

Krones Conference Call Q1 2021

Krones Q1 2021

Conference Call 07 May 2021

Christoph Klenk, CEO

Norbert Broger, CFO



Good start in 2021

- **Upward trend in order intake continues. Order value increased in first three months by 27.1% to €1,068.8 million.**
- **First quarter revenue of €874.6 million down 7.2% to prior-year figure, which was not yet severely affected by Corona.**
- **Despite lower revenue from January to March, Krones was able to limit the decline in earnings before interest, taxes, depreciation and amortisation (EBITDA) from €89.5 million to €76.5 million. The EBITDA margin was 8.7% in the reporting period, down on the high prior-year figure of 9.5%.**
- **Based on the positive first-quarter trend, Krones is confident of meeting the forecast for 2021. For the full year, the company expects revenue growth of 2.5% to 3.5% and an EBITDA margin of 6.5% to 7.5%.**



Krones highlights Q1 2021

Order intake

+ 27.1%

€1.1 billion

Revenue

– 7.2%

€875 million

EBITDA margin

8.7%

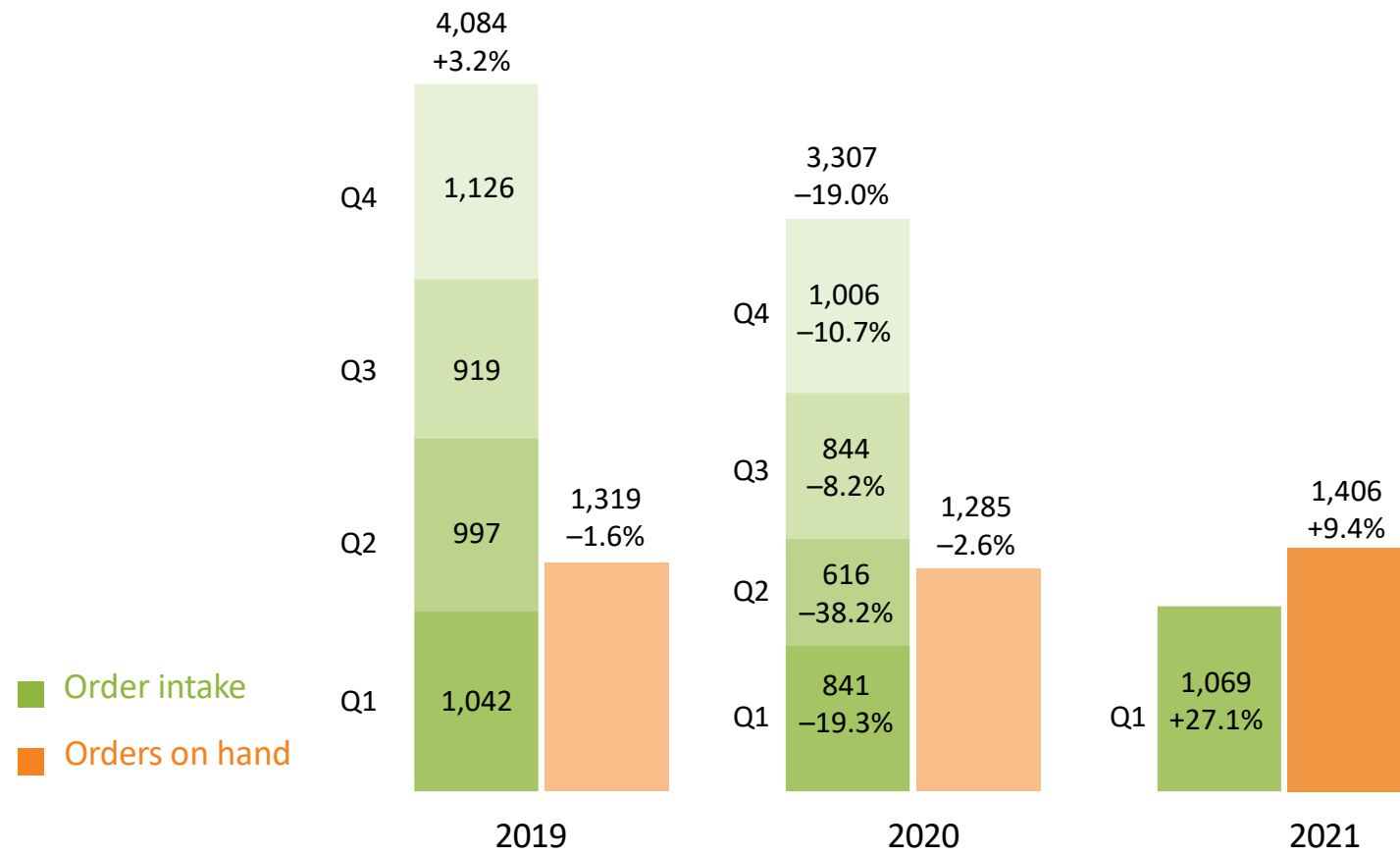
(PY 9.5%)

Free cash flow

€30 million

(PY € –16 million)

Q1 Order intake and orders on hand (€ million)

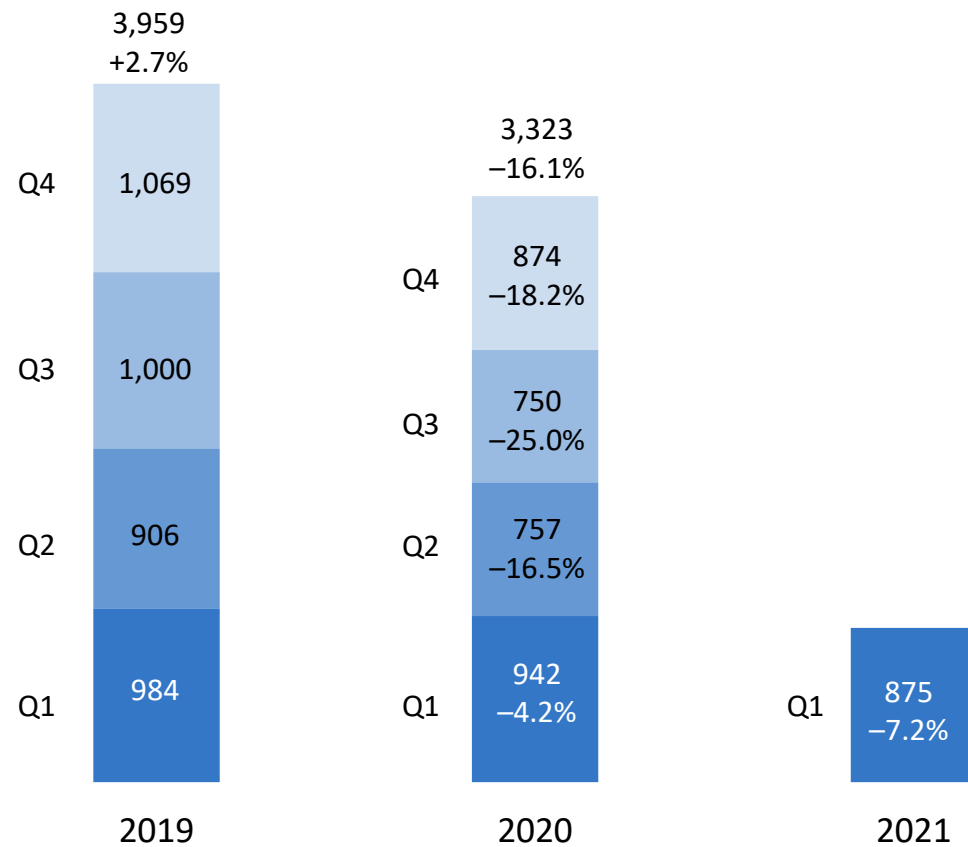


Following a strong 4th quarter 2020, the upward trend in orders continued in 1st quarter 2021

- Order intake in the 1st quarter 2021 was €1,069 million. Compared to the 1st quarter 2020, order intake had a strong increase of 27.1%.
- Orders on hand at 31.03.2021 was €1,406 million and 9.4% above prior year. Relating to the beginning of the year 2021 the increase was at 16%. This gives a good utilisation for the next months.



Revenue development by quarter (€ million)



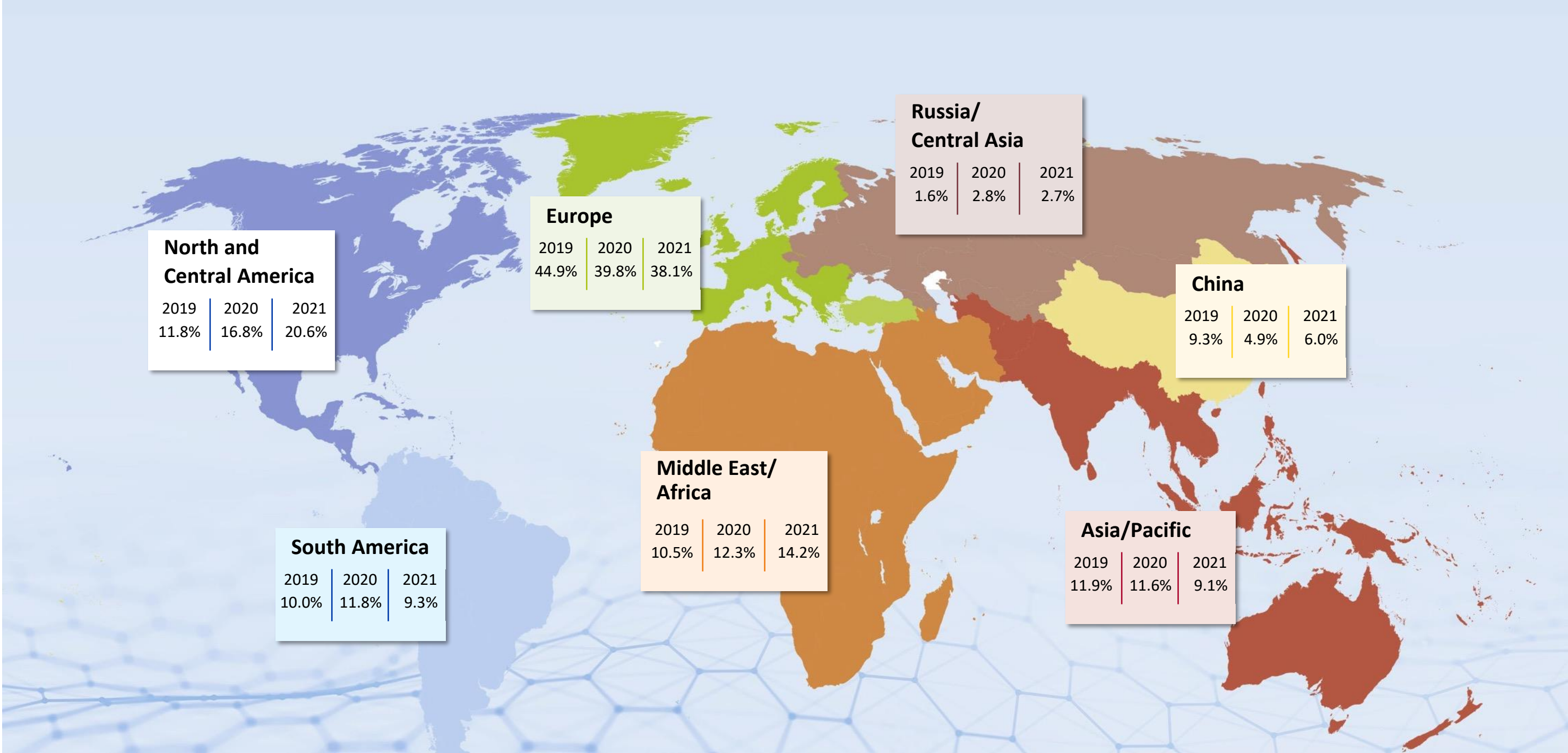
Krones business further stabilised in the 1st quarter of 2021

- Revenue was decreased by 7.2% in Q1 2021, but was on same level as in the 4th quarter of 2020
- Revenue in the 1st quarter was influenced by weaker order intake in 2nd and 3rd quarter 2020

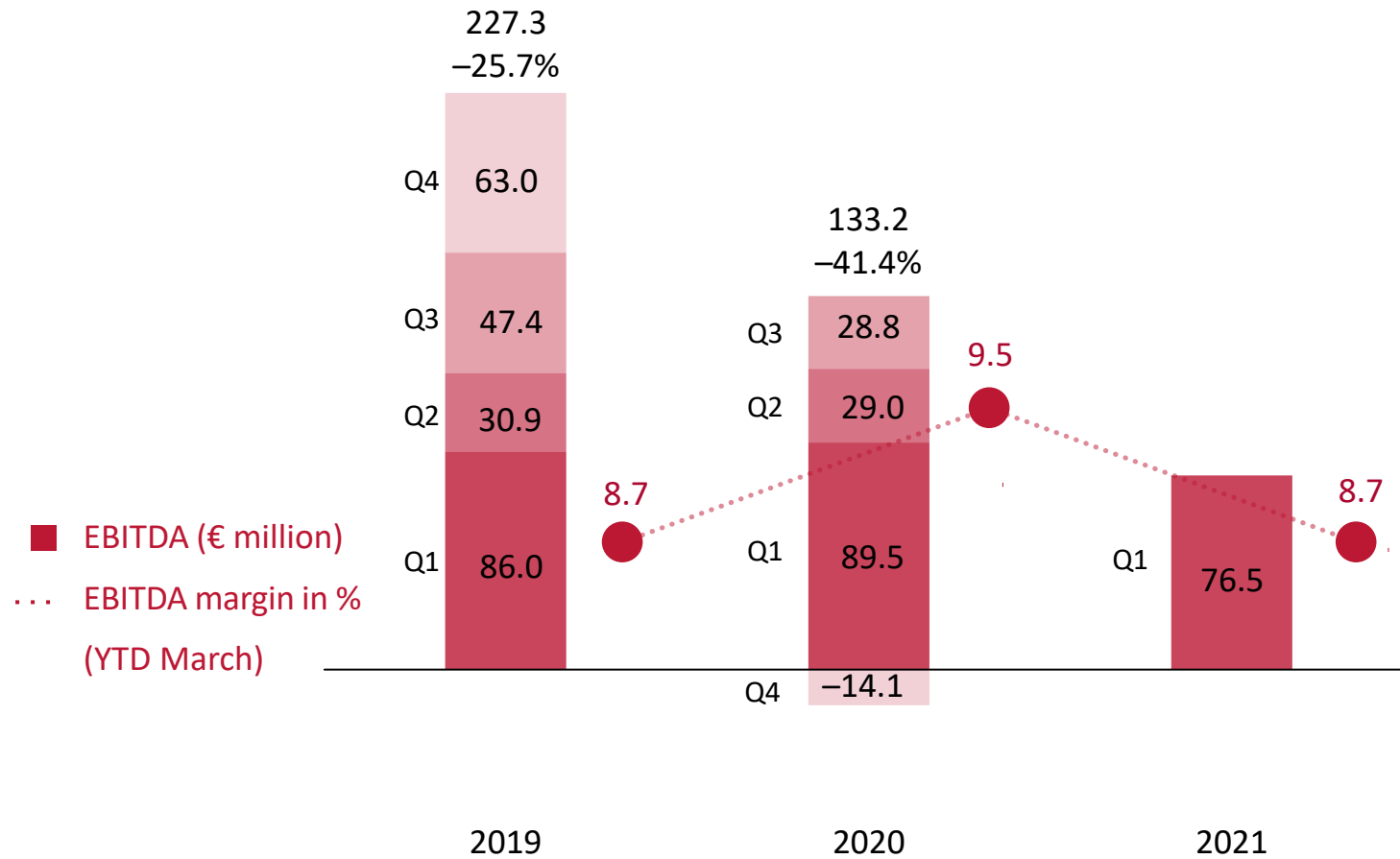
We expect growing revenues in the following months compared to last year.



Krones' Q1 revenue split remains well balanced, but different regional developments occurred



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

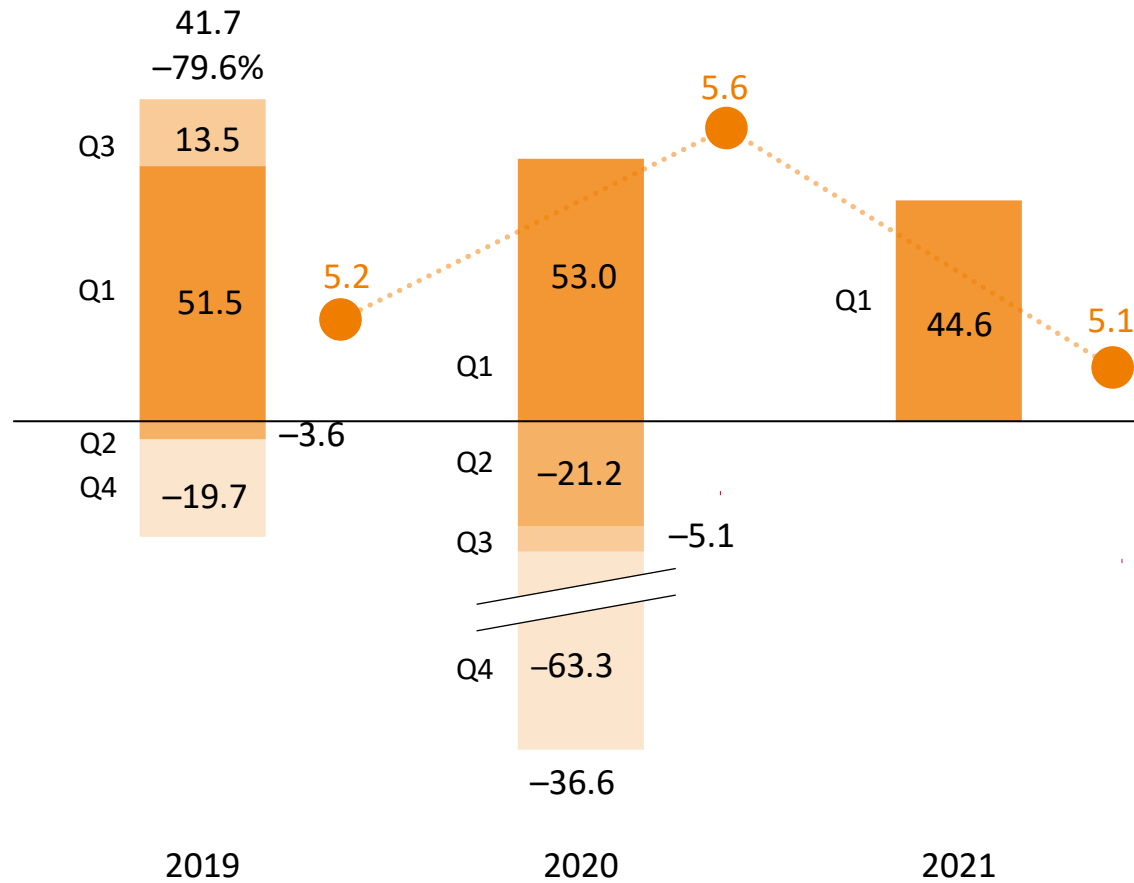


In Q1 2021 EBITDA margin was at 8.7%

- Profitability was positively impacted by structural measures. Compared with EBITDA margin for FY 2020 (6.2% w/o one-offs) margin increased
- Nevertheless compared with Q1 2020 (9.5%) EBITDA margin was influenced by lower revenue of the actual quarter

Krones exceeds EBITDA margin outlook for 2021 (6.5% – 7.5%)

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



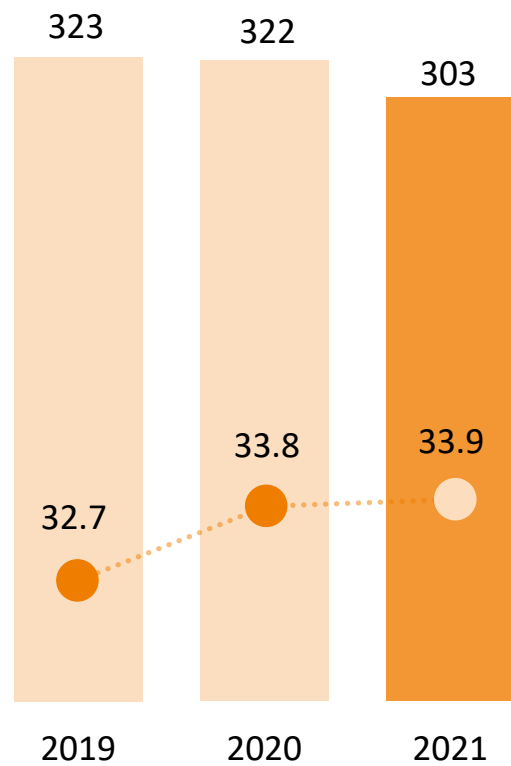
■ EBT (€ million)
 ... EBT margin in %
 (YTD March)

In Q1 2021 EBT margin was at 5.1%

- Strong increase in Q1 2021 compared with 2020 margin (1.3% w/o one-offs).
- But a little lower than Q1 2020 (5.6%) due to lower sales volume (-7.2%)

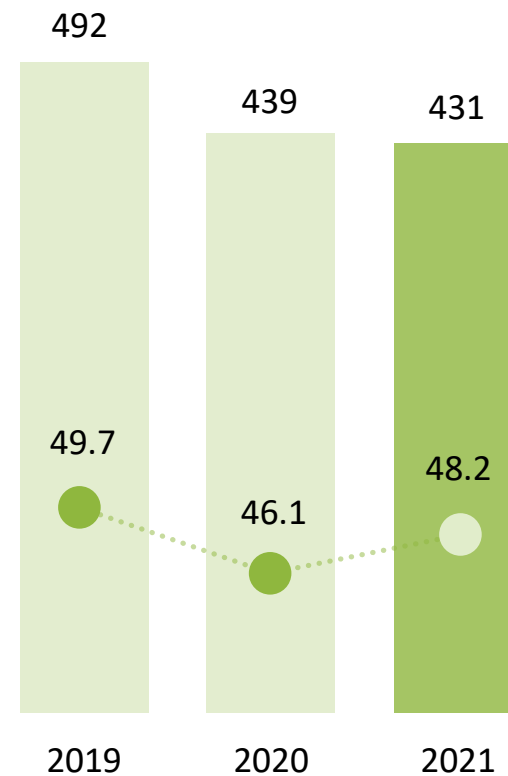
Personnel and material expenses Q1 (€ million and %)

Personnel expenses Q1 (€ million)



... Personnel expenses to total performance (%)

Material expenses Q1 (€ million)



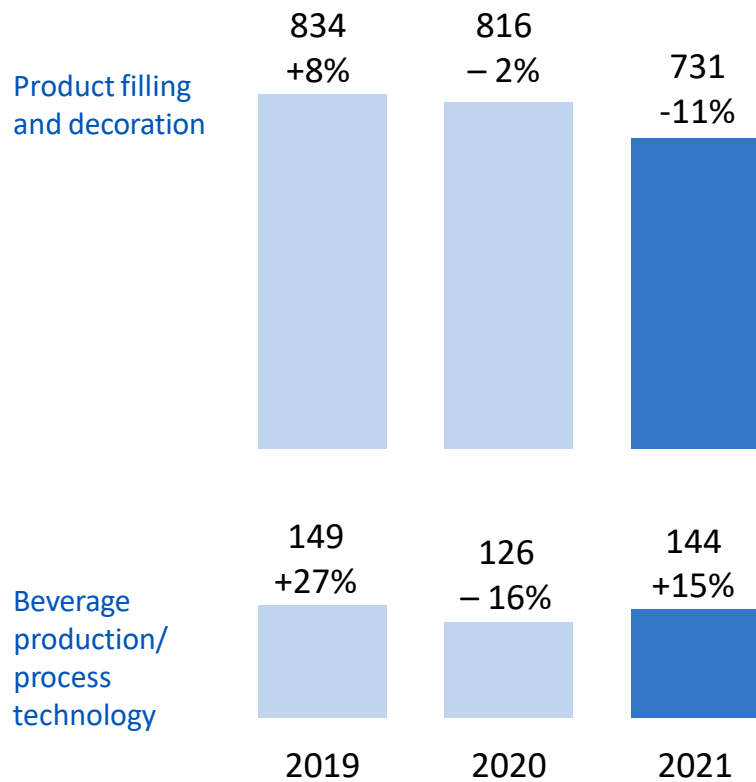
... Material expenses to total performance (%)

- Personnel cost ratio was nearly stable at 33.9% in 1st quarter 2021. Decrease from €322 million to €303 million includes first P+L effects from structural measures of 2020
- Material cost ratio partly influenced by increasing raw material prices and higher machine business with higher material ratio. Material costs also reflect increase in temporary labour.

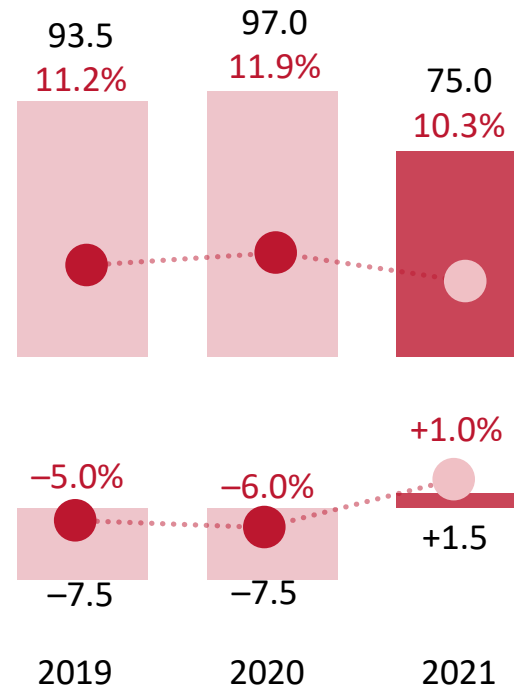


Revenue and EBITDA per segment in Q1

Revenue development Q1 (€ million)



Segment EBITDA (€ million) and EBITDA margin (%) in Q1



... EBITDA margin in %

Product filling and decoration

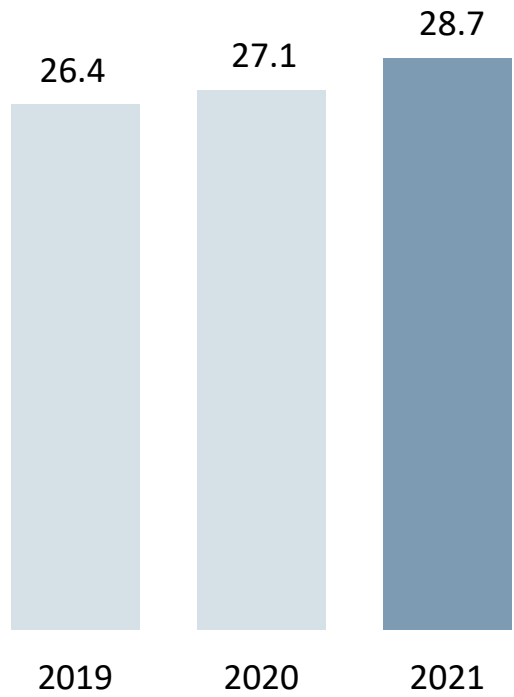
- Decrease in revenue higher than on group level (-11%)
- First effects from structural measures enabled Kronos to limit the impact of lower quarterly revenue on earnings and result on an EBITDA margin of 10.3%

Beverage production/process technology

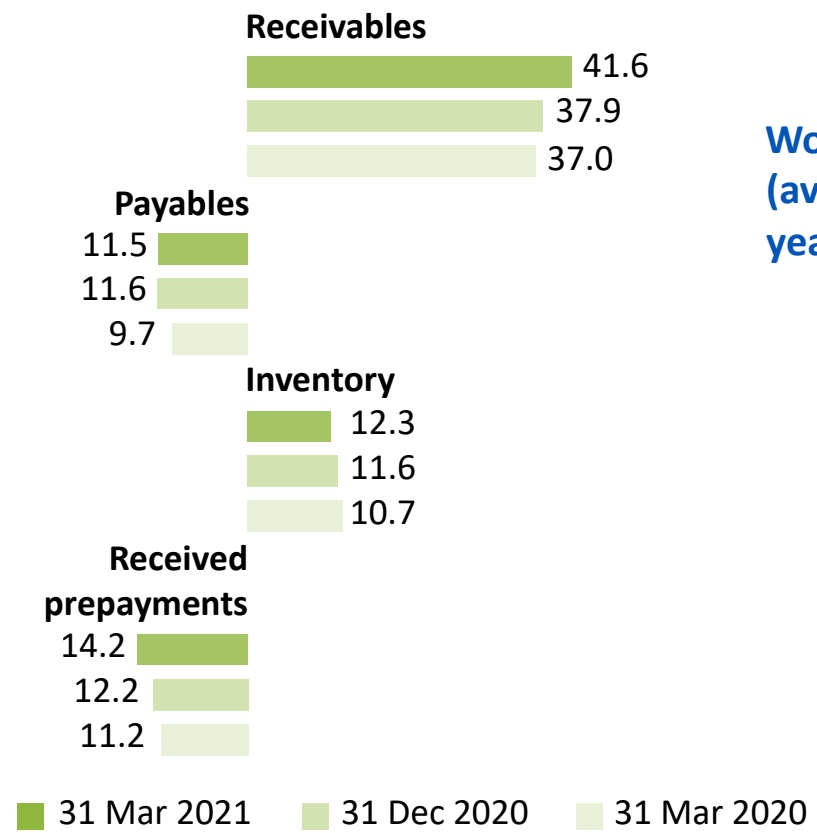
- Strong increase in revenue (+15%) mainly in the intralogistics part of the segment
- EBITDA margin of 1.0% results from first positive effects of structural measures in Process Technology and better performance of System Logistics group in Italy

Working capital Q1 (in %)

Working capital in % of revenue (Q1)
(%, average over four quarters)



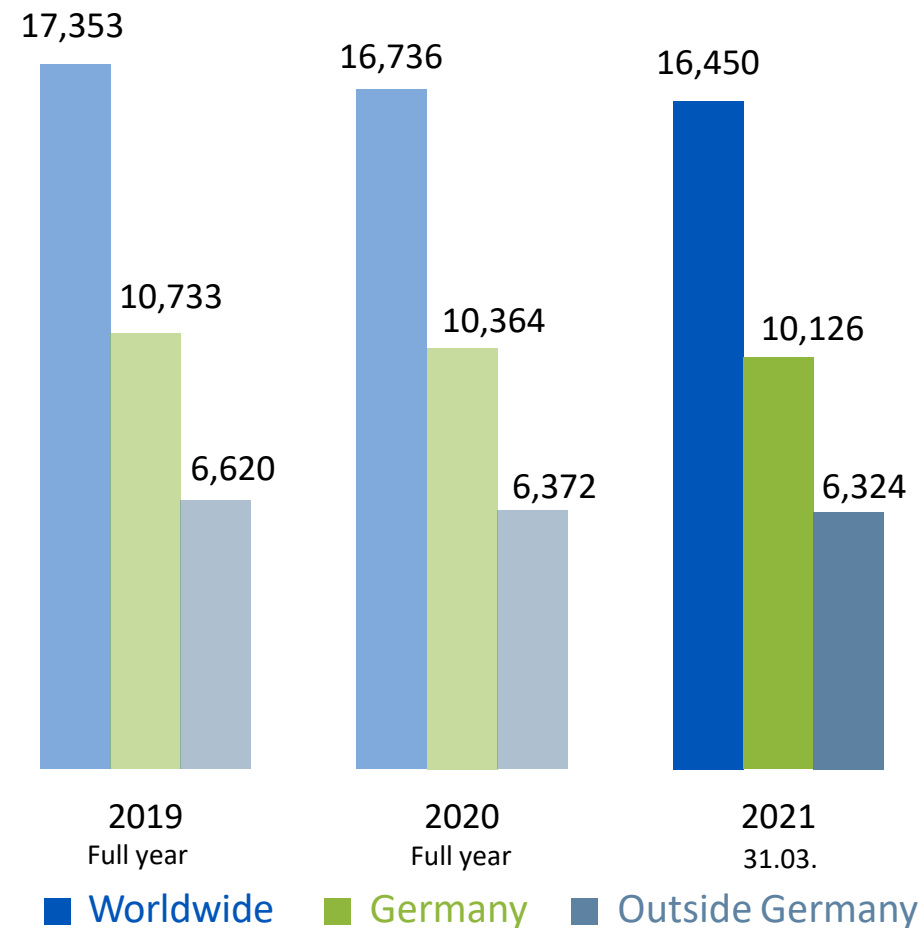
Part of working capital in % of revenue (last 12 months)



Working Capital in % of revenues (average) with 28.7% higher than prior year

- Increase in receivables vs. prior year Q1 (+4.6%) was compensated by higher payables (+1.8%) and received prepayments (+3.0%). Increase in inventory (+1.6%) results from increasing business activities in the first months 2021 plus efforts to strengthen supply chain.

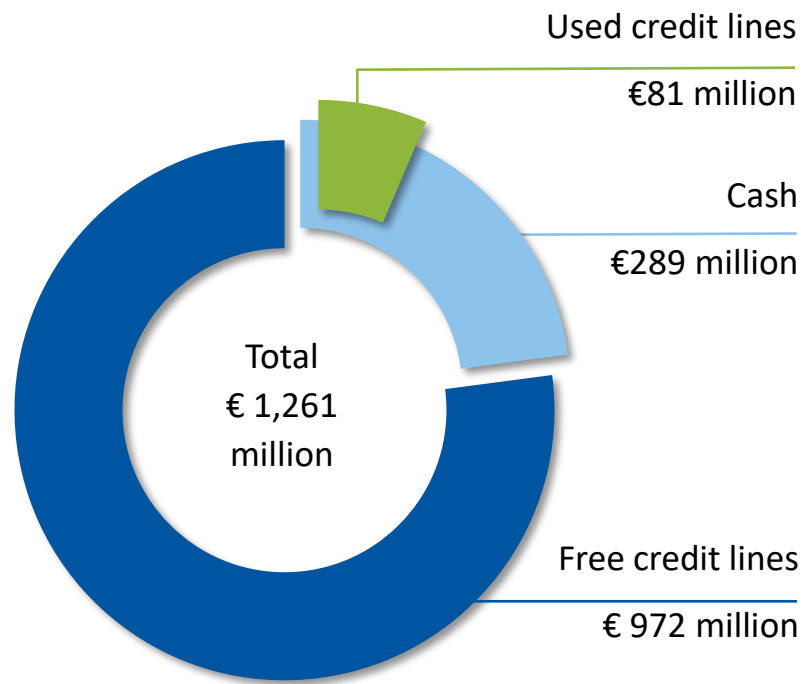
Krones employees worldwide



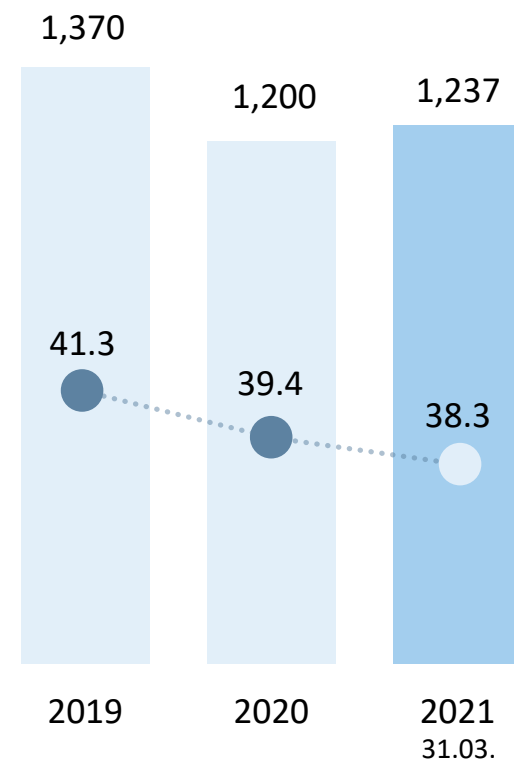
- Reduction of employees worldwide by more than 600 in 2020
- Further reduction in Q1 2021 by 286 employees
- Further programs to reduce employees in Germany initiated in 2020 with effects in 2021
- No workforce reduction in Q1 2021 in emerging markets

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

Liquidity reserves Q1 2021 > €1.2 billion



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



- Liquidity reserves of more than €1.2 billion are sufficient for uncertainties in the market and also to compensate short term cash needs for increasing business activities
- No government loans (KfW)
- Still very solid equity level

Free cash flow Q1

Q1 (€ million)	2021	2020
Earnings before taxes (EBT)	44.6	53.0
+/- Other non-cash changes	+127.4	+66.9
+/- Change in Working Capital	-65.0	-27.3
+/- Other assets and liabilities	-59.5	-76.4
Cash flow from operating activities	47.5	16.2
+/- Capex	-20.7	-34.2
+/- M&A-Activities	0.0	0.0
+/- Other	+3.5	+2.0
Free cash flow	30.3	-16.0
+/- Financing activities	+41.8	+251.5
Net change in cash	+72.1	+235.5
Cash at the end of period	289.1	345.9

Free cash flow €46 million higher compared to Q1 2020

Main reasons for positive development:

- **Stronger non-cash changes result mainly from increasing accruals for outstanding invoices and personnel items (holiday and overtime)**
- **Capex reduction from €34.2 million to €20.7 million as expected**

Negative effect from increase of working capital was €65 million



Krones outlook 2021 unchanged

Revenue Growth

2.5%–3.5%
(organic growth)

EBITDA margin

6.5%–7.5%
(EBT margin 3%–4%)

Working capital

26%–27%

Our goals for the company's sustainable development through 2030

Ethics

- Pursue a **zero-tolerance policy** with respect to compliance and human rights violations.
- Increase the **material efficiency** and sustainability of our raw materials.
- Evaluate 100% of our **critical suppliers** against sustainability criteria.

Employees

- Motivate our employees to do their best work by offering an **attractive working environment** with plenty of opportunity for personal development.
- Step up our efforts to **promote diversity** in our workforce.
- Reduce the number of **work-related accidents** and resulting lost days by 30%.

Market

- Bring our products' **energy & media consumption** to the lowest possible level.
- Enable our customers to achieve **zero waste** production.
- Contribute to a **sustainable packaging** economy.

Environment

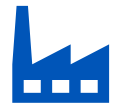
- Reduce our **corporate carbon footprint** (scope 1 and scope 2) by 80% (baseline: 2019).
- Reduce our **product carbon footprint** (scope 3) by 25% (baseline: 2019).
- Reduce both hazardous **waste generation** and drinking water consumption by 10%.

Society

- Give 0.01% to 0.02% of our prior-year revenue back to stakeholders in the form of charitable **donations and sponsoring**.
- Ensure the **confidentiality, availability, and integrity** of our employees' and business partners' data.
- Establish a state-of-the-art **IT security** architecture for all Krones products.

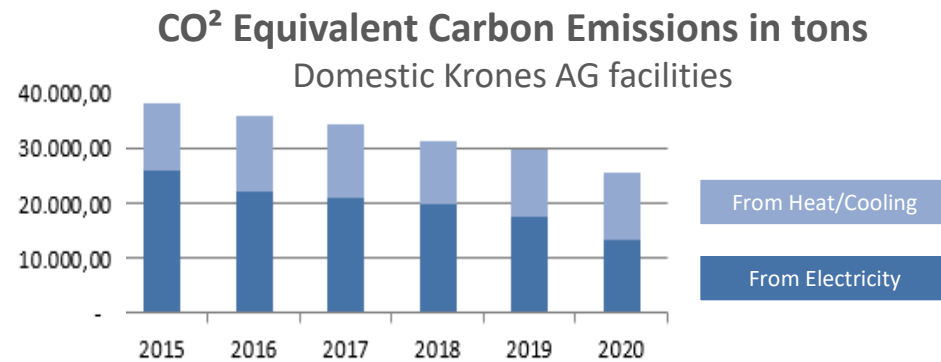


Reduction of our environmental Footprint



Scope 1 & 2 → Improving our Operations

- Roll-out of **e-mobility fleet** & reduction of business travel
- Investment in **energy efficient** factories & office spaces
- Increased sourcing of **renewable energy** to run facilities



Target: Reduction of Emissions by 80% until 2030

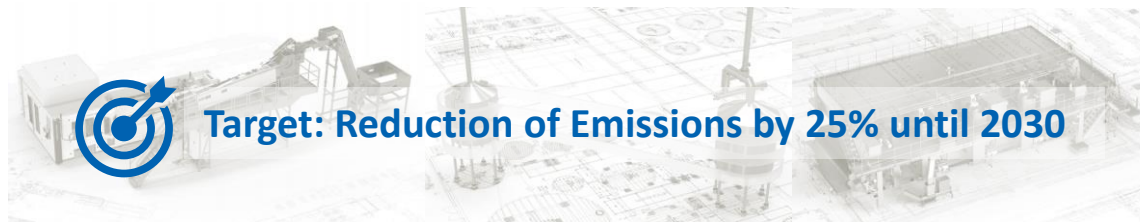


Scope 3 → Improving our Products

- Achieve best possible **energy** efficiency
- Minimize **water & media** consumption
- Target **zero waste** of food ingredients & packaging

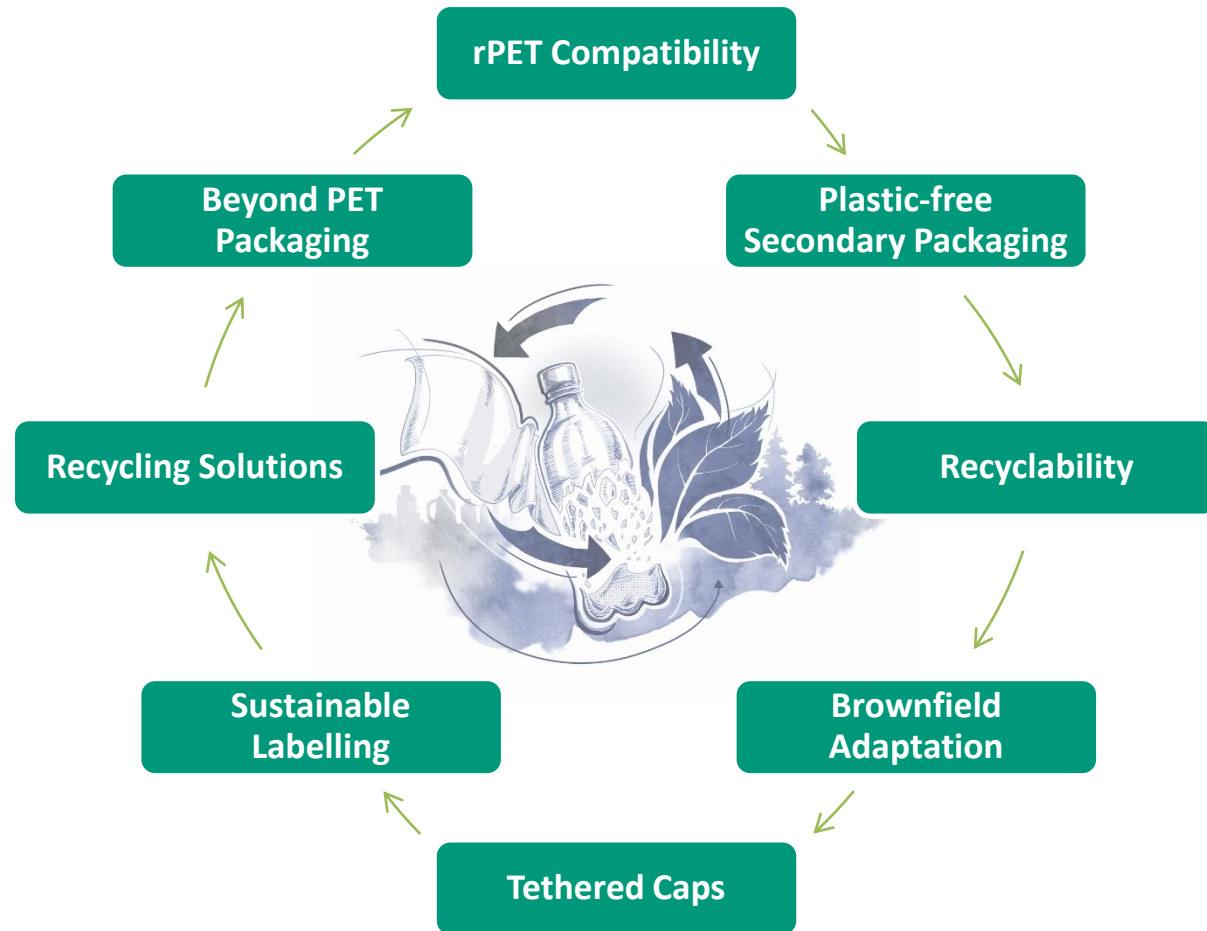


Since 2008, our **enviro program** delivers TÜV-certified solutions featuring industry-leading consumption efficiency



Target: Reduction of Emissions by 25% until 2030

Krones' commitment to Sustainable Packaging



As **world leader** in beverage packaging solutions, Krones embraces **sustainable packaging**

We enable our customers to **Recycle, Reduce, Reuse & Rethink** Packaging

Alongside **over 50 companies**, we joined the **EU Circular Economy Stakeholder Platform** to make

8 tangible commitments for a Circular Economy



Our network

We are part of

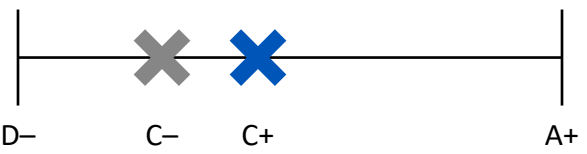
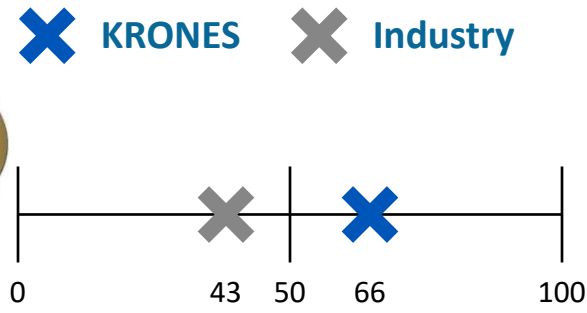
Partner of the Engineering Industry Sustainability Initiative

We are listed

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Ratings

Performance Score



Stakeholder

Key Accounts

Investors

We believe that we are stronger when we work together. The Krones Group has been a member of the UN Global Compact since 2012. We collaborate with companies within our industry under a diverse range of sustainability-focused project groups of the German Engineering Federation (VDMA) and are an official partner to the VDMA's Blue Competence Sustainability Initiative. Our climate strategy 2030 has been officially validated by the Science Based Targets initiative. We ensure transparency towards customers, investors, and analysts by participating in recognised ratings and audits.



Questions and answers



**Thank you
for your attention!**

Financial calendar 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, Treasury and M&A

Krones AG Böhmerwaldstrasse 5
93073 Neutraubling/Germany

Phone +49 9401 70-1169

E-Mail olaf.scholz@krones.com

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.