

KRONES Group

Q3

Interim report for the period
from 1 January to 30 September 2020

 **KRONES**

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1 | 4 Highlights and key figures

Order intake picks up in third quarter – KRONES provides guidance for 2020

- Due to corona, revenue in the third quarter of 2020 fell 25.0% year-on-year to €750.4 million. Revenue from January to September was down 15.3% to €2,449.0 million (previous year: €2,889.7 million).
- Order intake picked up in the third quarter. At €843.6 million, the contract value of orders was about 37% or €227.4 million higher than in the second quarter. Order intake in the first nine months was down 22.2% overall to €2,300.9 million.
- Systematic cost savings reduced the negative impact of the revenue shortfall on earnings. Earnings before interest, taxes, depreciation and amortisation (EBITDA), at €147.3 million in the first nine months of 2020, was 10.3% below the previous year's €164.3 million. The EBITDA margin increased to 6.0% (previous year: 5.7%).
- For the KRONES Group in the full year 2020, the Executive Board expects revenue of approximately €3.3 billion (2019: €3,959 million), representing a decrease of about 17% and an EBITDA margin of 5.5% to 6.0% (2019: 5.7%).

Key figures for Q1–Q3 2020		1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	Change
Revenue	€ million	2,449.0	2,889.7	–15.3%
Order intake	€ million	2,300.9	2,957.9	–22.2%
Order backlog at 30 Sep	€ million	1,116.6	1,329.3	–16.0%
EBITDA	€ million	147.3	164.3	–10.3%
EBITDA margin	%	6.0	5.7	+0.3 PP*
EBIT	€ million	27.5	58.4	–52.9%
EBT	€ million	26.7	61.4	–56.5%
EBT margin	%	1.1	2.1	–1.0 PP*
Consolidated net income	€ million	17.4	40.3	–56.8%
Earnings per share	€	0.55	1.28	–
Capital expenditure for PP&E and intangible assets	€ million	68.5	138.3	–€69.8 million
Free cash flow	€ million	–58.4	–294.5	+€236.1 million
Net cash and cash equivalents at 30 Sep**	€ million	–78.8	–153.1	+€74.3 million
Working capital to revenue***	%	28.3	25.8	+2.5 PP*
ROCE	%	2.1	4.8	–2.7 PP*
Employees at 30 Sep				
Worldwide		16,839	17,405	–566
Germany		10,408	10,844	–436
Outside Germany		6,431	6,561	–130

Key figures for Q3 2020		1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	Change
Revenue	€ million	750.4	1,000.4	–25.0%
Order intake	€ million	843.6	919.3	–8.2%
EBITDA	€ million	28.8	47.4	–39.2%
EBITDA margin	%	3.8	4.7	–0.9 PP*
EBIT	€ million	–5.7	10.9	–
EBT	€ million	–5.1	13.5	–
EBT margin	%	–0.7	1.4	–2.1 PP*
Consolidated net income	€ million	–4.1	7.0	–
Earnings per share	€	–0.13	0.22	–

* PP = percentage points ** Cash and cash equivalents less debt *** Average of last 4 quarters

Letter from the **Executive Board**

Dear shareholders and friends of **KRONES**,

Over the last few quarters, **KRONES** has significantly improved its cost structures and increased the company's overall flexibility. This has also been necessary, because the Covid-19 pandemic continues to have a negative impact on the global economy and on our industry. **KRONES**' revenue in the first three quarters was down 15.3% year-on-year, at €2.45 billion. Lower material and labour costs than in the previous year enabled us to limit the impact of the revenue shortfall on earnings. Earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by 10.3% to €147.3 million.

Despite the lower figures for the first nine months, there is also positive news. Revenue and earnings stabilised in the third quarter relative to the second quarter, and order intake even picked up significantly. **KRONES** received €843.6 million in new orders between July and September 2020. This was 37% or €227.4 million more than in the second quarter. Based on the figure for the first three quarters and the outlook for the fourth quarter, the Executive Board expects consolidated revenue for the full year 2020 to be about 17% down on the previous year. The target for the EBITDA margin is 5.5% to 6.0% (previous year: 5.7%).

This guidance does not include any one-off expenditure for impairments and structural measures for capacity adjustment.

If further countries and regions impose lockdowns, partial lockdowns or travel restrictions, this could negatively impact the completion of orders and order intake and consequently have a negative influence on **KRONES**' financial performance.

If the corona situation does not deteriorate further in the short to medium term, **KRONES** is on a stable footing. That does not mean, however, that the Executive Board is expecting revenue to quickly regain pre-crisis levels. This is the most important insight from the customer survey we conducted in the third quarter of 2020. Many of our customers plan to invest less in the years ahead than in 2019, the year before the corona crisis.

To stay competitive and not endanger our company's long-term performance, we will continue to work more intensively at the cost side. The cost-cutting measures we launched in 2019 are taking effect, but they are not enough. One key problem is that our current capacity cannot be fully utilised with the level of business expected in the short to medium term. Commencing the end of September, we have therefore made offers to some of our workforce to voluntarily terminate their contracts.

Focusing exclusively on cost-cutting measures, however, would be short-sighted. **KRONES** will therefore continue to invest in new products and services and press ahead with digitalisation. Because in the long term, the market in which **KRONES** operates is a growth market that will once again present numerous opportunities after the crisis.



Christoph Klenk
CEO

The KRONES share

Equity markets further stabilised in third quarter

The 2020 stock market year has so far been dominated by the coronavirus. News of the Covid-19 pandemic continued to cause price swings in the third quarter. Stock markets gained uplift from hopes for further liquidity support from central banks and additional stimulus programmes in major economies. After the steep slide in the first quarter of 2020 and rapid market recovery in the second quarter, equity markets moved sideways from June to September. Overall, most of the major stock indices are still down on the beginning of the year.

Germany's DAX share index fell 3.7% between January and September 2020 to close at 12,760 points. This fall in the DAX was relatively small compared to other European share indices. The Euro Stoxx 50, made up of the 50 largest companies in the euro area, lost 14.8%. US equity markets benefited from the strong performance of technology stocks. The Dow Jones index, for example, was only 2.4% down nine months into 2020. Japan's stock market showed an even smaller loss of 2.0% at the end of the third quarter.

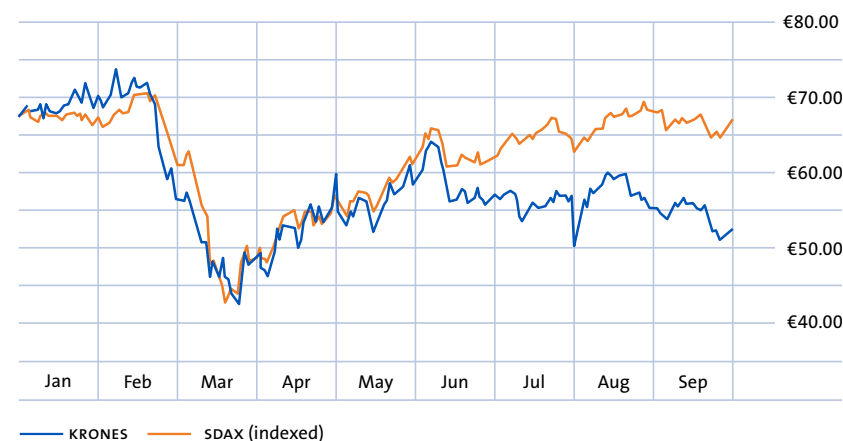
KRONES share price still impacted by the corona downturn

The KRONES share price did not fluctuate as strongly in the third quarter as it had in the first half year. Between July and September 2020, the share price moved in a corridor between €50 and €60. The price fluctuations in the first half of 2020 had been significantly larger. Our share price of €75.50 on 24 January marked the high point. After that, our shares – along with the entire stock mar-

ket – came under severe pressure and fell to the lowest level since the beginning of the year at €41.92 on 23 March. Between April and June, they then climbed back rapidly towards the €60 mark. On September 30, KRONES shares stood at €52.95, down 21.6% on the beginning of the year. Including the dividend of €0.75 per share paid out in May, the KRONES share price had fallen 20.4% on beginning of the year. The SDAX, of which KRONES has been a component since 2018, benefited from the good performance of tech stocks and fell by only 0.2% in the same period.

Due to the weak performance of KRONES shares in the first and third quarters, the share price underperformed the SDAX over the first nine months.

KRONES share price from 1 January to 30 September 2020



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Revenue

KRONES' revenue down due to Covid-19 pandemic

As expected, the corona crisis had a major impact on revenue in the third quarter of 2020. The Executive Board expects better revenue in the fourth quarter.

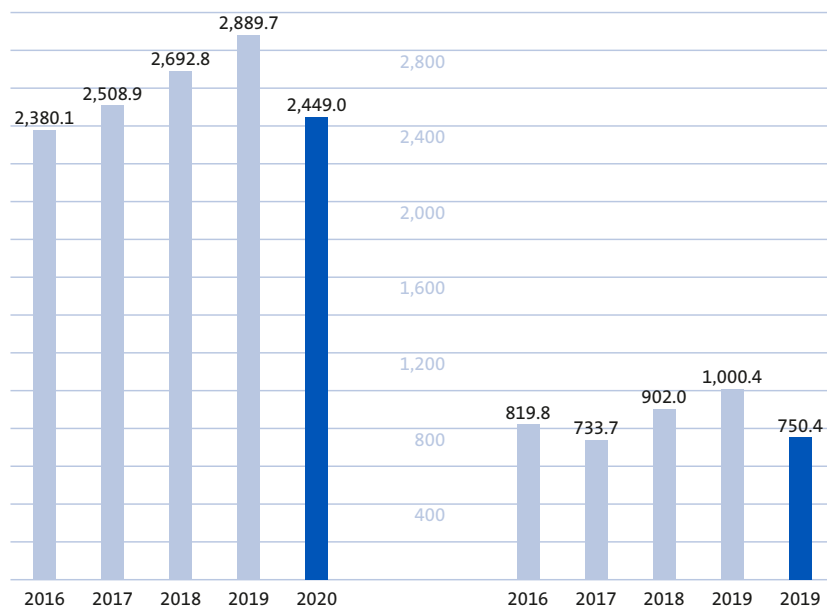
A low order intake due to corona resulted in insufficient utilisation of KRONES' production capacity in the third quarter of 2020. Part of the workforce was on reduced working hours. This is reflected in output and revenue for the quarter. Revenue from July to September was down 25.0% year-on-year, falling from €1,000.4 million to €750.4 million. This shortfall was in line with expectations. The Executive

Board anticipates that revenue will be higher in the fourth quarter than in the third quarter. In total over the first nine months of 2020, revenue was down 15.3%, from €2,889.7 million a year earlier to €2,449.0 million.

The revenue decrease over the first three quarters was larger in the new machinery business. After-sales business was likewise down as a result of the general economic uncertainty. KRONES has been able to cushion the effects of the global travel restrictions thanks to its local service structures. We also support customers with digital services.

Revenue from 1 Jan to 30 Sep (€ million)

Revenue in Q3 (€ million)

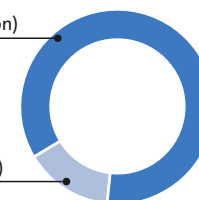


Revenue by segment from 1 Jan to 30 Sep 2020

Revenue by segment from 1 Jan to 30 Sep 2019

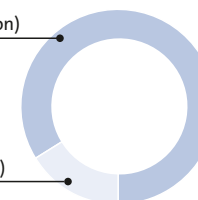
Machines and lines for product filling and decoration
85.5%* (€2,093.8 million)

Machines and lines for beverage production/ process technology
14.5%* (€355.2 million)



Machines and lines for product filling and decoration
83.7%* (€2,417.5 million)

Machines and lines for beverage production/ process technology
16.3%* (€472.2 million)



* Share of consolidated revenue of €2,449.0 million

* Share of consolidated revenue of €2,889.7 million

Revenue by region

Quarterly revenue figures for the various regions are not very meaningful because orders and revenue can fluctuate significantly from one quarter to the next.

KRONES revenue in Germany fell 29.1% year-on-year in the first nine months of 2020, to €256.8 million. This is largely due to the generally weak domestic economy. Revenue was also relatively high in the previous year. The German share of consolidated revenue went down from 12.5% in the previous year to 10.5% in the first three quarters.

The Covid-19 pandemic also had a strong impact during the reporting period on KRONES' business in the rest of Europe (excluding Germany). In Western Europe, this applied most of all to the third quarter of 2020. From January to September, revenue in this large sales region fell by a total of 27.2% year-on-year, from €444.0 million to €323.4 million. A similarly large decrease in revenue (by 25.6%) in the first three quarters was seen in Central Europe (Austria, Switzerland and the Netherlands). Revenue there came to €115.4 million (previous year: €155.0 million). In Eastern Europe, revenue decreased by 31.4%, from €169.5 million in the previous year to €116.2 million. Business in the Russia/CIS sales region was stable in the first nine months of 2020. Revenue increased slightly, from a low base, by 1.1% to €49.5 million. In all, KRONES' revenue in Europe (excluding Germany) for the first three quarters of 2020 was down 26.0% year-on-year from €818.0 million to €605.0 million. The share of consolidated revenue fell to 24.7% (previous year: 28.3%).

Business developed well in the reporting period in the Middle East/Africa sales region, which is an important sales region for KRONES. From January to September 2020, revenue climbed by 13.5% year-on-year to €368.9 million. In China, KRONES' revenue stabilised in the second and third quarters following the steep (50%) drop caused by corona in the first quarter. Revenue in the first nine months of 2020 was 34.0% down on the previous year, at €163.2 million. In the remainder of the Asia/Pacific region, revenue decreased by 16.3% year-on-year to €304.6 million.

After a strong start to 2020 in the first quarter, business in North and Central America became increasingly sluggish over the months that followed. This also reflects the course of the corona crisis. At €455.9 million, revenue to 30 September 2020 was 10.0% down on the €506.8 million recorded a year earlier. In the South America/Mexico region, on the other hand, revenue picked in the third quarter after a weak second quarter, resulting in a 10.5% revenue improvement to €294.6 million for the first nine months.

KRONES' regional revenue mix has changed only slightly in the first three quarters of 2020 compared with the previous year. The proportion of revenue generated in emerging markets was 53.0% (previous year: 49.2%). KRONES generated 47.0% of consolidated revenue in mature industrialised countries (previous year: 50.8%).

KRONES Group revenue by region

Share of consolidated revenue	1 Jan to 30 Sep 2020		1 Jan to 30 Sep 2019		Change %
	€ million	%	€ million	%	
Germany	256.8	10.5	362.2	12.5	-29.1
Central Europe (excluding Germany)	115.4	4.7	155.0	5.4	-25.6
Western Europe	323.4	13.2	444.0	15.4	-27.2
Eastern Europe	116.2	4.7	169.5	5.9	-31.4
Russia, Central Asia (cis)	50.0	2.0	49.5	1.7	+1.1
Middle East/Africa	368.9	15.2	324.9	11.2	+13.5
Asia-Pacific	304.6	12.4	363.9	12.6	-16.3
China	163.2	6.7	247.4	8.6	-34.0
South America/Mexico	294.6	12.0	266.5	9.2	+10.5
North and Central America	455.9	18.6	506.8	17.5	-10.0
Total	2,449.0	100.0	2,889.7	100.0	-15.3

Order intake and order backlog

Order intake picks up in third quarter of 2020

At €843.6 million, KRONES' order intake was €227.4 million larger in the third quarter of 2020 than in the second quarter.

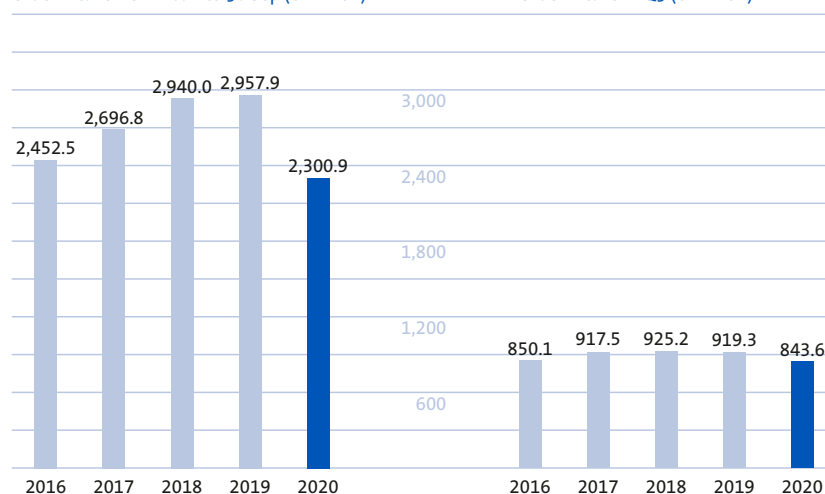
The corona crisis is also affecting business in the international beverage industry. Lockdowns, for example, have a severe impact on sales in bars and restaurants. Overall, the uncertain general economic situation is undermining investment confidence among KRONES' customers. Order intake in the first nine months of 2020 decreased by 22.2% on the previous year, from €2,957.9 million to €2,300.9 million. On the positive side, customer orders picked up significantly in the third quarter compared with the second quarter. KRONES generated €843.6 million in new orders between July and September 2020. This was 8.2% down on a year earlier but about 37% or €227.4 million more than in the second quarter of 2020.

Order intake in the first three quarters of 2020 fell more steeply in the new machinery business than in the service business. In the regional analysis, orders in the Middle East/Africa and in North America were relatively stable in the reporting period despite the corona crisis. KRONES recorded a disproportionately large shortfall in order intake in South America and Eastern European. In the remaining regions, orders were down to about the same extent as in the overall group.

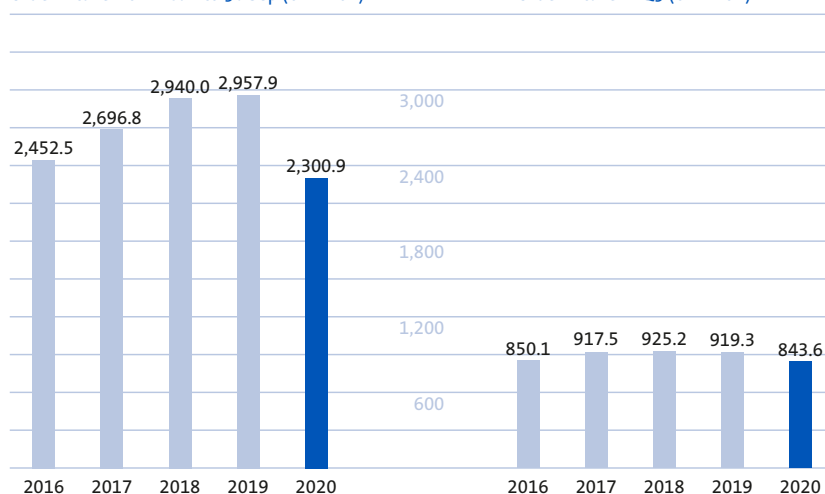
KRONES order backlog down to €1.12 billion

KRONES had an order backlog of €1,116.6 million as of 30 September 2020. The order backlog were thus 16.0% down on the previous year (€1,329.3 million). This reflects the lower order intake in the first three quarters of 2020.

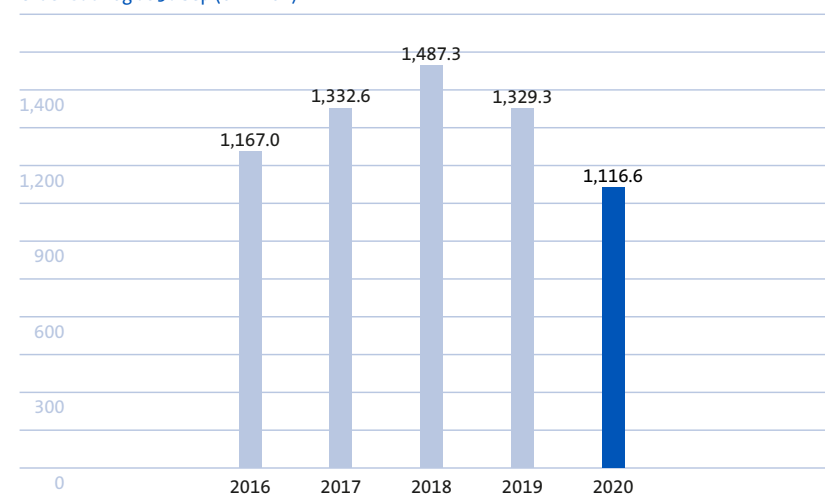
Order intake from 1 Jan to 30 Sep (€ million)



Order intake in Q3 (€ million)



Order backlog at 30 Sep (€ million)



Earnings

Cost savings limit the shortfall in earnings

The structural measures adopted by KRONES are taking effect. Savings in material and labour costs prevented an even larger drop in earnings in the first three quarters of 2020.

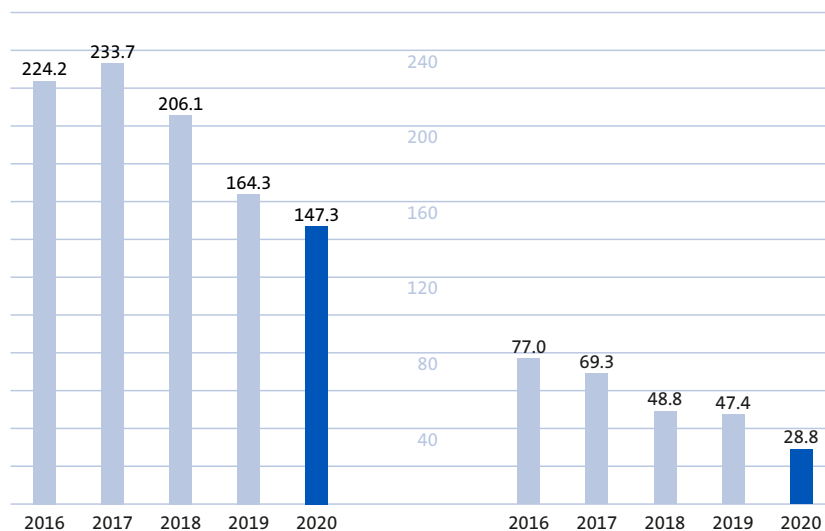
Structural measures adopted by KRONES had a positive impact on earnings in the first three quarters of 2020. Despite significantly lower revenue, the decline in earnings before interest, taxes, depreciation and amortisation (EBITDA) was kept within limits. This was mainly due to lower material and labour costs. EBITDA decreased by 10.3%, from €164.3 million a year earlier to €147.3 million between January to September 2020. The EBITDA margin improved from 5.7% in the previous year to 6.0%. Earnings before taxes (EBT) fell more sharply than EBITDA in the first nine months of 2020. This was mainly due to goodwill impairments of €13.6 million recognised by KRONES in the second

quarter. In total, EBT decreased by 10.3%, from €61.4 million a year earlier to €26.7 million between January and September 2020. The EBT margin dropped to 1.1% (previous year: 2.1%). Consolidated net income for the first three quarters of 2020 came to €17.4 million (previous year: €40.3 million). This corresponds to earnings per share of €0.55 (previous year: €1.28).

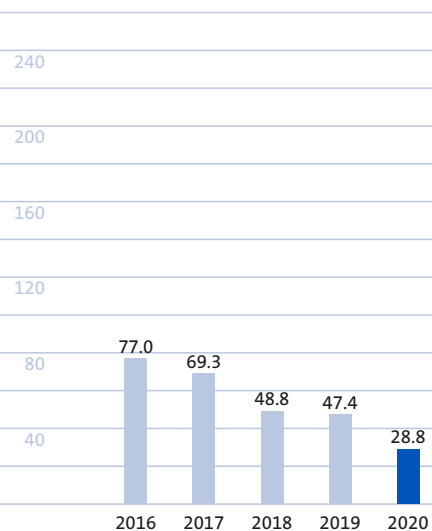
On the bottom line, KRONES made a slight loss in the third quarter of 2020 due to the sharp fall in revenue. Consolidated net income came to –€4.1 million (previous year: €7.0 million). A significant reduction in material and labour costs compared with the previous year partly offset the lower revenue. EBITDA was down in the third quarter from €47.4 million in the previous year to €28.8 million. The EBITDA margin consequently narrowed from 4.7% to 3.8%. EBT came to –€5.1 million in the third quarter of 2020 (previous year: €13.5 million).

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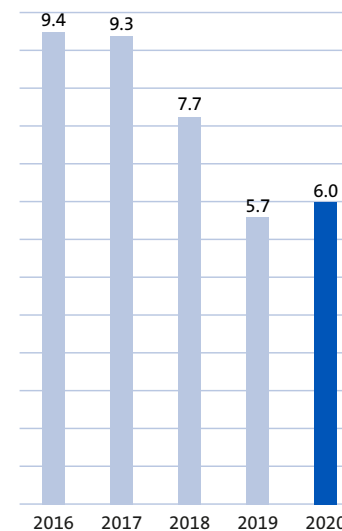
EBITDA from 1 Jan to 30 Sep (€ million)



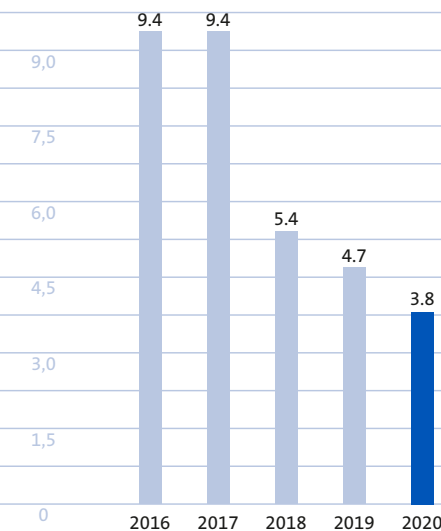
EBITDA in Q3 (€ million)



EBITDA margin from 1 Jan to 30 Sep in %



EBITDA margin in Q3 in %



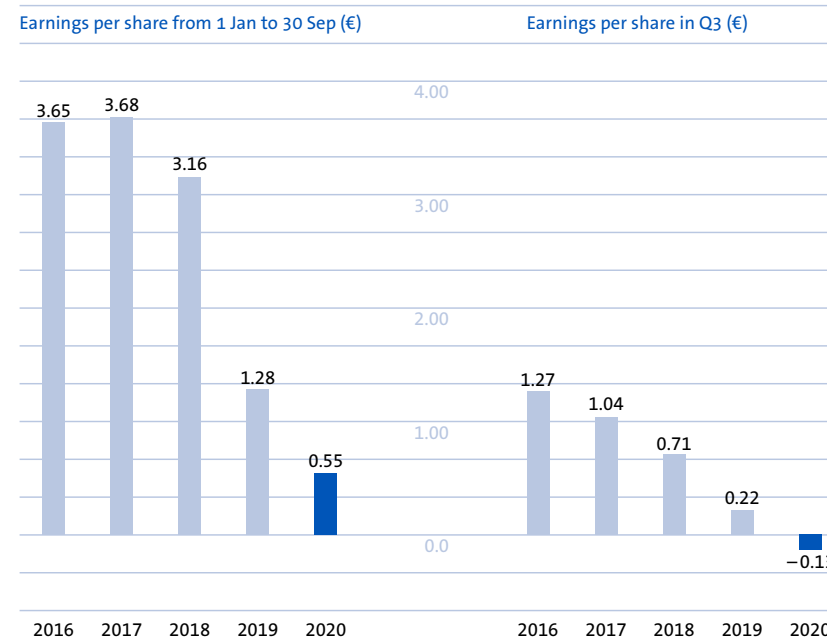
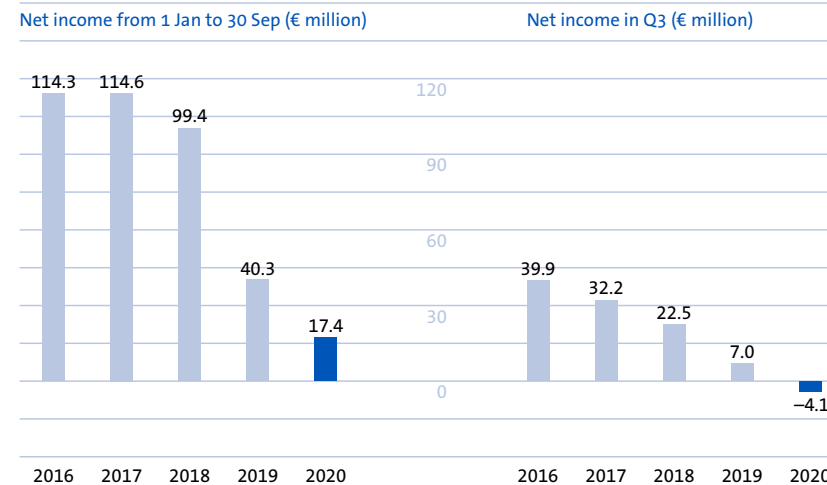
Earnings structure

€ million	2020 1 Jan – 30 Sep	2019 1 Jan – 30 Sep	Change %
Revenue	2,449.0	2,889.7	-15.3
Changes in inventories of finished goods and work in progress	7.0	9.1	-
Total operating performance	2,456.0	2,898.8	-15.3
Goods and services purchased	-1,182.9	-1,488.3	-20.5
Personnel expenses	-838.2	-945.1	-11.3
Other operating income/expenses and own work capitalised	-287.6	-301.1	-4.5
EBITDA	147.3	164.3	-10.3
Depreciation and amortisation on fixed assets	-119.8	-105.9	+13.1
EBIT	27.5	58.4	-52.9
Financial income/expense and profit/loss from equity-accounted associates	-0.8	3.0	-
EBT	26.7	61.4	-56.5
Income tax	-9.3	-21.1	-55.5
Consolidated net income	17.4	40.3	-57.1

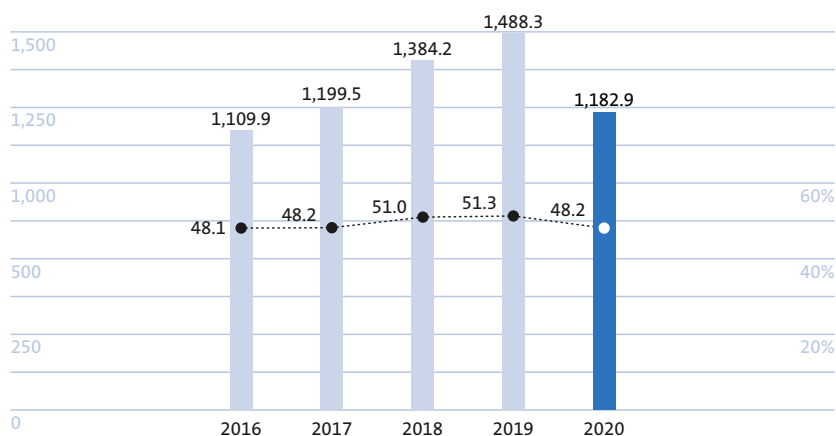
The corona-related fall in revenue in the first nine months is also reflected in KRONES' profitability.

As a result the corona crisis, KRONES had to contend with a significant drop in revenue and total operating performance during the first three quarters of 2020. Both of these figures fell by 15.3%. In the first nine months, revenue came to €2,449.0 million (previous year: €2,889.7 million) and total operating performance to €2,456.0 million (previous year: €2,898.8 million). KRONES increased inventories of finished goods and work in progress by €7.0 million in the reporting period (previous year: €9.1 million).

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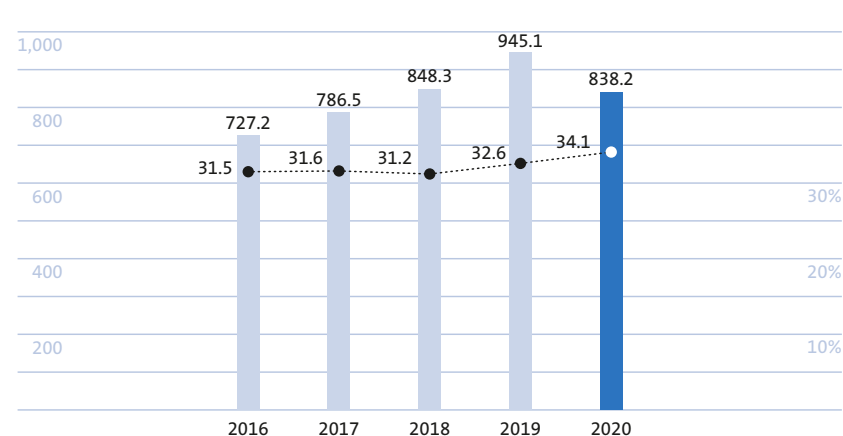
Goods and services purchased from 1 Jan to 30 Sep (€ million, %)



Cost of goods and services purchased was reduced to a greater extent than the decrease in total operating performance, by 20.5% to €1,182.9 million between January and September 2020. This positive outcome reflects both a reduction in purchased services from cutting the number of temporary employees and a year-on-year increase in the proportion accounted for by the service business. Our structural measures to reduce material costs also had a positive effect. The ratio of goods and services purchased to total operating performance went down from 51.3% in the previous year to 48.2%.

KRONES has also been able to reduce personnel expenses between January and September 2020, although to a lesser extent than the shortfall in total operating performance. Personnel expenses thus fell by 11.3% in the reporting period, from €945.1 million to €838.2 million. Alongside cuts in the workforce both in

Personnel expenses from 1 Jan to 30 Sep (€ million, %)



Germany and internationally, this decrease was also due to workforce capacity optimisation measures such as reduced working hours and reduced overtime. The ratio of personnel expenses to total operating performance went up from 32.6% in the previous year to 34.1%.

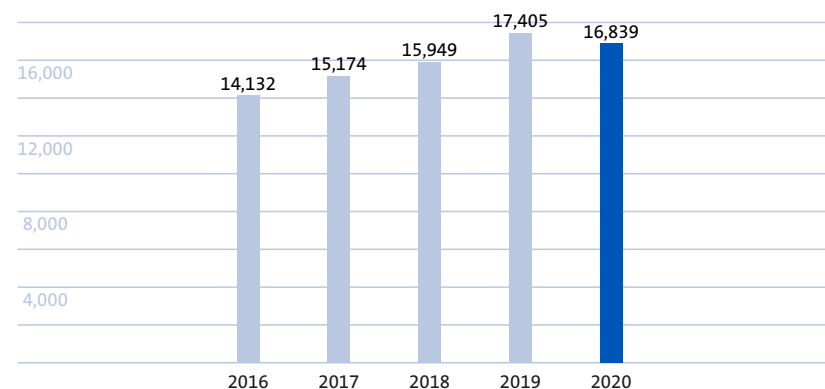
Other operating expenses were down 1.0% to €402.2 million. Other operating income increased from €60.7 million to €88.2 million, while own work capitalised fell from €44.3 million to €26.4 million. The net balance of other operating income and expenses and own work capitalised changed from –€301.1 million in the prior-year period to –€287.6 million in the reporting period. As a percentage of total operating performance, this represented an increase from 10.4% to 11.7%.

EBITDA (earnings before interest, taxes, depreciation and amortisation) went down by 10.3% from €164.3 million to €147.3 million. As this decrease was less than the shortfall in revenue, the EBITDA margin for the first three quarters improved from 5.7% to 6.0%. At €119.8 million, depreciation and amortisation of fixed assets was significantly higher than the prior-year figure of €105.9 million. This was mainly due to goodwill impairments of €13.6 million in the second quarter.

Due to the higher depreciation and amortisation, earnings before interest and taxes (EBIT) decreased significantly more sharply in the reporting period than EBITDA. The reduction was by 52.9% to €27.5 million. Financial income/expense and the share of profit or loss of associates accounted for using the equity method came to –€0.8 million, down from €3.0 million a year earlier. This results in earnings before taxes (EBT) of €26.7 million (previous year: €61.4 million) and an EBT margin of 1.1% (previous year: 2.1%). The tax rate increased slightly in the reporting period from 34.4% to 34.8%, resulting in consolidated net income of €17.4 million (previous year: €40.3 million).

Employees

Employees worldwide at 30 September



KRONES employs 16,839 people worldwide

The number of employees worldwide was down 3.3% on the previous year, with the largest decrease in Germany. This also reflects the structural adjustments and the impacts of the corona crisis.

The workforce was reduced by 566 or 3.3% year-on-year to 16,839 as of 30 September 2020. Due to the structural adjustments in Germany, the largest reduction in the workforce was at German locations, with a year-on-year decrease by 436 to 10,408. As the Covid-19 pandemic also temporarily slowed down the expansion of KRONES' global footprint, the number of employees abroad was also down, falling by 130 to 6,431 (30 September 2019: 6,561). The KRONES Group had 536 young people in training as of 30 September 2020.

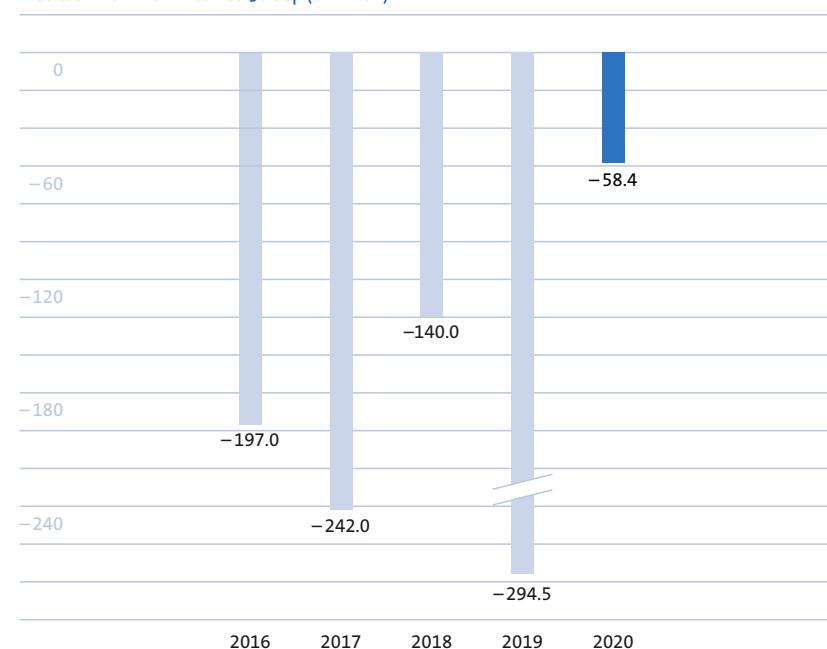
Consolidated cash flow

KRONES Group cash flow

€ million	2020 1 Jan – 30 Sep	2019 1 Jan – 30 Sep
Earnings before taxes	26.7	61.4
Other non-cash changes	+176.6	+187.9
Changes in working capital	–85.5	–321.1
Changes in other assets and liabilities	–107.9	–50.2
Cash flow from operating activities	+9.9	–122.0
Capital expenditure for PP&E and intangible assets	–68.5	–138.3
M&A activities	±0.0	–34.9
Other	+0.2	+0.7
Free cash flow	–58.4	–294.5
Cash flow from financing activities	+124.5	+248.9
Other	±0.0	+3.8
Net change in cash and cash equivalents	+66.1	–41.8
Cash and cash equivalents at the end of the period	176.5	177.0

KRONES improved cash flow from operating activities in the first three quarters of 2020 by €131.9 million to €9.9 million. This was mainly due to the significantly lower increase in working capital by €85.5 million in the reporting period compared with €321.1 million in the previous year. Non-cash changes – alongside an increase in provisions, mainly depreciation and amortisation – had a positive impact of €176.6 million (previous year: €187.9 million). The increase in other assets and liabilities had a €107.9 million negative impact on cash flow in the reporting period, compared with –€50.2 million in the previous year.

Free cash flow from 1 Jan to 30 Sep (€ million)



Ratio of working capital to revenue increased to 28.3%

Mainly due to the sharp fall in revenue, average working capital over the past four quarters increased as a percentage of revenue from 25.8% in the previous year to 28.3% in the reporting period. The working capital to revenue ratio was 31.4% as of the reporting date (previous year: 28.1%).

Average working capital over the past four quarters went up from 25.8% to 28.3%.

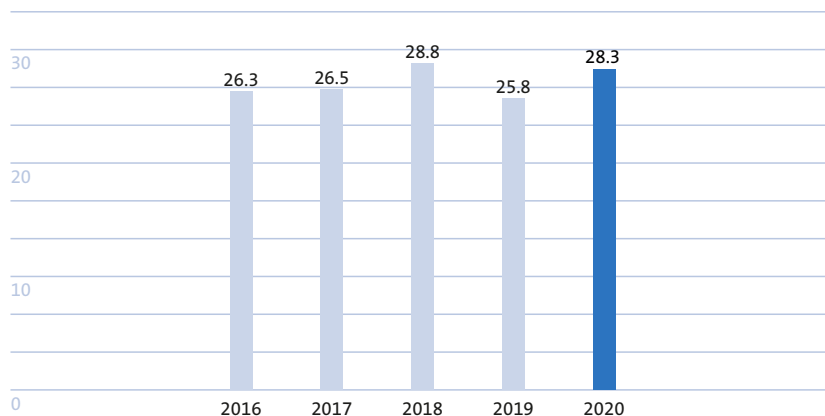
Between January and September 2020, KRONES improved cash flow from operating activities by €131.9 million and free cash flow by €236.1 million relative to the previous year.

Free cash flow (net cash generated from operating activities) improved in the first three quarters of 2020 by €236.1 million to –€58.4 million.

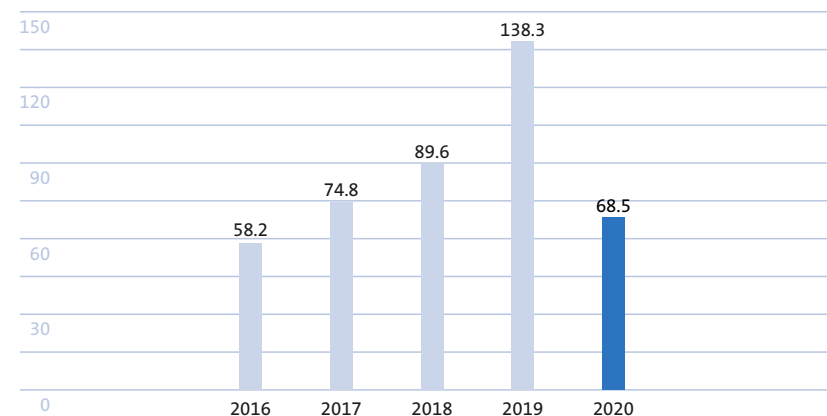
KRONES invested €68.5 million in property, plant and equipment and intangible assets in the reporting period. As planned, capital expenditure was thus well below the €138.3 million recorded in the previous year, which was higher because of establishing the location in Hungary. Free cash flow (net

cash generated from operating activities) improved in the first three quarters of 2020 by €236.1 million to –€58.4 million. Cash flow from financing activities was €124.5 million (previous year: €248.9 million). In the reporting period, this item mainly includes the dividend payout of €23.7 million (previous year: €53.7 million) as well as €183.1 million in proceeds from new borrowing (previous year: €329.4 million). As a result, KRONES had cash and cash equivalents totalling €176.5 million at 30 September 2020 (previous year: €177.0 million).

KRONES Group working capital to revenue from 1 Jan to 30 Sep (%) (LTM)



Capital expenditure for PP&E and intangible assets from 1 Jan to 30 Sep (€ million)



Assets and capital structure

KRONES Group asset and capital structure

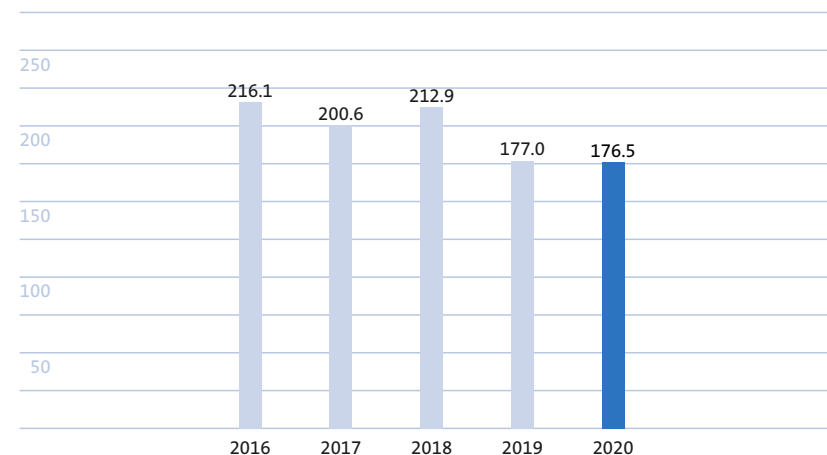
€ million	30 Sep 2020	31 Dec 2019	30 Sep 2019	31 Dec 2018
Non-current assets	1,107	1,154	1,175	1,010
of which fixed assets	991	1,070	1,092	936
Current assets	2,044	2,165	2,327	2,311
of which cash and equivalents	177	110	177	219
Equity	1,314	1,370	1,429	1,433
Total debt	1,837	1,949	2,074	1,888
Non-current liabilities	429	452	405	359
Current liabilities	1,408	1,497	1,669	1,529
Total	3,151	3,319	3,503	3,321

At 5.1%, the reduction in total assets at KRONES was smaller than the decrease in total operating performance (15.3%).

Due to the significantly lower volume of business, total assets as of 30 September 2020 were down 5.1% to €3.15 billion (31 December 2019: €3.32 billion). However, this was less than the decrease in KRONES' total operating performance (down 15.3%).

Current assets fell by 5.6% – slightly less than the decrease in total assets – and totalled €2,043.6 million at the end of the reporting period (31 December 2019: €2,165.4 million). Much of the decrease was due to a significant fall in trade receivables, which KRONES reduced during the first nine months by €221.5 million to €711.4 million. Contract assets increased slightly from €571.3 million to €596.8 million. Inventories were virtually unchanged at €384.5 million (31 December

Cash and cash equivalents at 30 Sep (€ million)



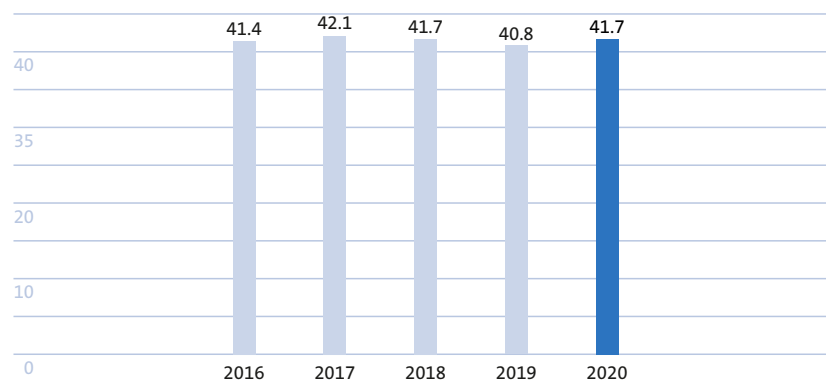
2019: €382.5 million). Mainly due to drawings on available credit lines, cash and cash equivalents went up during the first three quarters of 2020 from €110.4 million to €176.5 million.

KRONES had non-current assets totalling €1,107.0 million as of 30 September (31 December 2019: €1,154.0 million). This mainly reflects the decrease in fixed assets by €78.6 million to €991.2 million (31 December 2019: €1,069.8 million). That in turn is mostly due to lower property, plant and equipment and right-of-use assets. These fell to €631.8 million due to the reduced capital expenditure (31 December 2019: €693.2 million). The company's intangible assets were likewise down as of 30 September, falling mainly as a result of €13.6 million in goodwill impairments to €323.2 million (31 December 2019: €345.2 million).

On the equity and liabilities side, current liabilities fell relative to the 2019 year-end, decreasing by 6.0% to €1,407.9 million. This mainly related to trade payables, which KRONES reduced in the reporting period by €198.5 million to €265.2 million. In addition, contract liabilities went down by €87.1 million to €355.8 million. Conversely, the company increased short-term bank debt. This stood at €255.2 million as of 30 September 2020 (31 December 2019: €72.2 million).

KRONES' non-current liabilities amounted to €428.3 million as of 30 September 2020 (31 December 2019: €452.0 million). The reduced total was mainly due to the significantly lower other financial liabilities and lease liabilities, which went down from €104.9 million to €78.7 million. The Company had €0.1 million in non-current bank debt as of 30 September 2020 (31 December 2019: €0.0 million).

Equity ratio KRONES Group at 30 Sep (%)

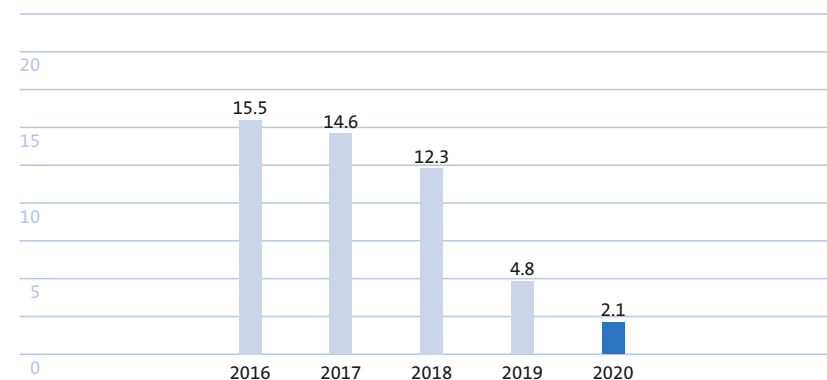


Slight increase in equity ratio, ROCE down

At €1,314.4 million, equity was likewise down on the 2019 reporting date (€1,370.0 million). Due to the lower total assets, the equity ratio increased slightly to 41.7% as of 30 September (31 December 2019: 41.3%). Net cash and cash equivalents (cash and cash equivalents less bank debt) amounted to –€78.8 million at the end of the third quarter of 2020 (31 December 2019: €38.1 million). KRONES had undrawn credit lines of approximately €300 million as of 30 September 2020 and additionally had available a back-up facility for €500 million.

Return on capital employed (ROCE) – the ratio of EBIT to average net capital employed – decreased to 2.1% in the first three quarters of 2020 as a result of the lower earnings (previous year: 4.8%).

KRONES Group ROCE from 1 Jan to 30 Sep (%)



Report from the segments

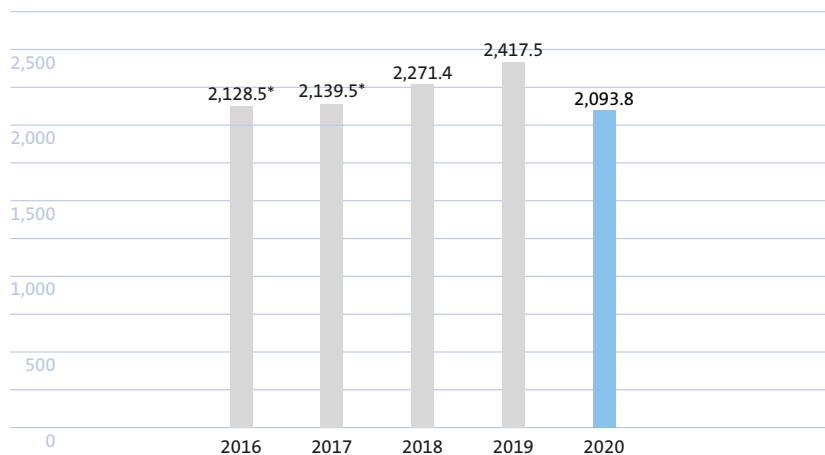
Machines and Lines for Product Filling and Decoration

Segment revenue

Revenue in KRONES' core segment was 13.4% down in the first nine months of 2020 relative to the previous year.

Revenue in the core segment, Machines and Lines for Product Filling and Decoration, was hit hard in the third quarter of 2020 by the impacts of the corona crisis. Whereas the first half year saw a limited decrease in revenue (by 7.0%), revenue between July and September 2020 dropped 25.4% to €623.5 million due to poor utilisation of production capacity. Revenue in the first nine months of 2020 went down by 13.4% year-on-year, from €2,417.5 million to €2,093.8 million. The revenue decrease in the new machinery business was larger than that in the after-sales business. As a proportion of consolidated revenue in the first three quarters, the core segment contributed 85.5% (previous year: 83.7%).

Segment revenue (€ million) from 1 Jan to 30 Sep



* incl. machines and lines for the compact class segment

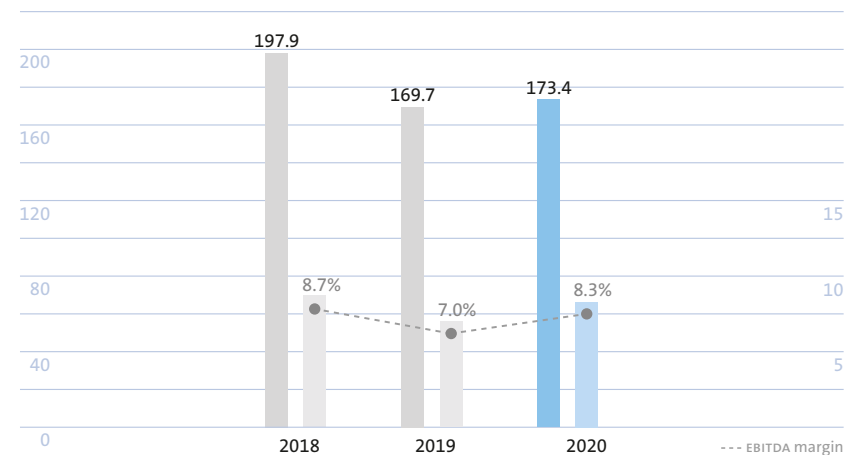
Segment earnings

Despite the lower revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA), at €173.4 million in the first nine months of 2020, was stable relative to the previous year (€169.7 million). Segment earnings benefited from significantly lower material and labour costs than in the previous year.

It should be noted that the previous year's earnings were negatively impacted by a temporary underutilisation of capacity in plastics technology. The EBITDA margin improved in the first nine months from 7.0% to 8.3%. In the third quarter of 2020, when revenue was particularly weak, the core segment generated EBITDA of €29.7 million (previous year: €47.9 million). On an EBT basis, the segment generated a slight profit of €0.6 million between July and September 2020 (previous year: profit of €19.7 million).

KRONES implemented substantial cost savings in the core segment during the first three quarters of 2020. At €173.4 million, EBITDA was stable relative to the previous year.

Segment EBITDA (€ million) and EBITDA margin (%) from 1 Jan to 30 Sep



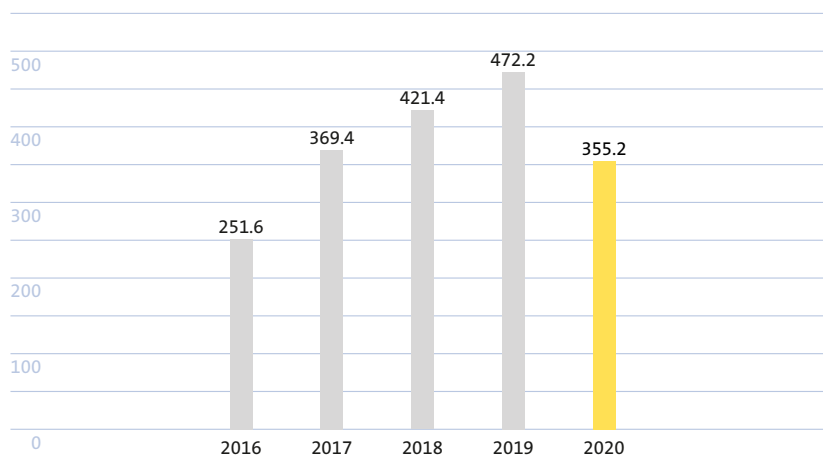
Machines and Lines for Beverage Production/Process Technology

Segment revenue

The corona crisis had a heavy impact on the Machines and Lines for Beverage Production/Process Technology segment. Revenue in the first nine months of 2020 was down 24.8% year-on-year.

Business in the Machines and Lines for Beverage Production/Process Technology segment was heavily affected by the difficult situation faced by international breweries due to corona. After a weak second quarter of 2020 (when revenue was down by 25.8%), revenue in the third quarter dropped 23.0% year-on-year to €126.8 million. In the first nine months of 2020, revenue fell from €472.2 million to €355.2 million (down 24.8%). Revenue performance in the intralogistics business, which is part of the segment, was stronger in the third quarter than in the second quarter. As a proportion of consolidated revenue in the first three quarters of 2020, the segment overall contributed 14.5% (previous year: 16.3%).

Segment revenue (€ million) from 1 Jan to 30 Sep

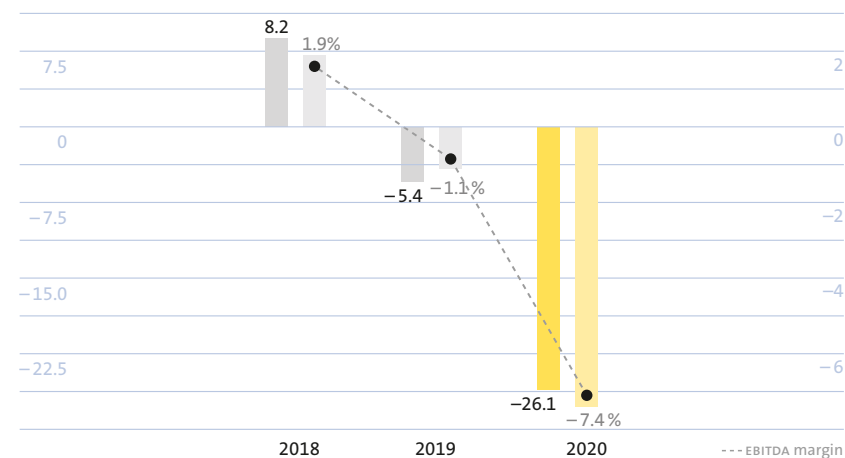


Segment earnings

Earnings in the Machines and Lines for Beverage Production/Process Technology segment improved slightly in the third quarter of 2020. As in the first two quarters, the segment made a loss in the amount of €0.9 million in terms of earnings before interest, taxes, depreciation and amortisation (EBITDA) (previous year: loss of €0.5 million). For the entire period from January to September 2020, EBITDA went down from –€5.4 million in the previous year to –€26.1 million. Process technology was hit in the reporting period by the poor situation faced by breweries as a result of corona. Segment earnings also reflect initial losses from digitalisation activities. In intralogistics, the lockdown in Italy heavily impacted earnings at our subsidiary SYSTEM LOGISTICS in the second quarter. Intralogistics once again generated a slight profit in the third quarter, however. Earnings before taxes (EBT) for the segment overall, at –€5.7 million from July to September 2020, were roughly level with the previous year (–€6.2 million) despite the decrease in revenue (by 23%).

The Machines and Lines for Beverage Production/Process Technology segment generated a slightly negative EBITDA between July and September 2020. EBITDA in the first nine months was –€26.1 million (previous year: –€5.4 million).

Segment EBITDA (€ million) and EBITDA margin (%) from 1 Jan to 30 Sep



Report on **expected developments**

Ongoing extreme uncertainty due to the Covid-19 pandemic – KRONES provides guidance for full year 2020

Macroeconomic forecasts for 2020 stabilised at a very low level during the third quarter. In October, the International Monetary Fund (IMF) projected that the world economy will contract by 4.4% in 2020. In its June forecast, the IMF was still projecting a 4.9% fall. Developments going forward are subject to great uncertainty due to the Covid-19 pandemic. These general economic uncertainties are also affecting order placement by KRONES customers.

KRONES expects that the global market for bottling and packaging equipment will temporarily shrink overall. Nevertheless, the medium and long-term outlooks remain positive. This is because consumer demand for packaged beverages and liquid foods is growing over the long term based on a number of megatrends.

In the short term, it remains difficult to estimate the negative impacts of the Covid-19 pandemic on demand and investment confidence among our customers. For this reason, it has not previously been possible to provide reliable forecasts for the 2020 financial year. Based on the figures for the first three quarters of 2020 and the current economic environment, the company is now providing guidance for 2020 at group level for the main financial performance indicators.

For the KRONES Group in the full year 2020, the Executive Board expects revenue of approximately €3.3 billion (2019: €3,959 million), representing a decrease of about 17%. The forecast for the EBITDA margin is 5.5% to 6.0% (2019: 5.7%). This guidance does not include any one-off expenditure for impairments and structural measures for capacity adjustment.

If further countries and regions impose lockdowns, partial lockdowns or travel restrictions, this could negatively impact the completion of orders and order intake and consequently have a negative influence on KRONES' financial performance.

	Guidance for 2020	Actual 9m 2020
Revenue growth	about -17%	-15.3%
EBITDA margin	5.5–6.0%	6.0%
Working capital to revenue	28% – 29%	28.3%

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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Condensed consolidated **statement of profit or loss** from 1 January to 30 September 2020

€ million	2020 1 January – 30 September	2019 1 January – 30 September	Change %
Revenue	2,449.0	2,889.7	-15.3
Changes in inventories of finished goods and work in progress	7.0	9.1	-
Total operating performance	2,456.0	2,898.8	-15.3
Other own work capitalised	26.4	44.3	-40.4
Other operating income	88.2	60.7	+45.3
Goods and services purchased	-1,182.9	-1,488.3	-20.5
Personnel expenses	-838.2	-945.1	-11.3
Other operating expenses	-402.2	-406.1	-1.0
EBITDA	147.3	164.3	-10.3
Depreciation and amortisation on fixed assets	-119.8	-105.9	+13.1
EBIT	27.5	58.4	-52.9
Financial income/expense	-0.8	3.6	-
Profit or loss shares attributable to associates that are accounted for using the equity method	0.0	-0.6	-
Earnings before taxes	26.7	61.4	-56.5
Income tax	-9.3	-21.1	-55.9
Consolidated net income	17.4	40.3	-56.8
Profit attributable to non-controlling interests	0.1	-0.2	
Profit attributable to KRONES Group shareholders	17.3	40.5	
Earnings per share (diluted/basic) in €	0.55	1.28	

Condensed consolidated **statement of profit or loss** from 1 July to 30 September 2020

€ million	2020 1 July – 30 September	2019 1 July – 30 September	Change %
Revenue	750.4	1,000.4	-25.0
Changes in inventories of finished goods and work in progress	0.3	-10.9	-
Total operating performance	750.7	989.5	-24.1
Other own work capitalised	6.2	19.3	-67.9
Other operating income	32.8	14.5	+126.2
Goods and services purchased	-369.5	-513.9	-28.1
Personnel expenses	-243.3	-303.4	-19.8
Other operating expenses	-148.1	-158.6	-6.6
EBITDA	28.8	47.4	-39.2
Depreciation and amortisation on fixed assets	-34.5	-36.5	-5.5
EBIT	-5.7	10.9	-
Financial income/expense	0.6	2.6	-
Profit or loss shares attributable to associates that are accounted for using the equity method	0.0	0.0	-
Earnings before taxes	-5.1	13.5	-
Income tax	1.0	-6.5	-
Consolidated net income	-4.1	7.0	-
Profit attributable to non-controlling interests	0.0	0.0	-
Profit attributable to κRONES Group shareholders	-4.1	7.0	-
Earnings per share (diluted/basic) in €	-0.13	0.22	-

Condensed consolidated statement of financial position – **Assets**

€ million	30 September 2020		31 December 2019	
Intangible assets	323.2		345.2	
Property, plant and equipment	631.8		693.2	
Non-current financial assets	32.8		28.1	
Investment accounted for using the equity method	3.4		3.3	
Fixed assets	991.2		1,069.8	
Deferred tax assets	60.4		41.6	
Trade receivables	38.6		28.9	
Income tax receivables	4.6		0.3	
Other assets	12.2		13.4	
Non-current assets		1,107.0		1,154.0
Inventories	384.5		382.5	
Trade receivables	711.4		932.9	
Contract assets	596.8		571.3	
Income tax receivables	22.7		16.4	
Other assets	151.7		151.9	
Cash and cash equivalents	176.5		110.4	
Current assets		2,043.6		2,165.4
Total		3,150.6		3,319.4

Condensed consolidated statement of financial position – **Equity and liabilities**

€ million	30 September 2020		31 December 2019	
Equity		1,314.4		1,370.0
Provisions for pensions	260.7		260.2	
Deferred tax liabilities	3.8		3.7	
Other provisions	77.5		75.2	
Provisions for taxes	4.3		5.4	
Liabilities to banks	0.1		0.0	
Trade payables	0.1		0.0	
Other financial obligations from leasing	78.7		104.9	
Other liabilities	3.1		2.6	
Non-current liabilities		428.3		452.0
Other provisions	196.5		141.0	
Liabilities to banks	255.2		72.2	
Contract liabilities	355.8		442.9	
Trade payables	265.2		463.7	
Tax liabilities	20.7		16.9	
Other financial obligations from leasing	25.0		34.9	
Other liabilities and accruals	289.5		325.8	
Current liabilities		1,407.9		1,497.4
Total		3,150.6		3,319.4

Condensed consolidated **statement of cash flows**

€ million	2020 1 January– 30 September	2019 1 January– 30 September
Earnings before taxes	26.7	61.4
Depreciation and amortisation (reversals)	119.8	105.9
Increase in provisions and accruals	47.9	79.9
Interest expenses and interest income	0.7	2.3
Gains and losses from the disposal of fixed assets	-0.5	0.2
Other non-cash expenses and income	8.7	-0.4
Decrease (previous year: increase) in inventories, trade receivables, contract assets, and other assets not attributable to investing or financing activities	170.6	-34.6
Decrease in trade payables, contract liabilities and other liabilities not attributable to investing or financing activities	-322.4	-299.8
Cash generated from operating activities	51.5	-85.1
Interest paid	-4.4	-4.1
Income tax paid and refunds received	-37.2	-32.8
Cash flow from operating activities	9.9	-122.0
Cash payments to acquire intangible assets	-27.4	-45.6
Cash payments to acquire property, plant and equipment	-41.1	-92.7
Proceeds from the disposal of property, plant and equipment	2.8	3.3
Cash payments to acquire non-current financial assets	-4.5	-7.1
Proceeds from the disposal of non-current financial assets	0.1	0.1
Cash payments to acquire subsidiaries and equity interests	0.0	-34.9
Interest received	1.8	1.6
Dividends received	0.0	2.8
Cash flow from investing activities	-68.3	-172.5
Proceeds from new borrowing	-23.7	-53.7
Cash payments to pay lease liabilities	183.1	329.4
Cash flow from financing activities	-34.9	-26.8
Net change in cash and cash equivalents	124.5	248.9
Cash change in cash and cash equivalents	66.1	-45.6
Change in cash and cash equivalents arising from changes in the consolidated group	0.0	3.8
Cash and cash equivalents at the beginning of the period	110.4	218.8
Cash and cash equivalents at the end of the period	176.5	177.0

Consolidated **segment reporting**

Q1 – Q3	Machines and Lines for Product Filling and Decoration		Machines and Lines for Beverage Production/ Process Technology		KRONES Group	
	2020 1 Jan– 30 Sep	2019 1 Jan– 30 Sep	2020 1 Jan– 30 Sep	2019 1 Jan– 30 Sep	2020 1 Jan– 30 Sep	2019 1 Jan– 30 Sep
€ million						
Revenue	2,093.8	2,417.5	355.2	472.2	2,449.0	2,889.7
EBITDA	173.4	169.7	–26.1	–5.4	147.3	164.3
EBITDA margin	8.3%	7.0%	–7.4%	–1.1%	6.0%	5.7%

Q3	Machines and Lines for Product Filling and Decoration		Machines and Lines for Beverage Production/ Process Technology		KRONES Group	
	2020 1 Jul– 30 Sep	2019 1 Jul– 30 Sep	2020 1 Jul– 30 Sep	2019 1 Jul– 30 Sep	2020 1 Jul– 30 Sep	2019 1 Jul– 30 Sep
€ million						
Revenue	623.5	835.8	126.9	164.6	750.4	1,000.4
EBITDA	29.7	47.9	–0.9	–0.5	28.8	47.4
EBITDA margin	4.8%	5.7%	–0.7%	–0.3%	3.8%	4.7%

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OTHER INFORMATION

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Members of the Supervisory Board and the Executive Board

Pursuant to Section 8 (1) of the articles of association, eight members of the Supervisory Board are elected by the shareholders in accordance with the German Stock Corporation Act (Sections 96 (1) and 101). Eight members are elected by the employees pursuant to Section 1 (1) and Section 7 (1) Sentence 1 Number 1 of the Codetermination Act.

Supervisory Board

Volker Kronseder

Chairman of the Supervisory Board

* UNIVERSITÄTSKLINIKUM
REGENSBURG

* WIRTSCHAFTSBEIRAT
BAYERISCHE LANDESBANK

Josef Weitzer**

Deputy Chairman of the Supervisory Board, Chairman of Group Central Works Council, Chairman of the Works Council Neutraubling

* SPARKASSE REGENSBURG

Werner Schrödl**

Deputy Chairman of the Supervisory Board
Chairman of the Group Employees' Council
Chairman of the Composite Employees' Council
(until 30 June 2020)

* Verwaltungsrat der BAYERISCHEN
BETRIEBSKRANKENKASSEN

Markus Hüttner**

Deputy Chairman of the Central Works Council

Deputy Chairman of the Works Council
Neutraubling
(since 1 July 2020)

Dr. Verena Di Pasquale**

Deputy Chairperson of DGB BAYERN (the German Trade Union Confederation in Bavaria)

Robert Friedmann

Spokesman for the central managing board of the WÜRTH GROUP

* ZF FRIEDRICHSHAFEN AG

Klaus Gerlach**

Head of Central International Operations and Services

Oliver Grober**

Chairman of the Employees' Council, Rosenheim

Thomas Hiltl**

Chairman of the Employees' Council, Nittenau

Norman Kronseder

Farmer and forester

* BAYERISCHE FUTTERSaatBAU
GMBH

Professor Dr. jur. Susanne Nonnast

Professor at Ostbayerische Technische Hochschule (OTH) Regensburg

Beate Eva Maria Pöpperl**

Independent Member of the Employees' Council

Norbert Samhammer

Chief executive of SAMHAMMER HOLDING GMBH
*SAMHAMMER AG

Petra Schadeberg-Herrmann

Managing partner

KROMBACHER BRAUEREI

BERNHARD SCHADEBERG GMBH & CO. KG,

KROMBACHER FINANCE GMBH,
SCHAWEI GMBH,

DIVERSUM HOLDING GMBH & CO. KG

Jürgen Scholz**

First authorised representative IG METALL administrative office, Regensburg

* INFINEON TECHNOLOGIES AG

Hans-Jürgen Thaus

* MASCHINENFABRIK REINHAUSEN
GMBH

Matthias Winkler

Managing partner at
WWW+ KN STEUERBERATUNGS-
GESELLSCHAFT MBH

Executive Board

Christoph Klenk

CEO

Intralogistics

Process Technology

Norbert Broger

CFO

(since 1 January 2020)

Thomas Ricker

cso

Markus Tischer

International Operations
and Services

Digitalisation

Ralf Goldbrunner

Bottling and Packaging
Equipment

Compact Class

* Other Supervisory Board seats held, pursuant to Section 125 (1) Sentence 5 of the German Stock Corporation Act

** Elected by the employees

In addition, each of the group companies is the responsibility of two members of the Executive Board.

Publishing information

Published by	KRONES AG Böhmerwaldstrasse 5 93073 Neutraubling Germany	Note
Project lead	Roland Pokorny, Head of Corporate Communications	This English language report is a translation of the original German KRONES Quarterly statement for the period from 1 January to 30 September 2020 (Quartalsmitteilung für den Zeitraum vom 1. Januar bis 30. September 2020).
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