  
**Preliminary Figures**

Conference Call February 20, 2020



**Christoph Klenk, CEO**



**Norbert Broger, CFO**



## Krones Achieves Targets for 2019

Despite difficult overall economic conditions, consolidated revenue increased in 2019 by 2.7% to €3.96 billion.

Order intake, at €4.08 billion, was up 3.2% year-on-year.

Profitability affected by high personnel costs and one-off expenses for restructuring and impairments. The EBT margin is 1.1% (prior year 5.3%). Without one-off effects, the EBT margin would be 2.8%, in line with the guidance of around 3%.

Krones is making good progress in implementing structural measures for a sustained improvement in earnings.



## Krones Highlights 2019

**+3.2%**

**New orders**

4,084 € Mio.

**3,959**

Revenue (+2.7%)  
€ Mio.

**1.1%**

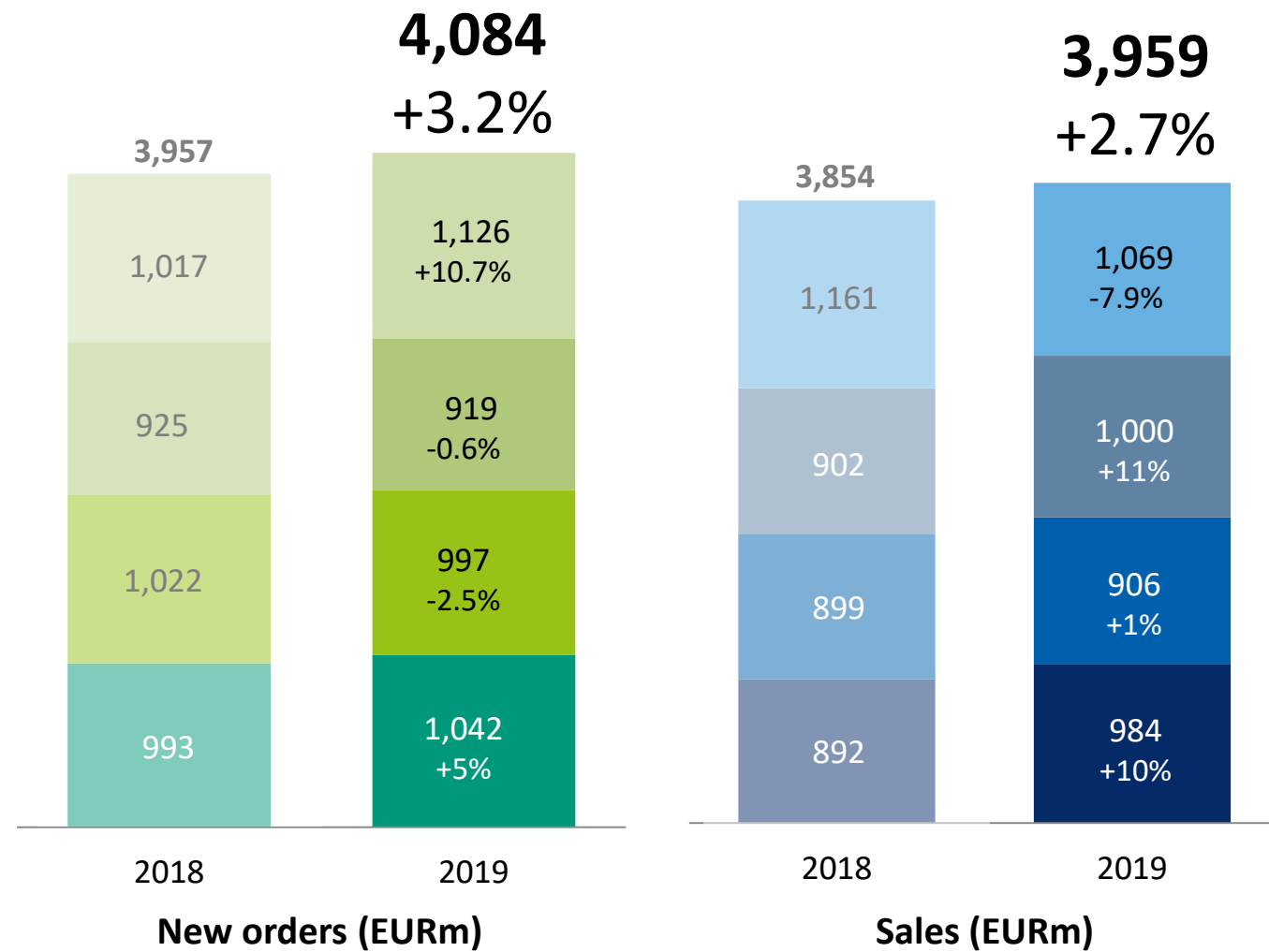
**EBT margin**

41.7 € Mio.

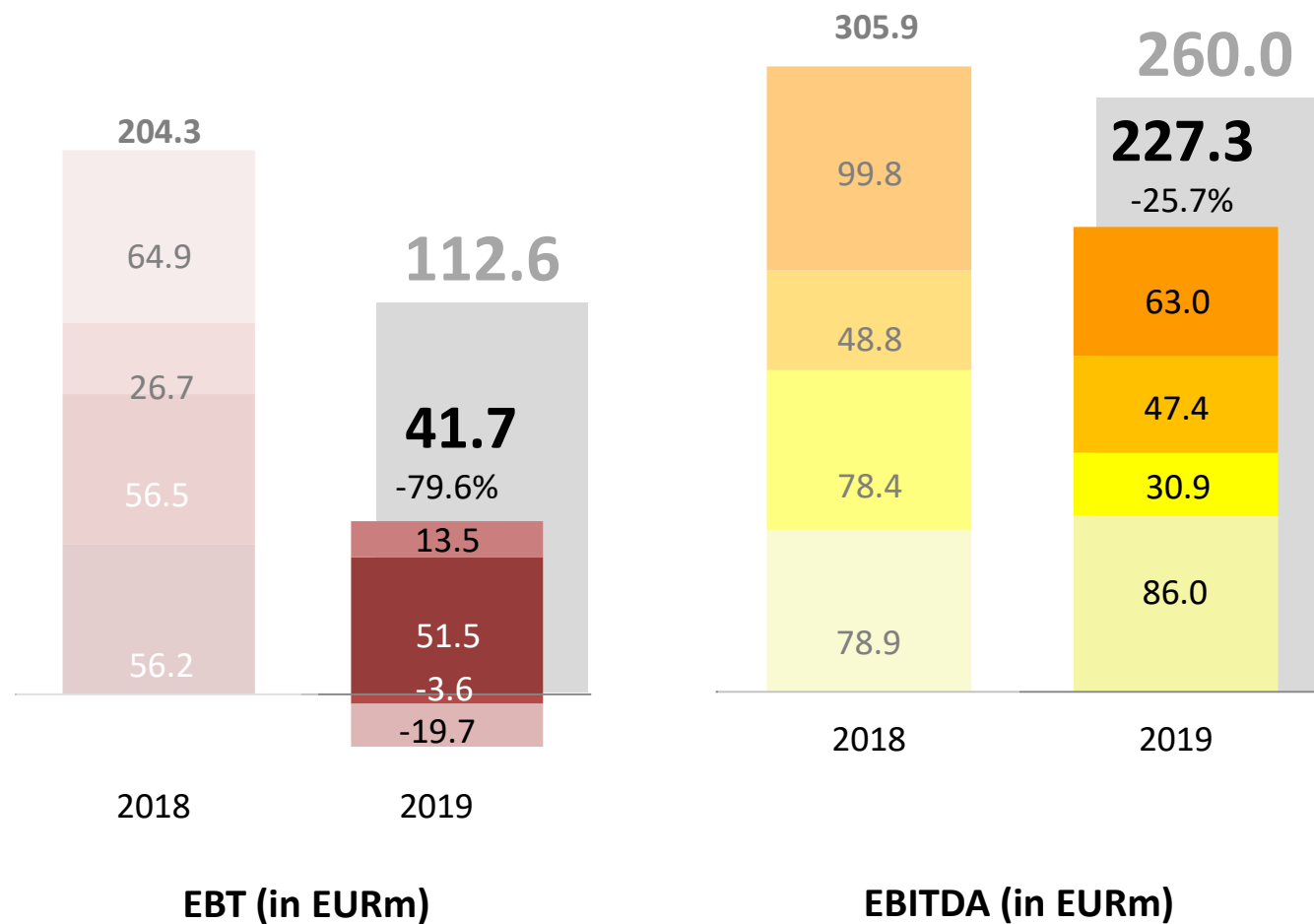
**-94.4**

Free cash flow  
€ Mio. (PY +120.7 € Mio.)

## Revenue Growth Reached our Target – Strong Order Intake, Especially in Q4



## Higher Cost and Extraordinary Items for Structural Measures Burdened in Amount of 70.8 m€ our EBT

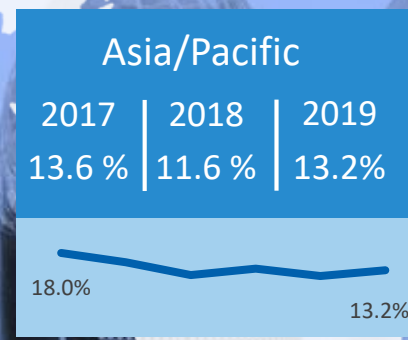
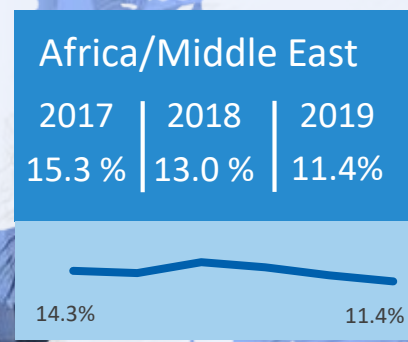
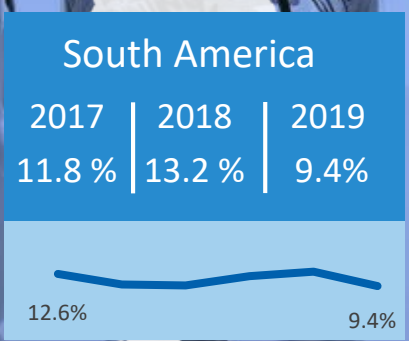
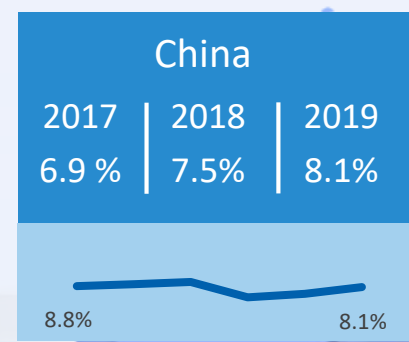
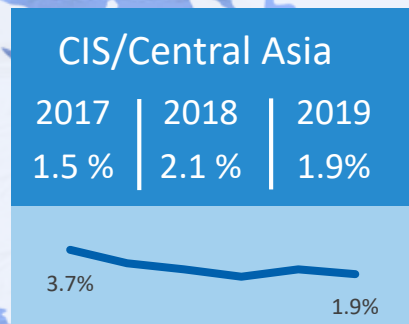
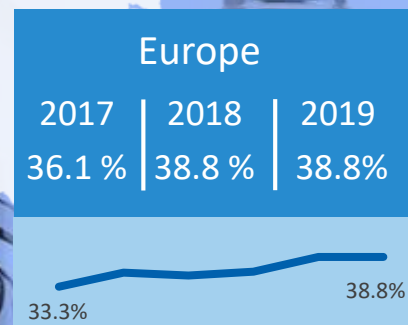
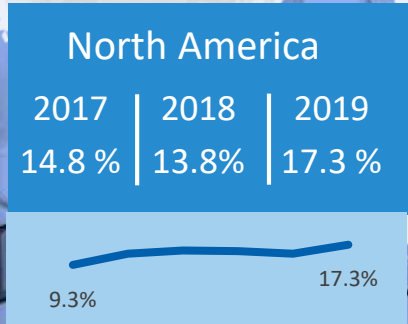


- EBT 2019 affected by high personnel expenses, negative product mix impact in the first half year and 71m€ one-time costs for restructuring and portfolio optimization.
- The 71m € is splitted in 33m € for staff reduction in Germany, 20m€ impairment losses for certain technologies and 17m € for goodwill impairments.
- On EBITDA level only the costs for staff reduction apply.



# Krones' Revenue Split Remains Well Balanced

Share of revenue (Q1 – Q4)



Trend covering the last six years (full year)

## Extraordinary Challenges



Similar regional spread expected in the near future, however start in 2020 with extraordinary challenges in two regions:

### China:

Negative impact due to Corona virus expected; impact evaluation to early

### Middle East:

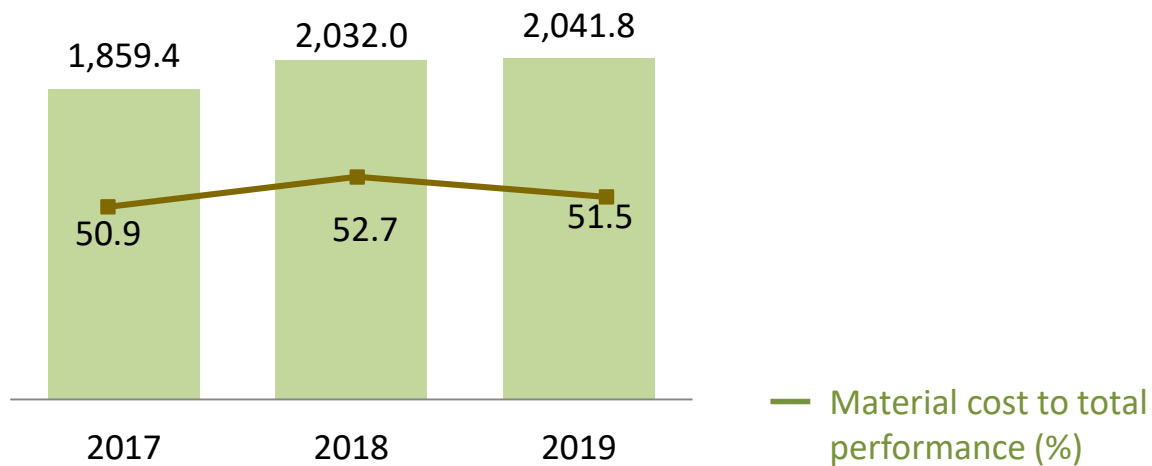
Conflict between US/Iran/Iraq affects Krones business in the region



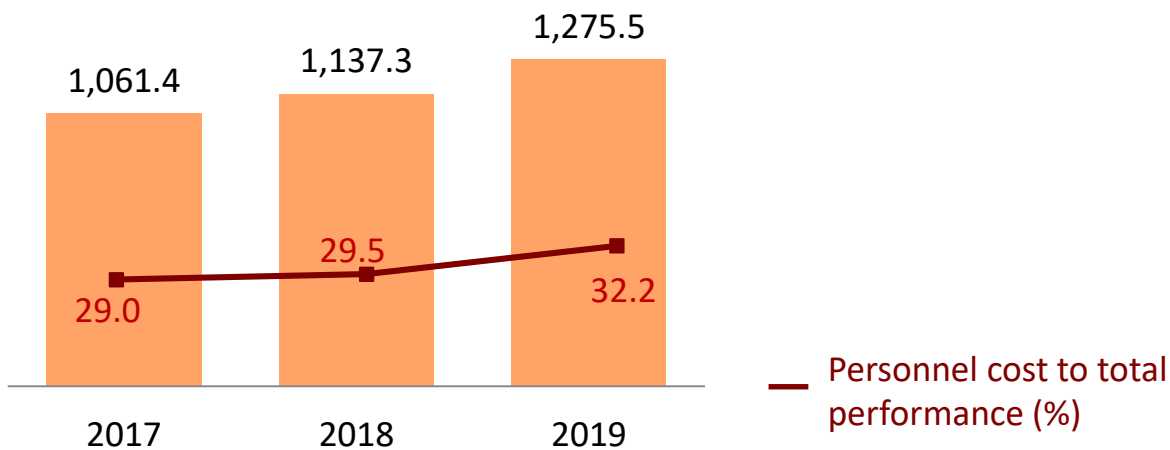


## Material and Personnel Cost

Material cost Q1 – Q4 (EURm)

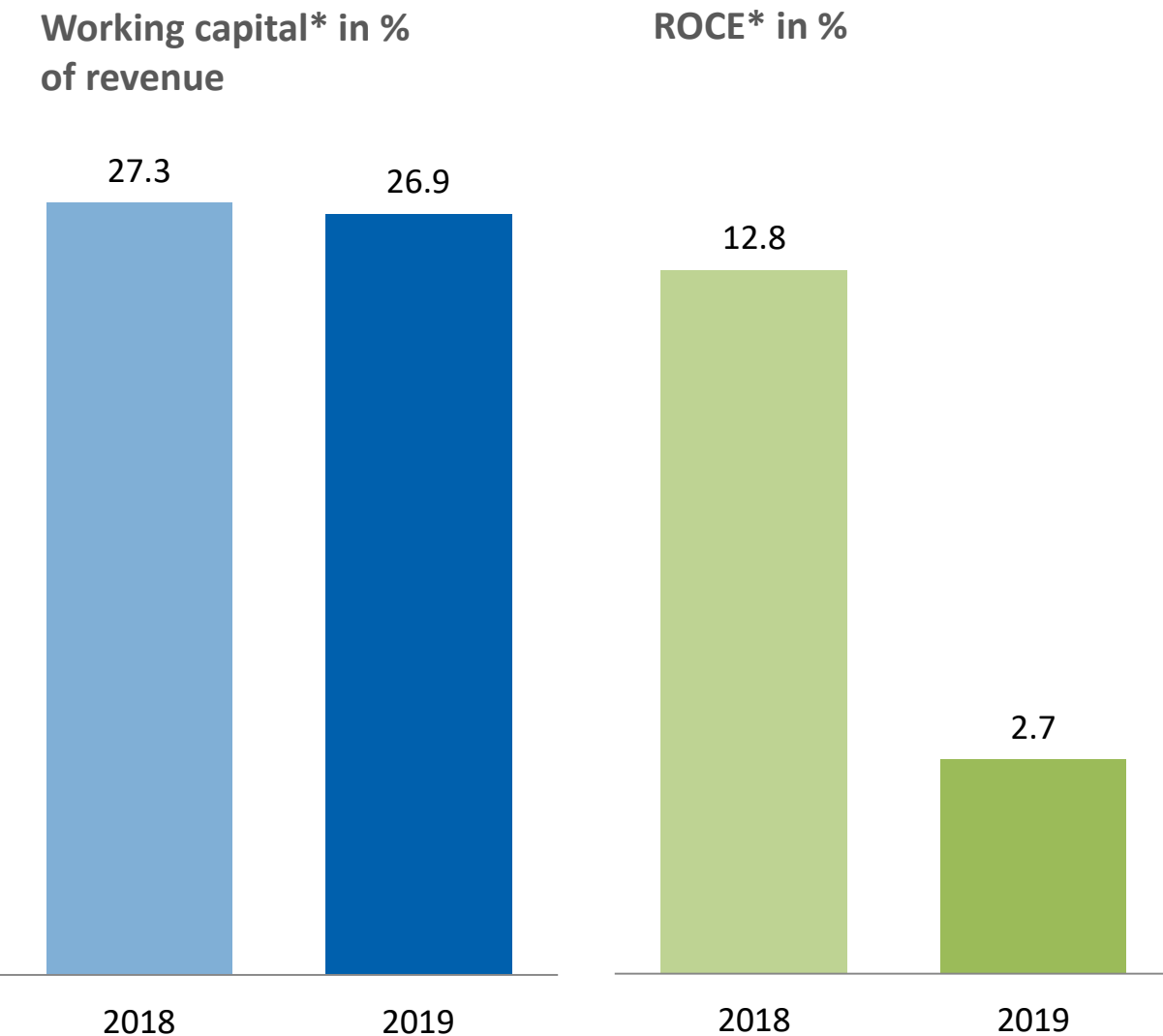


Personnel cost Q1 – Q4 (EURm)



- Development in material costs show the first results from measures taken. The ratio to sales declining compared to prior year.
- 3 major reasons for personnel costs increases:
  - Increasing headcount of 800 FTE worldwide, thereof approx. 1,000 outside Germany
  - Significant increase in labour costs worldwide
  - One-time cost to reduce staff in Germany in 2019/2020

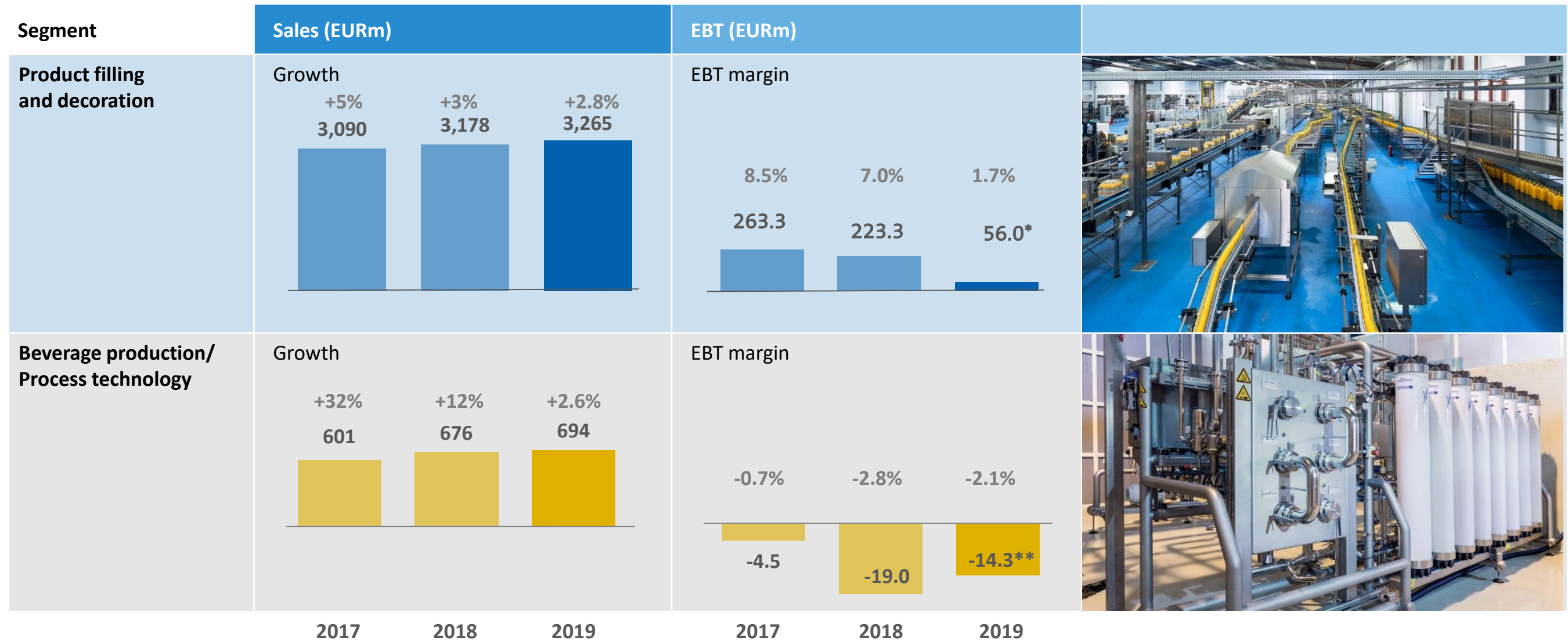
## Working Capital Improved Slightly ROCE Influenced by Extraordinary Costs



\*LTM (Last Twelve Months)

- Ratio on working capital to sales (average) slightly improved, despite challenging payment terms with customers in the beverage industry.
- Own target of 26% not achieved.
- ROCE down by low EBIT (including one-off expenses for restructuring and portfolio optimization)

## Development Sales and EBT per Segment, Without Expenses for Structural Measures Margins are 3.5% and -0.4%



\* Including 58m€ one-time expenses

\*\*Including 13m€ one-time expenses

## Higher Working Capital Caused Significantly Lower Free Cash Flow



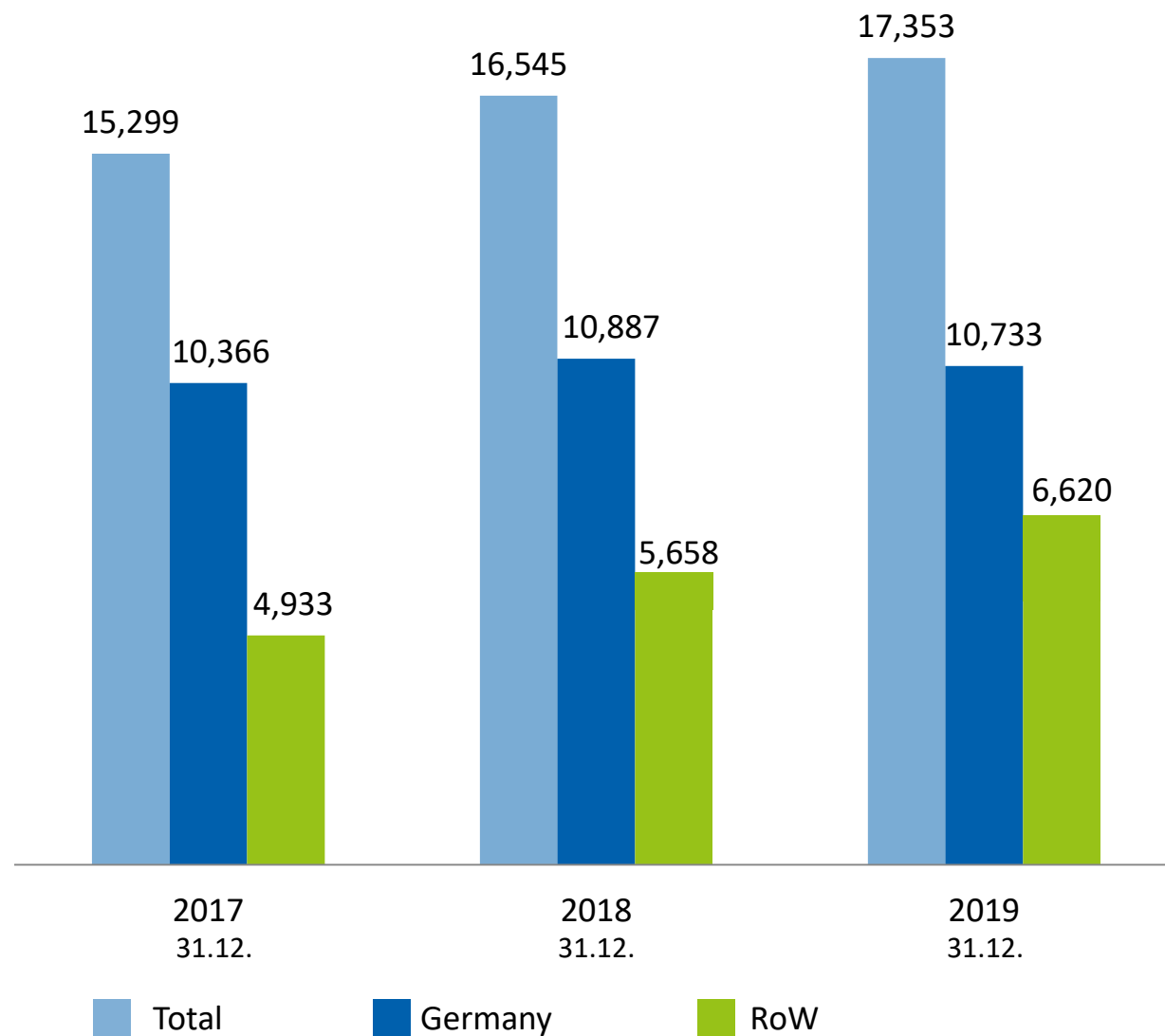
(€ million)	2019	2018
Earnings before taxes	41.7	204.3
+/- Other non-cash changes	+309.4	+19.3
+/- Change in working capital	-202.3	+178.9
+/- Other assets and liabilities	-55.3	-87.4
<b>Cash flow from operating activities</b>	<b>+93.5</b>	<b>+315.1</b>
+/- Capex	-168.9	-179.1
+/- M&A-Activities	-28.0	-28.3
+/- Other	+9.0	+13.0
<b>Free cash flow</b>	<b>-94.4</b>	<b>+120.7</b>
+/- Financing activities	-19.3	-77.9
+/- Others	+5.3	-6.0
Net change in cash	-108.4	+36.8
Cash at the end of period	110.4	218.8

- The non-cash changes are influenced by high depreciation in 2019 due to IFRS 16 (leasing) and impairments and by increase of provisions (vs. decrease in 2018)
- Negative free cashflow due to low EBT and increase in working capital by 200m€ at year-end
- Working capital increase mainly due to reduced liabilities and special sale and buy-back program for receivables in 2018/2019
- Capex slightly reduced in 2019
- M&A activities mainly relates to acquisition of agent in Middle East.



## Krones Continues to Grow its Workforce in Emerging Markets

Krones employees worldwide



Krones employee development in emerging markets

Year	South America	Africa/ME	Asia	CIS/East Europe	China	Total
31.12.2017	581	393	734	398	608	2,714
31.12.2018	637	452	830	507	716	3,142
31.12.2019	782	671	1,009	933	792	4,187

<b>India</b>	130	Asia	Acquisition
<b>Automata</b>	120	South America	Acquisition
<b>IPS Dubai</b>	240	Africa/ME	Acquisition
<b>Pakistan</b>	40	Asia	Acquisition
<b>Hungary</b>	450	East Europe	New plant ramp up
<b>China</b>	100	China	Plant expansion

# Questions and Answers



Thank you  
for your attention!



## Financial Calendar 2020

February 20, 2020	Conference Call Preliminary Figures 2019
March 19, 2020	Annual Report 2019
April 29, 2020	Conference Call Group Q1 2020 and Quarterly Statement as per March 31
May 18, 2020	Annual General Meeting
July 30, 2020	Conference Call Group Q2 2020 and Interim Report as per June 30
October 29, 2020	Conference Call Group Q3 2020 and Quarterly Statement as per September 30



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.