

Q1

January 1 to March 31, 2019



KNORR-BREMSE



Quarterly Statement

JANUARY 1 TO MARCH 31, 2019
KNORR-BREMSE AG

Key figures Knorr-Bremse Group (IFRS)

KEY FIGURES KNORR-BREMSE GROUP (IFRS)

		Q1 / 2019	Q1 / 2018
Revenues	in k €	1,755,265	1,613,807
EBITDA	in k €	333,674	295,290
EBITDA-margin	in %	19.0%	18.3%
EBIT	in k €	274,573	229,458
EBIT-margin	in %	15.6%	14.2%
Net Income	in k €	192,604	158,585
Earnings per share (undiluted)	in €	1.13	0.91
Order Intake	in k €	1,893,176	1,797,573
Order Book (March 31)	in k €	4,700,543	4,360,802
Operating Cashflow	in k €	89,144	81,474
Free Cashflow	in k €	26,801	41,779
Cash Conversion Rate	in %	13.9%	26.3%
CapEx	in k €	98,454	41,464
CapEx (before Asset Deals)	in k €	84,574	41,464
CapEx in % of Revenues (before Asset Deals)	in %	4.8%	2.6%
R&D Costs	in k €	105,165	97,027
R&D in % of Revenues	in %	6.0%	6.0%
Total assets	in k €	6,919,488	6,262,213
Equity (incl. non-controlled interests)	in k €	1,824,524	1,607,110
Equity Ratio	in %	26.4%	25.7%
ROCE (annualised)	in %	32.2%	36.4%
Net Financial (Debt) / Cash	in k €	(221,915)	250,207
Net Working Capital	in k €	1,144,105	861,923

Highlights first quarter 2019

- » Order intake: +5.3% compared to prior year
- » Revenues: +8.8% compared to prior year
- » Book-to-bill-ratio: 1.08
- » Order book of EUR 4,700.5 million, EUR +339.7 million (+7.8%) compared to prior year
- » EBITDA: +13.0% to EUR 333.7 million, margin increase by 70 basis points to 19.0% of revenues (EBITDA margin Q1 2019 before IFRS 16: 18.3%)
- » EBIT: +19.7% to EUR 274.6 million, margin increase by 140 basis points to 15.6% of revenues (EBIT margin Q1 2019 before IFRS 16: 15.6%)
- » Operating cash flow EUR 89.1 million, + 9.4% compared to prior year
- » Declining free cash flow mainly due to increased investment activity and growth related increase in net working capital
- » Updated Outlook for 2019
 - » Revenues: EUR 6,875 to 7,075 million (2018: EUR 6,616 million)
 - » EBITDA margin: 18.5 to 19.5 % (2018: 17.8 %)

Business performance first quarter 2019

Order intake: +5.3%

During the first three month of 2019 order intake of the Knorr-Bremse Group amounting to EUR 1,893.2 million showed a strong development. Compared to the prior year period, it increased by 5.3%. In the rail vehicle market Asia contributed with a robust growth. The growth in the segment Commercial Vehicle Systems was driven by a significantly increased truck production in North America and as well as solid growth in Asia.

Revenues: +8.8%

In the first three months of the 2019 fiscal year, revenues of the Knorr-Bremse Group increased by 8.8%, or EUR 141.5 million, to EUR 1,755.3 million. In the Rail Vehicle Systems segment, this was attributable not only to the European OE business, but also to the Chinese business. The growth in China was mainly characterized by growth in locomotives and especially in aftermarket business. In addition, revenues also continued to develop positively in the Indian passenger rail as well as in the North American freight business. In the Commercial Vehicles Systems segment, the increase results especially from the increased truck production rate and the related OE revenue growth, most notably in North America while the other regions developed comparably to the prior year quarter.

EBITDA and EBIT margin growth including effects from the conversion in IFRS 16

In the first quarter of 2019, an EBITDA of EUR 333.7 million and an EBITDA-margin of 19.0% was generated. This represents EUR 38.4 million or 13.0% more than in the prior year. It includes an effect from the first-time adoption of IFRS 16 in the amount of EUR 13.4 million (EBITDA-margin before IFRS 16 18.3%). Based on the growth in EBITDA as well as a reduction in depreciation and amortization (Q1 2018 included EUR 20.3 million in write-downs on the disposals made), EBIT increased by EUR 45.1 million or 19.7% to EUR 274.6 million.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (SHORT VERSION)

in k€	Q1 / 2019	Q1 / 2018
Revenues	1,755,265	1,613,807
Changes in inventories of unfinished/finished products	21,735	15,488
Other own work capitalized	15,351	9,172
Total operating performance	1,792,351	1,638,467
Cost of materials	(907,998)	(799,109)
Personnel expenses	(391,000)	(366,711)
Other operating income and expenses	(159,677)	(177,358)
EBITDA	333,674	295,290
Depreciation and amortization	(59,101)	(65,832)
EBIT	274,573	229,458
Financial result	(4,810)	(6,830)
Earnings before taxes	269,763	222,628
Taxes on income	(77,159)	(64,043)
Net income	192,604	158,585
thereof share of non-controlling interests in net income	10,112	11,574

In the first quarter of 2019, Knorr-Bremse Group's cost of materials ratio increased by 220 basis points to 51.7% of revenue. This development was more than compensated by a decrease in the personnel expenses ratio by 40 basis points to 22.3%, as well as a decrease in the ratio of other operating income and expenses by revenues of 190 basis points to 9.1%. At 3.4% of sales, depreciation and amortization fell 70 basis points below the previous year's level. This is due to disposal-related impairments in the first quarter of 2018 in the amount of EUR 20.3 million. The

expense from the financial result also declined moderately, so that the pre-tax result of 15.4% of sales was 160 basis points above the previous year.

The tax rate improved slightly year-over-year to 28.6% compared to 28.8% in the first quarter of 2018. The first quarter 2019 ended with a net income of 11.0% of sales, which represents an increase of about 120 basis points over the previous year.

Financial Situation

FREE CASH FLOW

in k€	Q1 / 2019	Q1 / 2018
Net Income	192,604	158,585
Depreciation and amortisation	59,101	65,832
Income tax expense	77,159	64,043
Income tax payments	(50,134)	(38,668)
Changes to provisions	41,699	63,653
Changes to inventories, trade accounts receivables and other assets, which cannot be allocated to investing or financing activities	(304,216)	(243,983)
Changes to trade accounts payable, which cannot be allocated to investment or financing activities	48,718	51,621
Other	24,214	(39,608)
Cash flow from operating activities	89,144	81,474
Investments in tangible and intangible assets (cash relevant)	(62,343)	(39,696)
Free cash flow	26,801	41,779

In the first quarter of 2019 the operating cash flow (cash flow from operating activities) of EUR 89.1 million developed positively by +9.4% compared to the same period of the previous year. This development is primarily attributable to the increased net profit for the period which compensated for an increased net position from the change in inventories and trade accounts receivables (slightly higher payment terms) as well as the change in trade accounts payables. In this regard – as in previous years – we expect a substantial improvement by year end.

The development of the free cash flow of EUR 26.8 million for Q1 2019 compared to EUR 41.8 million of the previous year was attributable to the higher payments made in the three-month period for investments in global capacity expansion and the implementation of productivity improvements as well as replacement investments including supplier tools. The increase was primarily due to capacity expansion of air disk brakes in the United States as well as capital expenditures at the Munich site.

CURRENT AND NON-CURRENT ASSETS

in k €	31 / 03 / 2019	31 / 12 / 2018
Intangible assets and goodwill	840,043	643,159
Property, plant and equipment	1,430,452	1,167,184
Other non-current assets	272,864	281,503
Non-current assets	2,543,359	2,091,847
Inventories	910,540	836,326
Trade accounts receivables	1,511,731	1,237,381
Other financial assets	24,640	24,260
Contract assets	125,787	99,284
Cash and cash equivalents	1,582,816	1,756,033
Other current assets	220,616	217,084
Current assets	4,376,129	4,170,367

The increase in intangible assets resulted primarily from the business combination Hitachi Automotive Systems, Ltd. Moreover, the position trade accounts receivables raised due to high sales volumes. The increase in tangible assets is mainly attributable to the first-time adoption of IFRS 16 lease accounting.

CAPEX

		Q1 / 2019	Q1 / 2018
CapEx	in k €	98,454	41,464
CapEx (before asset deals)	in k €	84,574	41,464
CapEx in % of revenues (before asset deals)	in %	4.8%	2.6%

The CapEx include EUR 17.5 million impact from the changed lease accounting under IFRS 16.

CONSOLIDATED EQUITY

in k €	31 / 03 / 2019	31 / 12 / 2018
Subscribed capital	161,200	161,200
Other equity	1,545,006	1,340,702
Equity attributable to the shareholders	1,706,206	1,501,902
Non-controlling interests	118,318	105,208
Total equity	1,824,524	1,607,110

As of March 31, 2019, the Knorr-Bremse Group presents an equity ratio in the amount of 26.4%. The slight increase compared to fiscal year end 2018 (25.7%) is mainly attributable to the net income of the first quarter.

CURRENT AND NON-CURRENT LIABILITIES

in k €	31 / 03 / 2019	31 / 12 / 2018
Provisions (incl. pensions)	586,102	575,635
Financial liabilities	1,746,238	1,529,557
Other non-current liabilities	199,300	179,943
Non-current liabilities	2,531,639	2,285,136
Trade accounts payable	1,081,015	995,945
Financial liabilities	779,726	642,895
Contract liabilities	295,658	315,122
Other liabilities (incl. deferred tax liabilities, prepaid expenses)	406,925	416,006
Current liabilities	2,563,324	2,369,968
Total liabilities	5,094,964	4,655,103

Significant changes as of March 31, 2019 arose within the financial liabilities resulting from the first-time adoption of IFRS 16. Through this, lease liabilities as of 1 January 2019 increased at the amount of EUR 246.4 million. Furthermore, there resulted a growth-related increase in trade accounts payable.

In the first quarter of 2019, no financing transactions were carried out. The following debt financing existed as of March 31, 2019:

- » Corporate bond of Knorr-Bremse AG in the amount of EUR 500.0 million
- » Corporate bond of Knorr-Bremse AG in the amount of EUR 750.0 million
- » Bank liabilities of Knorr-Bremse Group in the amount of EUR 281.7 million
- » Leases liabilities in the amount of EUR 280.0 million

Employees

AVERAGE NUMBER OF EMPLOYEES

	Q1 / 2019	Q1 / 2018
Wage earners	15,550	15,286
thereof leased personnel	2,532	2,690
Salaried employees	13,393	13,197
thereof leased personnel	258	410
Trainees	206	211
	29,149	28,694

In the first quarter of 2019 an average of 29,149 people were employed by the Group (previous year 28,694). The increase compared to prior year was primarily attributable to revenue growth and resulted mainly from the Asia and North America regions. The divestments in the segment Rail Vehicle Systems "Blueprint" and "Sydac", counteracted in Q1 2019.

Information on reportable segments

REVENUES BY SEGMENT

in k €	Q1 / 2019	Q1 / 2018
Rail Vehicle Systems	903,558	839,316
Commercial Vehicle Systems	851,146	794,475
Total	1,754,704	1,633,791
Reconciliation to IFRS (Rail Vehicle Systems)	7,783	(5,926)
Reconciliation to IFRS (Commercial Vehicle Systems)	(5,025)	(13,668)
Other Segments and Consolidations	(2,197)	(390)
Group	1,755,265	1,613,807

EBT BY SEGMENT

in k €	Q1 / 2019	Q1 / 2018
Rail Vehicle Systems	143,384	120,620
Commercial Vehicle Systems	104,836	107,425
Total	248,220	228,045
Reconciliation to IFRS (Rail Vehicle Systems)	32,882	(7,849)
Reconciliation to IFRS (Commercial Vehicle Systems)	10,182	4,227
Other Segments and Consolidations	(21,521)	(1,794)
Group	269,763	222,628

RAIL VEHICLE SYSTEMS SEGMENT

		Q1 / 2019	Q1 / 2018
Revenues	in k €	911,341	833,390
thereof aftermarket	in %	38%	36%
EBITDA	in k €	199,531	156,751
EBITDA-margin	in %	21.9%	18.8%
EBIT	in k €	171,042	114,669
EBIT-margin	in %	18.8%	13.8%
Order Intake	in k €	1,035,005	942,905
Order Book (March 31)	in k €	3,336,091	2,985,826

In Q1 2019, revenues in the Rail Vehicles Systems segment of EUR 911.3 million were 9.4% above the prior year amount. EBITDA increased by 27.3% and led to an EBITDA-margin of 21.9% (prior year: 18.8%), especially due to the positive contribution of the Asian business, in particular China and India, as well as to the first-time adoption of IFRS 16.

Specifically, the EBIT-margin also significantly increased from 13.8% to 18.8%. In the previous year, EBIT was burdened by impairment charges of EUR 20.3 million in connection with the recent sale of the rail modernization business in Great Britain ("Blueprint West") and the driving simulator business Sydac. In the first quarter of 2019, the share of the aftermarket business amounted to 38% and developed 36% positively compared to the prior year period.

COMMERCIAL VEHICLE SYSTEMS SEGMENT

		Q1 / 2019	Q1 / 2018
Revenues	in k €	846,120	780,807
thereof aftermarket	in %	23%	25%
EBITDA	in k €	140,692	132,225
EBITDA-margin	in %	16.6%	16.9%
EBIT	in k €	114,062	110,760
EBIT-margin	in %	13.5%	14.2%
Order Intake	in k €	859,429	854,643
Order Book (March 31)	in k €	1,377,057	1,389,927

In the first quarter of 2019, revenues generated in the Commercial Vehicle Systems segment of EUR 846.1 million were 8.4% higher than in the prior year period. In absolute terms, EBITDA also increased by 6.4% compared to the previous year's period. Due to the stronger sales growth, the EBITDA margin of sales decreased slightly from 16.9% (previous year) to 16.6%. This also led the EBIT margin to a moderately lower prior year level (14.2%) at 13.5% after three months. This development is mainly due to mix effects. The aftermarket share fell from 25% in the same quarter of previous year to now 23 % of sales.

REVENUE BY COUNTRY OF KNORR-BREMSE COMPANY

in k €	Q1 / 2019	Q1 / 2018
Europe/Africa	843,419	822,135
North America	406,458	319,702
South America	28,002	28,511
Asia-Pacific	477,386	443,459
	1,755,265	1,613,807

In the first quarter of 2019, 48.0% of the Group revenues related to the region Europe/Africa (prior year: 50.9%), 23.2% to North America (prior year: 19.8%), 1.6% to South America (prior year: 1.8%) and 27.2% to Asia-Pacific (prior year: 27.5%).

Particular occurrences in the reporting period

IFRS 16 Leases

As of January 1, 2019, Knorr-Bremse AG has applied the new IFRS 16 'Leases' for the first time using the modified retrospective approach. According to IFRS 16.C7, comparative information for the financial year 2018 were not adjusted in the financial year 2019.

In essence, lease contracts previously classified as operating leases at Knorr-Bremse Group are affected by the initial application, in particular contracts in: Real estate, vehicles, forklift, technical equipment and machinery as well as other leased assets. With regard to IFRS 16.C3 (b) using the relief provisions, Knorr-Bremse Group does not apply the standard to contracts that were not previously classified as leases in accordance with IAS 17 and IFRIC 4.

Short-term lease agreements with a duration not more than 12 months (and without purchase option) as well as lease agreements in which the asset underlying the lease is of low value, will not be accounted according to the option IFRS 16.5.

Knorr-Bremse applies the facilitating transitional provision with accordance to IFRS 16.10 (c)(ii) and accounts leases as per IFRS 16 where the duration ends within 12 months of the date of first application.

At the time of initial application, this subsequently results in the recognition of rights of use for property, plant and equipment as well as lease liabilities as financial liabilities. The leases previously classified as operating leases in the amount of EUR 232.4 million as well as the consideration of extension options previously classified as finance leases in the amount of EUR 8.3 million subsequently increase the balance sheet total from EUR 27.8 million to EUR 268.5 million.

In contrast to the previous approach, in which expenses for operating leases were shown in the operating result, the scheduled amortization of the right of use is allocated according to IFRS 16 to the operating result. The interest expenses of the lease liabilities are reported in the financial result. This improves EBITDA by EUR 13.4 million and EBIT by EUR 0.7 million.

Acquisition of Hitachi Automotive Systems, Ltd.

At the end of the first quarter of 2019, Knorr-Bremse Asia Pacific (Holding), Ltd., took over the Hitachi Automotive Systems, Ltd. for EUR 165 million. The Goodwill of about EUR 60 million includes expected synergies in global sales, R&D, administration and infrastructure. In addition, the Group expects a positive effect on 2019 revenues of about EUR 60 million, on EBITDA of about EUR 6 million and operating EBIT of about EUR 4 million. With the acquisition of Hitachi Automotive Systems, Ltd., Knorr-Bremse is expanding its portfolio of steering systems as well as system solutions in the field of driver assistance and highly automated driving. Furthermore, the Group is creating improved access to the Japanese and Southeast Asian markets.

Events after the balance sheet date

Change of Leadership

The Chairman of the Executive Board and Responsible Labor Director i. P. V. Section 33 MitbestG of Knorr-Bremse AG, Klaus Deller, left the company by mutual agreement as of April 30, 2019. The Supervisory Board fully supports the successful corporate strategy of Knorr-Bremse AG. The reason for the retirement of Klaus Deller are different views on leadership and cooperation. The Supervisory Board has already initiated the search for a successor. During the interim period, the members of the Management Board Ralph Heuwing, Dr. Ing. Peter Laier, and Dr. Jürgen Wilder perform the tasks of the CEO.

Discontinuation of production site Wülfrath

On May 22, 2019, the management board of Knorr-Bremse AG decided to discontinue production of steering systems from Knorr-Bremse Steering Systems GmbH at the Wülfrath site by 2020. The decision was based on an in-depth analysis of various scenarios and took account of the recent acquisitions in the commercial vehicle steering systems sector. A substantial factor impacting the decision process was the premature phasing out of a major order for passenger car steering systems. It is intended to retain KB Steering competence in an engineering center.

Outlook (updated)

In addition to the impact of known acquisitions (including Hitachi Automotive Systems, Sentient AB, RailVision and Snyder Equipment Company Inc.), our updated outlook includes effects from the transition to IFRS 16, but no structural measures. Assuming the macroeconomic environment remains stable, the company expects revenues for the full year 2019 to reach EUR 6,875 to EUR 7,075 million and a profit margin (EBITDA) of 18.5% to 19.5% (previous year: 17.8%).

Consolidated statement of profit or loss

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

in k €	Q1 / 2019	Q1 / 2018
Revenues	1,755,265	1,613,807
Changes in inventories of unfinished/finished products	21,735	15,488
Other own work capitalized	15,351	9,172
Total operating performance	1,792,351	1,638,467
Other operating income	18,944	28,537
Cost of materials	(907,998)	(799,109)
Personnel expenses	(391,000)	(366,711)
Other operating expenses	(178,621)	(205,895)
Earnings before interest, tax, depreciation and amortization (EBITDA)	333,674	295,290
Depreciation and amortization	(59,101)	(65,832)
Earnings before interests and taxes (EBIT)	274,573	229,458
Interest income	7,819	5,246
Interest expenses	(14,346)	(8,454)
Other financial result	1,717	(3,623)
Income before taxes	269,763	222,628
Taxes on income	(77,159)	(64,043)
Net income	192,604	158,585
Thereof attributable to:		
Profit (loss) attributable to non-controlling interests	10,112	11,574
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	182,492	147,011
	192,604	158,585
Earnings per share in €		
undiluted	1.13	0.91
diluted	1.13	0.91

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in k €	31 / 03 / 2019	31 / 12 / 2018
Assets		
Intangible assets and goodwill	840,043	643,159
Property, plant and equipment	1,430,452	1,167,184
Investments accounted under the equity method	1,993	1,873
Other financial assets	85,594	74,990
Other assets	16,131	38,167
Employee benefits	30,604	28,373
Deferred tax assets	138,542	138,101
Non-current assets	2,543,359	2,091,847
Inventories	910,540	836,326
Trade accounts receivables	1,511,731	1,237,381
Other financial assets	24,640	24,260
Other assets	117,194	123,433
Contract assets	125,787	99,284
Income tax receivable	103,421	93,650
Cash and cash equivalents	1,582,816	1,756,033
Current assets	4,376,129	4,170,367
Total assets	6,919,488	6,262,213

in k €	31 / 03 / 2019	31 / 12 / 2018
Equity		
Subscribed capital	161,200	161,200
Capital reserves	13,884	13,884
Retained earnings	35,083	39,924
Other components of equity	(134,756)	(161,024)
Profit carried forward	1,448,302	855,127
Profit attributable to the shareholders of Knorr-Bremse AG	182,492	592,792
Equity attributable to the shareholders of Knorr-Bremse AG	1,706,206	1,501,902
Equity attributable to non-controlling interests	118,318	105,208
thereof share of non-controlling interests in net income	10,112	36,644
Equity	1,824,524	1,607,110
Liabilities		
Provisions for pensions	314,128	307,547
Provisions for other employee benefits	24,522	24,511
Other provisions	247,452	243,578
Financial liabilities	1,746,238	1,529,557
Other liabilities	8,656	4,741
Income tax liabilities	99,542	92,599
Deferred tax liabilities	91,102	82,603
Non-current liabilities	2,531,639	2,285,136
Provisions for other employee benefits	17,083	11,612
Other provisions	253,083	233,213
Trade accounts payable	1,081,015	995,945
Financial liabilities	779,726	642,895
Other liabilities	82,461	133,303
Contract liabilities	295,658	315,122
Income tax liabilities	54,298	37,877
Current liabilities	2,563,324	2,369,968
Liabilities	5,094,964	4,655,103
Total equity and liabilities	6,919,488	6,262,213

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS

in k €	Q1 / 2019	Q1 / 2018
Cash flow from operating activities		
Net income (including earnings share of minority interests)	192,604	158,585
Adjustments for		
Depreciation on intangible assets and property, plant and equipment	59,101	65,832
Change of impairment on inventories	2,489	5,569
Change of impairment on trade accounts receivable	2,474	617
Profit / (loss) on sale of property, plant and equipment	(3,285)	(1,556)
Other non-cash expenses and income	16,125	(47,445)
Interest income	6,527	3,207
Investment result	(116)	0
Income tax expense	77,159	64,043
Income tax payments	(50,134)	(38.668)
Changes of		
Inventories, trade accounts receivable and other assets, which cannot be allocated to investing or financing activities	(304,216)	(243,983)
Trade accounts payable, which cannot be allocated to investment or financing activities	48,718	51,621
Changes of provisions	41,699	63,653
Cash flow from operating activities	89,144	81,474
Cash flow from investing activities		
Disbursements for CaPex in intangible assets	(19,846)	(9,734)
Proceeds from the sale of fixed assets	5,334	6,452
Disbursements for CaPex in property, plant and equipment	(42,497)	(29,962)
Proceeds / (disbursements) for the sale of investments	(2,954)	0
Disbursements of the disposal of consolidated companies and other business units	0	(28)
Disbursements for financial investments	(12,906)	0
Disbursements for the acquisition of consolidated companies and other business units	(163,482)	0
Interest received	3,197	3,438
Disbursements for investments in plan assets (pensions)	(671)	(2,325)
Cash flow from investing activities	(233,825)	(32,159)

Cash flow from financing activities		
Proceeds from borrowings	10,114	12,811
Disbursements from the repayment of borrowings	(910)	(1,439)
Disbursements for finance lease liabilities	(13,822)	(1,333)
Interest paid	(2,681)	(3,029)
Dividends paid to non-controlling interests	(1,050)	(2,964)
Net proceeds from factoring	(18,881)	(16,644)
Cash flow from financing activities	(27,230)	(12,599)
Cash Flow changes	(171,911)	36,717
Change in cash funds resulting from exchange rate and valuation-related movements	19,409	(4,673)
Change in cash funds resulting from changes due to the Group structure	(195)	518
Net increase/decrease in cash and cash equivalents	(152,697)	32,562
Cash and cash equivalents at the beginning of the period	1,718,695	1,578,829
Cash and cash equivalents at the end of the period	1,565,998	1,611,391
Cash and cash equivalents are comprised as follows:	1,565,998	1,611,391
Cash and cash equivalents	1,582,816	1,650,973
Short-term marketable securities	51	51
Short-term bank debt (less than 3 months)	(16,869)	(39,633)

This interim report contains statements regarding future developments which can represent forward-looking statements. Such statements are to be recognized in terms, among others, such as "expect", "anticipate" and their negation and similar variations or comparable terminology. These statements – just as every business activity in a global environment – are always associated with uncertainty. These statements are based on convictions and assumptions of the management board of Knorr-Bremse AG, which in turn are based on currently-available information. The following factors could affect the success of our strategic and operational measures: macroeconomic or regional developments, changes in the general economic conditions, especially a continuing economic recession, changes in exchange rates and interest rates, changes in energy prices and material costs, insufficient customer acceptance of new Knorr-Bremse products or services, including growing competitive pressure. Should these factors or other uncertainties arise, or the assumptions underlying the statements turn out to be incorrect, the actual results can vary from the forecast results. Knorr-Bremse assumes no obligation and does not intend to continually update or correct forward-looking statements and information. They relate to the conditions as of the date of their publication.

This document contains supplementary financial figures not precisely defined in the relevant financial reporting framework which represent or could represent so-called alternative performance indicators. For the assessment of the net assets, financial position and results of operations of Knorr-Bremse, these supplementary financial figures should not be used in isolation or as alternatives to the financial figures presented in the consolidated financial statements and determined in accordance with the relevant financial reporting framework. Other companies which present or report performance figures with similar designations may calculate these differently. Due to rounding, it is possible that individual figures in this and other documents do not add up exactly to the reported total and that reported percentages do not reflect the absolute values to which they relate.

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