



14. January 2021

## Ready to take on new challenges

### Krone group generates 1.9 billion euros in sales

Spelle, January 2021. After a relatively good start to the 2019/2020 financial year (1 August 2019 to 31 July 2020), all business activities have been impacted by Covid-19 since the beginning of 2020. With the pandemic taking centre stage, other topical issues like the Brexit negotiations and various protectionist import tariff measures have taken a backseat although these did have significant impacts on the international operations of the Krone Group. While the agricultural machinery division continued to grow, Commercial Vehicles lost business. In the last financial year the Krone Group generated a turnover of 1.9 billion euros (previous year around 2.2 billion euros). About 32.9% of the domestic sales were accounted for by the Agriculture and 66.8% by the Commercial Vehicle business. With about 29.3% of all sales being generated in the domestic market (previously 30.9%), 70.7% of the Krone sales revenues were generated in markets outside Germany (previously 69.1%). (\*The difference of 0.3% is accounted for by merchandise sales.)

#### Staff numbers

The Krone Group employed a workforce of 5,375 in more than 15 countries in the last financial year (previously 5,292). This number included 293 apprentices on average (previously 270).

#### Financial position/funding

The balance sheet total for the 2019/2020 financial year stood at 1,333.6 million euros (previous year 1,305.5 million euros). Total investments of 60.2 million euros (previously 92.9 million euros) were offset by depreciation of 37.2 million euros. This growth was mainly attributed to a number of investments at various production and office sites.

Liquidity increased by 69.6 million euros to 205.0 million euros. This was accounted for by the decrease in receivables from goods delivered and services provided and stocks. Equity increased from 585.1

million euros to 588.7 million euros as of the balance sheet date. The equity ratio of 44.1% did not change significantly over the previous year (44.8%).

The medium and long-term debt capital increased from 424.4 million euros to 426.4 million euros in the 2019/2020 financial year. The Group has mid- and long-term capital to the value of 1,015.5 million euros (previous year 1,010.0 million euros). This covers both fixed assets and the entire stock assets as well as many of the receivables.

#### Investing in future growth

To further increase both product quality and production capacity, Krone has been steadily investing in digitalisation, automation, connectivity and telematics at nearly all production sites. In summer 2020, the new validation centre in Lingen became operational. Known as the Future Lab, this test facility uses various high-tech procedures to test the service life, quality, functioning and operability of components, which will have a positive impact on product quality. It also features a 1.2 km test course for testing autonomous vehicles.

Bernard Krone, chairman of the Krone Holding Supervisory Board, summarises the group performance: "The pandemic has shone a light on the economy sectors that are really important. Agriculture and transportation are clearly amongst them. As we look back on the 2019/2020 financial year, we are pleased to find that Krone expanded its market shares in areas of its business activities. This is reflected by yet another sales increase to 732 million euros in the agricultural machinery market and 1.16 billion euros in sales generated in the far more volatile commercial trailer market. On the whole, the Krone Group was able to achieve a respectable result worth 1.9 billion euros. Although the current effects of the pandemic combined with climatic, political and economic factors make it difficult to gauge what the future holds, we do anticipate sales in the current financial year to be at the previous year's level. In the long-term, however, the Krone Group will continue to serve two major trends. The Earth's population is expected to reach 10 billion by 2050; all these people must be fed and to do this we need state-of-the-art agricultural equipment and seamlessly networked logistics. This outlook makes us take an optimistic approach for the future."

## Further details from the Commercial Vehicles and Agriculture divisions

**KRONE Commercial Vehicles** Just as the economy started to recover at the start of 2020, the markets were rocked by the global Covid-19 pandemic. Lockdowns led to a further fall in demand for transport equipment. Although Krone managed to further strengthen its market position in Europe, sales revenues fell by around 24.2 percent. Consequently, turnover fell to approx. 1.1 billion euros (previous year 1.5 billion euros). Germany remains the strongest single market with a share of 32% (turnover 372.7 million euros, previous year 495.1 million euros). Sales in the foreign markets fell to 793.6 million euros (previous year 1.04 billion euros). Among the most important markets are the Western European markets at 43.3% (previous year 43.9%) and Eastern European markets at 18.9% (previous year 17.7%). Krone has introduced a programme of modernisation and automation across all our production facilities. Of particular note is the Herzlake plant, where the assembly lines for the Dry Liner series and shell lines for swap bodies are now highly automated. A new robotic production line for swap bodies is now close to completion. The investment in a new double-head friction welding machine capable of increasing capacity at the Dinklage plant to over 100,000 axles per year is also worth mentioning.

#### Krone Agriculture

In the 2019/2020 financial year, the global demand for forage harvesting equipment (in unit numbers) fell by around 3 percent. In this environment, Krone was able to achieve above-average growth in all product groups and expand its market share. Sales increased by 34.2 million euros (4.9%) to 731.9 million euros (previously 697.7 million euros). The German market accounted for 25.1% of the overall sales volume (previous year 28.0%), the Western European markets 36.2% (previous 35.6%), Eastern Europe 8.4% (previous 8.9%), North America 15.2% (previous 15.9%) and the remaining countries 15.1%

(previous 11.7%).

In order to increase flexibility, productivity and product quality, Krone continued to invest in modern machining technology (e.g. robot-supported CNC processing machines) at the Spelle factory. In addition, Krone implemented the new incoming goods facility and optimized inception processes for new products on the assembly lines. Another focus is the digitalization of agricultural machinery. Krone is continuously investing in this field too and presented new solutions designed to optimise machine efficiency. And last but not least, we added further products to our portfolio, e.g. new specialist forage equipment for hillside farming, a new wrapper for round bales and the new generation of Big Pack square balers.



**If you have any questions, please do not hesitate to contact me.:**

**SIMON RICHENHAGEN**

Phone [+49 5951 209-8216](tel:+4959512098216) · E-mail: [simon.richenhagen@krone.de](mailto:simon.richenhagen@krone.de)