

Krones Financial Year 2020

Preliminary Figures 2020

Conference Call 25 February 2021

Krones summary 2020

- **Krones' consolidated revenue fell in 2020 as a result of the Covid-19 pandemic by 16.1% to €3.32 billion.**
- **Order intake in 2020 was also significantly affected with €3.31 billion or 19.0% below 2019 – however first positive signs of improvement in Q4.**
- **Krones' profitability was impacted by one-time expenses of €72 million for capacity adjustments. EBITDA decreased from €227.3 million to €133.2 million. The EBITDA margin was 4.0% (previous year: 5.7%). Excluding one-time charges, the EBITDA margin was 6.2% (previous year: 6.6%).**
- **Krones generated free cash flow of €221.3 million in 2020 (previous year: €-94.4 million).**
- **This year, based on the current situation, Krones expects business to pick up slightly and forecasts revenue growth of 2.5% to 3.5% and an EBITDA margin of 6.5% to 7.5% for 2021.**



Krones highlights 2020

Order intake

– 19.0%

€3.3 billion

Revenue

– 16.1%

€3.3 billion

EBITDA margin

4.0%

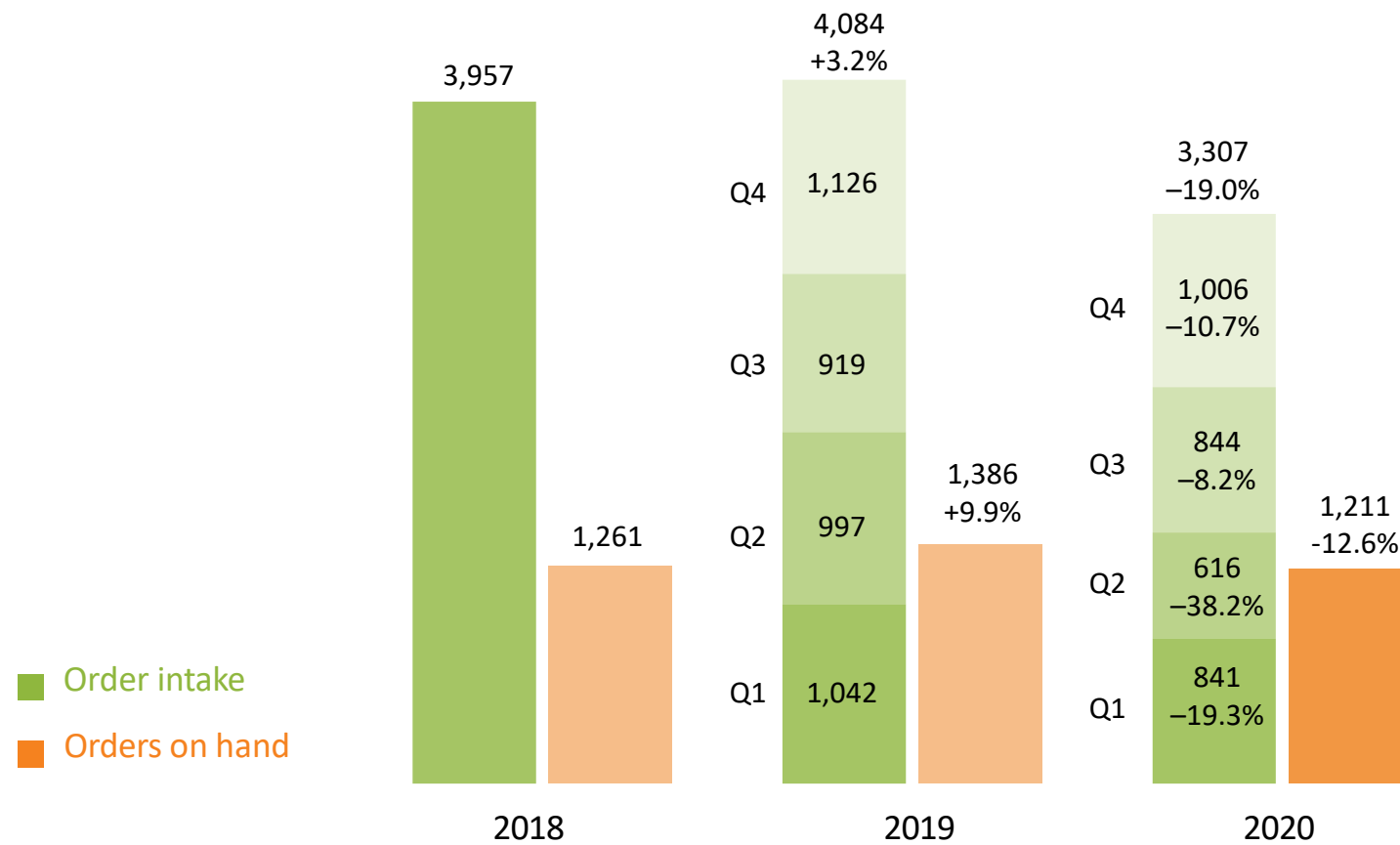
(PY 5.7%)

Free cash flow

€221 million

(PY € –94 million)

Order intake by quarter and orders on hand (€ million)



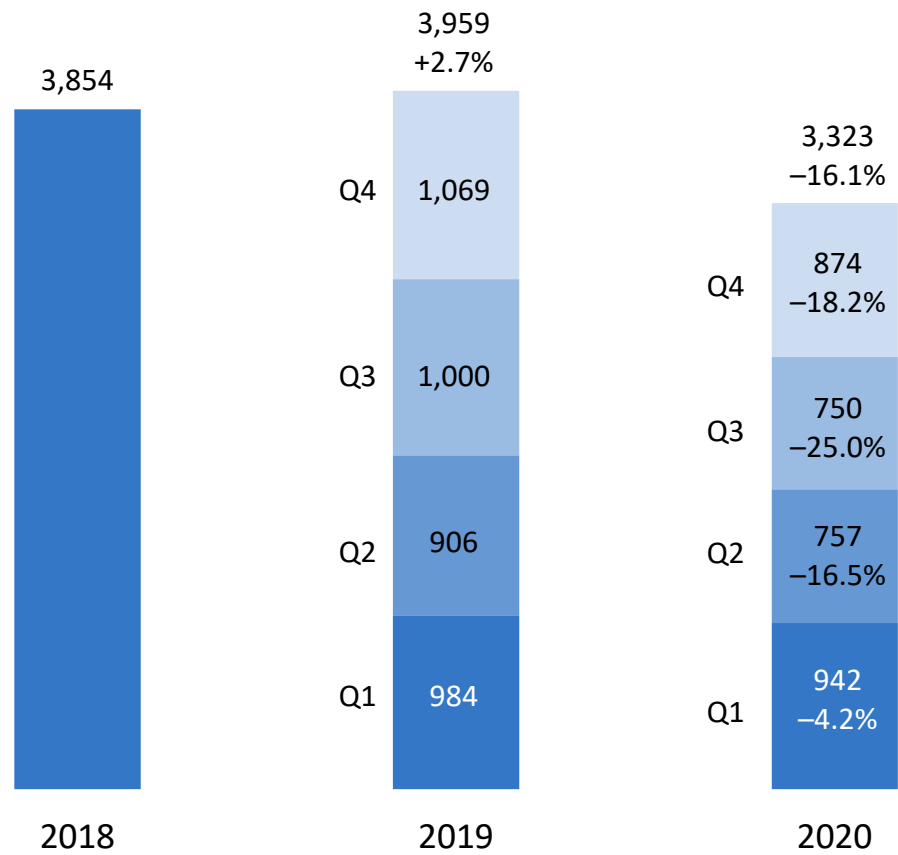
Due to the Covid-19 pandemic, order intake decreased 19% in 2020

- Order intake in the 4th quarter 2020 was around €1 billion. Compared to the 3rd quarter, order intake had a strong increase of 19.2% in 4th quarter
- Order on hand at 31.12.2020 was €1,211 million and 12.6% below prior year, but gives a good utilisation for the first month of 2021

First positive improvements in order intake mainly in the 4th quarter 2020



Revenue development by quarter (€ million)

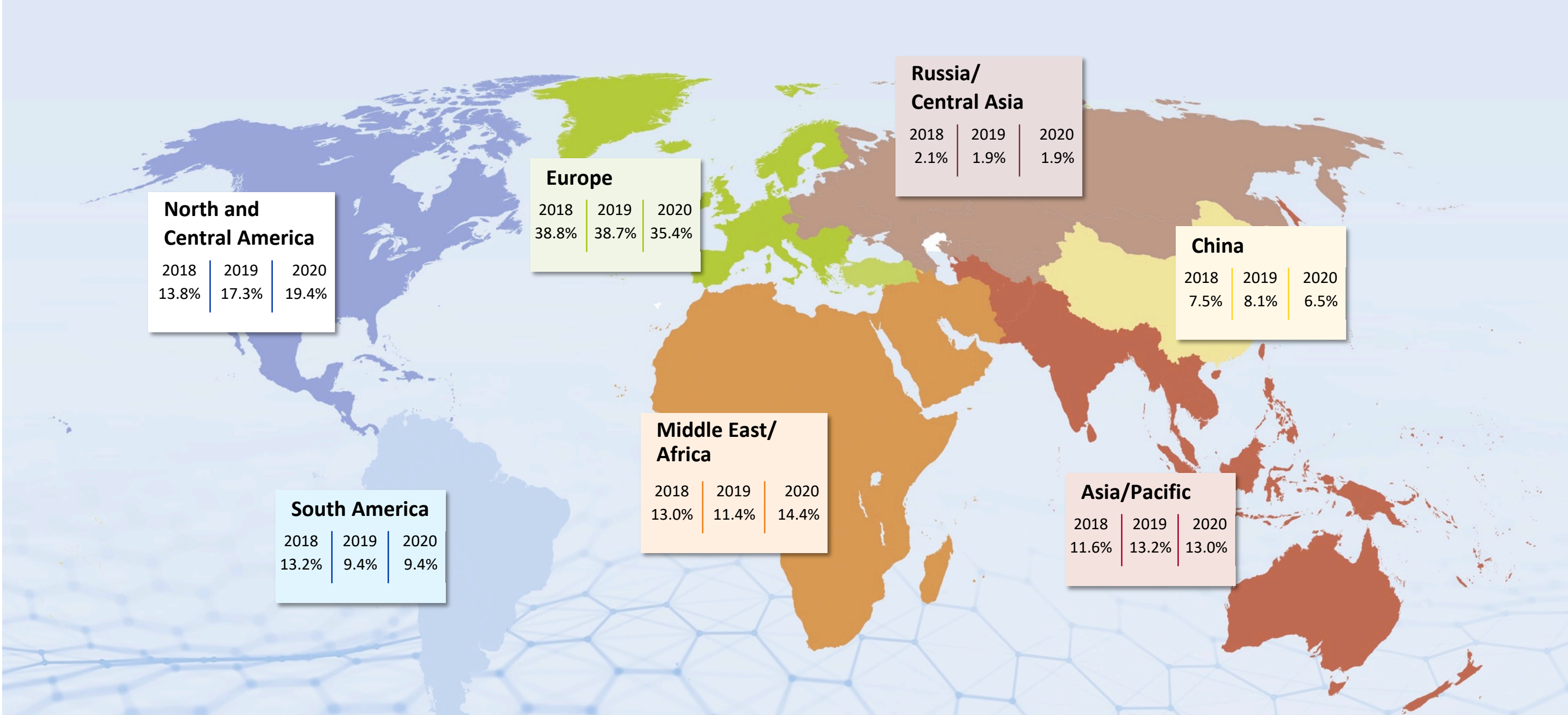


Krones reached „Covid-19 affected“ revenue outlook in 2020

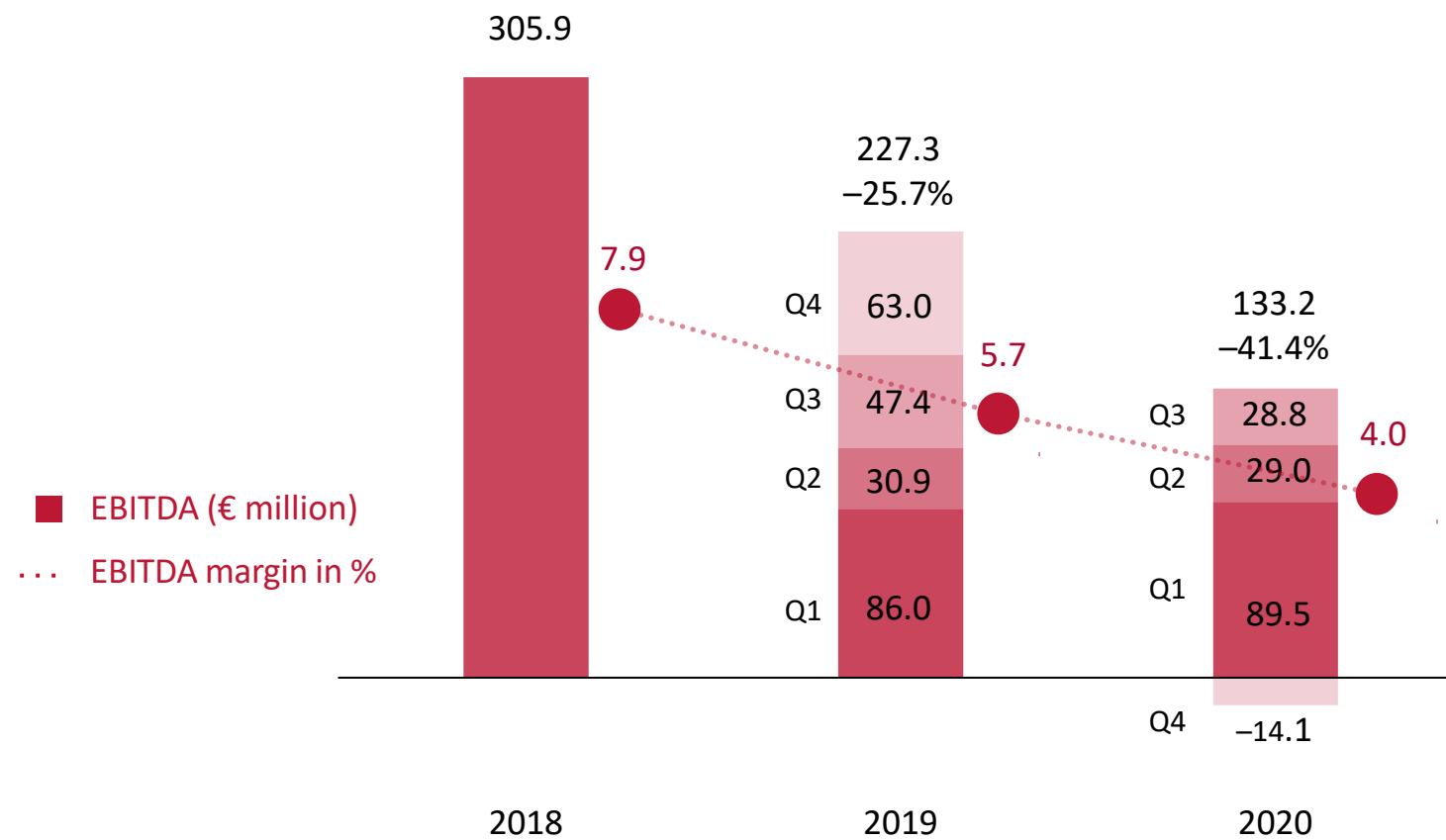
- Revenue was decreased in 2020 by 16%, which was within our outlook for 2020 (-17%)
- Revenue at 4th quarter was influenced by weaker order intake in prior quarters



Krones' revenue split remains well balanced, but except in Middle East/Africa, in all regions decrease in revenue caused by Covid-19



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

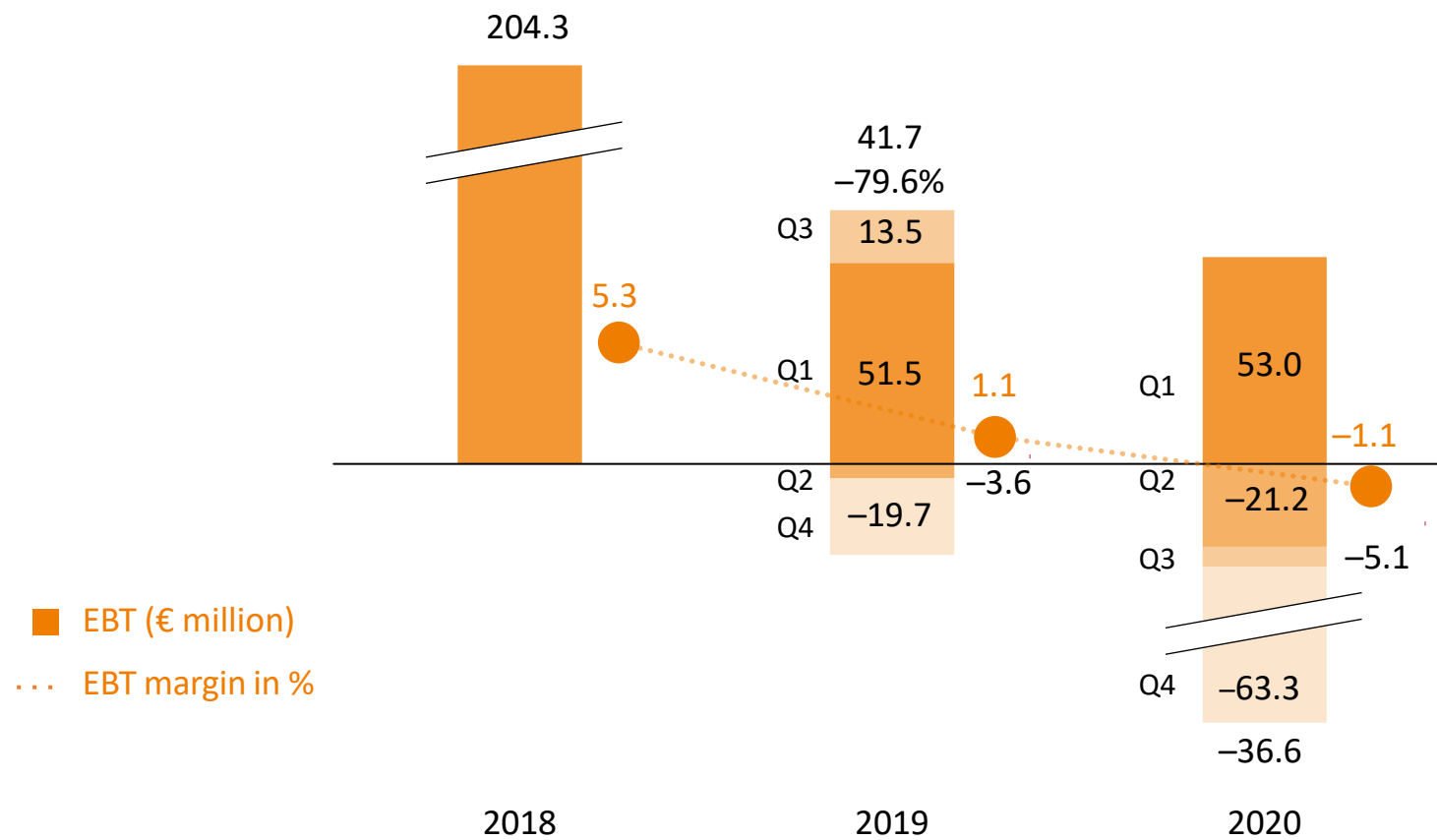


In 2020 EBITDA margin without one-offs was at 6.2%

- Cost savings in personnel and material expenses compensate most negative effects in the production capacity during the year
- Expenses for capacity adjustments in an amount of around €72 million burden the 4th quarter

Krones slightly exceeds EBITDA margin outlook for 2020 (5.5% – 6.0%) – w/o one-offs

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



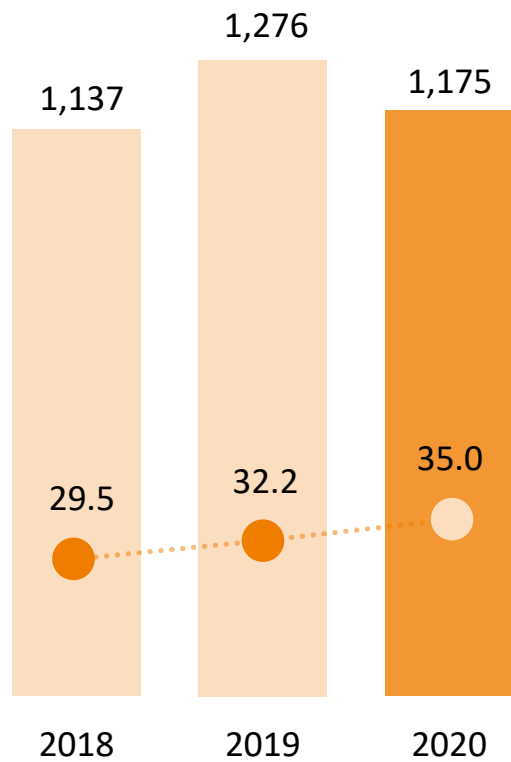
In 2020 EBT margin without one-offs was at 1.3%

- Among expenses for capacity adjustments (around €72 million) impairments and value adjustments of €8 million influenced the EBT in 2020

Krones reached the EBT margin outlook (1.0% – 1.6%) w/o one-offs for restructuring and impairments

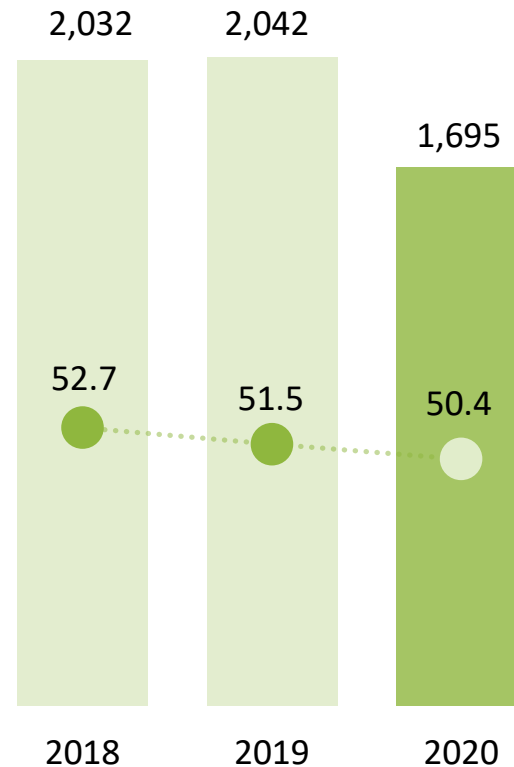
Personnel and material expenses (€ million and %)

Personnel expenses (€ million)



... Personnel expenses to total performance (%)

Material expenses (€ million)



... Material expenses to total performance (%)

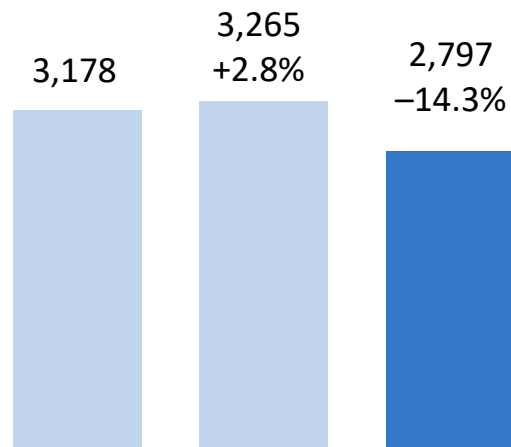
- Short term measures reduce personnel expenses as well as further positive effects from structural measures (- 600 or 3.5% less employees vs. 2019)
- Without one-offs personnel expenses to total performance was at 32.8%
- Positive mix effects (new machines vs. after sales), reduction in purchased services and cost savings in material had positive impacts on the material quote



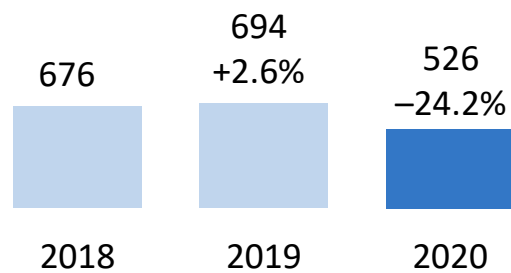
Revenue and EBITDA per segment

Revenue development (€ million)

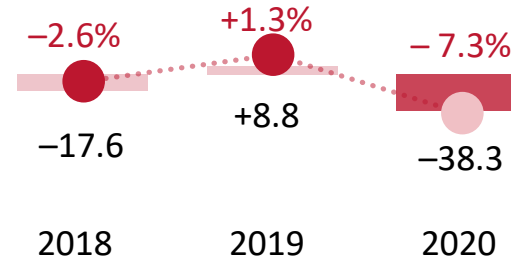
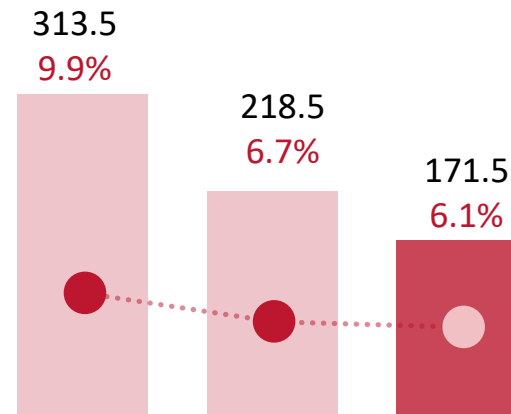
Product filling and decoration



Beverage production/ process technology



Segment EBITDA (€ million) and EBITDA margin (%)



... EBITDA margin in %

Product filling and decoration

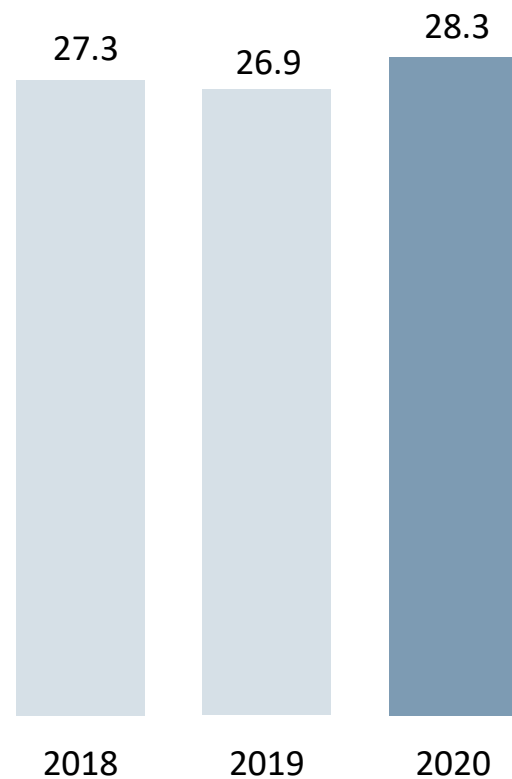
- Decrease in revenue nearly on group level (-14%)
- EBITDA margin without one-offs for expenses for capacity adjustments was at 8.5%
- The positive product mix, savings in material costs and measures to reduce personnel costs (short-term) as well as the reduction of employees have had positive effects in this segment

Beverage production/process technology

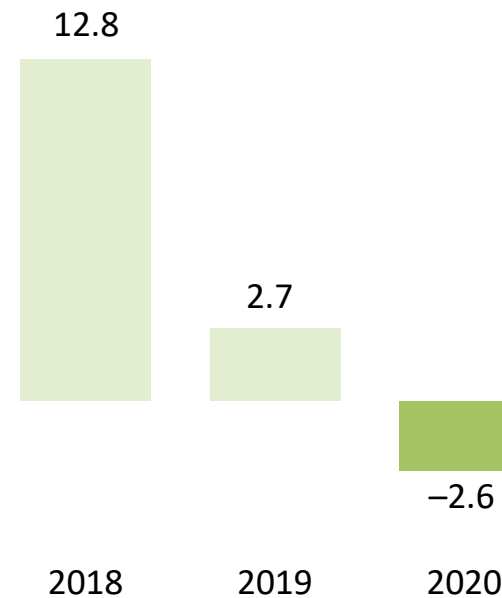
- Stronger decrease in revenue (-24%)
- EBITDA margin w/o one-offs was at -6.1%
- Measures to increase profitability (e.g. carve-out brewery technology) are implemented in 2021

Working capital and ROCE (in %)

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



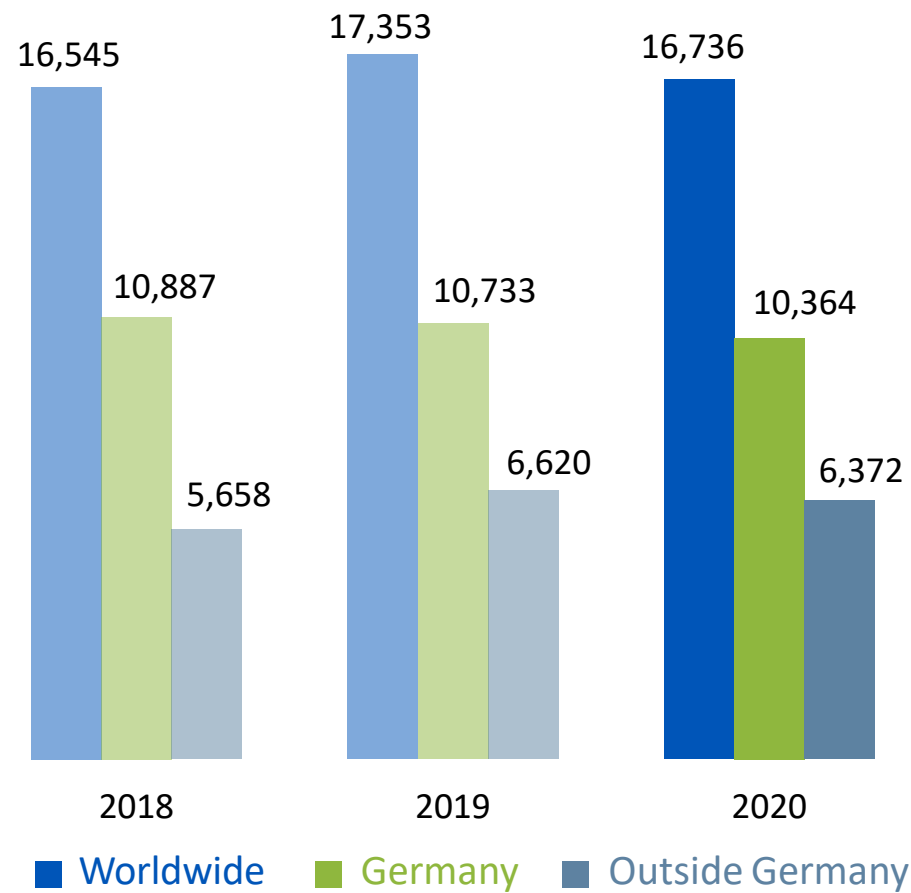
ROCE %



Krones reached with an average of 28.3% the working capital outlook (28%-29%) for 2020

- Increase in average working capital due to the fact that the working capital adjustment was not as fast as the decline in sales due to the Covid-19 situation
- At year-end the working capital to revenue rate was at 25.7% (prior year 25.8%)

Krones employees worldwide



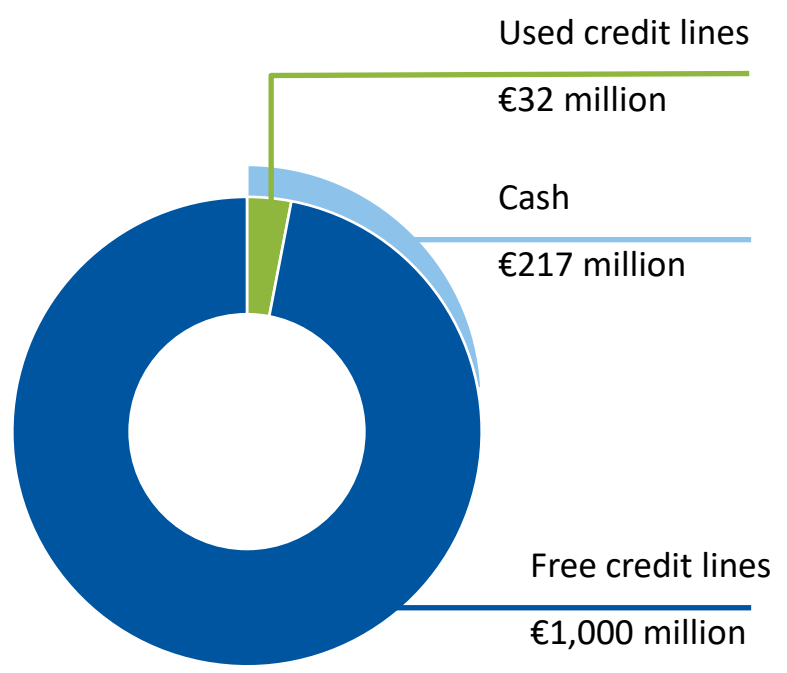
- **Decrease of employees worldwide by more than 600**
- **Further programs to reduce employees in Germany initiated in 2020 with effects in 2021**
- **Employees in emerging markets stabilized at 24% of group workforce**

Employees in the emerging markets 2018 – 2020

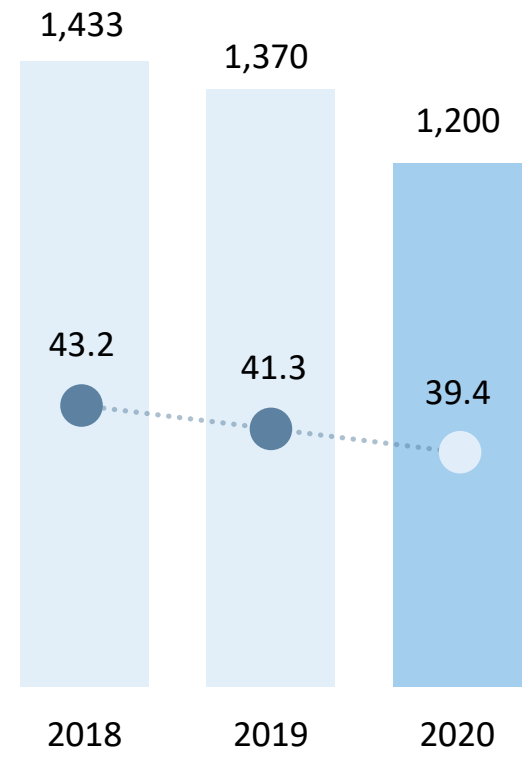
Year	South America	Africa	Asia-Pacific	CIS/Eastern Europe	China	Total
2018	637	452	830	507	716	3,142
2019	782	671	1,009	933	792	4,187
2020	778	639	974	922	742	4,055

Krones Liquidity, equity (€ million) and equity ratio (in %)

Liquidity reserves > €1 billion



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



- Liquidity reserves increased due to uncertainty in the markets
- No government loans (KfW)
- Still very solid equity level

Lower working capital caused significantly higher free cash flow

(€ million)	2020	2019
Earnings before taxes (EBT)	-36.6	41.7
+/- Other non-cash changes	+187.7	+309.4
+/- Change in Working Capital	+166.0	-202.3
+/- Other assets and liabilities	+5.7	-55.3
Cash flow from operating activities	+321.8	+93.5
+/- Capex	-93.8	-168.9
+/- M&A-Activities	0.0	-28.0
+/- Other	-6.7	+9.0
Free cash flow	+221.3	-94.4
+/- Financing activities	-99.0	-19.3
+/- Others	-15.7	+5.3
Net change in cash	+106.6	-108.4
Cash at the end of period	217.0	110.4

Free cash flow increased by approximately €315 million in 2020

- Main reasons for the increase:
 - Working Capital improvements result in a decrease of €166 million yoy
 - Capex reduction from €168.9 million to €93.8 million
- Financing activities include the dividends for 2019 (€23.7 million) as well as a reduction of bank liabilities and payments for leasing

Krones outlook 2021

Growth

2.5%–3.5%
(organic growth)

EBITDA margin

6.5%–7.5%
(EBT margin 3%–4%)

Working capital

26%–27%

From Capital Market Day, 12 November 2020

EURm	Base Case 2021	Base Case 2022
SALES	3,300 – 3,400	3,500 – 3,600
EBITDA margin	6.5% - 7.5%	8.0% - 9.0%
EBT margin	2.5% - 4.0%	4.5% - 6.0%
Working Capital (in % of sales)	26% - 27%	24% - 26%

Questions and answers



**Thank you
for your attention!**

Financial calendar 2021

25 March 2021	Annual Report 2020
7 May 2021	Conference Call Group Quarterly statement for the period from 1 January to 31 March 2021
17 May 2021	Annual General Meeting
3 August 2021	Conference Call Group Interim report for the period from 1 January to 30 June 2021
5 November 2021	Conference Call Group Quarterly statement for the period from 1 January to 30 September 2021



Olaf Scholz
Head of Investor Relations

Krones AG
Böhmerwaldstrasse 5
93073 Neutraubling/Germany
Phone +49 9401 70-1169

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