



Krones First Half Year 2024

Conference Call July 31, 2024

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Krones with a very successful HY1 2024; Revenue and profitability increased significantly; Key figures are full in line with targets for 2024



Order intake in HY1 2024 at €2.8 billion as a result of strong market demand. In Q2 2024 order intake was 2.9% above Q2 2023.

Order backlog with a book-to-bill ratio of 1.1x increased further to €4.4 billion 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, thus that the book-to-bill ratio is expected to be slightly above 1x in 2024.

Revenue growth in Q2 2024 by 16.7% yoy, after first half-year 2024 revenue growth with 10.1% is in line with revenue guidance for full year 2024.

With a strong operative cash flow in HY1 2024 the **free cash flow** (w/o M&A) was strong at €127 million. A further increase is expected in Q4 2024.

ROCE, as the third target figure, increased from 17.8% to 18.8% and is at the upper end of expectations for FY 2024 (17% to 19%).

EBITDA margin after six months increased from 9.5% to 10.0% and is fully in line with our margin outlook for the full year.

EBT margin increased in first six months 2024 to 7.3% vs. 6.9% 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.

Mid term targets 2028 with revenue around 7.0 billion and an EBITDA margin of 11% to 13% are published. ROCE expected >20%.

Krones highlights 1st HY 2024



€2.79 billion

Order intake

(PY +€2.79 billion)

+10.1%

Revenue

€2,556 million

10.0%

EBITDA margin

(PY 9.5%)

+€127 million

Free cash flow

w/o M&A

(PY -€131 million)

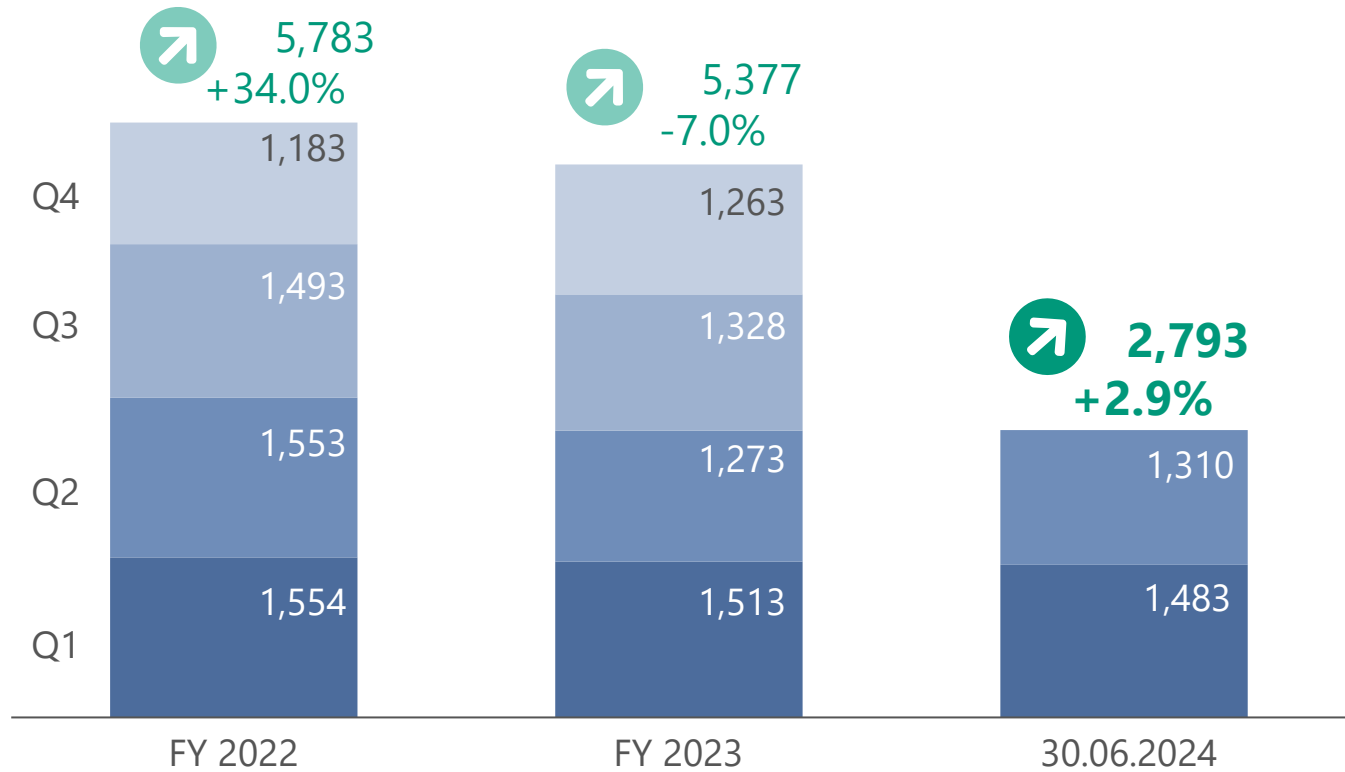
Order intake (€ million)



Market demand in the filling and packaging industry is robust. Order intake in the 1st half of 2024 was above the high level of prior year

- The Q2 2024 **order intake** was 2.9% above prior year
- In the first 6 months 2024 the value of orders was at €2.79 billion, i.e., 0.3% above the strong level of 2023
- For the remaining quarters of 2024 we forecast a value of €1.4 billion in average

Order intake (€ million)



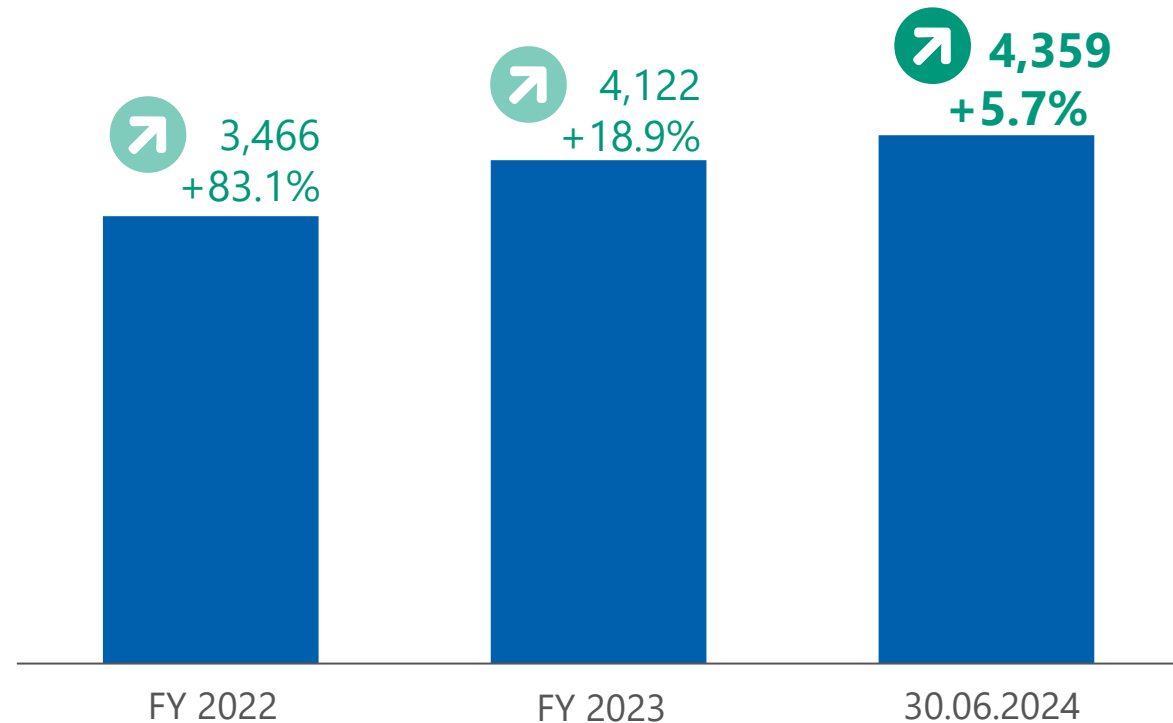
The high order intake of Krones reflects the resilient and growing market in the beverage filling and packaging industry

Order backlog (€ million)



- As forecasted, the **book-to-bill ratio** was 1.1x in the first half of the year.
- As a result, the order backlog continued to rise despite strong revenue growth in the first six months
- **Order backlog** of €4.4 billion increased by 5.7% compared to end of 2023 (€4.1 billion), an increase of 10.9% compared to prior year
- **Delivery times** improved since the beginning of the year from 70 to 60 weeks

Order backlog (€ million)

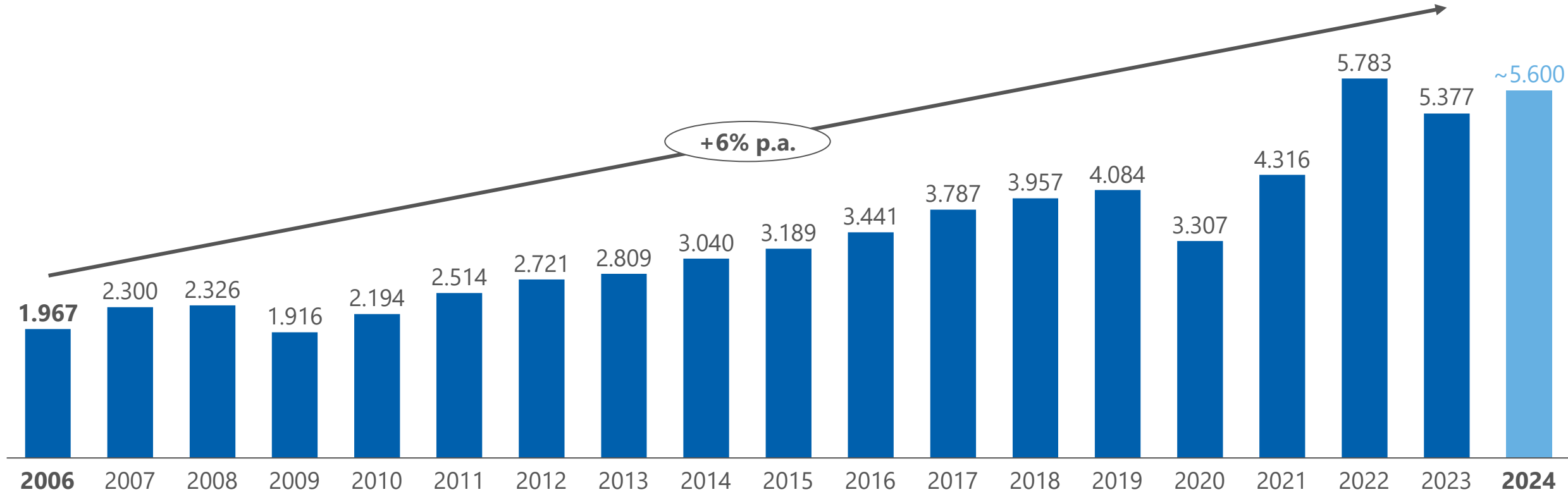


High order backlog utilizes production beyond mid of 2025

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

Development of order intake [€ million]

2006 – 2024



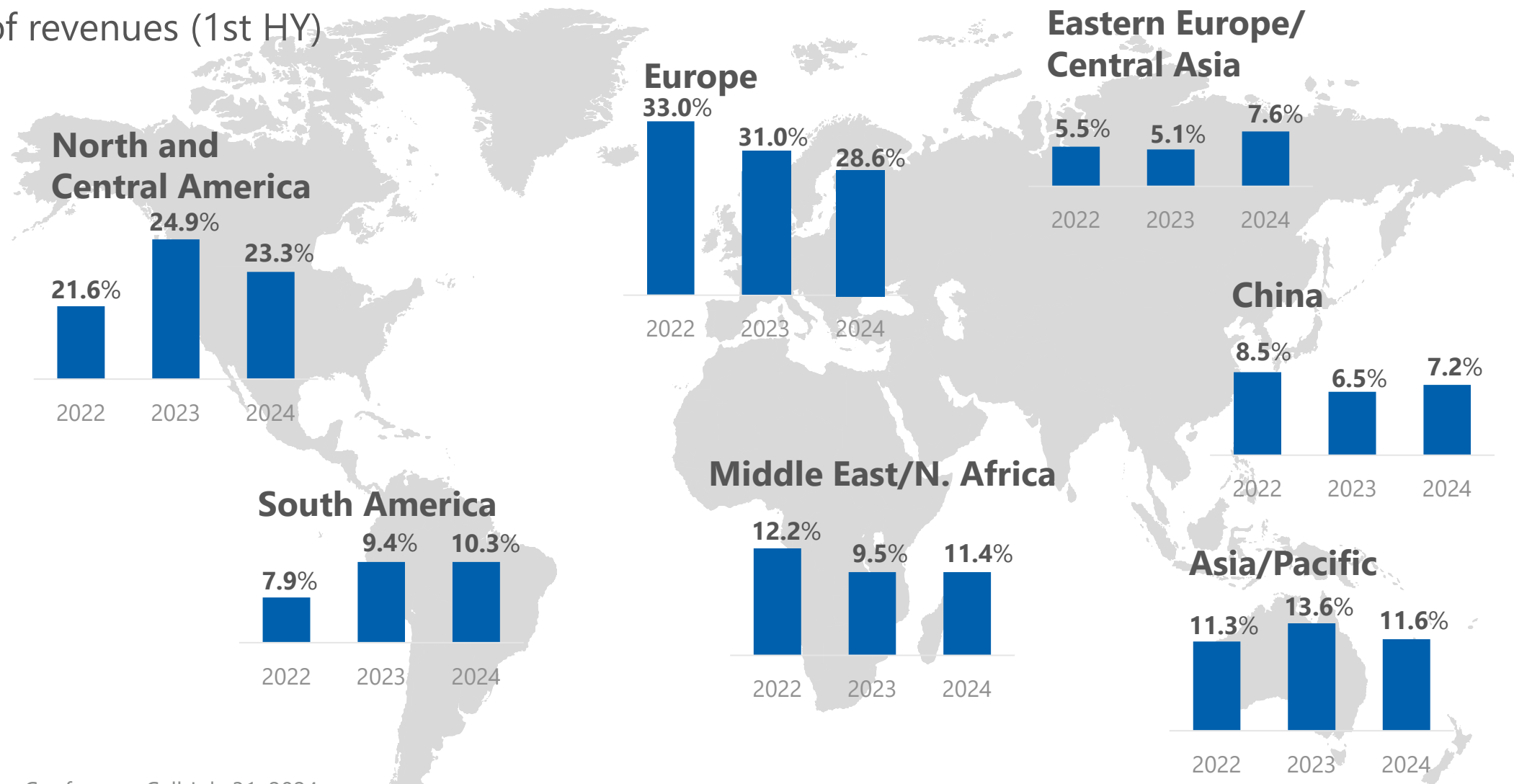
The longterm view of order intake shows the stability of the business model

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

The well-balanced **revenue split** in industrialized (52%) and emerging markets (48%) reflects the **strong resilience of Krones**



Share of revenues (1st HY)

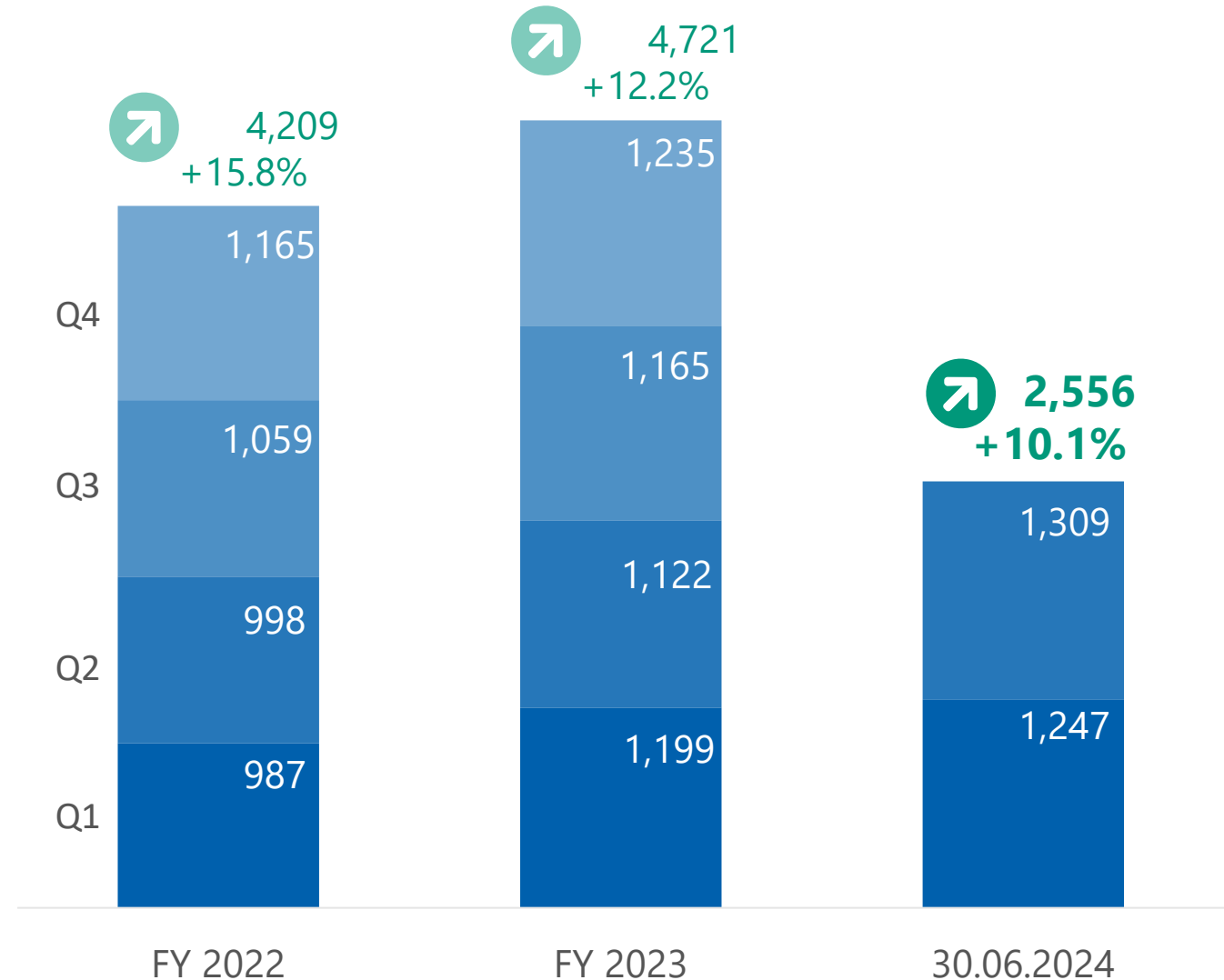


Revenue development by quarter (€ million)



Revenue growth in Q2 2024 accelerated as expected significantly by 16.7% compared to the first quarter (4.0%)

- The acquisition of Netstal (closed end of March) had a positive impact on the second quarter; but even without Netstal, growth in Q2 was above 12%
- After six months 2024 growth at 10.1% was thus within the range of 9% to 13% forecast for 2024
- Supply chain shortages have eased further in 2024
- Mid-term target for 2028 is around €7.0 billion

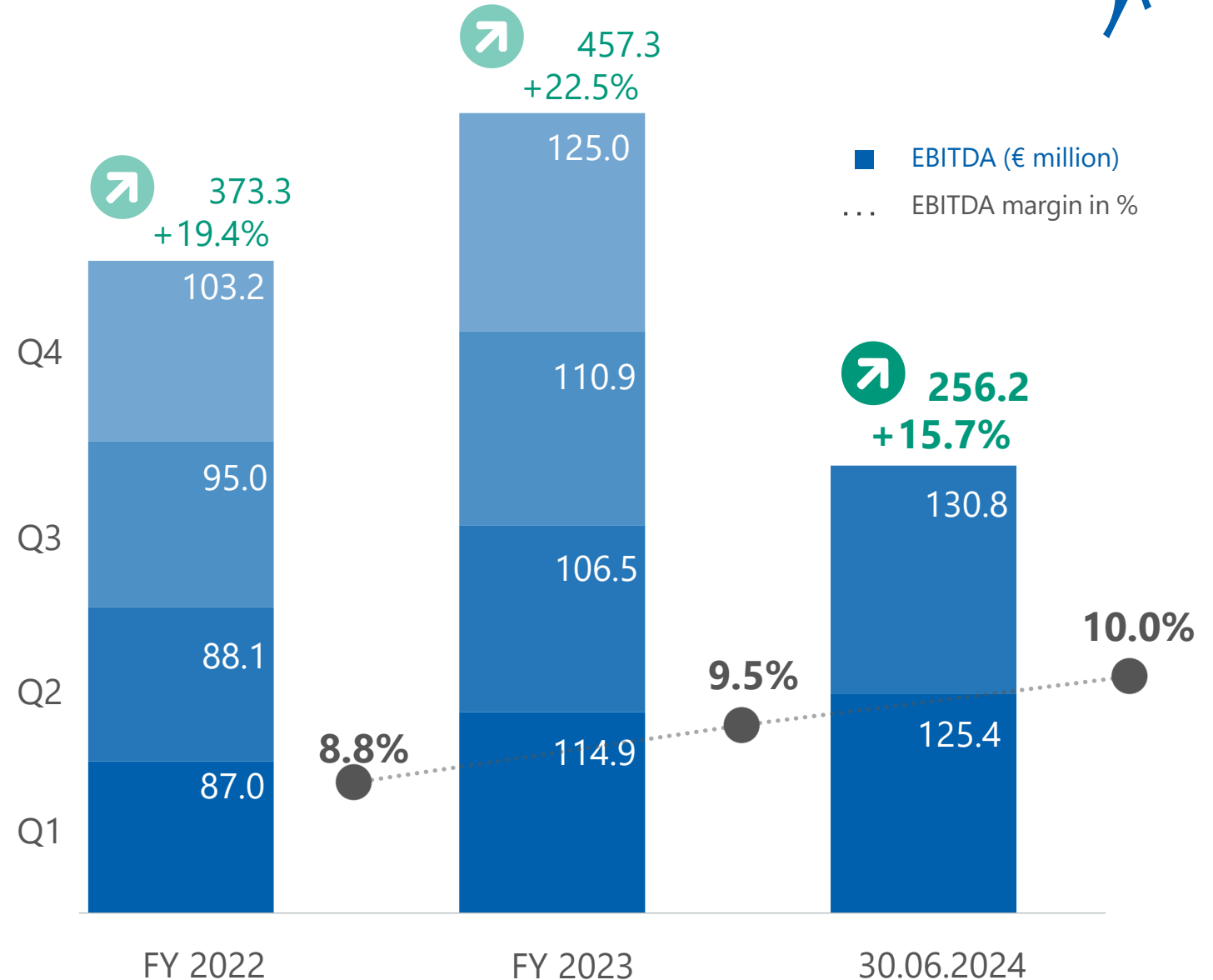


EBITDA and EBITDA margin further improved (€ million and %)



EBITDA margin at 10.0% with EBITDA at €256 million (+16%)

- Despite of higher personnel- and material costs EBITDA continued to improve by 16% and thus represents the profitable growth of Krones
- EBITDA margin after six months increased from 9.5% to 10.0% and is fully in line with our margin target for the full year (9.8% to 10.3%)
- The mid-term target for 2028 for the EBITDA margin is 11% to 13%

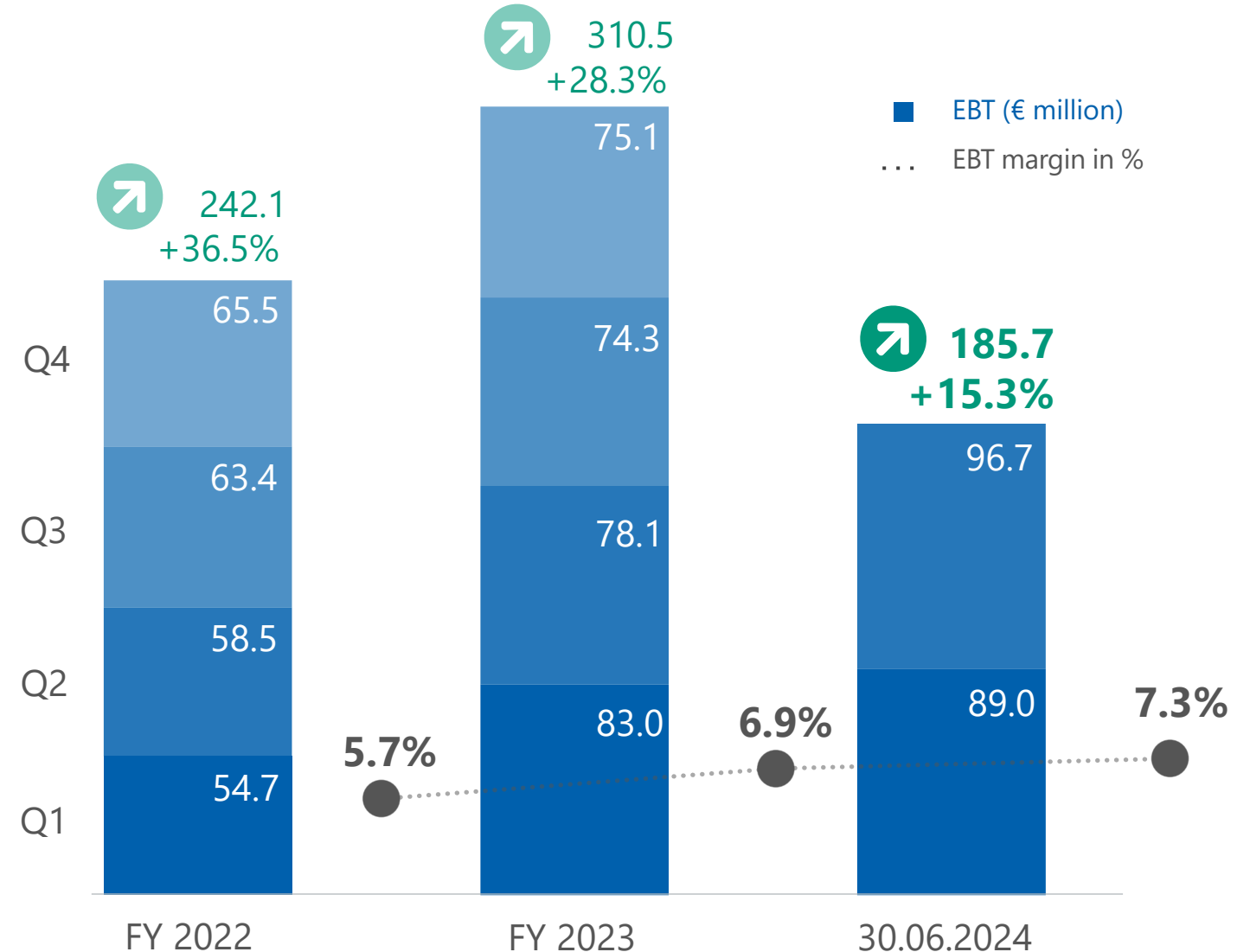


EBT and EBT margin by quarter (€ million and %)



EBT margin increased in Q2 2024 to 7.4% vs. 7.0% Q2 prior year

- After six months in 2024 EBT also increased by 15% up to €186 million and a EBT margin of 7.3%
- EBT was influenced by a financial income of €7.2 million – with a minor extraordinary effect (€4.5 million) posted in Q2 2024
- EBT margin is in line with expectations for 2024



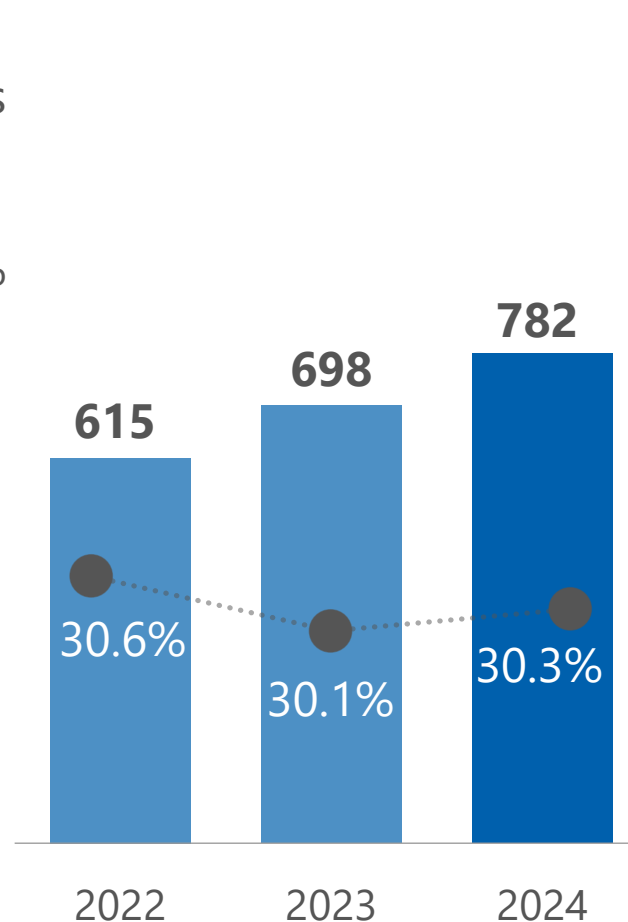
Personnel and material expenses HY1 (€ million and %)



- Personnel costs increased by 12% as a result of increasing employee amount (+10,1%) in the last 12 months. Also wages and salaries raised but all in all the **personnel cost ratio** was just slightly higher (30.3%) and so remains around 30%
- **Material cost ratio** decreased from 49.4% to 49.2% in 6 months 2024 despite a higher growth in new equipment (which is more material intensive than after-sales business) and so remains stable below 50%

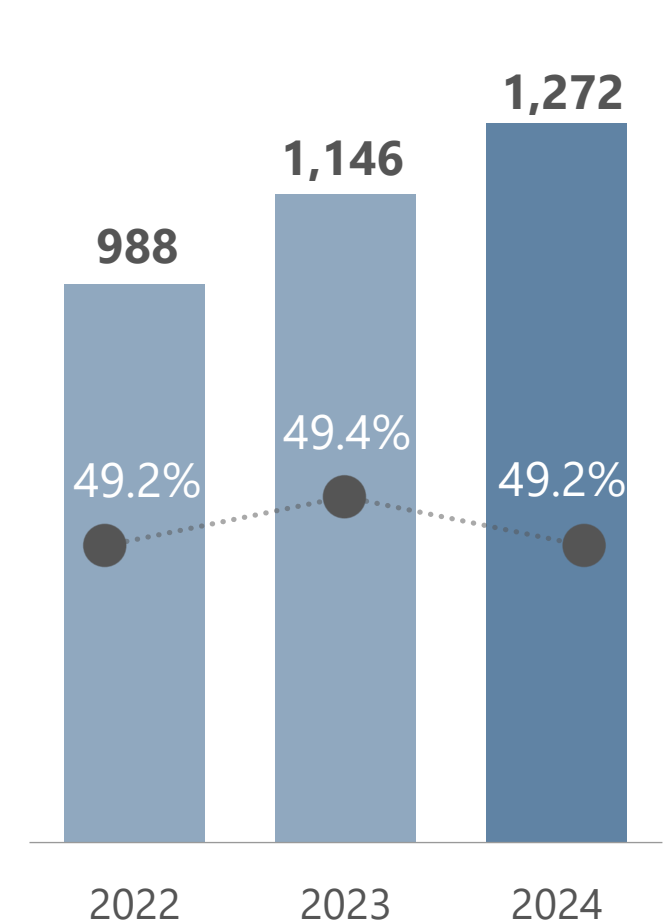
Cost increases in both cost categories are and will be compensated by the implemented price increases (August 2021 and April 2022)

Personnel costs 1st HY (€ million)



Personnel expenses to total performance (%)

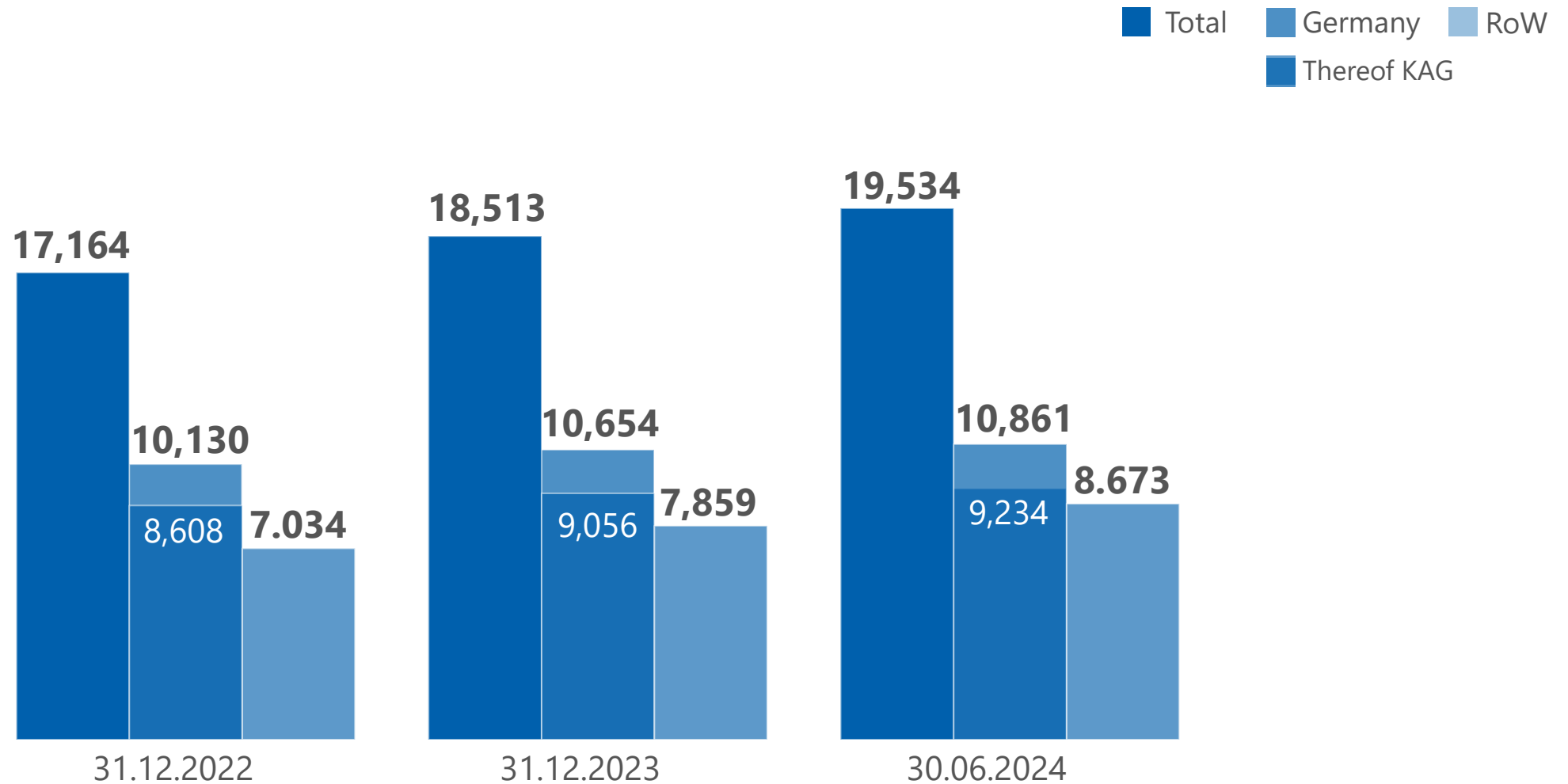
Material costs 1st HY (€ million)



Material expenses to total performance (%)

Krones employees worldwide –

Growth in Germany in HY1 2024 (+1.9%) also includes hiring of service engineers; a further growth in the RoW (+10.4%) mainly related to M&A (Netstal)



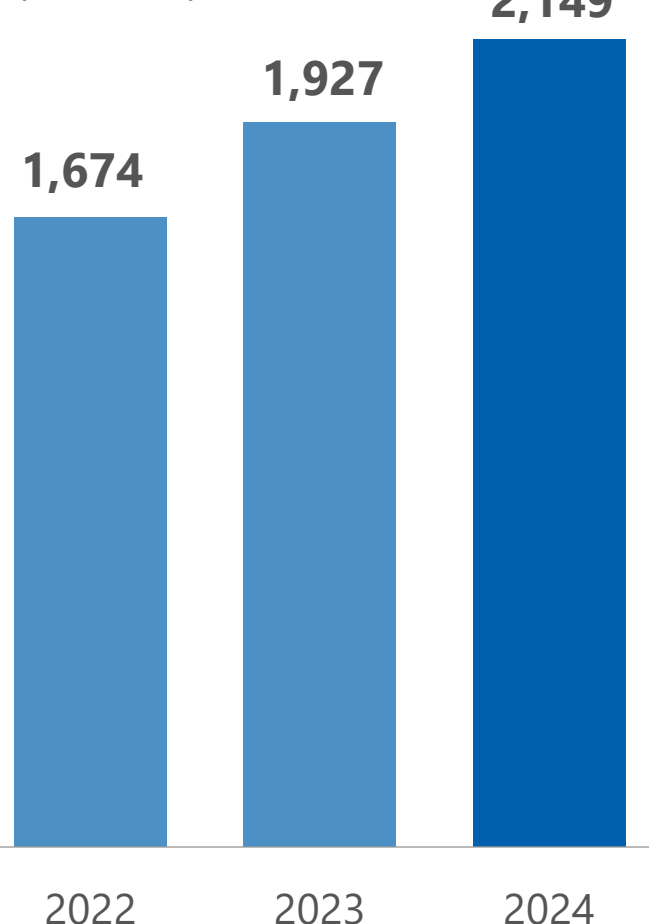
Revenue and EBITDA per segment (1/3)



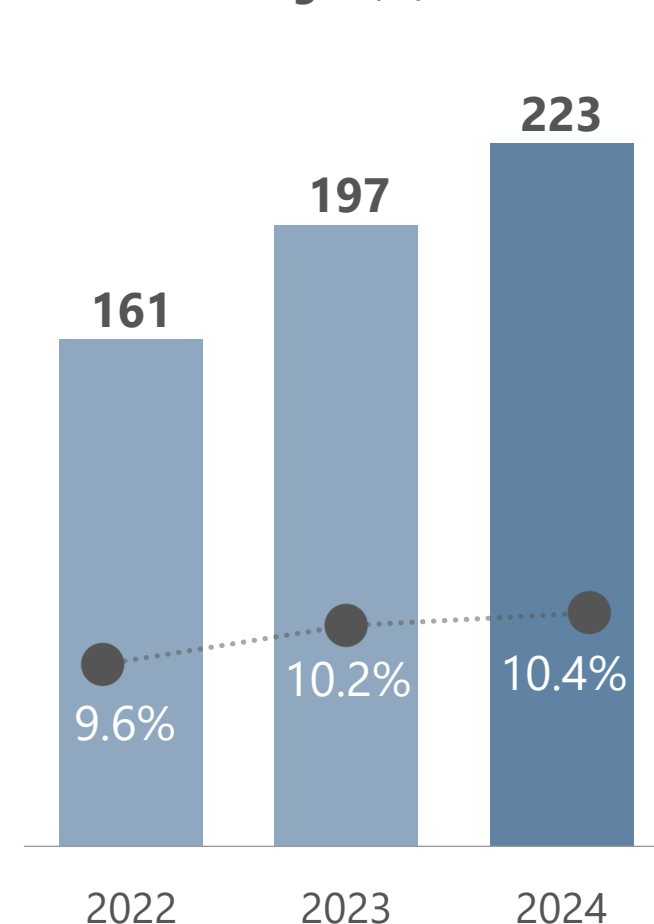
Filling and Packaging Technology

- **Revenue growth** (+11.5%) is above the growth of the group and in line with the target 2024 (9% to 13%). Growth in Q2 2024 (+20%) compensated the weaker Q1 (4%).
- EBITDA increased by 13% in first 6 months 2024. **EBITDA margin** after 6 months 2024 was at 10.4% and so is in line with our expectations (target 2024: 10.3%-10.8%)
- **Netstal** is included in the segment since April 2024; also without Netstal revenue growth in Q2 would be above 15% with a higher margin

Revenue development 1st HY
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) 1st HY



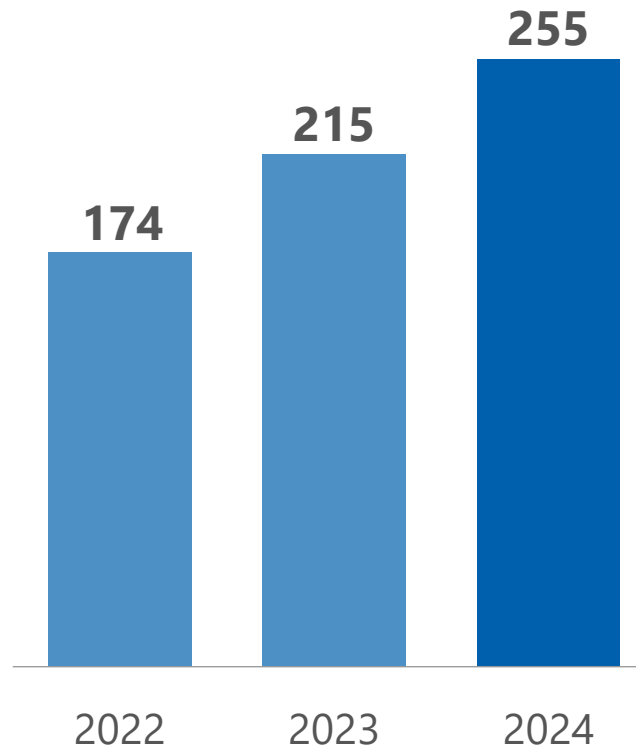
Revenue and EBITDA per segment (2/3)



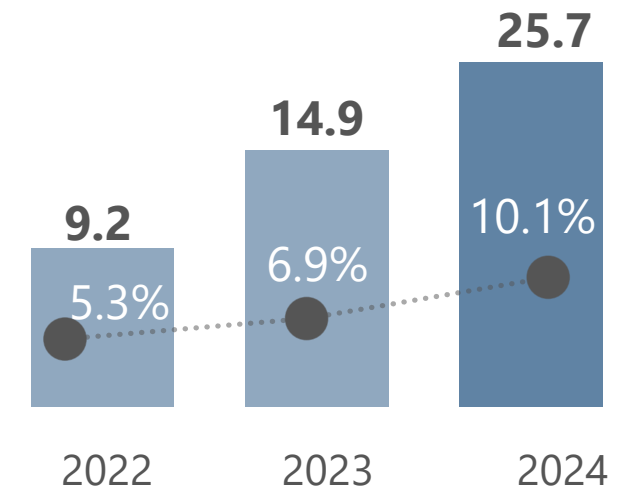
Process Technology

- **Revenues** increased in the first six months 2024 by 18.6% and is fully in line with the growth target for full year 2024 (15% to 20%)
- **EBITDA margin** after six months 2024 of 10.1% vs. 6.9% previous year reflects the strong positive operational development also of the component business in the segment; the margin of Q2 with 8.6% is in the margin target (8% to 9%)
- **Acquisition** of Ampco Pumps, US, (in June 2023) had positive impact on the segment figures

Revenue development 1st HY
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) 1st HY



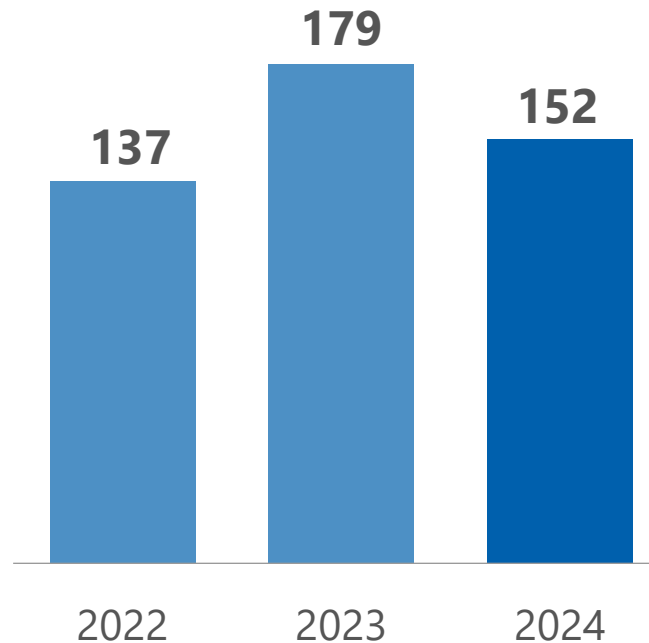
Revenue and EBITDA per segment (3/3)



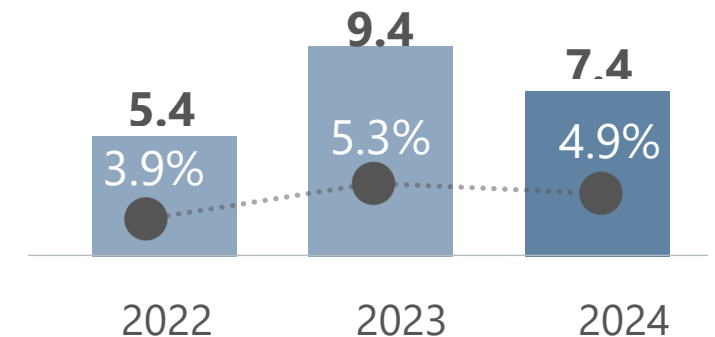
Intralogistics

- **Revenue** decreased to €152 million in HY1 resulting from ambitious market conditions in 2023
- Based on an actual good order intake we confirm the revenue target of 5% to 10% for 2024.
- **EBITDA margin** of 4.9% in HY1 2024 is below prior year (5.3%). With a strong revenue growth in the second half-year with similar margins as prior year (6.7%) with confirm the ambitious margin target of 6% to 7%.

Revenue development 1st HY
(€ million)



Segment EBITDA (€ million) and
EBITDA margin (%) 1st HY

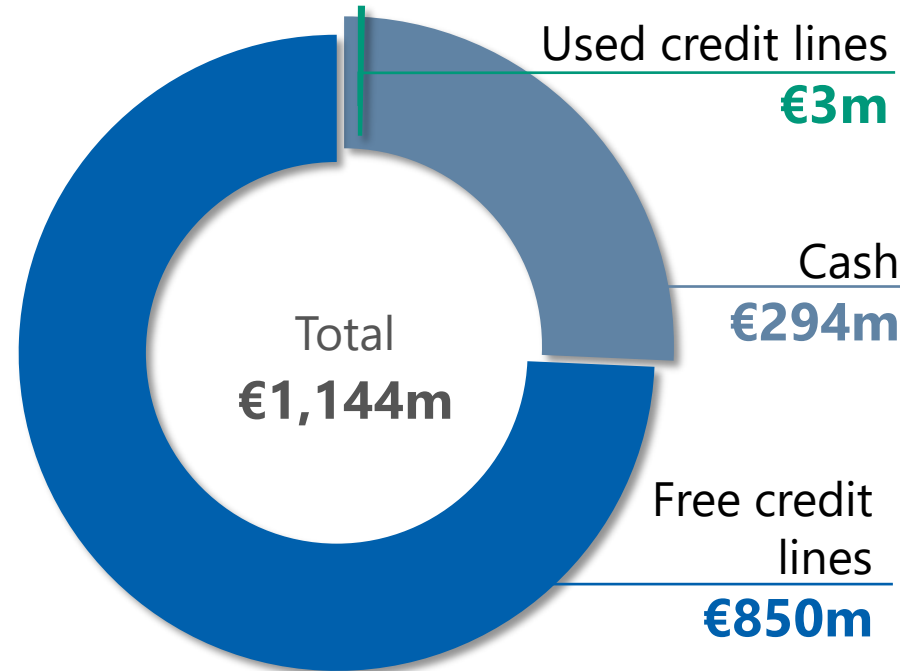


Krones financially very strong; resilient capital position of Krones to withstand volatile world economy developments

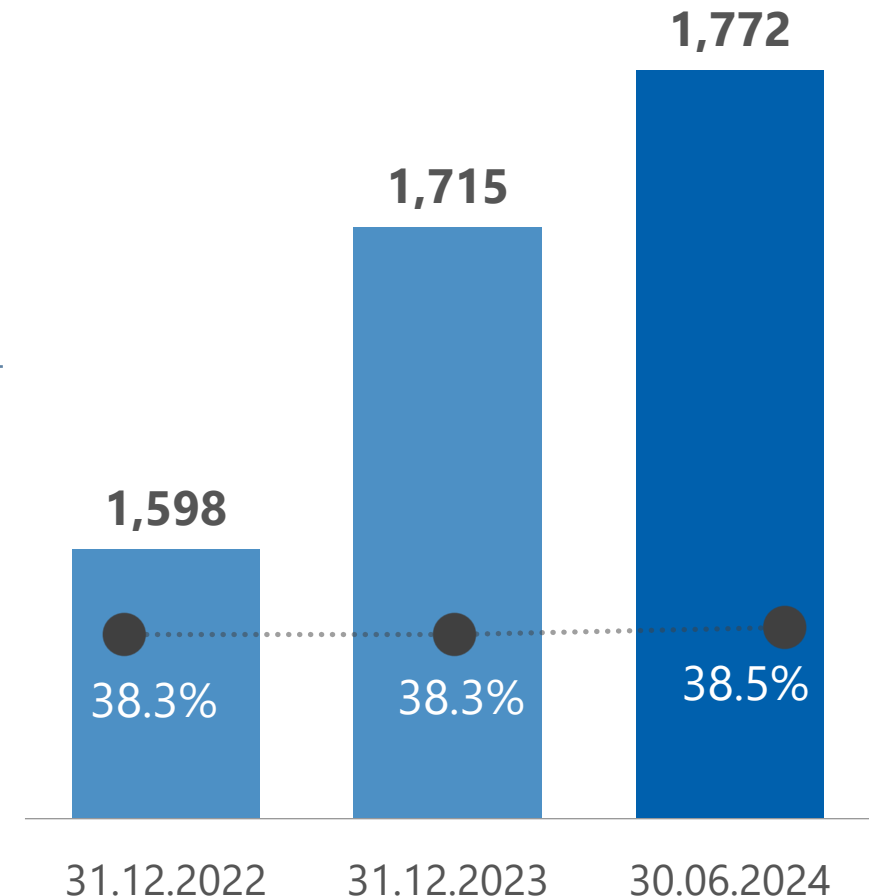


- Despite of payment for M&A activities (€185 million) and dividends (€70 million) **financial position** of Krones remains strong
- Including free credit lines of € 850 million **liquidity reserves** result in € 1.1 billion
- Despite of payment for dividends and a further business activity in HY1 2024 (+10.1% in revenues) the Equity increased by €57 million with an **equity ratio** of 38.5%

**Liquidity reserves
30.06.2024**



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



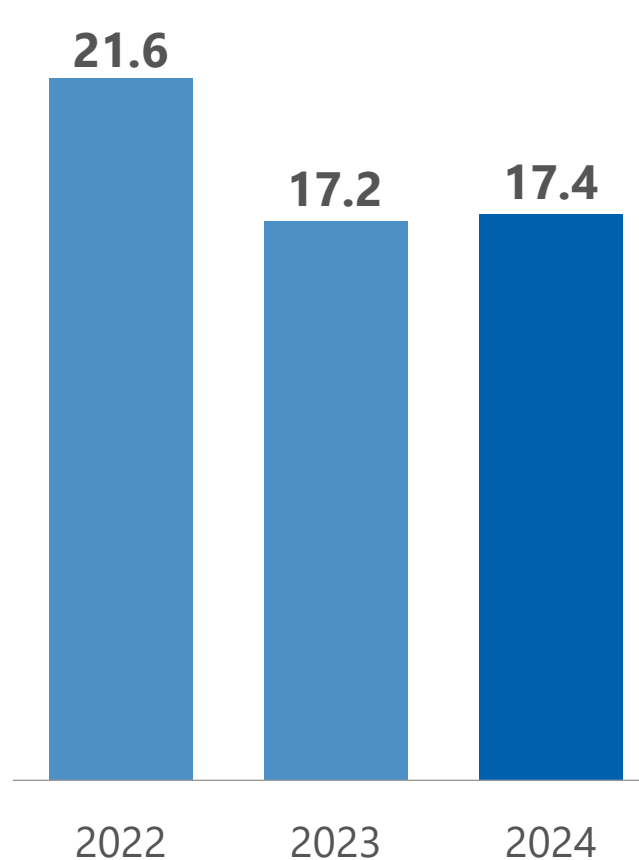
Working Capital 1st HY (in %)



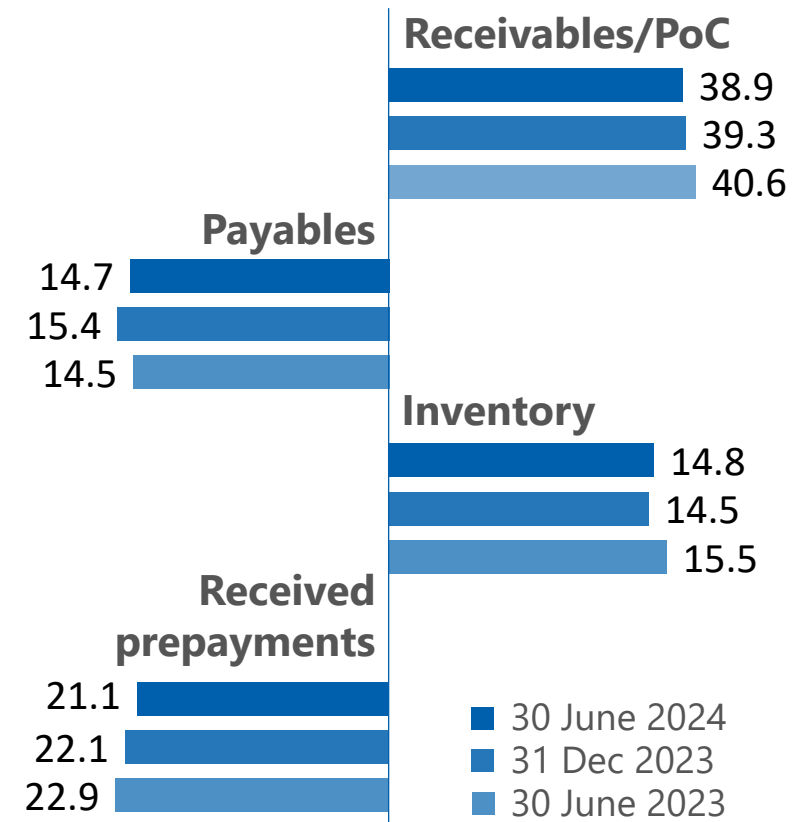
Working Capital average is stable at 17.4% vs. 17.2%

- The **receivables/POC** decreased just slightly by 0.4% relating to the revenues. In Euro amount the increase (+4.1%) was below the revenue growth (+10.1%)
- Whereas the **inventory** stabilized at a high level and just slightly increased by 0.3% to revenues
- **Payables** decreased by 0.7% in percentage of revenues, despite the business activities are increasing
- The **prepayments** were decreasing by minus 1% relative to revenues.

Working Capital of revenue 1st HY (% , average over four quarters)



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



Free cash flow 1st HY



With a strong operating cash flow in first half year 2024 the free cash flow (w/o M&A) improved significantly to €127m

- The positive development of the earnings compensated the increase in working capital by €114 million (prior year: increase of €257 million), thus cash flow from **operating activities** strongly increased to €185 million vs. -€85 million HY1 2023
- **Investing activities** with €72 million are higher than prior year (€60 million) and with an investment ratio of 2.8% (prior year: 2.6%) as expected
- **Free cash flow** additionally impacted by M&A payments mainly for Netstal
- **Financing activities** include payments for dividend in an amount of €70 million and leasing

(€ million)	2024	2023
Earnings before taxes (EBT)	185.7	161.1
+/- Other non-cash changes	+102.1	+65.2
+/- Change in Working Capital	-114.3	-256.8
+/- Other assets and liabilities	+11.9	-54.1
Cash flow from operating activities	+185.4	-84.6
+/- Capex	-71.8	-59.4
+/- Other	+13.4	+12.8
Free cash flow w/o M&A	+127.0	-131.2
+/- M&A-Activities	-185.4	-114.5
Free cash flow reported	-58.4	-245.7
+/- Financing activities/Others	-95.7	-99.8
Net change in cash	-154.1	-345.5
Cash at the end of period	294.3	329.0

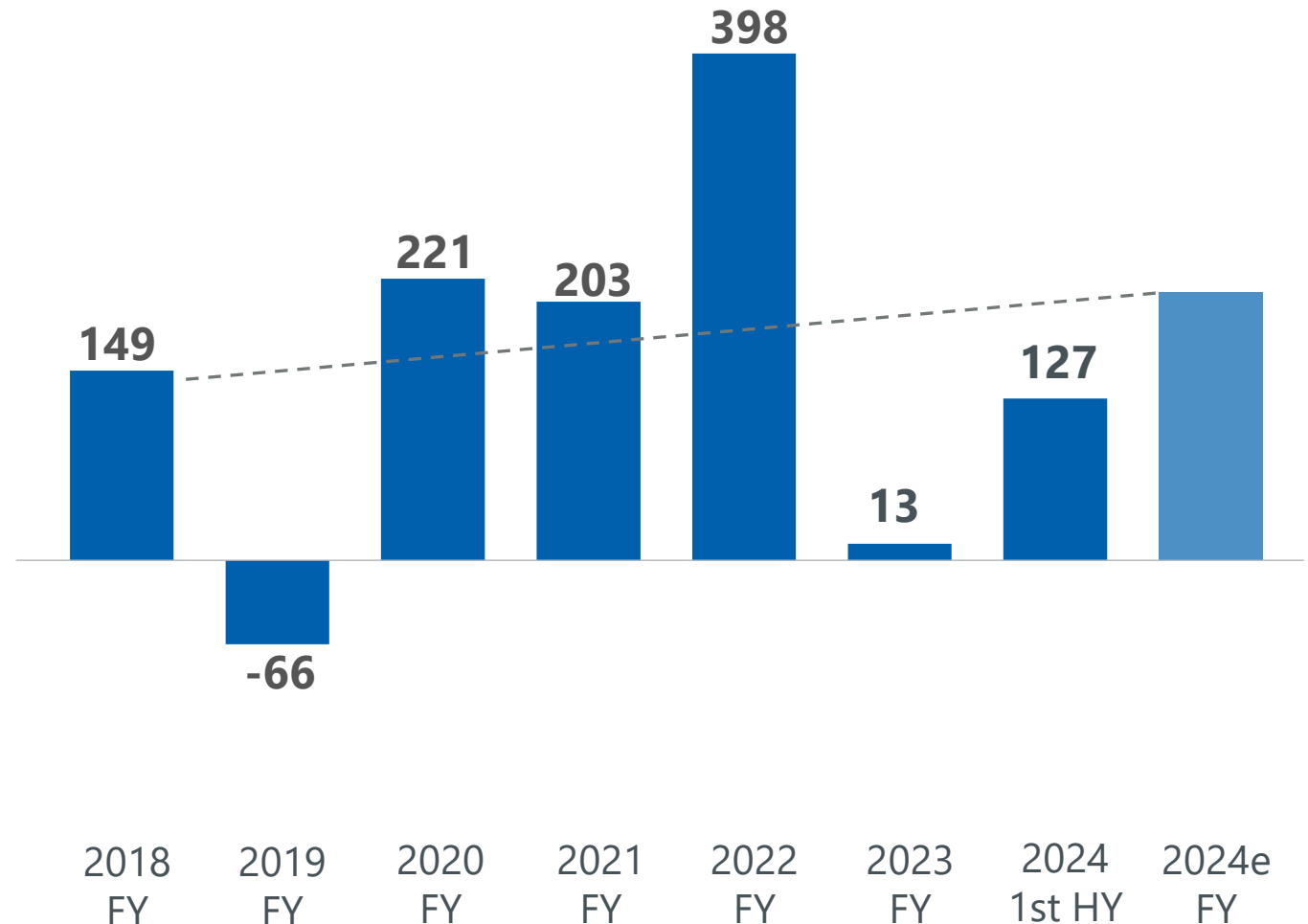
Free cash flow



Free cash flow and cash conversion rates of first half year 2024 developed as expected

- The development of **free cash flow** normalized in HY1 2024
- As a consequence of the high free cash flow after six months in 2024 the **cash conversion rate** is on an expected level (94%)
- As expected, free cash flow after six months 2024 was below Q1 2024 and should increase further in Q4 2024.

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

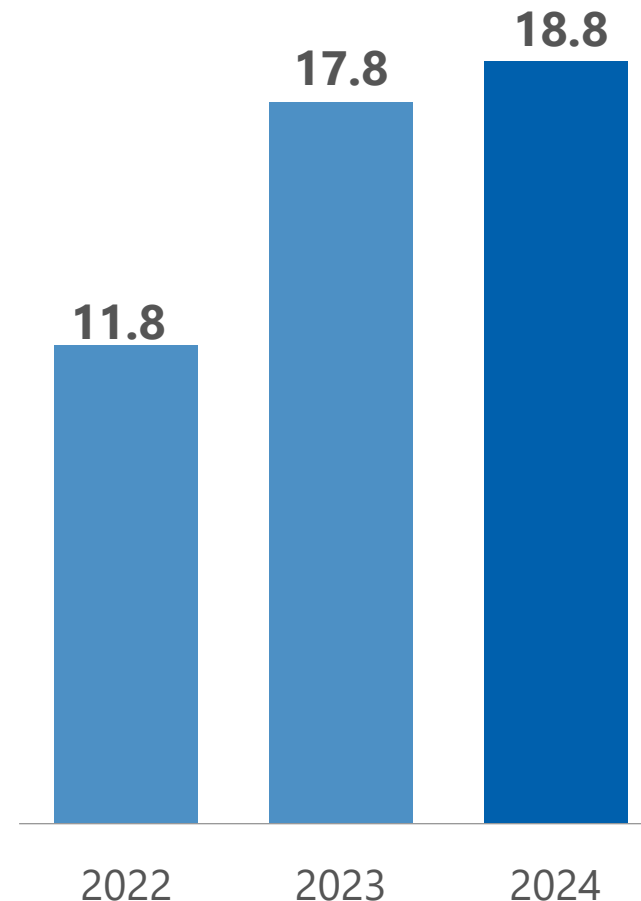


ROCE



- **ROCE**, as the third target figure, is at 18.8% at the upper end of expectations for FY 2024 (17% to 19%) and better than 17.8% of HY1 2023
- The positive development is mainly based on higher EBIT (+25%) after six months 2024
- 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 1st HY 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

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)

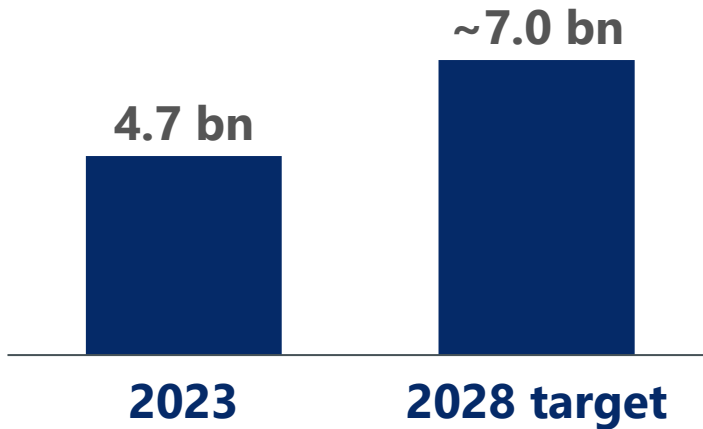


	Filling and Packaging Technology	Process Technology	Intralogistics
Revenue growth	9% – 13%	15% – 20%	5% – 10%
EBITDA margin	10.3% – 10.8%	8% – 9%	6% – 7%

Mid-term targets 2028



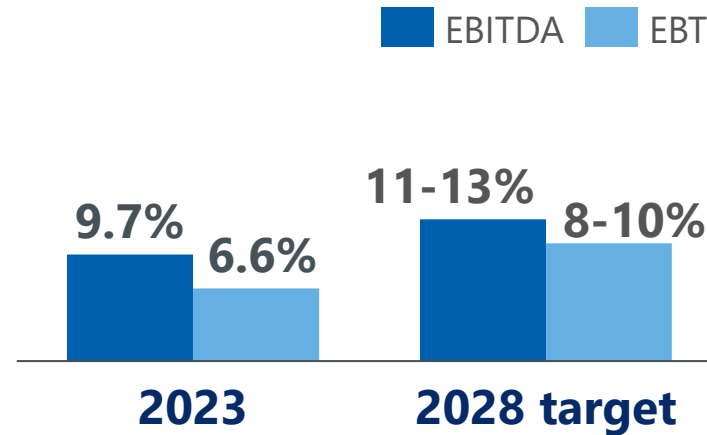
Revenue, € billion



Growth drivers

- 3% Global Beverage Market
- Sustainability driven solutions
- Digital and service solutions
- Potential from acquisitions Netstal, Ampco
- Innovation
- M&A

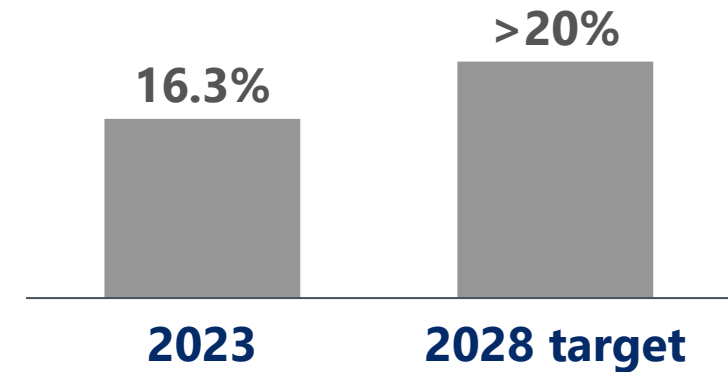
EBITDA and EBT margin, %



Profitability drivers

- Pricing power
- Leverage potential from global footprint and expand it further
- Innovation in products
- Cost reduction from process innovation
- Efficient project execution
- Cost discipline and selective increase in headcount

ROCE, %



ROCE drivers

- Increase in EBIT
- Efficient investment allocation and working capital management

Key take aways



1. Krones with a very good first half year 2024. Revenue and profitability increased significantly
2. Markets are robust and our customers continue to invest
3. With a very high order backlog Krones has planning certainty and a capacity utilization beyond mid 2025
4. Further strong improvement in profitability, due to price setting, efficiency improvements and strong service business in all regions
5. Free Cash flow increased significantly in HY1 2024
6. With the acquisition of Netstal Maschinen AG, Krones marked a major strategic milestone to close the loop for circular PET solutions and for further diversification
7. The ambitious targets for 2024 are confirmed and profitable growth strategy results in mid-term targets 2028



Questions and Answers



 **KRONES**

Conference Call HY1 2024



Thank you
for your attention!

Financial calendar 2024



November 5, 2024

Conference Call Group
Quarterly statement for the period
from 1 January to September 30, 2024



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