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# KRONES

January – September 2018

Conference Call October 25, 2018

## Krones Highlights Q1 – Q3 2018

**+ 9%**  
**New orders**

2,940.0 € Mio. **2,692.8** Revenue (+7%)  
€ Mio.

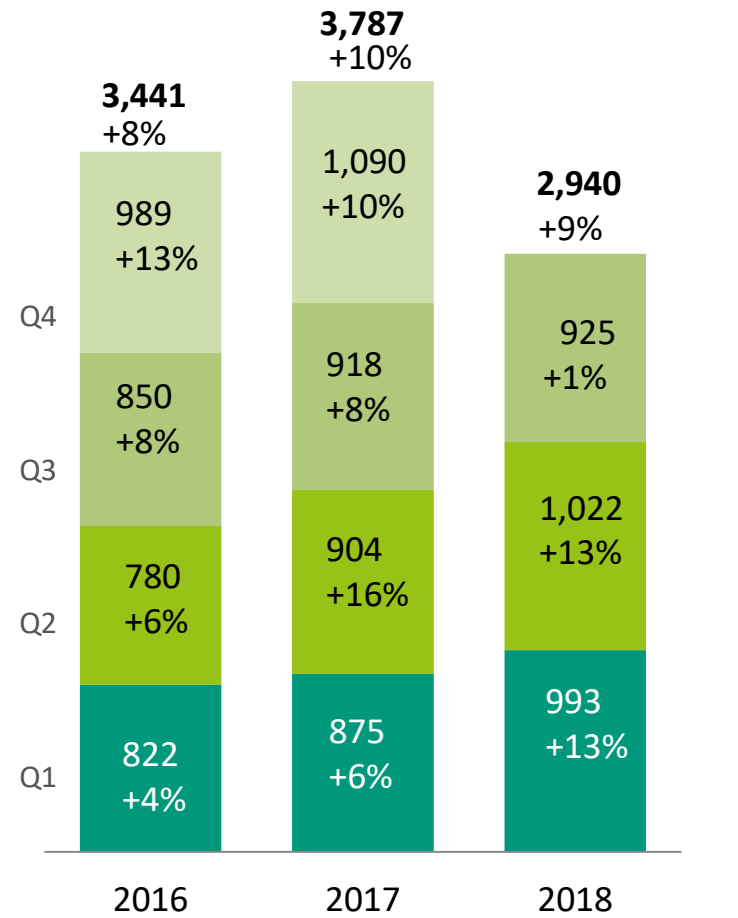
**5.2%**  
**EBT margin**

139.4 € Mio.

**-130.5** Operating free cash flow  
€ Mio. (PY -209.1 € Mio.)

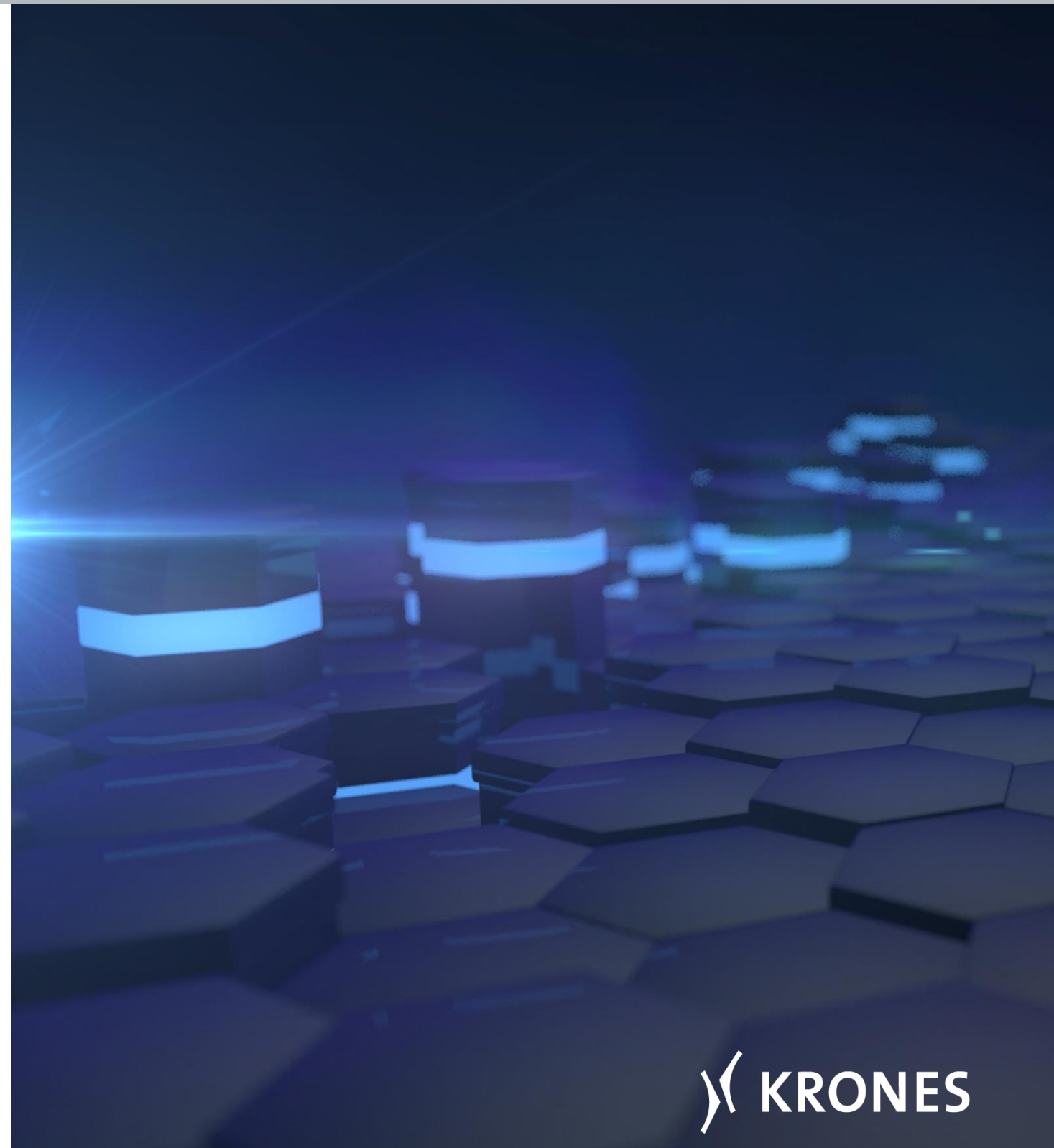
## Strong order intake with 9% growth

New orders by quarter (€ million)



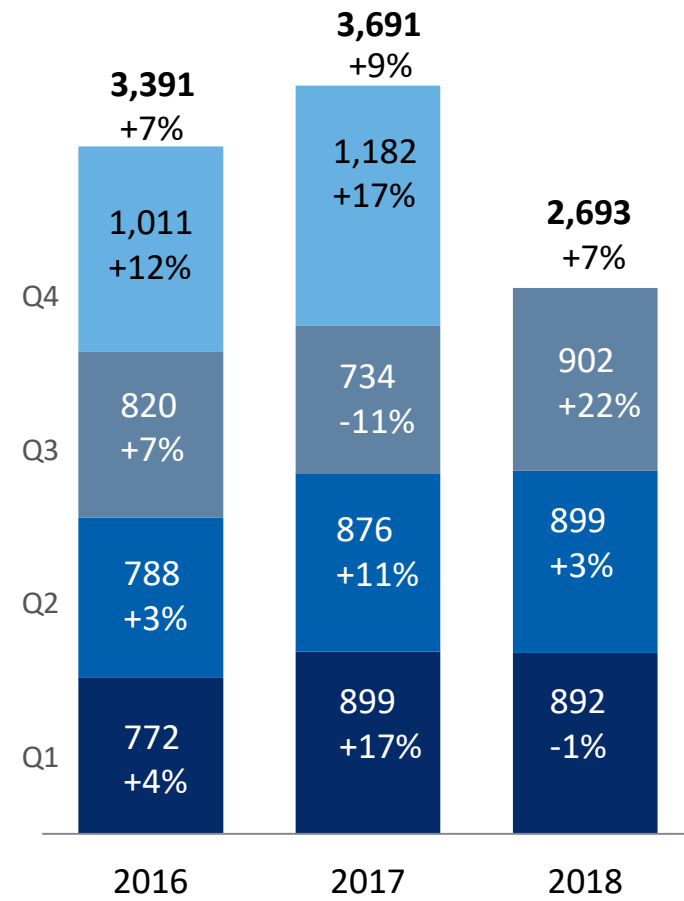
1,145      1,240      1,487 (Sep 30)

Orders on hand at Dec. 31 (€ million)



## Krones further increases revenue

Revenue development by quarter (€ million)



## Krones' revenue is well distributed over the world

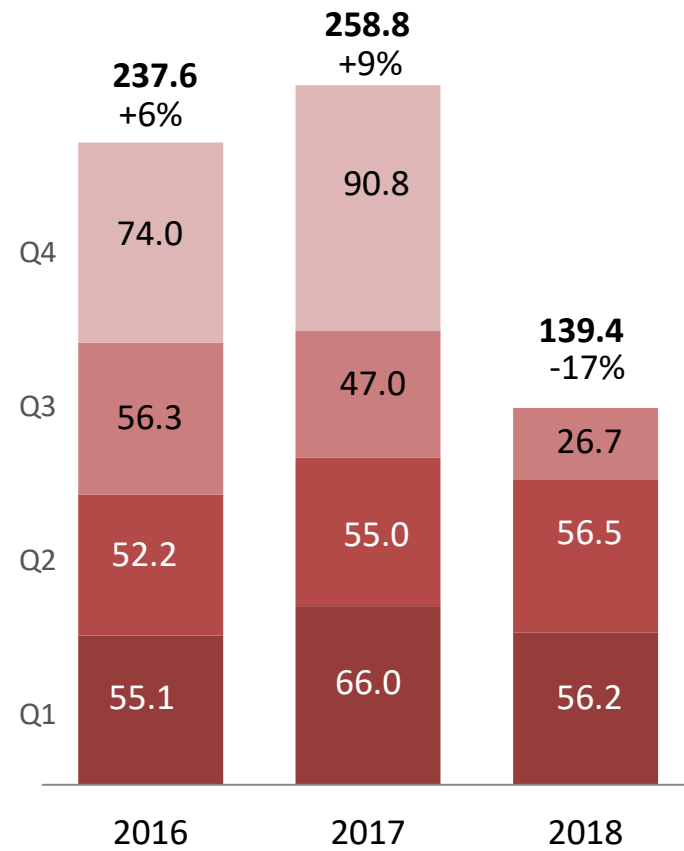
### Share of revenue (Q1 – Q3)

<p><b>North America</b></p> <table border="1"> <thead> <tr> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>15.0%</td> <td>14.6%</td> </tr> </tbody> </table>	2017	2018	15.0%	14.6%	<p><b>CIS/Central Asia</b></p> <table border="1"> <thead> <tr> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>2.0%</td> <td>2.3%</td> </tr> </tbody> </table>	2017	2018	2.0%	2.3%
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15.0%	14.6%								
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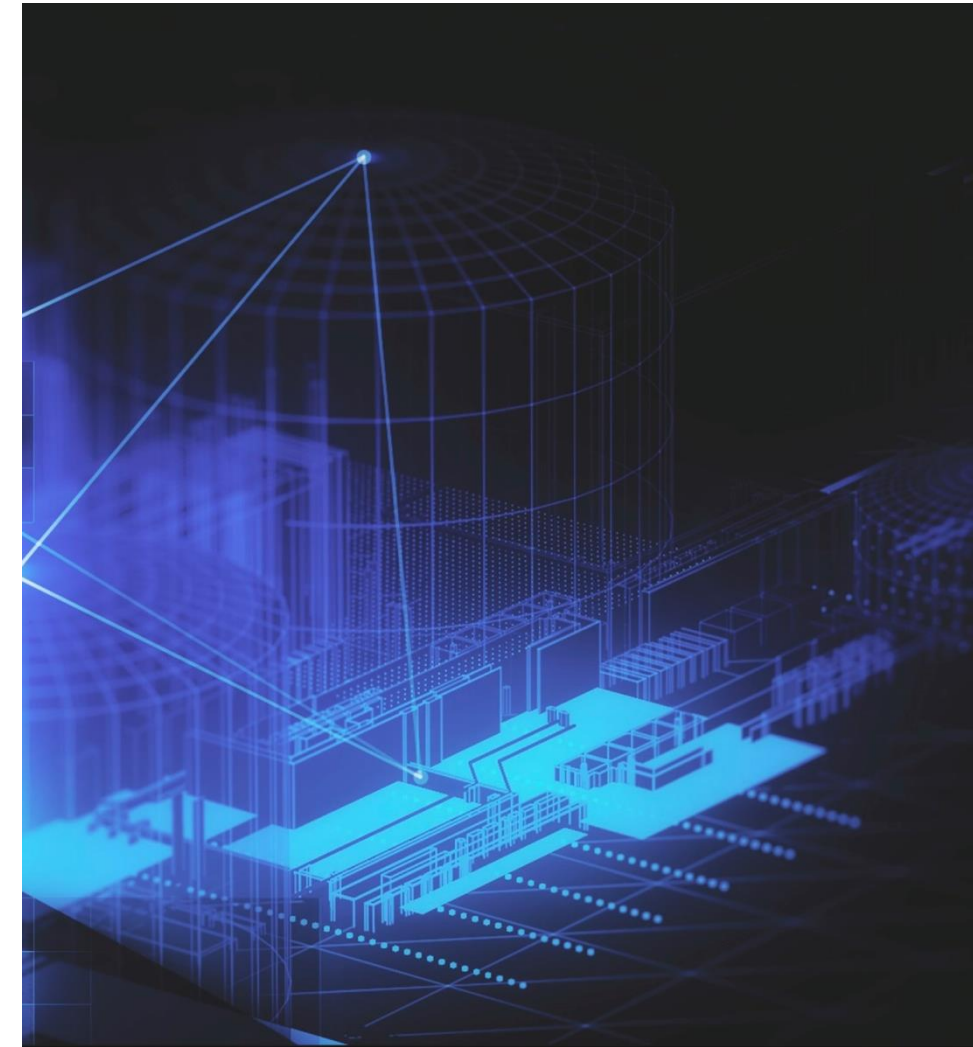
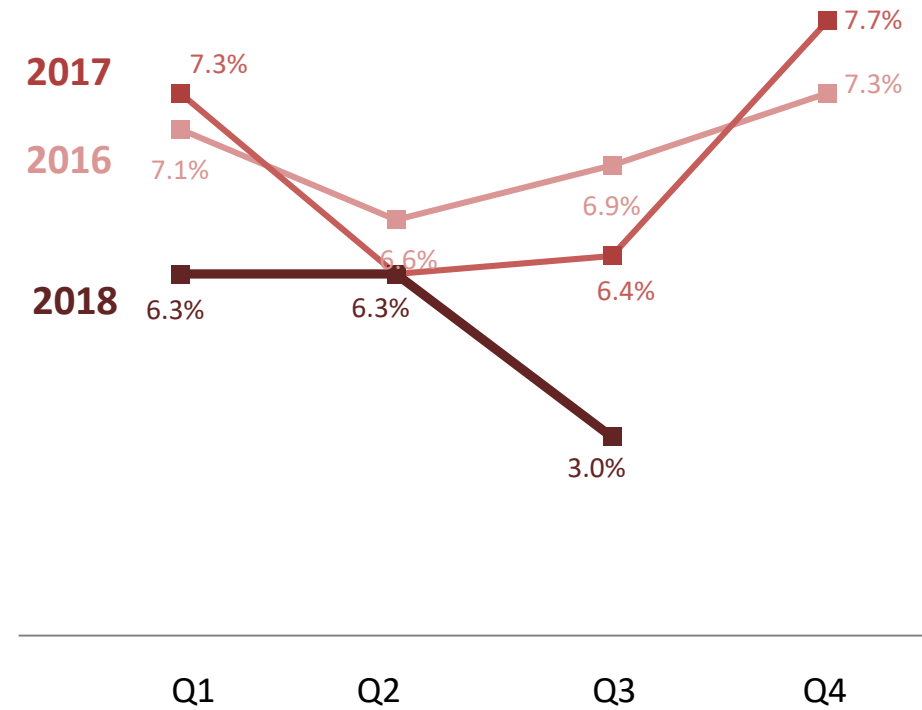


## Extraordinary expenses impact profitability in Q3

EBT by quarter (€ million)

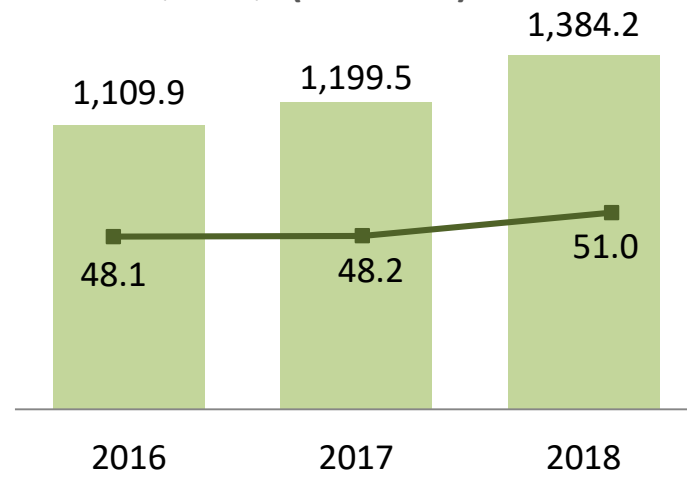


EBT margin by quarter (%)



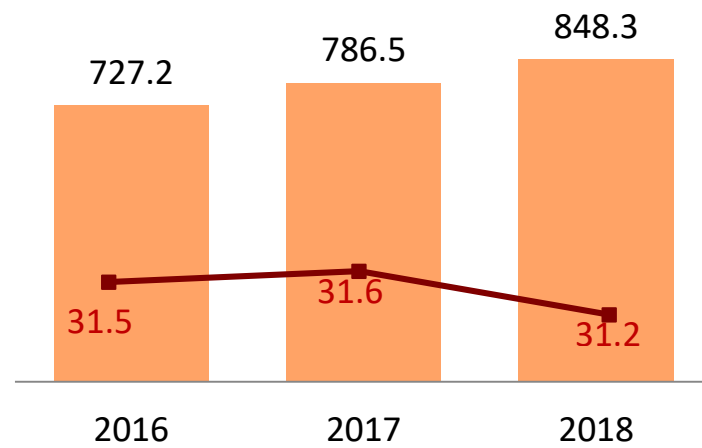
## Material and personnel cost

Material cost Q1 – Q3 (€ million)



— Material cost to total performance (%)

Personnel cost Q1 – Q3 (€ million)

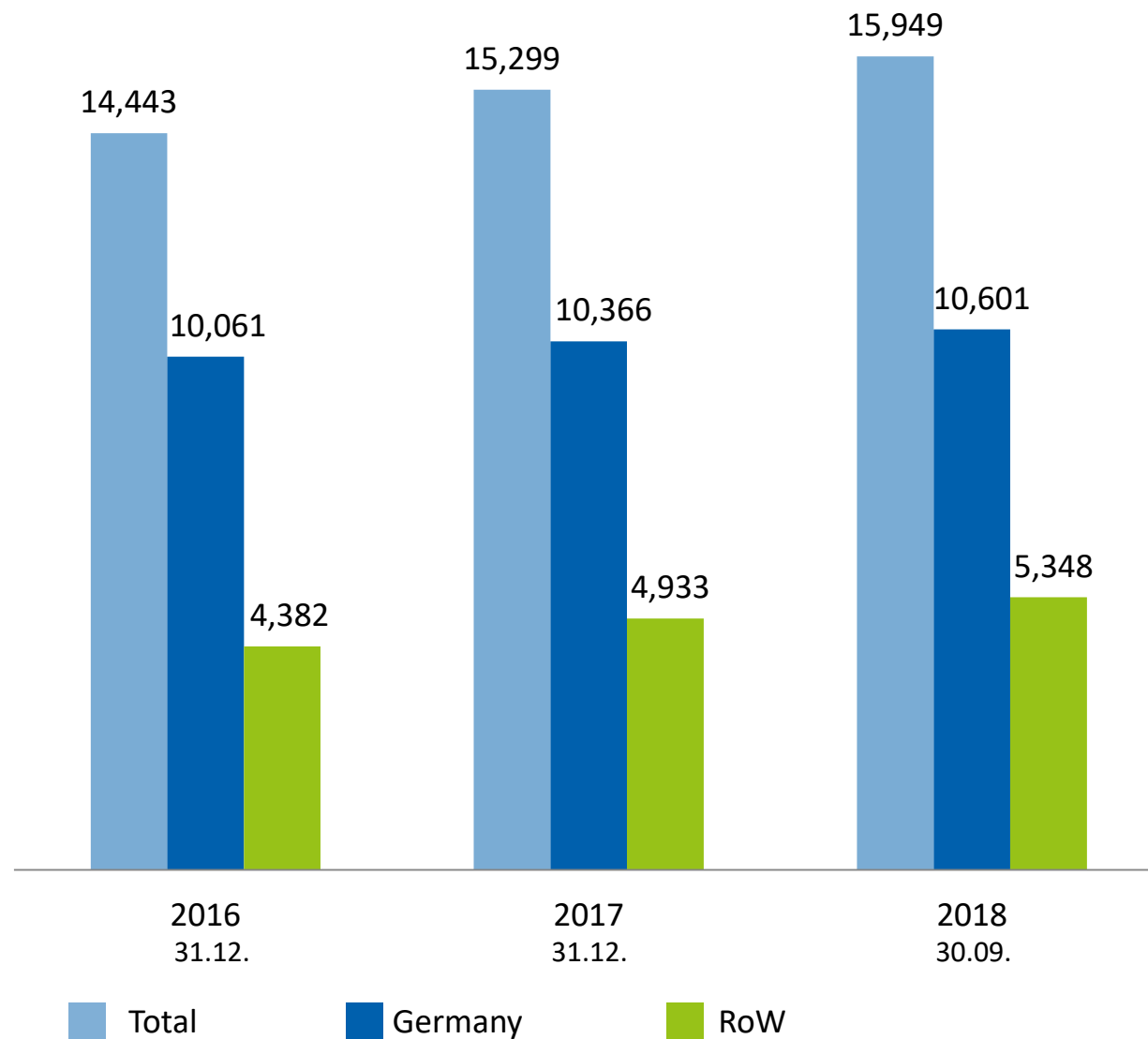


— Personnel cost to total performance (%)



## Krones continues to grow its workforce in Emerging Markets

KRONES employee worldwide



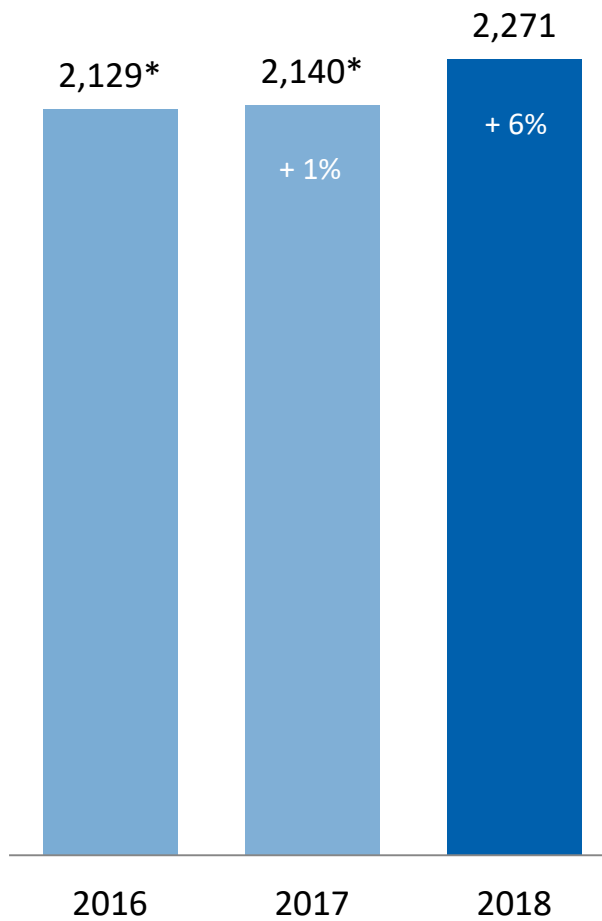
KRONES employee development in the Emerging Markets

Year	South America	Africa	Asia	CIS/East Europe	China	Total
<b>2016</b> 31.12.	549	386	602	155	508	<b>2,200</b>
<b>2017</b> 31.12.	581	393	734	172	608	<b>2,488</b>
<b>2018</b> 30.09.	626	437	826	194	673	<b>2,756</b>

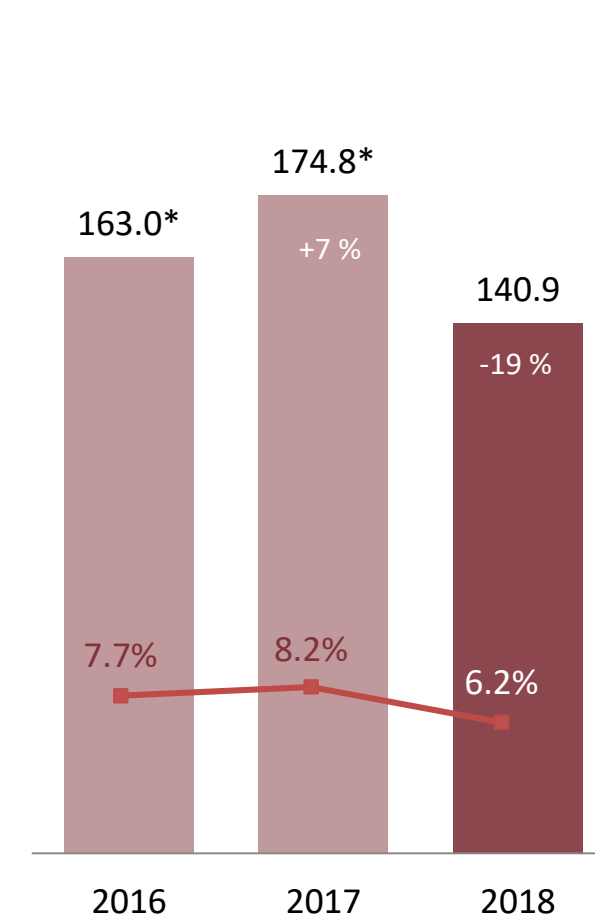


## Product filling and decoration Sales of new machinery grew disproportional

Revenue development Q1 – Q3  
(€ million)



EBT development Q1 – Q3  
(€ million)



— EBT margin in %

\* Prior year figures including Compact Class

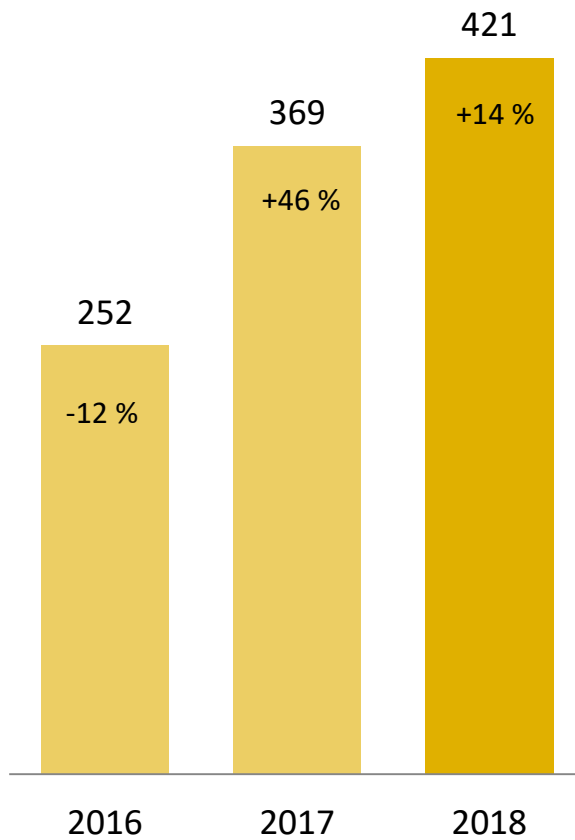
MEDIUM-TERM TARGETS:

4 – 6 %  
Growth

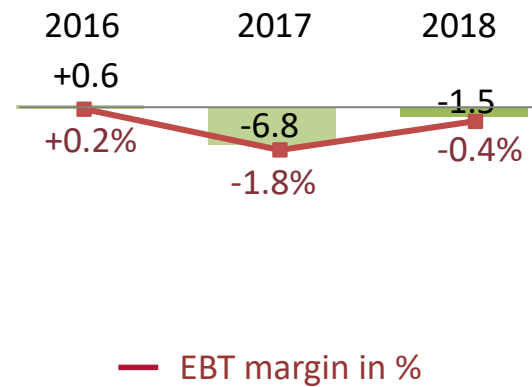
> 8 %  
EBT margin

## Beverage production/process technology Strong growth with a positive EBT in Q3

Revenue development Q1 – Q3  
(€ million)



EBT development Q1 – Q3  
(€ million)



MEDIUM-TERM TARGETS:

8 – 10 %

Growth

EBT margin

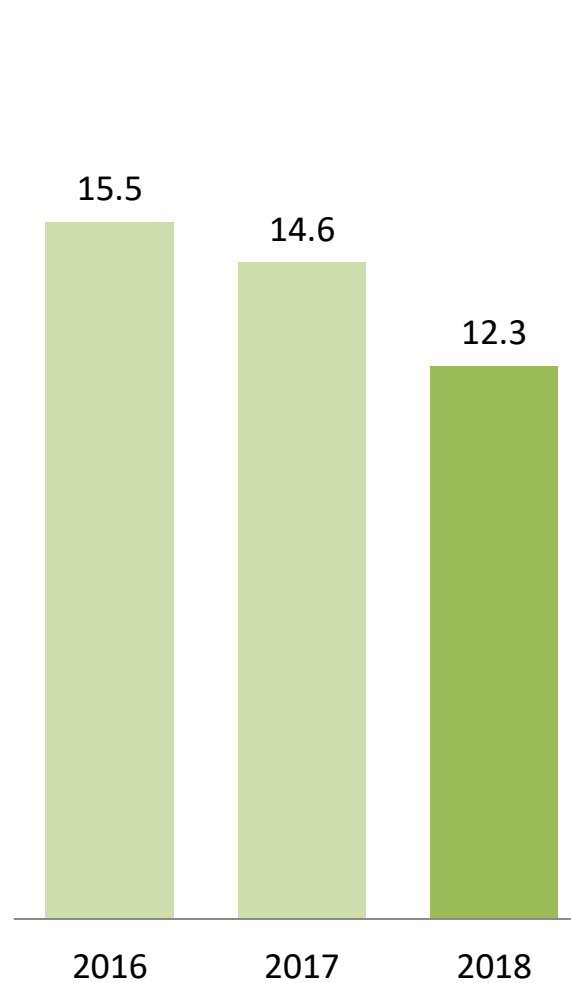
4 %

## Working Capital increasing

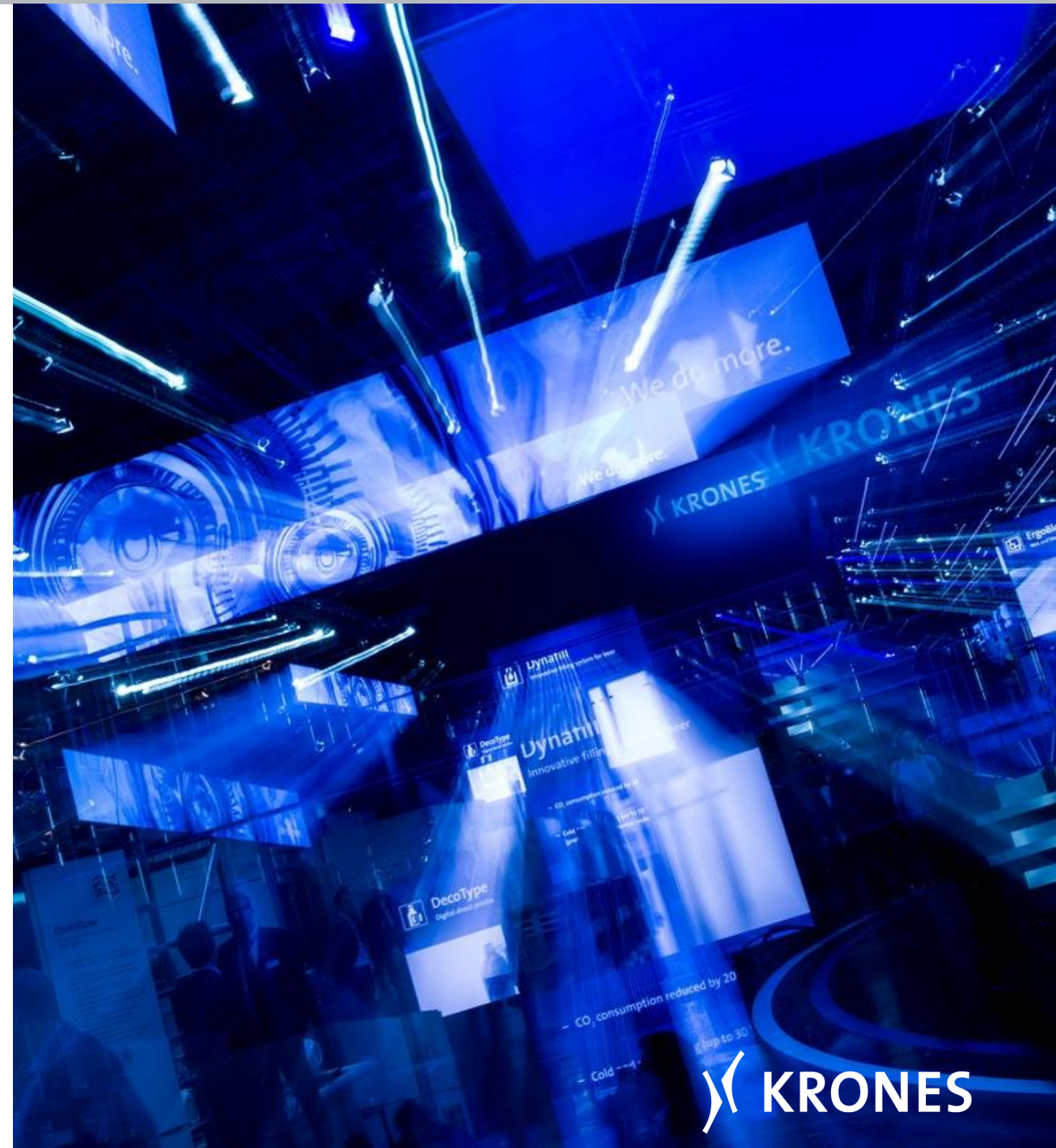
Working capital\* in % of revenue (Q1-Q3)



ROCE\* in % (Q1-Q3)



\*LTM (Last Twelve Months)

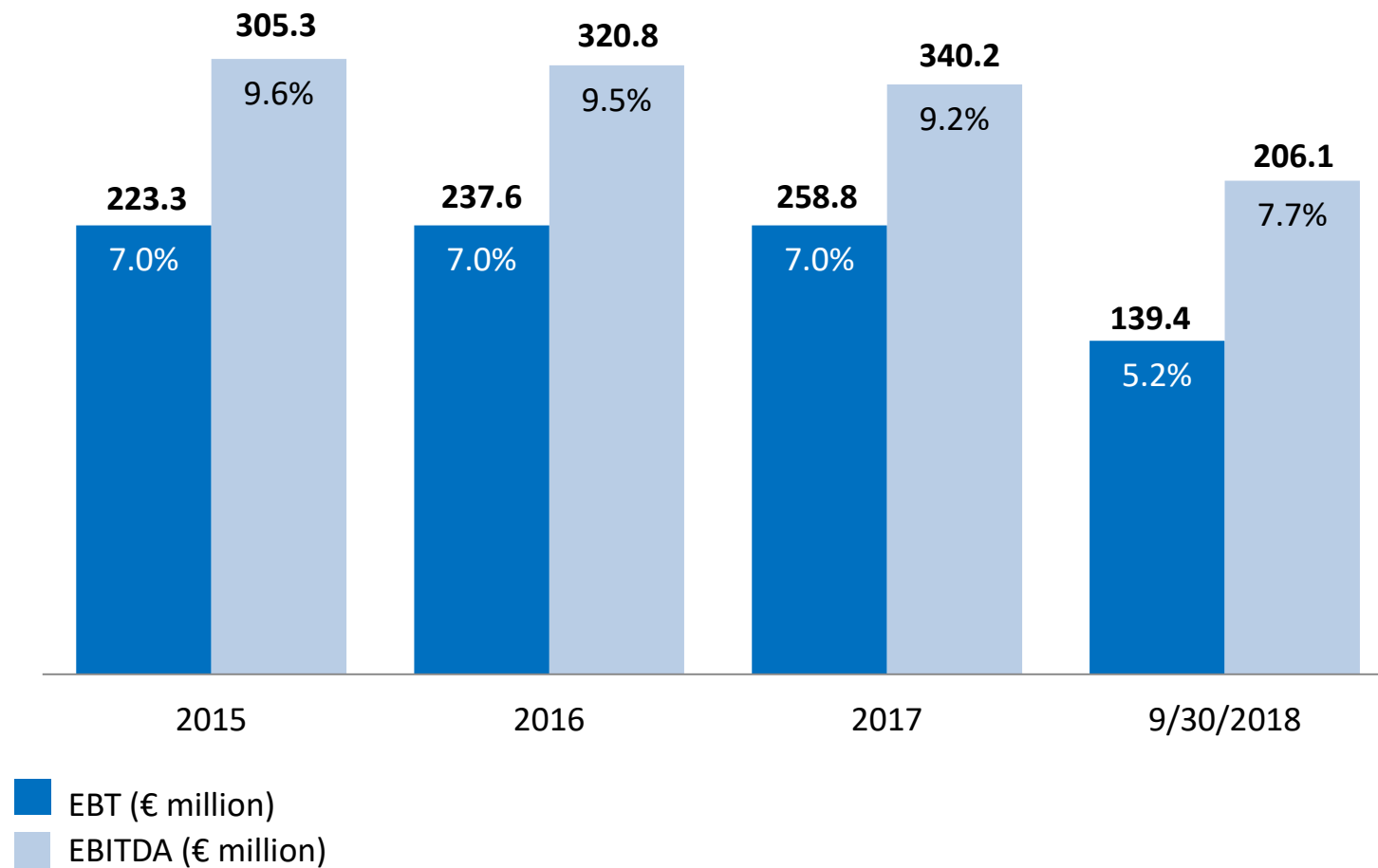


## Krones significantly improved cash flow from operating activities and free cash flow

Q1 - Q3 (€ million)	2018	2017
Earnings before taxes	139.4	168.0
+/- Non-cash changes	+49.3	+35.1
+/- Change in Working Capital	-141.0	-228.6
+/- Other assets and liabilities	-97.9	-114.8
<b>Cash flow from operating activities</b>	<b>-50.2</b>	<b>-140.3</b>
+/- Capex	-89.6	-74.8
+/- M&A activities	-9.5	-32.9
+/- Other	+9.3	+6.0
<b>Free cash flow</b>	<b>-140.0</b>	<b>-242.0</b>
+/- Financing activities	+168.7	+73.7
+/- Others	+2.2	0.0
Net change in cash	+30.9	-168.3
<b>Cash at the end of period</b>	<b>212.9</b>	<b>200.6</b>

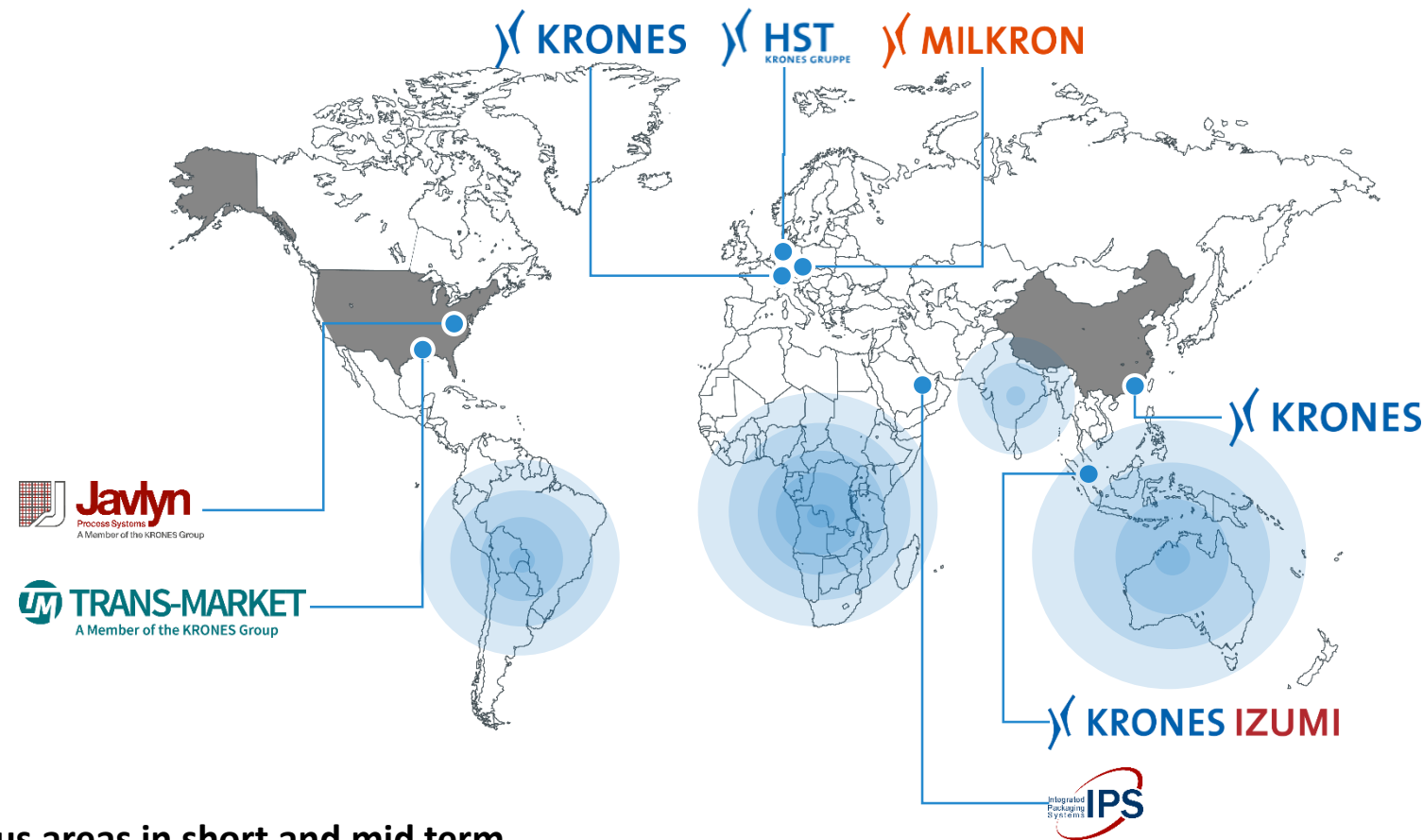


## EBT and EBITDA



- EBITDA as a key figure is independent from M&A and PPA transactions to better reflect the cash relevant performance
- Common key figure at the capital market, making comparisons in the capital markets easier

## Internationalization of Process Technology

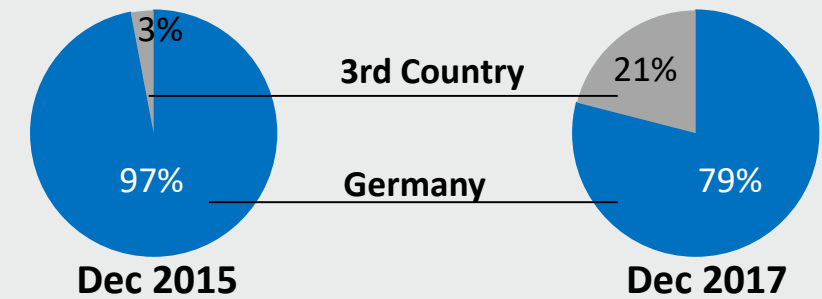


### Focus areas in short and mid term

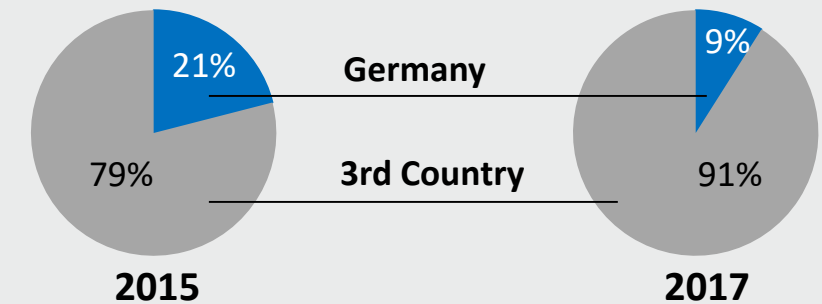
- Future acquisitions primarily abroad
- Localization: Building up additional local set-ups “go local – act global”
- Internationalization of the unit business (localization China and ramp up Debrecen) and the Dairy business (MILKRON) with regional offices
- Current infrastructural projects supporting internationalization

Geographically unbalanced ratio:  
sales vs. employees

### Employee split Process Technology



### Sales split processing



## Acquisitions Xiantong and Sprinkman

### Krones strengthens Process Technology in China



- Asset deal as per 1<sup>st</sup> September 2018
- Approx. 170 employees
- Two manufacturing sites in Shanghai area
- Manufacturing and engineering capabilities for small – mid size brew houses, tanks and processing skids
- Lower two digit sales volume

### Krones strengthens Process Technology in the US



- Asset deal as per 2<sup>nd</sup> October 2018
- Approx. 125 employees
- Two sites in Waukesha and Elroy, Wisconsin
- Providing engineered food and beverage processing equipment, specializing in the dairy and brewing industries
- Medium two digit sales volume

## Krones revised targets 2018

Revenue growth

4%

EBT margin

6.5%

Working Capital/  
Revenue

28%



Thank you  
for your attention!

## Financial calendar 2019

February 21, 2019	Conference Call Preliminary Figures 2018
March 21, 2019	Annual Report 2018
April 30, 2019	Conference Call Group Q1 2019 and Quarterly Statement as per March 31
June 05, 2019	Annual General Meeting
July 25, 2019	Conference Call Group Q2 2019 and Interim Report as per June 30
October 24, 2019	Conference Call Group Q3 2019 and Quarterly Statement as per September 30



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