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Krones with strong first half-year 2022

- Very strong demand for Krones products and services. Order intake up by 52.0% in first half year to €3,106.4 million. At €3,014.6 million, the order backlog as of 30 June 2022 was almost twice as high as in the previous year.
- Revenue growth accelerated in the second quarter (+18.0%). Revenue from January to June 2022 increased by 15.4% to €1,984.8 million.
- Despite material shortages and significantly increased material and freight costs, earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 27.2% in the first half year to €175.1 million. The EBITDA margin rose to 8.8% (previous year: 8.0%).
- For the full year, Krones has confirmed the guidance issued in spring, with revenue growth of 5% to 8%, an EBITDA margin of 8% to 9% (HY1 2022: 8.8%) and ROCE of 10% to 12% (HY1 2022: 11.8%). The Executive Board expects the upper end of the target range to be reached for each of the three target figures. This guidance is 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.

Despite challenging conditions, Krones substantially improved all financial key performance indicators in the first half of 2022 compared to the same period last year. Demand for the company's products and services was very high in the reporting period. As a full-service supplier and the market leader in filling and packaging technology, Krones is benefiting from the strong investment propensity shown by companies in the international beverage industry.

Order intake from January to June 2022 was 52.0% higher than the previous year, rising from €2,044.3 million to €3,106.4 million. The order intake in the second quarter of 2022, at €1,552.6 million (previous year: €975.5 million), was only marginally below the record figure from the first quarter (€1,553.8 million). Due once again to a very large volume of customer orders in the second quarter, Krones' order backlog has grown further. As of 30 June 2022, the company had an order backlog totalling €3,014.6 million (previous year: €1,535.5 million). The order backlog was thus 96.3% higher than in the previous year. Compared to the beginning of 2022, the increase is €1.12 billion, or 59.3%.

Krones' revenue growth accelerated in the second quarter. Between April and June, revenue increased by 18.0% year-on-year. In the first half-year, revenue went up by a total of 15.4%, from €1,720.1 million in the previous year to €1,984.8 million.

Profitability increased

Like revenue, earnings likewise benefited from the flexible management of production. Despite global material shortages and tight supply chains, Krones was able to keep production capacity utilisation stable in the reporting period, although not at full capacity. Higher material, freight and travel costs affected profitability. Due to the extensive efficiency improvement measures and initial effects from the price adjustments, earnings before interest, taxes, depreciation and amortisation (EBITDA) nevertheless rose in the first half-year by 27.2% year-on-year to €175.1 million (previous year: €137.7 million). The EBITDA margin improved to 8.8% (previous year: 8.0%).

Earnings before taxes (EBT) went up by 49.5%, from €75.7 million to €113.2 million. This corresponds to an EBT margin of 5.7% (previous year: 4.4%). In total, Krones generated consolidated net income of €83.2 million in the first half of 2022, an increase of 46.2% (previous year: €56.9 million). Earnings per share increased to €2.63 (previous year: €1.80).

In the second quarter of 2022, the rates of increase in earnings were even higher. EBITDA improved by 44.0% to €88.1 million, while the EBITDA margin rose from 7.2% in the previous year to 8.8%. On the bottom line, the second-quarter consolidated net income of €43.1 million was 78.8% higher than in the previous year.

Krones further strengthens financial and capital base

Krones significantly improved working capital relative to revenue in the first half of 2022 and generated a higher free cash flow than in the previous year. This is mainly due to the increased revenue and the rising advanced payments from customers. The ratio of average working capital for the past four quarters to revenue came to 21.6% (previous year: 28.1%). Free cash flow increased by €33.0 million, from €35.4 million in the previous year to €68.4 million in the reporting period. Krones' net cash, meaning cash and cash equivalents less bank debt, amounted to €385.4 million at the end of June 2022 (previous year: €203.7 million). In addition, Krones had available just under €1 billion in free lines of credit as of 30 June 2022. Krones improved ROCE (return on capital employed) to 11.8% in the first half of 2022 (previous year: 8.3%).

Krones confirms full-year guidance for 2022

Krones' business performed well in the first half of 2022 and the company has a very large order backlog. The company is consequently also confident for the full year. However, the business environment remains challenging. Uncertainties include material shortages and problems in global supply chains, rising material and energy procurement prices, political 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 will continue to play out around the world and how the impacts of the war in Ukraine will affect the growth of the global economy.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company forecasts revenue growth of 5% to 8% in 2022, with



good chances of achieving the upper end of this guidance range. For the EBITDA margin in 2022, the guidance is 8% to 9%. The Executive Board expects the upper end of the target range to be reached. This also applies to the third performance target, ROCE (return on capital employed), for which Krones expects an increase this year to between 10% and 12%.

This guidance is 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 2022 Interim Report online at:

https://www.krones.com/media/downloads/Q2_2022_e.pdf

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