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Krones continues profitable growth under difficult conditions

- Order intake grew in the first three quarters by 44.1% to €4,599.7 million. At €3,449.0 million, the order backlog as of 30 September 2022 was almost twice as large as a year earlier.
- Krones recorded stable growth under difficult conditions in the first nine months of 2022. Revenue increased by 15.2%, from €2,643.0 million in the previous year to €3,043.7 million.
- Profitability improved despite material shortages and rising costs. Earnings before interest, taxes, depreciation and amortisation (EBITDA) climbed by 27.0% in the first three quarters to €270.1 million. The EBITDA margin went up from 8.0% to 8.9%.
- Krones has raised its guidance for revenue growth in the full year 2022. The Executive Board now expects revenue growth of 10% to 12% (previously 5% to 8%). The guidance for the other two financial targets remains unchanged. Krones continues to expect an EBITDA margin of 8% to 9% and ROCE of 10% to 12%. The Executive Board is confident of reaching the upper end of the target range for both figures.

After record order intake in the first half of 2022, the strong demand for Krones products and services continued unabated in the third quarter. Order intake between July and September 2022, at €1,493.3 million, exceeded the already good prior-year figure of €1,148.3 million by 30.0%. In total over the first three quarters of 2022, the contract value of orders increased by 44.1%, from €3,192.6 million a year earlier to €4,599.7 million. At €3,449.0 million as of the end of September 2022, the order backlog at Krones was up 95.9% on the previous year (€1,760.9 million). Compared to the beginning of 2022, the increase is €1.56 billion, or 82.2%.

Krones held a course of stable revenue growth in the third quarter. Revenue from July to September was up 14.7% to €1,058.9 million. In the first nine months of 2022, revenue went up by 15.2% year on year, from €2,643.0 million to €3,043.7 million. Thanks to its great flexibility, Krones managed well with the resource shortages and international supply chain problems during the reporting period. This enabled the company to deliver strong revenue growth.

Krones improves profitability as forecast

The company was able to maintain satisfactory but, due to material shortages, not full capacity utilisation in the first three quarters of 2022. Due to the extensive efficiency improvement measures and the initial effects of the price adjustments, profitability nevertheless improved as planned in the reporting period. Earnings before interest, taxes, depreciation and amortisation (EBITDA) climbed by 27.0% in the first three quarters from €212.6 million to €270.1 million. The EBITDA margin rose to 8.9% (previous year: 8.0%). Earnings before taxes (EBT) went up by 49.2% to €176.6 million (previous year: €118.4 million). The EBT margin consequently rose to 5.8% (previous year: 4.5%). On the bottom line, Krones generated consolidated net income of €128.3 million in the first three quarters of 2022, an increase of 48.2% (previous year: €86.6 million). This corresponds to earnings per share of €4.06 (previous year: €2.74).

Krones' EBITDA of €95.0 million in the third quarter was 26.8% higher than in the previous year (€74.9 million). The EBITDA margin rose from 8.1% to 9.0%. EBT improved by 48.5% to €63.4 million (previous year: €42.7 million). At €45.1 million, consolidated net income in the third quarter was 51.9% higher than in the previous year (€29.7 million). This made for earnings per share of €1.43 (previous year: €0.94).

Krones' net cash at €440.9 million as of the end of September 2022

Krones significantly improved working capital and free cash flow in the first three quarters of 2022. The ratio of average working capital for the past four quarters to revenue came to 20.5% (previous year: 26.2%). The decrease reflects the strong revenue growth and rising advance payments from customers due to the large order intake. Free cash flow in the first nine months of 2022 amounted to €132.3 million, an increase of €24.8 million on the already high prior-year figure (€107.5 million). Krones' net cash – cash and cash equivalents less bank debt – amounted to €440.9 million at the end of September 2022 (previous year: €283.4 million). In addition, Krones had available just under €1 billion in free lines of credit as of 30 September 2022. Krones improved ROCE (return on capital employed) to 12.4% in the first three quarters of 2022 (previous year: 10.1%).

Krones has raised its growth guidance for revenue in the full year 2022

Krones faced many challenges in the first three quarters of 2022 that continue to apply. Uncertainties and risks include material shortages and problems in global supply chains, rising material and energy procurement prices, geopolitical risks in Europe and other parts of the world, and also strong inflation in many countries. It is also uncertain how the Covid-19 pandemic and the war in Ukraine will continue to play out and whether industry can be supplied with sufficient energy.

Krones has managed well with all challenges so far and remains fundamentally optimistic. Due to the continued very strong demand for Krones products and services, as well as good management of scarce resources, the company expects to maintain satisfactory production



capacity utilisation in the fourth quarter of 2022. On 19 October, on the basis of current planning, Krones therefore raised its guidance for revenue growth in the full year 2022 to between 10% and 12% (previously 5% to 8%).

The guidance for the other two financial targets remains unchanged. This means the company continues to expect an EBITDA margin of 8% to 9% and ROCE of 10% to 12% in 2022. The Executive Board is confident of reaching the upper end of the target range for both figures.

These forecasts are subject to the reservation that the war in Ukraine does not further escalate, the coronavirus situation does not worsen and there are no significant energy shortages.

Krones has published the full quarterly statement as of 30 September 2022 online at:
https://www.krones.com/media/downloads/Q3_2022_e.pdf

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