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After strong third quarter, Krones confirms already-upgraded full-year targets for 2021

All of Krones' financial key performance indicators improved substantially in the third quarter of 2021 relative to the previous year. The company benefited from customers' increasing willingness to invest, which recovered faster than expected overall from the Covid-driven slowdown.

Very dynamic growth in order intake

Between July to September 2021, order intake increased by 36.1% compared with the third quarter of the previous year, from €843.6 million to €1,148.3 million. In the first nine months of 2021, order intake went up by 38.8% to €3,192.6 million (previous year: €2,300.9 million), which is likewise significantly higher than before the coronavirus crisis. As of 30 September 2021, Krones had orders on hand totalling €1,760.9 million, an increase of 57.7% on the previous year (€1,116.6 million).

Customers' growing readiness to invest has also been reflected in rising revenue since the second quarter of 2021. Krones' revenue growth accelerated significantly in the third quarter. Revenue from July to September 2021 was up 23.0% year-on-year, to €922.9 million. In total over the first three quarters of 2021, revenue increased by 7.9%, from €2,449.0 million a year earlier to €2,643.0 million.

Significantly higher profitability

Despite higher material costs, Krones significantly improved profitability in the first nine months of 2021. This was largely due to structural measures with which Krones has enhanced the company's flexibility.

In the first nine months of 2021, earnings before interest, taxes, depreciation and amortisation (EBITDA) rose 44.3% year-on-year, from €147.3 million in the previous year to €212.6 million. The EBITDA margin increased to 8.0% (previous year: 6.0%). Earnings before taxes (EBT) improved even more substantially than EBITDA in the first three quarters of 2021, rising from €26.7 million in the previous year to €118.4 million. It should be noted in this connection that EBT in the first nine months of 2020 was affected by €13.6 million in goodwill impairments. The EBT margin for the first three quarters of 2021 was 4.5% (previous year: 1.1%). Krones generated consolidated net income of €86.6 million between

January and September 2021 (previous year: €17.4 million). This corresponds to earnings per share of €2.74 (previous year: €0.55).

At €74.9 million, third-quarter EBITDA was nevertheless substantially higher in 2021 than the previous year's €28.8 million, which was influenced by the coronavirus pandemic. Krones generated an EBITDA margin of 8.1% from July to September 2021 (previous year: 3.8%).

Krones improves free cash flow by EUR 165.9 million to EUR 107.5 million.

Krones significantly increased free cash flow year-on-year by €165.9 million to €107.5 million in the first three quarters (previous year: –€58.4 million). Net cash, meaning cash and cash equivalents less bank debt, stood at €283.4 million at the end of September 2021 (previous year: –€78.8 million).

Krones also significantly improved the ratio of average working capital for the past four quarters to revenue. This came to 26.2% in the reporting period (previous year: 28.3%).

Krones sure of meeting full-year forecast for 2021

For the fourth quarter of 2021, the Executive Board expects demand to stay strong and production capacity utilisation to remain stable. Tight procurement markets present an increasing challenge. Krones, too, cannot permanently escape the problems in global supply chains. However, due to the initiated structural measures and the company's high degree of flexibility, Krones is sure of being able to meet the upgraded full-year forecast for 2021 published in the preceding quarter.

For the Krones Group, the Executive Board expects full-year revenue growth of 7% to 9% in 2021. Krones anticipates an EBITDA margin of 7% to 8%. For the third performance target, working capital to revenue, the guidance likewise remains unchanged at 26% to 27%.

Krones has published the full quarterly statement as of 30 September 2021 online at https://www.krones.com/media/downloads/Q3_2021_e.pdf.

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