



# Krones Q1 2024

Conference Call May 03, 2024

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Christoph Klenk, CEO

Uta Anders, CFO

# Krones reports strong figures for Q1 2024; Q1 2024 key figures are full in line with targets for 2024



**Order intake** in Q1 2024 at €1.5bn as a result of strong market demand. In Q1 2024 order intake was 17.4% above Q4 2023.

**Order backlog** with a book-to-bill ratio of 1.19x increased again to €4.4bn or 5.7% above previous year (31.12.2023). This leads to a stable capacity utilization beyond mid of 2025. Order pipeline is strong, and demand is expected to continue in following quarters, meaning that the book-to-bill ratio is expected to be slightly above 1x in 2024.

**Revenue** growth in Q1 2024 by 4.0% yoy to €1.2bn, in line to achieve revenue guidance for full year 2024.

With a strong operative cash flow in Q1 2024 the **free cash flow** (w/o M&A) was strong at €184m. This free cash flow reflects the full year level 2024.

**ROCE**, as the third target figure, increased from 17.8% to 19.0% and is at the upper end of expectations for FY 2024 (17% to 19%).

**EBITDA margin** after 3 months increased from 9.6% to 10.1% and is fully in line with our margin outlook for the full year.

**EBT margin** increased in Q1 2024 to 7.1% vs. 6.9% Q1 prior year

**Targets for 2024** include the effects of the acquisition of Netstal.

For 2024 the **revenue target** is **9% to 13%**.

With the expected profitable growth, the **EBITDA margin target** for 2024 is **9.8% to 10.3%**.

For the third key figure, the **ROCE**, Krones plans a range of **17% to 19%** in 2024.

# Krones highlights Q1



**€1.48** billion

**Order intake**

(PY +€1.51 billion)

**+4.0%**

**Revenue**

€1,247 million

**10.1%**

**EBITDA margin**

(PY 9.6%)

**+€184** million

**Free cash flow**

**w/o M&A**

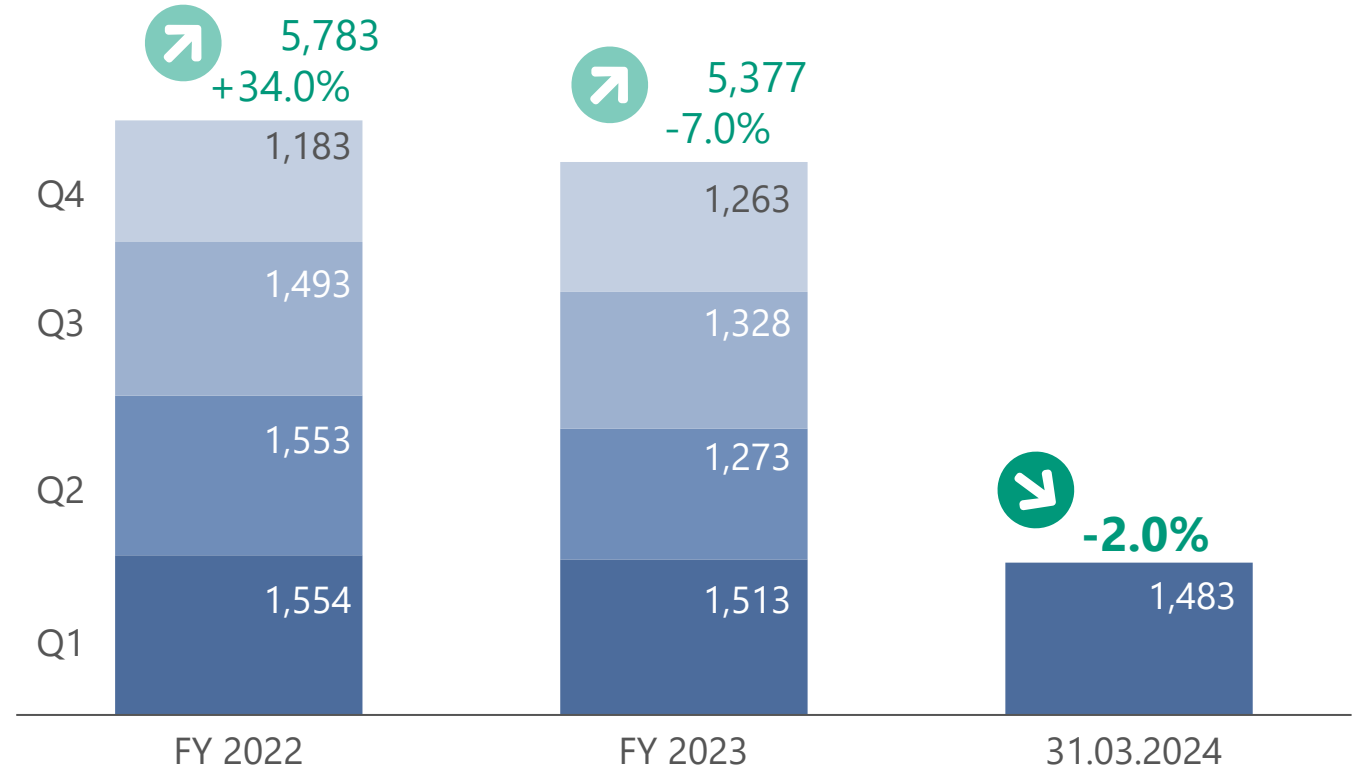
(PY -€21 million)

# Order intake (€ million)



- The high market demand in the filling and packaging industry continued to be very high in Q1 2024
- The Q1 **order intake** of €1.48bn was slightly below the extraordinary high amount of prior year Q1, but 17.4% above Q4 2023.
- For the next few quarters in 2024, we forecast order intake on normalized level

Order intake (€ million)



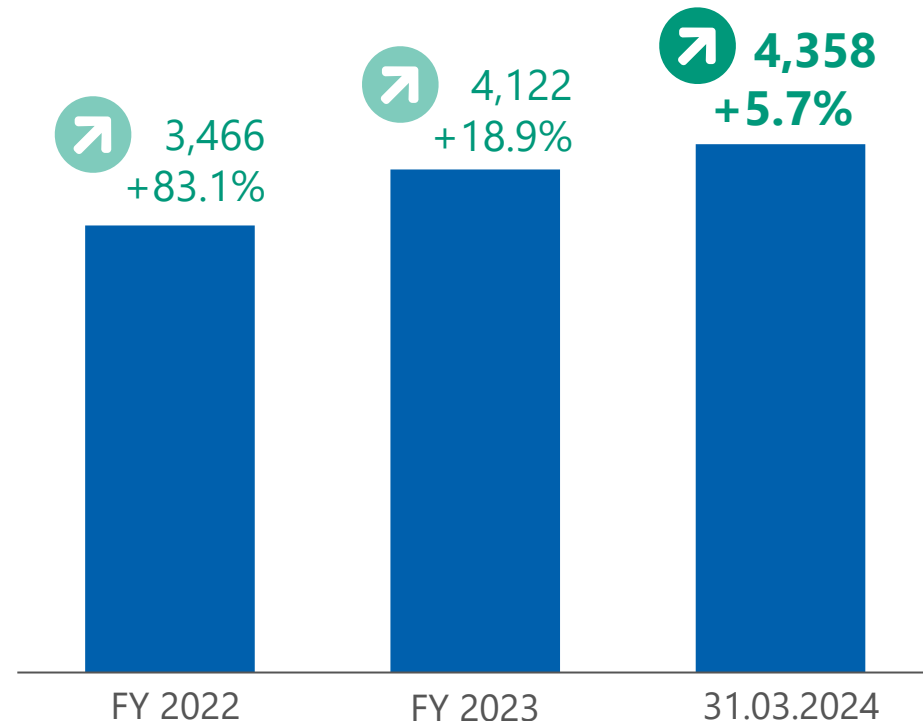
**The high order intake of Krones reflects the resilient and growing market in the beverage filling and packaging industry**



## Order backlog (€ million)

- With a **book-to-bill ratio** of 1.19x the **order backlog** at 31.03.2024 is 5.7% above the very high level at year end 2023
- **Delivery times** improved since the beginning of the year from 70 to 60 weeks

Order backlog (€ million)

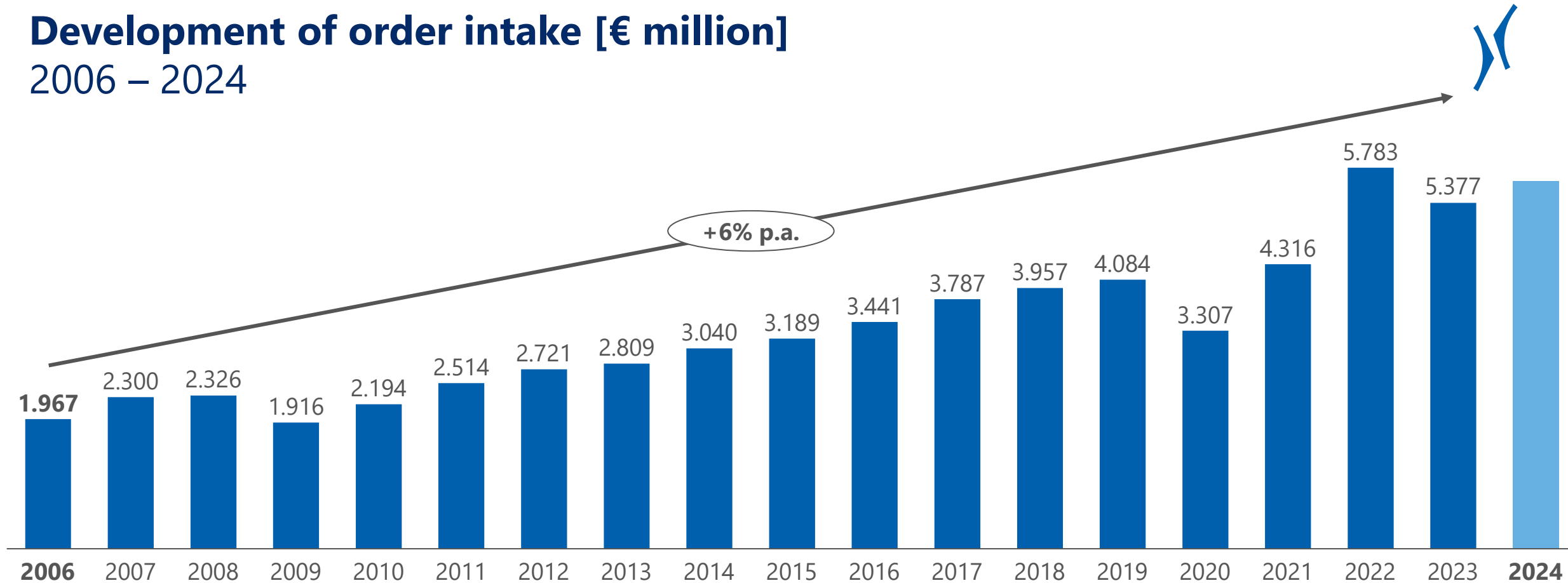


**High order backlog utilizes production beyond mid of 2025**

**This offers Krones a high degree of financial visibility in a challenging global economic situation**

# Development of order intake [€ million]

## 2006 – 2024



**The longterm view of order intake shows the stability of the business model**

**For full year 2024 further growth is expected and the book-to-bill should be slightly above 1x**



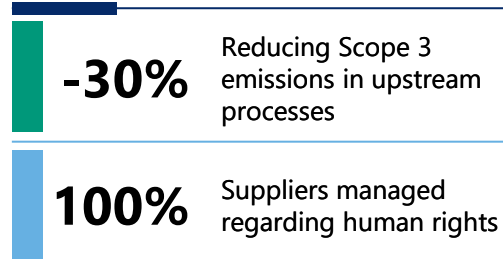
**After closing, fundamental alignment in all categories has been done to strengthen the Netstal brand**

Market and Product opportunities	Value capture aligned on	Financials
<ul style="list-style-type: none"> <li>▪ Target markets for growth are addressed by Region by Product Categories</li> <li>▪ First steps taken to strengthen and align sales force</li> <li>▪ R&amp;D focus defined for the next 24 months</li> <li>▪ Market push for PET systems defined</li> </ul>	<ul style="list-style-type: none"> <li>▪ Branding and Pricing</li> <li>▪ Direct cost reduction focused on supply chain and procurements</li> <li>▪ Alignment on digitalization of the product portfolio</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mid term targets agreed</li> <li>▪ Cost reduction program translated into P&amp;L effects</li> <li>▪ Growth categories aligned and translated into P&amp;L effects</li> </ul>

**Mid term plan to be presented on the CMD July 03, 2024**

# Krones Group Sustainability Goals 2030

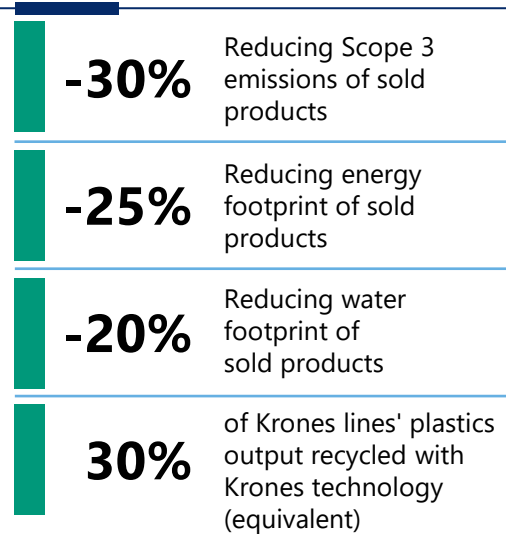
## Upstream chain



## Own operations



## Downstream chain



**12 KPIs in ESG (Environmental, Social, Governance) to steer Sustainability along the value chain until 2030**



Until 2040

**NET-ZERO**

emissions along the whole value chain

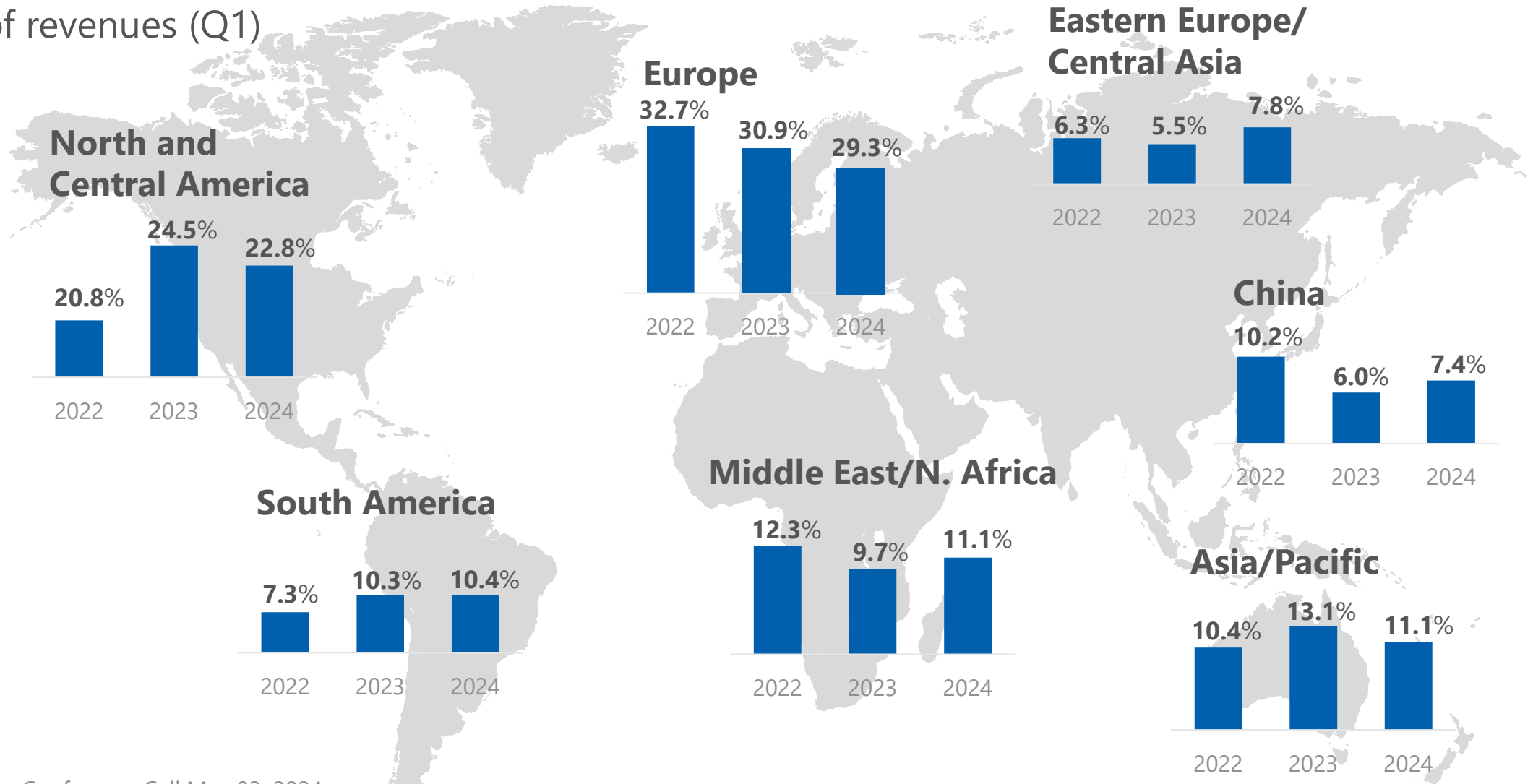




# The well-balanced **revenue split** in industrialized and emerging markets reflects the **strong resilience of Krones**



Share of revenues (Q1)

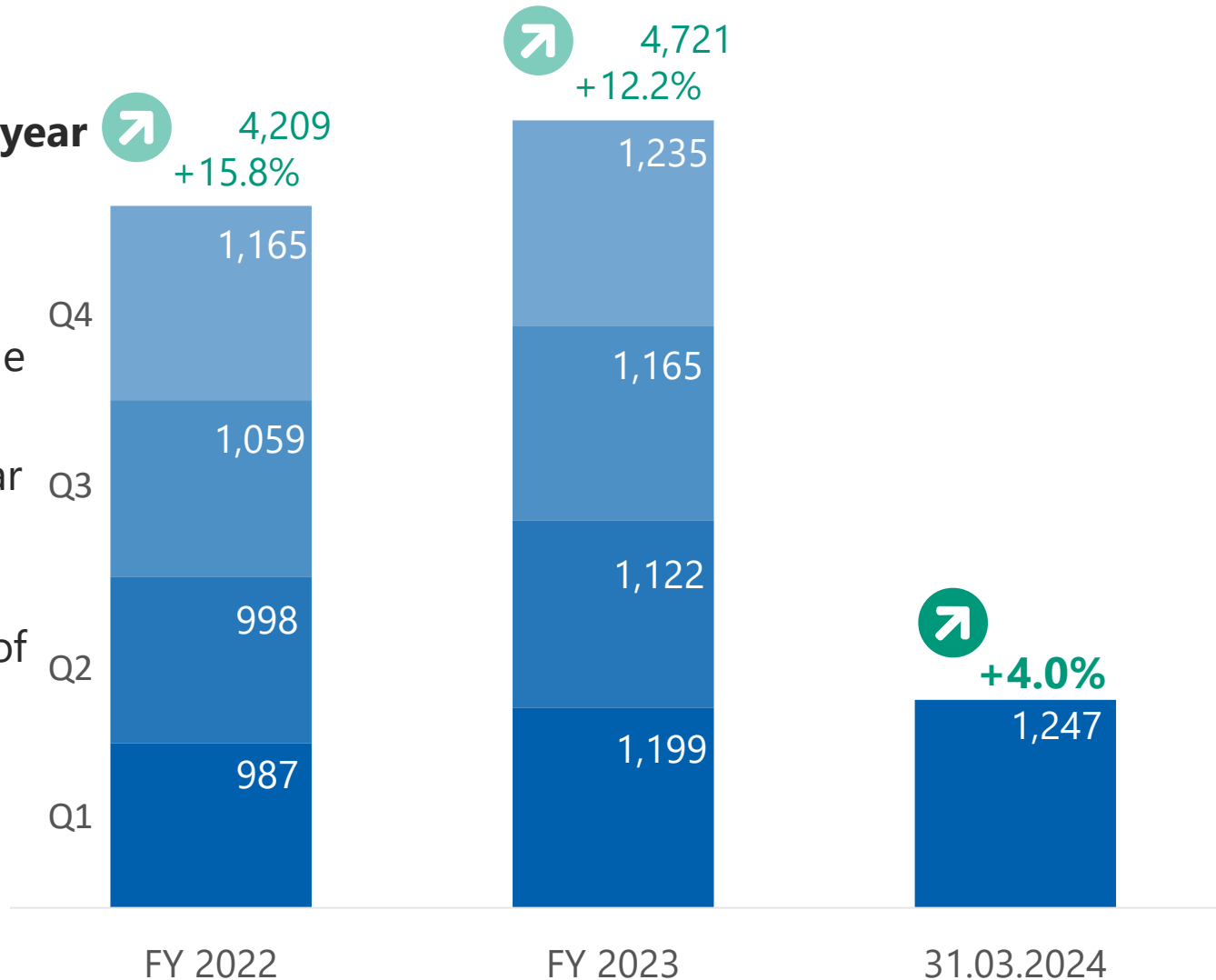


# Revenue development by quarter (€ million)

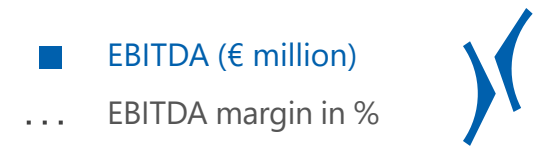


**Revenue growth in Q1 2024 (+4.0%) was fully in line with expectations to achieve revenue guidance of 9%–13% for the full year 2024**

- Despite the lower number of working days in Q1 2024 compared to the previous year, revenue increased by 4.0% compared to the high value of Q1 2023.
- Supply chain shortages of the previous year have eased significantly in the first quarter 2024.
- The acquisition of Netstal was closed end of March 2024, so no effect on the P&L in Q1 2024

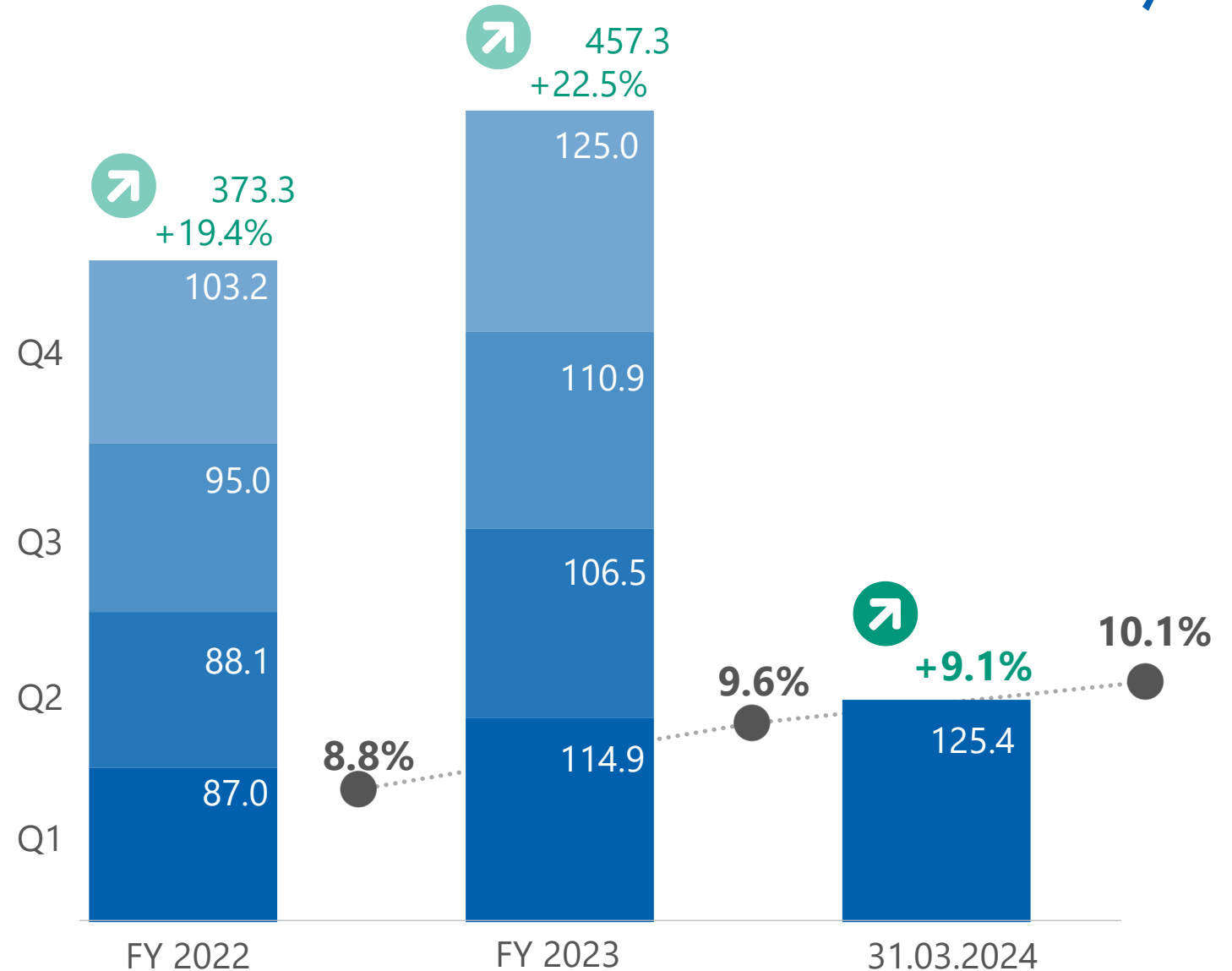


# EBITDA and EBITDA margin further improved (€ million and %)

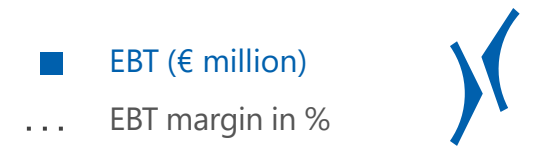


## EBITDA margin at 10.1% with EBITDA at €125m (+9%)

- Despite higher personnel- and material costs EBITDA was increased by 9.1% and therefore stronger than the revenue (4.0%)
- EBITDA margin after 3 months was increased from 9.6% to 10.1% and is fully in line with our margin outlook for the full year (9.8% to 10.3%)
- With the EBITDA margin of 10.1% Kronos has reached in Q1 2024 the lower end of the medium-term (till 2025) profitability target of 10% to 13%

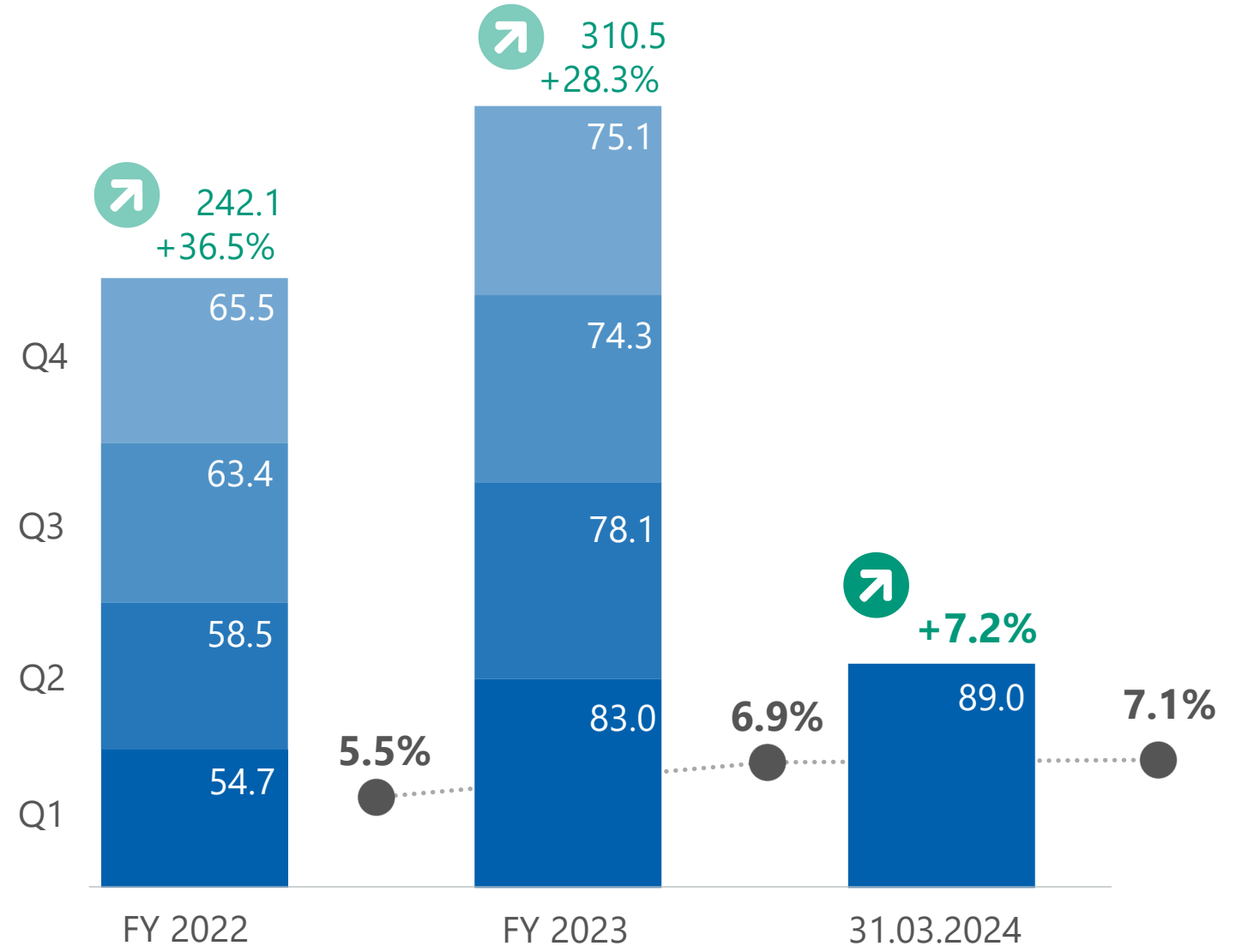


# EBT and EBT margin by quarter (€ million and %)



## EBT margin increased in Q1 2024 to 7.1% vs. 6.9% Q1 prior year

- EBT also increased and is with €89m 7.2% above Q1 prior year (€83m)
- EBT was just slightly influenced by a small financial income of €1.3m – no extraordinary effects posted in Q1 2024
- EBT margin is fully in line with expectations for 2024



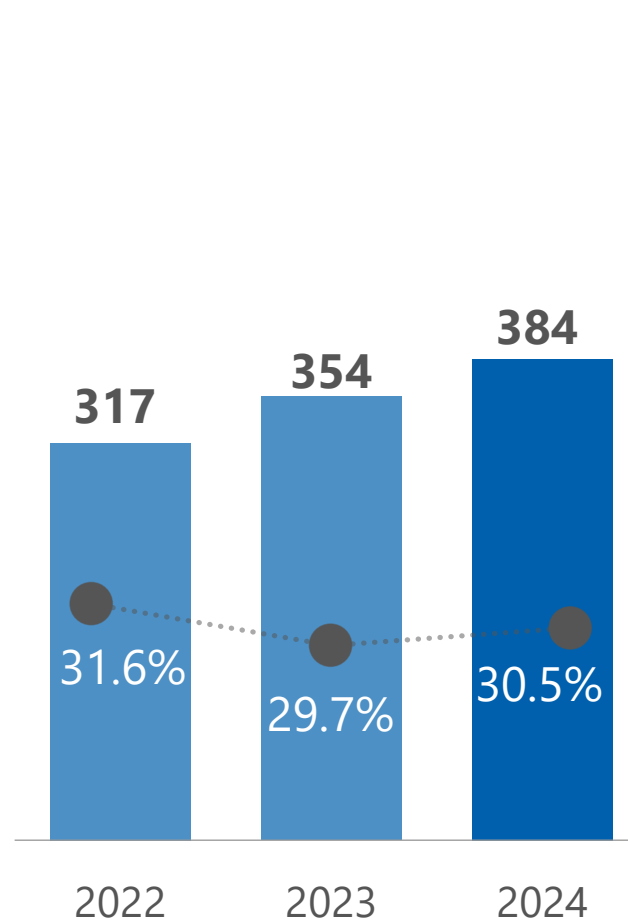
# Personnel and material expenses Q1 (€ million and %)



- Personnel costs increased by 8.6% and as a result the **personnel cost ratio** is with 30.5% slightly above Q1 prior year (29.7%) and so remains around 30%
- Despite to higher growth in new equipment business (which is more material intensive than after-sales business) the **material cost ratio** decreased slightly to 49.3% vs. Q1 prior year (49.5%), and so remains around 50%

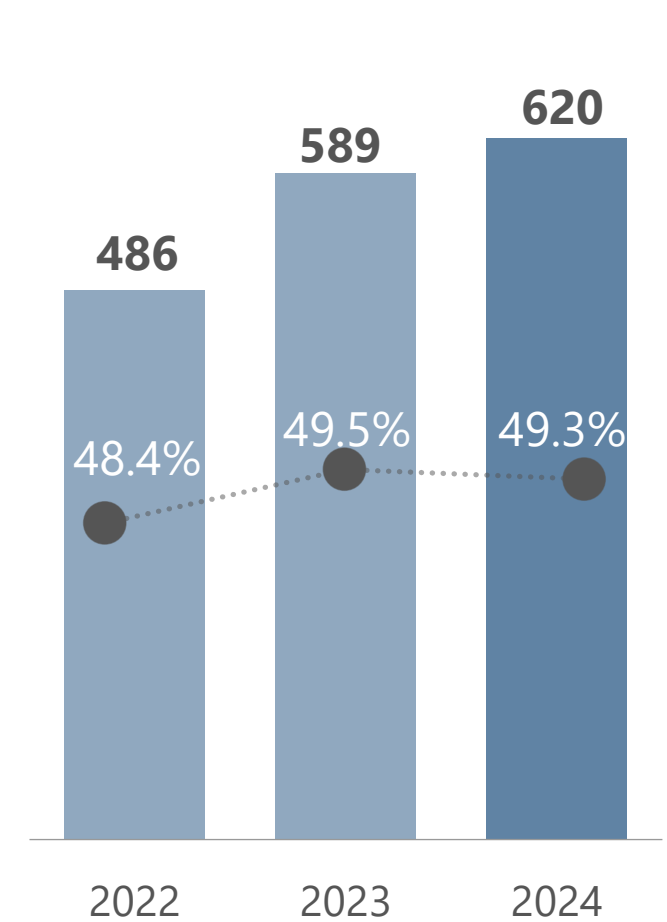
Further cost increases in both cost categories are and will be compensated by the implemented price increases (August 2021 and April 2022)

Personnel costs Q1 (€ million)



Personnel expenses to total performance (%)

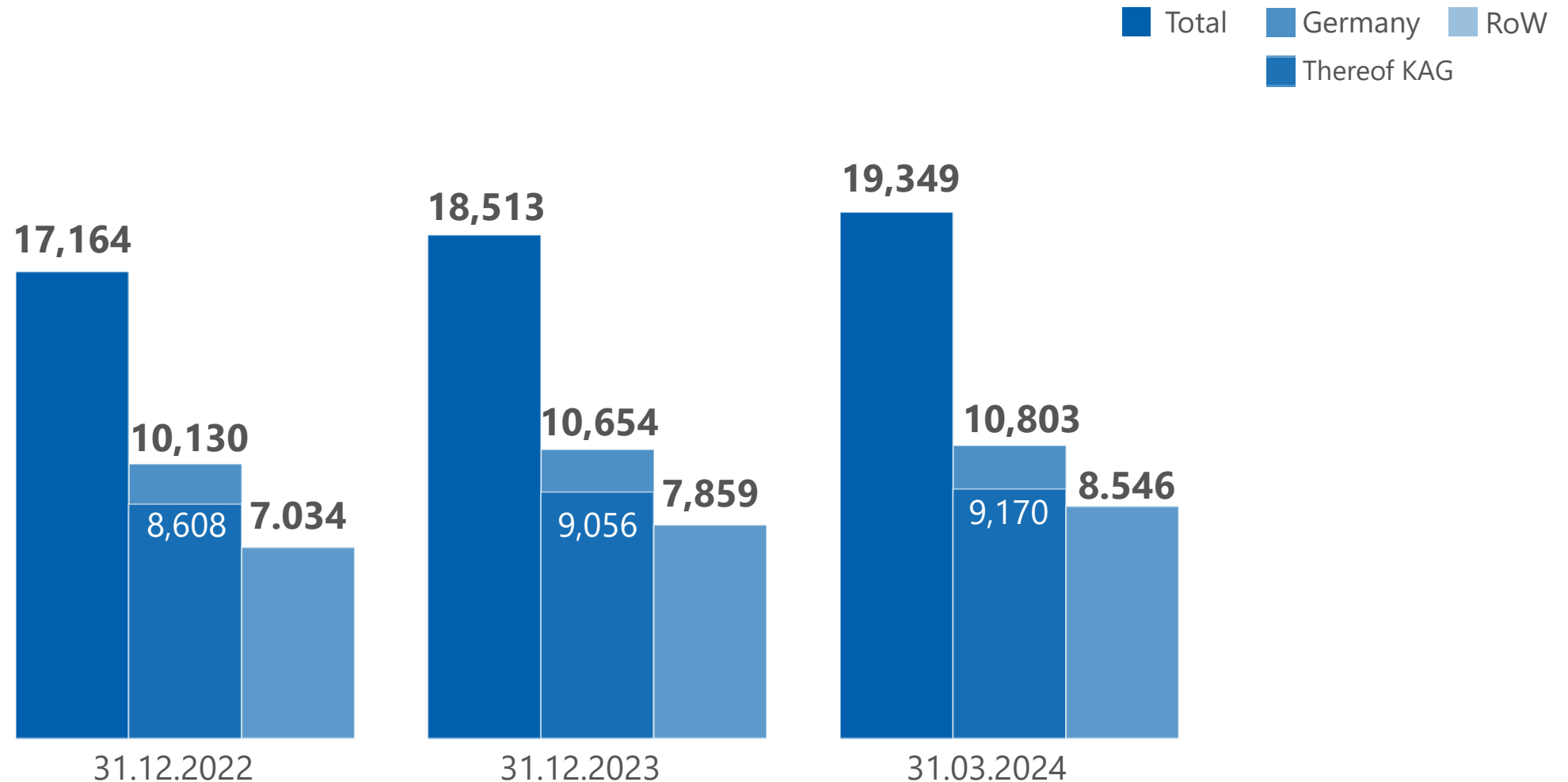
Material costs Q1 (€ million)



Material expenses to total performance (%)

## Krones employees worldwide –

Growth in Germany in Q1 2024 (+1.4%) also includes hiring of service engineers; a further growth in the RoW (+9%) mainly related to M&A (Netstal)



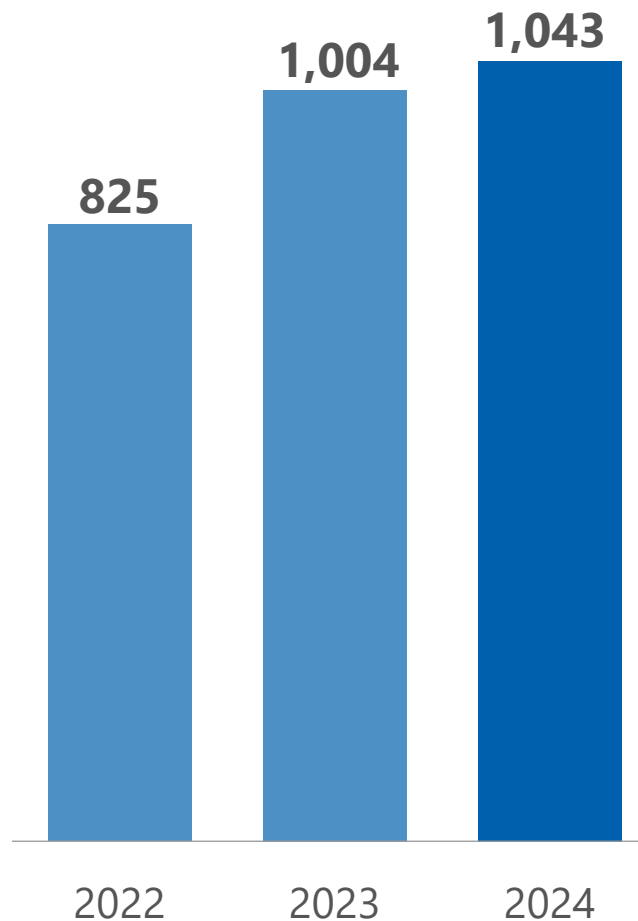
# Revenue and EBITDA per segment (1/3)



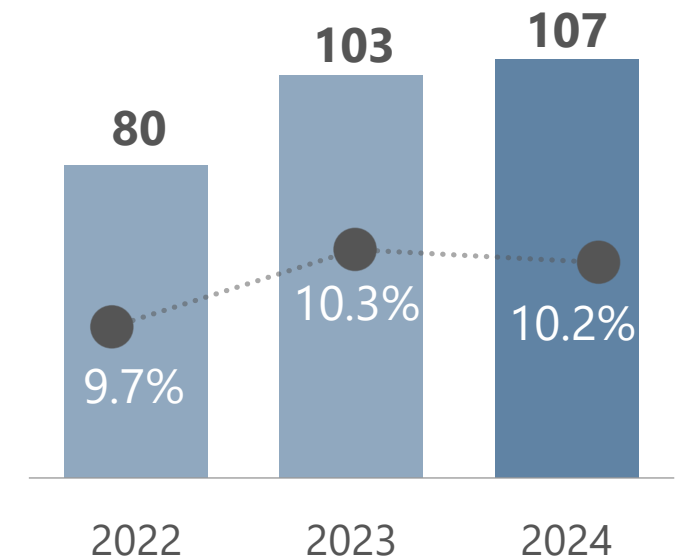
## Filling and Packaging Technology

- Increase in **revenue** (+3.8%) is nearly at same level as of the group and was influenced by the same effects regarding working days
- **EBITDA margin** was in Q1 2024 at 10.2% and so stabilized on high level of prior year (10.3%)
- EBITDA margin of Q1 is in line with our expectations (target 2024: 10.3%-10.8%)

Revenue development Q1 (€ million)



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



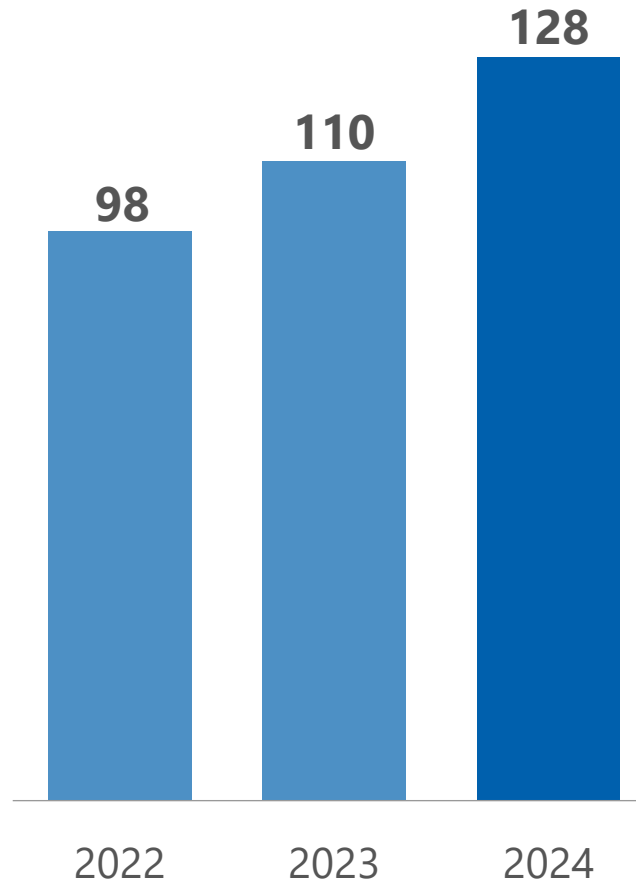
# Revenue and EBITDA per segment (2/3)



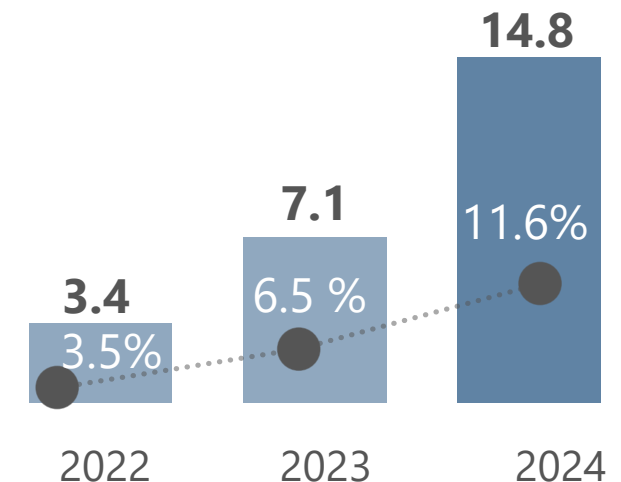
## Process Technology

- **Revenues** increased by 16.5% and is in line with the growth target for full year 2024 (15% to 20%)
- **EBITDA margin** in Q1 2024 of 11.6% vs. 6.5% previous year reflects the strong positive operational development also of the component business in the segment and is above the margin target (8% to 9%)
- **Acquisition** of Ampco Pumps, US, (in June 2023) had positive impact on the segment figures

Revenue development Q1  
(€ million)



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





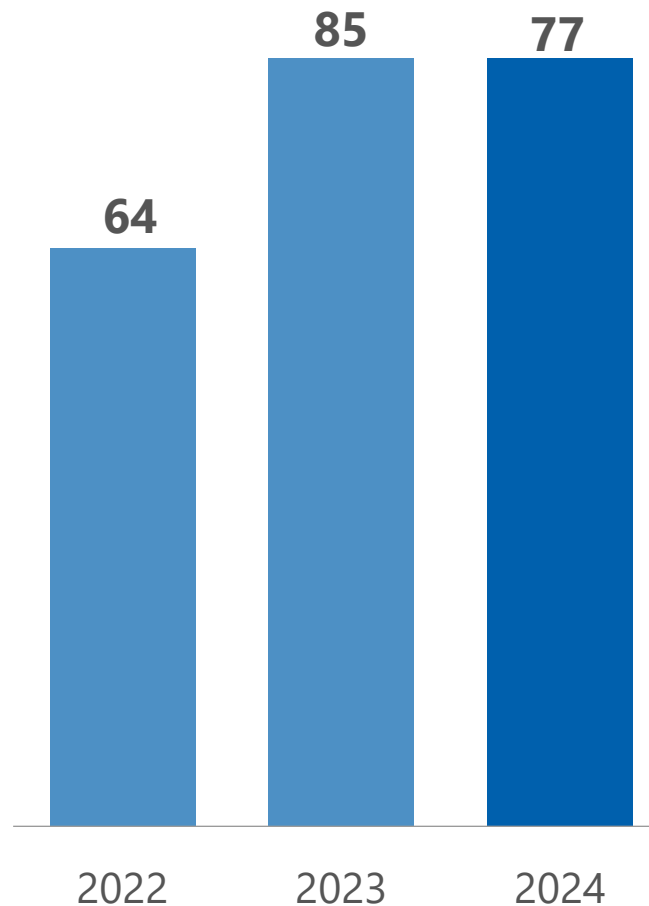
# Revenue and EBITDA per segment (3/3)



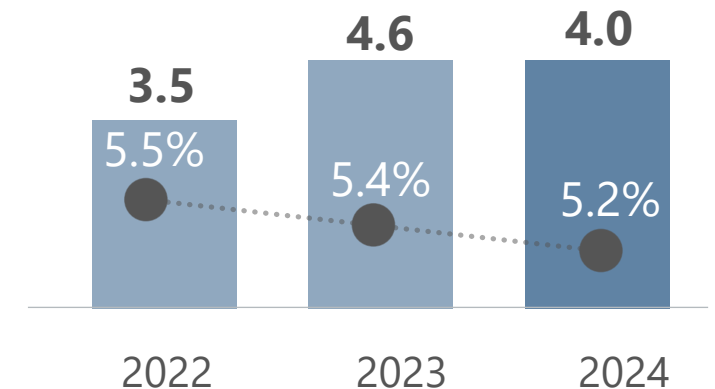
## Intralogistics

- **Revenue** in Q1 2024 decreased to €77m (vs. €85m previous year). It should be taken into account that in Q1 2023 revenue increased by +33%. Additionally, as in the fourth quarter 2023, the segment continued to focus on projects with smaller order size but good margins in an intensely competitive market environment
- **EBITDA margin** of 5.2% in Q1 2024 is slightly below previous year (5.4%)

Revenue development Q1  
(€ million)



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

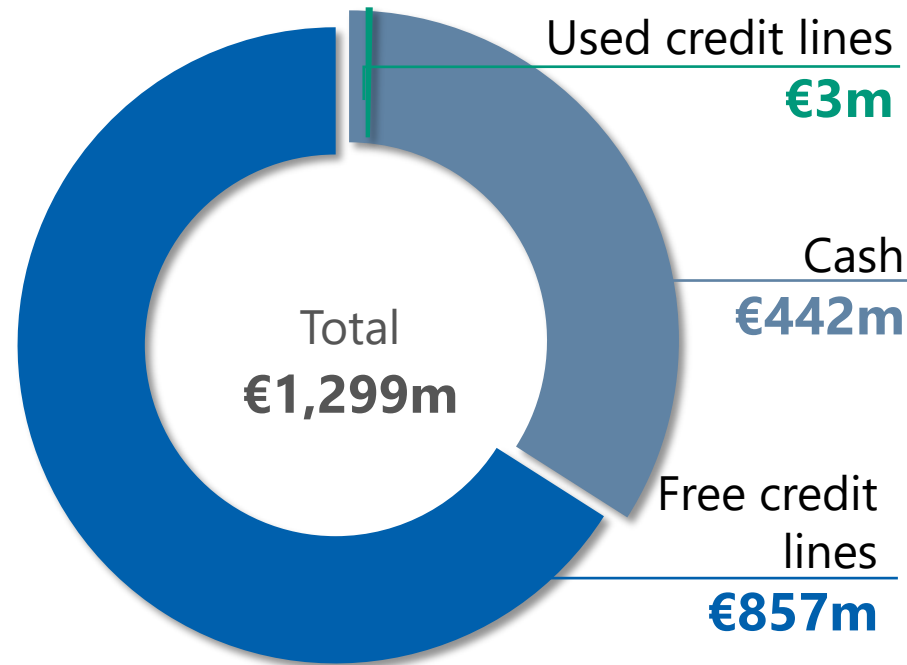


# Krones financially very strong; resilient capital position of Krones to withstand volatile world economy developments

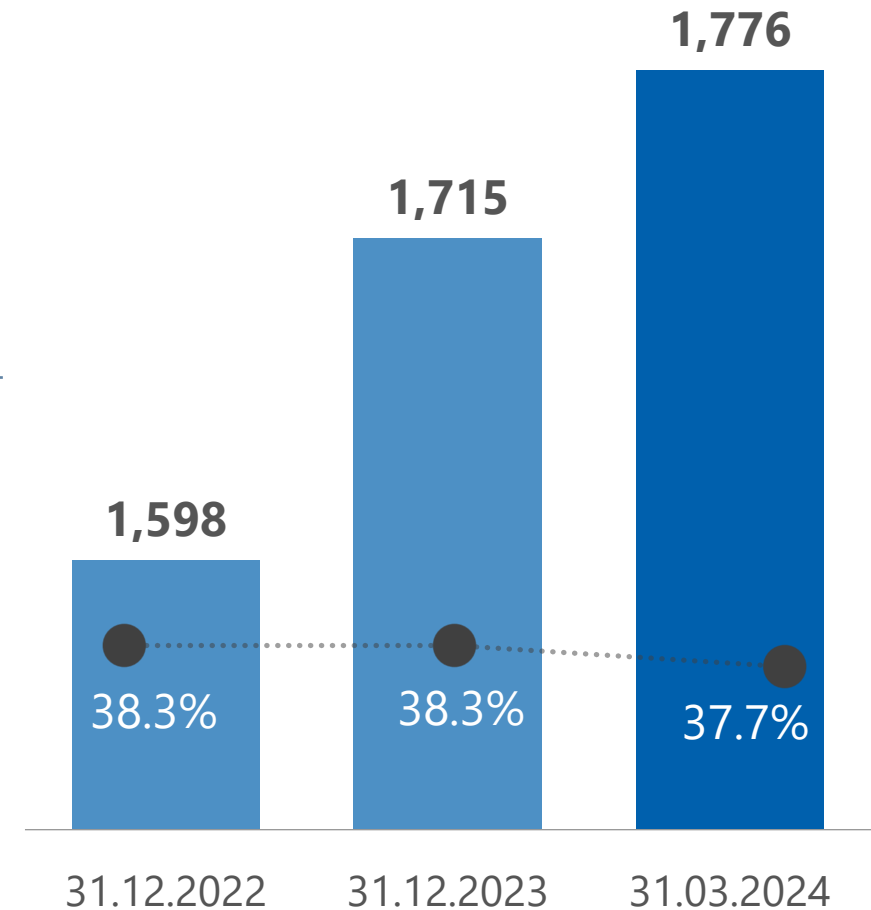


- With €442m cash and €857m free credit lines Krones has a very strong **financial position** with €1.3bn liquidity reserves
- With further increased business activity in Q1 2024 (+4.0% in revenue), balance sheet amount increased by 5.3%. As a result, the equity ratio slightly decreased to 37.7%

**Liquidity reserves  
31.03.2024**



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



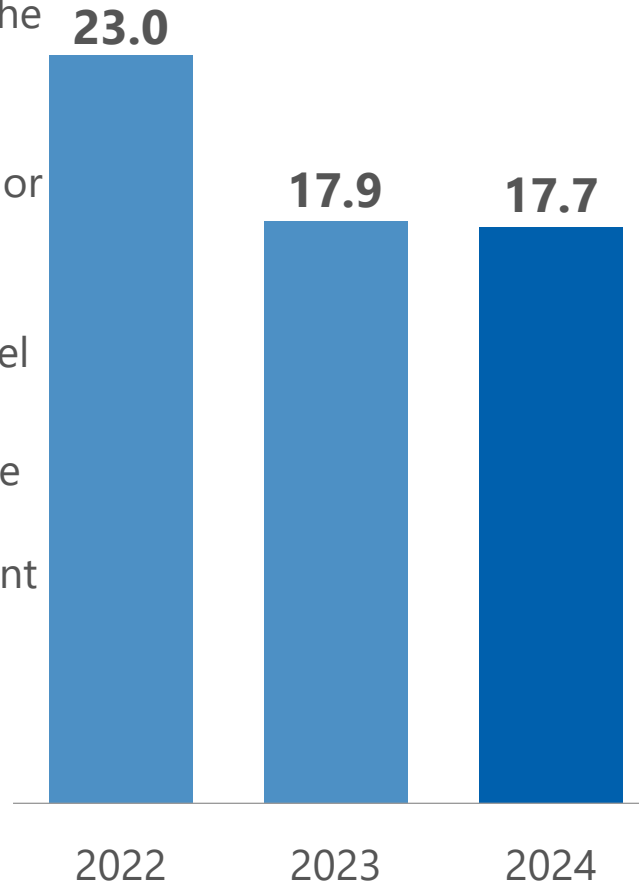
# Working Capital Q1 (in %)



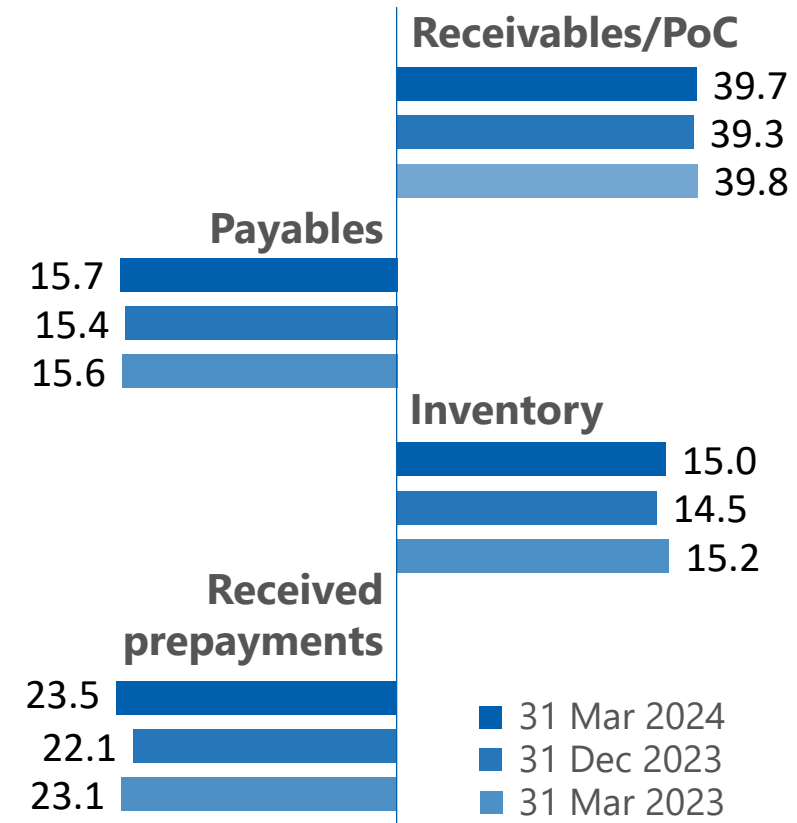
## Working Capital remains with an average of 17.7% vs. 17.9%

- The **receivables/POC** increased just slightly by +0.4% relating to the revenues. In Euro amount the increase (+2.5%) was below the revenue growth (+4.0%)
- **Payables** also increased in Euro amount (+3.0%) or +0,3% in percentage of revenues
- Due to higher business activities and the holding of safety stock, **inventory** stabilized at a high level (increase of +0.5% to revenues)
- As a result of the high order intake in Q1 2024 the **prepayments** were increasing +1.4% relative to revenues disproportionally or 7.7% in Euro amount

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



Part of Working Capital in % of revenue (last 12 months)



# Free cash flow Q1



## With a strong operative cash flow in Q1 2024 the free cash flow (w/o M&A) was strong at €184m

- With a good earnings situation and a decrease in working capital by €24m (prior year: increase of €122m) **the cash flow from operating** activities strongly increased to €210m vs. €14m Q1 2023
- **Investing activities** with €36m at same level as prior year (€35m) and with an investment ratio of 2.9% as expected
- Free cash flow additionally impacted by **M&A payments** mainly for Netstal and also for a payment for a prior year acquisition
- **Financing activities** include payments for leasing

(€ million)	2024	2023
<b>Earnings before taxes (EBT)</b>	<b>89.0</b>	<b>83.0</b>
+/- Other non-cash changes	+99.3	+88.7
+/- Change in Working Capital	+23.9	-121.8
+/- Other assets and liabilities	-2.4	-36.2
<b>Cash flow from operating activities</b>	<b>209.8</b>	<b>13.7</b>
+/- Capex	-35.9	-35.2
+/- Other	+10.3	+0.5
<b>Free cash flow w/o M&amp;A</b>	<b>184.2</b>	<b>-21.0</b>
+/- M&A-Activities	-180.1	0.0
<b>Free cash flow reported</b>	<b>4.1</b>	<b>-21.0</b>
+/- Financing activities/Others	-10.4	-8.8
Net change in cash	-6.3	-29.8
<b>Cash at the end of period</b>	<b>442.1</b>	<b>644.7</b>

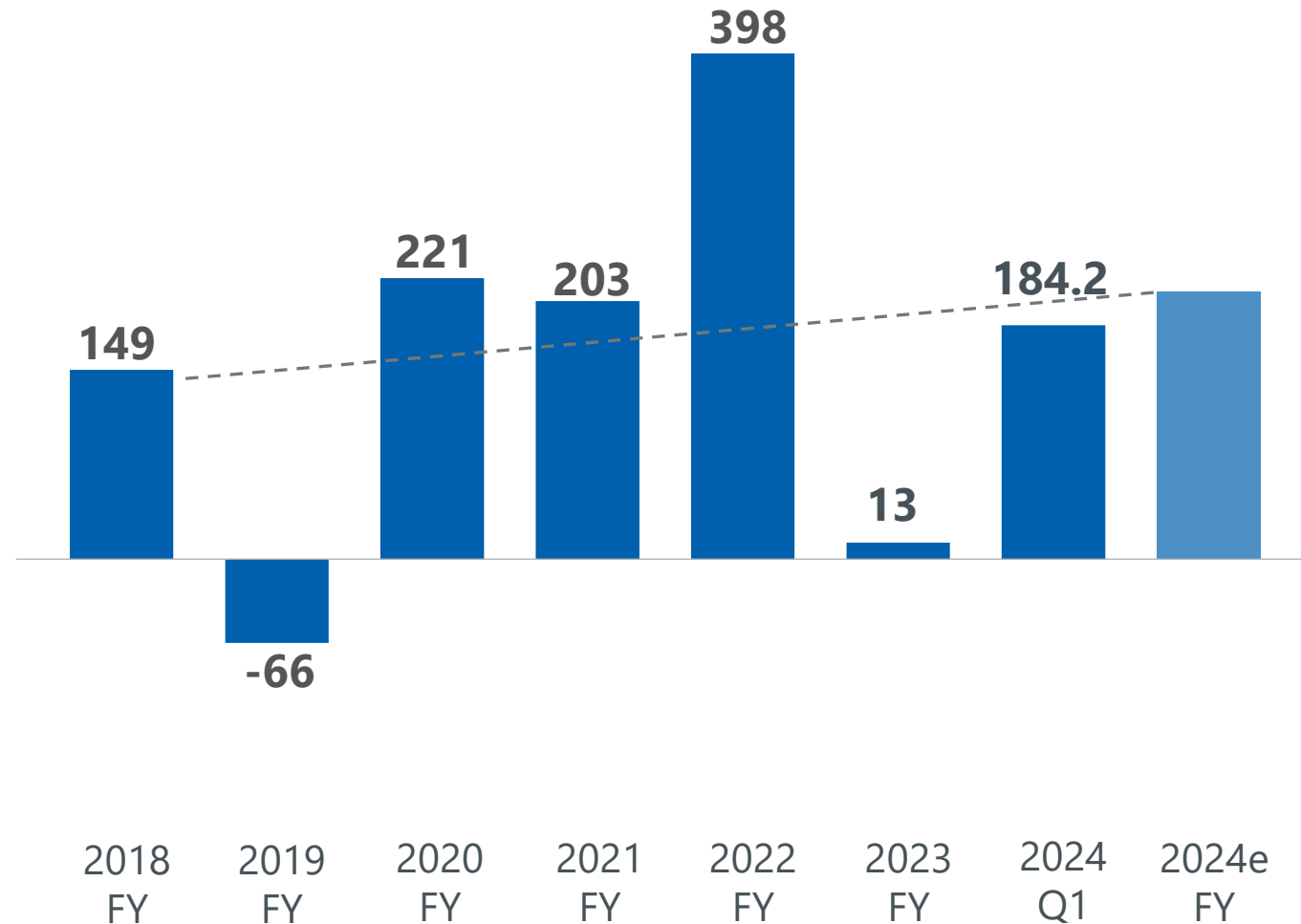
# Free cash flow



## Free cash flow and cash conversion rates of FY 2023 and FY 2022 must be considered together

- With the **Free cash flow** in Q1 2024 the acquisition of Netstal was financed entirely from our own cash
- As consequence of the high free cash flow after 3 months in 2024, which should be expected as the level for the full year, the **cash conversion rate** is pretty high (280%)
- **As expected, the free cash flow increase to a normal level** and reflects in Q1 2024 the level for the full year 2024

Free cash flow (without M&A) in € million

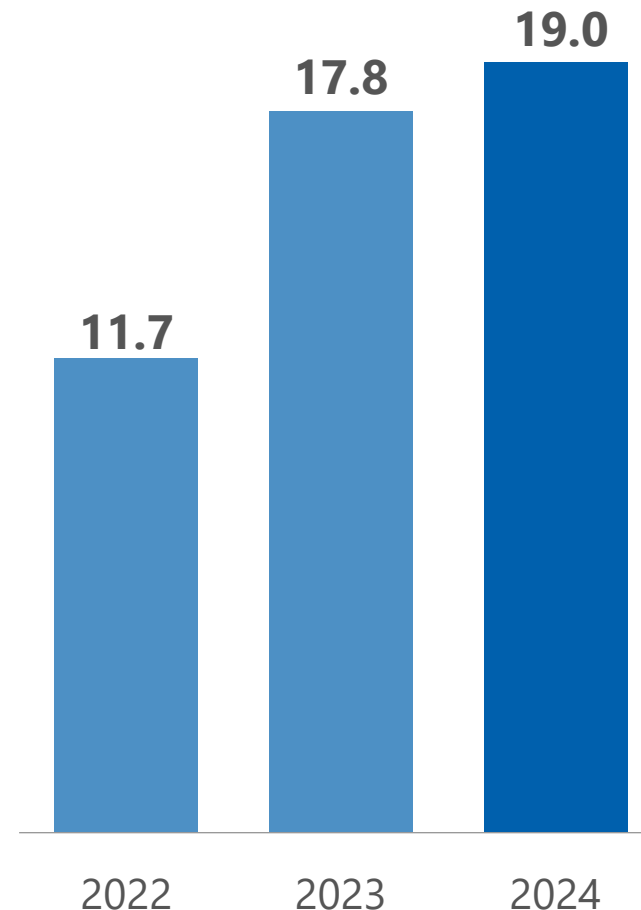


# ROCE



- **ROCE**, as the third target figure, is at 19.0% at the upper end of expectations for FY 2024 (17% to 19%) and also better than 17.8% of Q1 2023
- The positive development is mainly based on higher earnings
- This increase in earnings will compensate the further growth in the average of working capital and the fixed assets developments
- For 2024 a target of 17% to 19% reflects the further profitable growth of Krones

ROCE Q1 2022 – 2024\* in %



\* ROCE without one-offs, goodwill and financial assets



# Outlook 2024

## Krones Outlook 2024 –

further growth and improvement of profitability; All targets including the acquisition of Netstal



**9% – 13%**

**Revenue growth**

**9.8% – 10.3%**

**EBITDA margin**

**17% – 19%**

**ROCE**

### **Key assumptions:**

1. No further escalation of Russia-Ukraine conflict and in Middle East
2. No geopolitical escalations, e.g. China/Taiwan

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**There are various unpredictable factors that could affect the company's business processes and production. These include geopolitical risks in Europe, the Middle East and other parts of the world, as well as high inflation and interest rates in many countries. Material shortages and problems in global supply chains also remain a source of uncertainty.**



# Krones Outlook 2024 – Segment targets

(including the acquisition of Netstal in the core segment)



	Filling and Packaging Technology	Process Technology	Intralogistics
Revenue growth	9% – 13%	15% – 20%	5% – 10%
EBITDA margin	10.3% – 10.8%	8% – 9%	6% – 7%

## Key take aways



1. Kronos has realized a successful first quarter 2024. Markets are strong and our customers continue to invest
2. With a very large order backlog Kronos has planning certainty and a capacity utilization beyond mid-2025
3. Further strong improvement in profitability, due to price setting, efficiency improvements and strong service business in all regions
4. Free Cash flow increased significantly in Q1 2024 and reflects the level for the fiscal year 2024
5. With the acquisition of Netstal Maschinen AG, Kronos marked a major strategic milestone to close the loop for circular PET solutions and for further diversification
6. The ambitious targets for the year 2024 are confirmed



# Questions and Answers



**Thank you**  
for your attention!

# Financial calendar 2024



<b>June 4, 2024</b>	Annual General Meeting in Regensburg
<b>July 3, 2024</b>	Capital Market Day in Neutraubling
<b>July 31, 2024</b>	Conference Call Group Quarterly statement for the period from 1 January to June 30, 2024
<b>November 5, 2024</b>	Conference Call Group Quarterly statement for the period from 1 January to September 30, 2024



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