SHAPING MOBILITY

Interim Statement

January 1 to June 30, 2018

(in accordance with IFRS)

KNORR-BREMSE

Interim Condensed Consolidated Financial Statements

for the half year period ended

June 30, 2018

in accordance with

International Financial Reporting Standards (IFRS)

as adopted by the European Union (EU)

for

Knorr-Bremse AG

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Consolidated statement of profit or loss

Consolidated statement of profit or loss

	1st half-year	
	2018 TEUR	2017 TEUR
Revenues	3,322,241	2,975,993
Changes in inventories of unfinished/finished products	29,275	59,126
Other own work capitalized	19,773	14,585
Total operating performance	**3,371,288**	**3,049,704**
Other operating income	47,804	40,897
Cost of materials	(1,680,393)	(1,463,637)
Personnel expenses	(746,456)	(708,383)
Other operating expenses	(410,036)	(400,600)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**582,207**	**517,980**
Depreciation and amortization	(109,878)	(94,865)
Earnings before interests and taxes (EBIT)	**472,329**	**423,115**
Interest income	11,223	11,867
Interest expenses	(18,238)	(21,315)
Other financial result	(34,816)	(24,925)
Earnings before taxes	**430,499**	**388,743**
Taxes on income	(123,508)	(119,118)
Net income	306,991	269,625
Thereof attributable to:		
Profit attributable to non-controlling interests	*23,456*	*33,258*
Profit attributable to the shareholders of Knorr-Bremse AG	*283,534*	*236,367*
	306,991	269,625
Earnings per share in Euro		
undiluted	1.76	1.47
diluted	1.76	1.47

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

	1st half-year	
	2018 TEUR	2017 TEUR
Net income	306,991	269,625
Actuarial gains and losses	272	785
Equity instruments recognized directly in equity	(1,569)	(8,521)
Deferred taxes	(38)	255
Items that will not be reclassified to profit or loss	**(1,335)**	**(7,481)**
Currency translation differences	6,198	(84,441)
Items that may be reclassified to profit or loss	**6,198**	**(84,441)**
Other comprehensive income after taxes	**4,862**	**(91,922)**
Comprehensive income	311,853	177,703
Total comprehensive income attributable to non-controlling interests	14,193	24,907
Total comprehensive income attributable to the shareholders of Knorr-Bremse AG	297,660	152,796

Consolidated statement of financial position

Consolidated statement of financial position	6/30/2018 TEUR	12/31/2017 TEUR
Assets		
Intangible assets and goodwill	552,567	540,495
Property, plant and equipment	1,099,844	1,116,398
Investments accounted for using the equity method	1,502	1,950
Other financial assets	87,868	93,102
Other assets	31,976	11,539
Other assets (IFRS 15)	6,500	-
Costs to fulfil a contract	9,092	-
Employee benefits	26,739	21,625
Deferred tax assets	107,380	85,009
Non-current assets	**1,923,469**	**1,870,117**
Inventories	831,644	748,823
Trade accounts receivables	1,420,392	1,147,879
Other financial assets	8,700	12,518
Other assets	138,368	132,118
Contract assets	128,344	-
Receivables from construction contracts	-	116,171
Income tax receivable	62,536	67,637
Cash and cash equivalents	1,551,330	1,600,033
Assets held for sale and disposal groups	-	32,116
Current assets	**4,141,314**	**3,857,295**
Total assets	6,064,782	5,727,412
Equity		
Subscribed capital	161,200	67,600
Capital reserves	7,197	1,310
Retained earnings	35,874	106,956
Other components of equity	(157,659)	(166,407)
Profit carried forward	892,474	1,302,834
Profit attributable to the shareholders of Knorr-Bremse AG	283,534	535,504
Equity attributable to the shareholders of Knorr-Bremse AG	**1,222,621**	**1,847,798**
Equity attributable to non-controlling interests	85,843	147,951
thereof share of non-controlling interests in net income	*23,456*	*51,716*
Equity	**1,308,464**	**1,995,748**
Liabilities		
Provisions for pensions and similar obligations	310,493	310,234
Provisions for other employee benefits	25,436	28,433
Other provisions	255,971	234,147
Financial liabilities	1,496,056	738,746
Other liabilities	17,023	17,346
Income tax liabilities	73,417	71,704
Deferred tax liabilities	42,214	27,262
Non-current liabilities	**2,220,611**	**1,427,873**
Provisions for other employee benefits	23,948	15,206
Other provisions	244,465	231,714
Trade accounts payables	1,042,669	894,119
Financial liabilities	670,963	570,955
Other liabilities	148,559	269,382
Contract liabilities	302,048	-
Liabilities from construction contracts	-	230,750
Income tax liabilities	68,059	53,141
Liabilities directly associated with assets held for sale and disposal groups	34,998	38,524
Current liabilities	**2,535,707**	**2,303,791**
Liabilities	**4,756,318**	**3,731,664**
Total equity and liabilities	6,064,782	5,727,412

Consolidated statement of cash flows

Consolidated statement of cash flows	1st half-year 2018 TEUR	1st half-year 2017 TEUR
Cash flow from operating activities		
Net income/ (loss)	306,991	269,625
Adjustments for		
Depreciation and amortization	109,878	94,865
Impairment/ (reversal of impairment) of inventories	5,917	(5,209)
Impairment/ (reversal of impairment) of trade accounts receivables	973	(585)
(Profit)/ loss on sale of property, plant and equipment	(3,939)	641
Other non-cash expenses and income	38,674	27,146
Interest result	7,015	9,448
Investment result	674	953
Income tax expense	123,508	119,118
Income tax payments	(106,440)	(118,878)
Changes to		
Inventories, accounts receivable trade and other assets, which cannot be allocated to investment or financing activities	(383,364)	(345,004)
Trade accounts payable, which cannot be allocated to investment or financing activities	107,710	131,930
Provisions	41,535	16,074
Cash flow from operating activities	**249,131**	**200,124**
Cash flow from investing activities		
Disbursements for investments in intangible assets	(27,023)	(22,258)
Proceeds from the sale of property, plant and equipment	11,910	11,418
Disbursements for investments in property, plant and equipment	(71,872)	(63,912)
Proceeds from the sale of investments	6,261	-
Disbursements for financial investments	-	(8,701)
Disbursements for the acquisition of consolidated companies and other business units	-	(96,513)
Interest received	3,438	10,637
Net disbursements for investments in plan assets (pensions)	(4,651)	(4,523)
Cash flow from investing activities	**(81,936)**	**(173,852)**
Cash flow from financing activities		
Proceeds from loans and borrowings	744,818	1,790
Disbursements from the repayment of borrowings	(1,922)	(9,477)
Disbursements for finance lease liabilities	(3,288)	(2,809)
Interest paid	(5,264)	(7,864)
Dividends paid to parent company shareholders	(851,289)	(385,073)
Dividends paid to minority shareholders	(3,939)	(22,962)
Net proceeds from factoring	(49,625)	(53,703)
Disbursements for repurchase of own shares	(130,615)	-
Cash flow from financing activities	**(301,124)**	**(480,099)**
Cash flow changes	**(133,930)**	**(453,827)**
Change in cash funds resulting from exchange rate and valuation-related movements	23,966	(48,740)
Change in cash funds resulting from changes to the Group structure	490	-
Net decrease in cash funds	**(109,475)**	**(502,568)**
Cash funds at the beginning of the period	1,578,829	1,710,991
Cash funds at the end of the period	**1,469,355**	**1,208,423**
Cash funds are comprised as follows:	**1,469,355**	**1,208,423**
Cash and cash equivalents	1,551,330	1,242,198
Short-term marketable securities	54	51
Short-term bank debt (less than 3 months)	(82,030)	(33,826)

Consolidated statement of changes in equity

Consolidated statement of changes in equity

					Other components of equity					
	Subscribed capital	Capital reserves	Retained earnings	Group earnings	Currency translation	Equity instruments recognized directly in equity	Actuarial gains and losses	Equity attributable to the shareholders of Knorr-Bremse AG	Equity attributable to non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As at 12/31/2017	67,600	1,310	106,956	1,838,338	(97,864)	(14,075)	(54,468)	1,847,798	147,951	1,995,748
Adjustments from IFRS 15			8,749					8,749		8,749
As at 1/1/2018	67,600	1,310	115,705	1,838,338	(97,865)	(14,075)	(54,468)	1,856,546	147,951	2,004,497
Dividend payment				(851,289)				(851,289)	(3,939)	(855,228)
Net income				283,534				283,534	23,456	306,991
Other comprehensive income after taxes					15,475	(1,569)	220	14,125	(9,263)	4,862
Comprehensive income	-	-	-	283,534	15,475	(1,569)	220	297,660	14,193	311,853
Capital increase from corporate funds	93,600		(93,600)					-		-
Contribution from shareholders		3,354						3,354		3,354
Allocation to retained earnings			94,058	(94,058)				-		-
Acquisition of non-controlling interests without a change in control			(85,599)		11,000		444	(74,155)	(56,460)	(130,615)
Equity-settled share-based payment		2,533						2,533		2,533
Other changes			5,311	(517)	(16,821)			(12,028)	(15,902)	(27,929)
As at 6/30/2018	161,200	7,197	35,874	1,176,008	(88,211)	(15,645)	(53,803)	1,222,621	85,843	1,308,465
As at 1/1/2017	67,600	1,860	94,856	1,703,990	12,585	1,326	(68,845)	1,813,372	152,575	1,965,946
Dividend payment				(385,073)				(385,073)	(22,962)	(408,035)
Net income				236,367				236,367	33,258	269,625
Other comprehensive income after taxes					(76,090)	(8,522)	1,041	(83,571)	(8,351)	(91,922)
Comprehensive income	-	-	-	236,367	(76,090)	(8,522)	1,041	152,796	24,907	177,703
Allocation to retained earnings			6,569	(6,569)				-		-
Other changes				19,665				19,665	(11,970)	7,696
As at 6/30/2017	67,600	1,860	101,425	1,568,380	(63,505)	(7,196)	(67,805)	1,600,760	142,549	1,743,309

Notes to the interim condensed consolidated financial statements of Knorr-Bremse AG

1. Accounting principles

The Company

Knorr-Bremse AG ("Company") is a joint stock company domiciled in Germany. The Company's registered office and headquarters are located in Moosacher Str. 80, 80809, Munich, Germany. The Company is registered in the City of Munich commercial register under HRB 42031. The interim condensed consolidated financial statements include the Company and its subsidiaries (jointly referred to as the "Group" or "Knorr-Bremse"). The Group is a global manufacturer of brake systems for rail and commercial vehicles. The division Rail Vehicle Systems ("RVS") also includes the product fields of platform screen doors, entry systems, power supply systems, driver assistance systems, air-conditioning systems, control systems, friction material, windscreen wipers, simulators and control components. The product portfolio for the division Commercial Vehicle Systems ("CVS") also includes driver assistance systems, steering systems, torsional vibration dampers and solutions relating to the drive train and transmission controls to improve efficiency and save fuel.

Accounting and measurement methods

The interim condensed consolidated financial statements for the period from January 1 to June 30, 2018 have been condensed and prepared in accordance with IAS 34 *Interim Financial Reporting* as published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The interim condensed consolidated financial statements are based on the consolidated financial statements as of December 31, 2017 and should be read in conjunction with these.

The interim condensed consolidated financial statements will be released for publication by the management board on September 4, 2018.

With the exception of IFRS 15 *Customer Contracts* ("IFRS 15"), which is mandatory since January 1, 2018, the accounting and measurement methods applied correspond to those applied in the consolidated financial statements as of December 31, 2017.

The preparation of the interim condensed consolidated financial statements requires a certain amount of judgement decisions, estimates and assumptions by the management board, which affect the application of the accounting methods and the stated amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimation methods generally correspond to the estimation methods applied in the consolidated financial statements as of December 31, 2017.

The nominal tax rate is 32.8%. In accordance with IAS 34, the calculation of the Group's income taxes for the first half year of 2018 was based on the expected effective tax rate for the full year 2018 of 29.0% (prior period: 31.1%). The difference to the nominal tax rate is mainly due to lower local tax rates in comparison to the nominal tax rate on group level, permanent differences resulting from tax corrections as well as the non-capitalization of deferred tax assets on current year losses and loss carry-forwards, which are deemed to be not recoverable.

The interim condensed consolidated financial statements have been prepared in Euro (EUR), which is the functional and reporting currency of Knorr-Bremse AG. Unless otherwise stated, all figures in the interim condensed consolidated financial statements and the associated notes have been rounded to the nearest thousand Euros (TEUR). Rounding differences may therefore occur.

2. Significant accounting policies issued by the IASB and applied for the first time

The Group has applied IFRS 15 for the first time beginning January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, to what extent and at what point in time revenue is recognized. It replaces existing guidelines on revenue recognition, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programs*.

With regard to the first-time application of IFRS 15, the Group applies the modified retrospective method according to which the cumulative adjustment amounts are recognized as of January 1, 2018. Consequently, the Group does not apply the requirements of IFRS 15 to each comparative period presented. The previous year's figures were therefore not adjusted.

The balance sheet positions contract assets, costs to fulfil a contract and contract liabilities are newly introduced due to IFRS 15. The previously presented receivables and liabilities from construction contracts were adjusted as a result of the first-time application of IFRS 15. Differences in presentation between contract assets and contract liabilities as well as receivables from construction contracts and liabilities from construction contracts mainly result from the offsetting of provisions for onerous contracts with corresponding receivables from construction contracts in the previous year. These were reported gross in accordance with IFRS 15. In accordance with IFRS 15, contract assets are to be included in the calculation of the impairments in accordance with IFRS 9. This did not have any significant effects for the first half year of 2018. Further effects of the first time application of IFRS 15 are the recognition of costs to fulfil a contract (presented in a separate line item of non-current assets) and capitalization of nomination fees paid to customers (presented under other non-current assets).

The following table summarizes the transition effects on retained earnings as of January 1, 2018:

	TEUR
Retained earnings	
Capitalization of costs to fulfil a contract	7,177
Recognition of a contract liability for cost reimbursements received	(2,296)
Capitalization of nomination fees	6,500
Effects from significant financing components	(231)
Relevant tax impact	(2,401)
Transition effect as of January 1, 2018	**8,749**

The transition to IFRS 15 has the following effect on the balance sheet and profit and loss items in the interim condensed consolidated financial statements as of June 30, 2018. There were no material effects on the consolidated statement of cash flows for the period starting January 1 to June 30, 2018.

Effects on the consolidated statement of financial position

As at June 30, 2018	Values as reported TEUR	Adjustment effects TEUR	Values without application of IFRS 15 TEUR
ASSETS			
Non-current assets	1,923,469	15,592	1,907,877
thereof other assets	*38,476*	*6,500*	*31,976*
thereof costs to fulfil a contract	*9,092*	*9,092*	-
Current assets	4,141,314	8,357	4,132,957
thereof contract assets	*128,344*	*8,357*	*119,987*
Balance sheet total	**6,064,782**	**23,949**	**6,040,833**
EQUITY	**1,308,464**		
thereof retained earnings	*35,874*	*8,749*	*27,126*
thereof profit attributable to the shareholders of Knorr-Bremse AG	*283,534*	*550*	*282,984*
Liabilities			
Non-current liabilities	2,220,611	2,733	2,217,878
thereof deferred tax liabilities	*42,214*	*2,733*	*39,482*
Current liabilities	2,535,707	11,918	2,523,790
thereof other provisions	*244,465*	*26,431*	*218,034*
thereof contract liabilities	*302,048*	*(14,513)*	*316,561*
Total liabilities	**4,756,318**	**14,650**	**4,741,668**
Balance sheet total	**6,064,782**	**23,949**	**6,040,833**

Impact on the consolidated statement of profit or loss

Consolidated statement of profit or loss			
	Values as report-ed	Adjustment effects	Values without application of IFRS 15
1st half-year 2018	TEUR	TEUR	TEUR
Revenues	3,322,241	(175)	3,322,066
Changes in inventories of unfinished/finished products	29,275	(1,915)	27,360
Other own work capitalized	19,773	-	19,773
Total operating performance	**3,371,288**	**(2,090)**	**3,369,198**
Other operating income	47,804	240	48,044
Cost of materials	(1,680,393)	-	(1,680,393)
Personnel expenses	(746,456)	-	(746,456)
Other operating expenses	(410,036)	393	(409,644)
Earnings before interest, tax, depreciation and amortization (EBITDA)	**582,207**	**(1,457)**	**580,750**
Depreciation and amortization	(109,878)	-	(109,878)
Earnings before interests and taxes (EBIT)	**472,329**	**(1,457)**	**470,872**
Interest income	11,223	-	11,223
Interest expense	(18,238)	576	(17,662)
Other financial result	(34,816)	-	(34,816)
Earnings before taxes	**430,499**	**(881)**	**429,617**
Taxes on income	(123,508)	331	(123,177)
Net income	**306,991**	**(550)**	**306,441**

Due to the application of the modified retrospective transition method, the cumulative effect of the first-time application of IFRS 15 in the amount of TEUR 11,150 before tax (after tax TEUR 8,749) was reported as an increase in the opening balance sheet value of retained earnings at the time of first application. The figures for the comparable period are based on the accounting principles of IAS 18 *Revenue* and IAS 11 *Construction Contracts*.

Changes in the consolidated statement of financial position resulted in particular from reclassifications due to the first-time disclosure of contract assets and contract liabilities and the reversal of the offsetting of provisions for onerous contracts in connection with construction contracts with associated balance sheet items. The contract assets recognized as of June 30, 2018 were reported as receivables from construction contracts prior to application of IFRS 15, the contract liabilities as liabilities from construction contracts.

There were no significant transition effects in the income statement. Without the application of IFRS 15 the consolidated result would have amounted to TEUR 306,441. Due to the IFRS 15 application, the consolidated result amounts to TEUR 306,991.

In accordance with IFRS 15, revenue is recognized when a customer has control over the goods or services, whereby the determination of the date of the transfer of control – either at a point in time or over time – requires an assessment of the Company.

The Group also accounts for some projects where revenue is realized over a period of time. In such instances revenue is calculated by applying the percentage-of-completion method. The progress is measured based on the cost-to-cost method. Sales from the spare parts business are generally recognized at the time of delivery of the spare parts to the customer.

At Knorr-Bremse, customer-specific development work ("pre-production engineering activities") may regularly be required to process new orders prior to the start of series production. As a result of the introduction of IFRS 15, costs to fulfil an anticipated contract are capitalized. The amortization begins with the start of production over the period of the supply relationship. Amortization is presented in changes in inventories of the consolidated statement of profit or loss. As of June 30, 2018, amortization of the capitalized costs to fulfil has not yet started.

Cost reimbursements received from customers in connection with pre-production engineering activities are re-cognized as a contract liability and subsequently recognized in revenue over the period of the supply relationship. Prior to the application of IFRS 15, these cost reimbursements were recognized in other operating income when payments were received.

Nomination fees paid to customers are capitalized as other assets and subsequently recognized as deductions to sales over the period of the supply relationship.

There were also changes due to the application of the impairment provisions of IFRS 9 to contract assets in accordance with IFRS 15 and the existence of a significant financing component in the contract as part of the transaction price.

3. Changes to the Group

Changes to the Group

The following entities were consolidated for the first time in 2018: Sydac Simulation Technologies India Private Limited, India, Bendix Servicios de Mexico, Mexico, Knorr-Bremse Systems for Rail Vehicles Enterprise Management (Beijing) Co., Republic of China, Dyno-Inno Test Center for Brake Equipment (Suzhou) Ltd., Republic of China and Sichuan Knorr-Bremse Guo Tong Railway Transportation Equipment Co., Ltd. Chengdu, Republic of China.

Acquisition of minority interest in Knorr Brake Holding Corporation

Effective April 20, 2018, all non-voting preference shares in Knorr Brake Holding Corporation, Delaware, USA, held by URSUS Vermögensverwaltungs GmbH ("URSUS"), Grünwald, Germany, were sold to Knorr-Brake Holding Corporation for a purchase price of TEUR 130,615 (TUSD 159,600). At the same time, these preference shares were canceled by Knorr Brake Holding Corporation. The rights associated with the preference shares no longer exist as of this date.

Divestments

For detailed information see chapter 8. Assets held for sale or disposal groups.

4. Revenues

The revenues of TEUR 3,322,241 for the six-months period ended June 30, 2018 increased by 11.6% compared to TEUR 2,975,993 in the same period in 2017. The growth in both divisions is almost entirely organic, since the most recent acquisition in RVS – Kiepe Electric – was acquired in February 2017. The group sales for the six-months period ended June 30, 2017 would have been TEUR 12,308 higher if Kiepe Electric had been acquired at January 1, 2017.

Knorr-Bremse's business activities are not subject to significant seasonal influences.

5. Other operating income

Other operating income	1st half-year	
	2018 TEUR	2017 TEUR
Income from other services	8,463	7,556
Income from the disposal of prototypes and scrap sales	6,626	5,814
Income from government grants	3,863	1,831
Rental income	3,787	1,834
Insurance compensation and compensation payments	3,582	980
Other income	21,483	22,882
	47,804	40,897

Other operating income consists mainly of income from other services and income from the disposal of prototypes. Other services mainly relate to development and testing services to third parties.

6. Other operating expenses

Other operating expenses	1st half-year	
	2018 TEUR	2017 TEUR
Order-related expenses	(109,468)	(76,201)
Personnel-related expenses	(50,979)	(62,861)
Maintenance expenses	(49,306)	(45,312)
Legal, consulting and audit costs	(43,754)	(46,530)
Other services	(39,634)	(34,153)
Rents and leases	(33,460)	(37,039)
External research and development costs	(21,240)	(16,058)
Administrative expenses	(14,010)	(13,971)
Other taxes	(12,542)	(11,239)
Donations	(2,094)	(2,003)
Other expenses	(33,549)	(55,233)
	(410,036)	(400,600)

Other operating expenses of TEUR 410,036 are nearly at the previous year's level.

The order-related expenses primarily refer to warranty expenses, freight costs and commissions. The personnel-related expenses predominantly include travel expenses and training costs. Other services include services such as logistics, security services and cleaning. Other expenses primarily consist of communication and administration costs. Moreover, the fees for societies, associations and chambers, insurance costs, as well as costs for marketing are included in other expenses.

7. Financial instruments

Classifications and fair values

The following table shows the carrying amounts and the fair values of financial assets and liabilities for each individual category of financial instruments in accordance with IFRS 9. For the classification (hierarchy levels) of fair value in accordance with IFRS 13, please refer to the section on accounting policies in the consolidated financial statements as of December 31, 2017.

The financial instruments can be classified as: financial instruments measured at fair value with recognition of the change in fair value in profit or loss (FVTPL), financial instruments measured at fair value with recognition of the change in fair value in other comprehensive income (FVOCI) and financial instruments measured at amortized cost.

Information in accordance with IFRS 9

	6/30/2018							
	Book value TEUR				Fair value TEUR			
Category	FVTPL	FVOCI	At amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	**24,240**	**45,463**	**2,998,588**	**3,068,290**	**45,328**	**7,691**	**9,492**	**62,512**
Derivative financial instruments	7,691	-	-	7,691	-	7,691	-	7,691
Equity instruments	16,548	38,272	-	54,820	45,328	-	9,492	54,820
Securities and debt instruments*	-	-	5	5	-	-	-	-
Trade accounts receivables*	-	7,191	1,413,201	1,420,392	-	-	-	-
Purchase price receivables from sale of land*	-	-	27,736	27,736	-	-	-	-
Other financial receivables*	-	-	6,316	6,316	-	-	-	-
Cash and cash equivalents*	-	-	1,551,330	1,551,330	-	-	-	-
Financial liabilities	**(41,336)**	**-**	**(3,168,352)**	**(3,209,688)**	**(1,252,790)**	**(380,170)**	**(379,616)**	**(2,012,576)**
Derivative financial instruments	(41,336)	-	-	(41,336)	-	(41,336)	-	(41,336)
Bank loans	-	-	(283,768)	(283,768)	-	(300,584)	-	(300,584)
Liabilities resulting from options for minority interests	-	-	(379,616)	(379,616)	-	-	(379,616)	(379,616)
Bonds and debt instruments	-	-	(1,243,786)	(1,243,786)	(1,252,790)	-	-	(1,252,790)
Lease liabilities	-	-	(33,809)	(33,809)	-	(38,250)	-	(38,250)
Other financial liabilities*	-	-	(184,704)	(184,704)	-	-	-	-
Trade accounts payables*	-	-	(1,042,669)	(1,042,669)	-	-	-	-

* without information on fair value based on the fact that net book value is approximately similar to the fair value

Information in accordance with IFRS 9

	12/31/2017							
	Book value TEUR				Fair value TEUR			
Category	FVTPL	FVOCI	At amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	**34,026**	**46,084**	**2,773,422**	**2,853,532**	**46,765**	**17,401**	**9,702**	**73,868**
Derivative financial instruments	17,401	-	-	17,401	-	17,401	-	17,401
Equity instruments	16,625	39,842	-	56,467	46,765	-	9,702	56,467
Securities and debt instruments	-	-	2	2	-	-	-	-
Trade accounts receivables*	-	6,242	1,141,637	1,147,879	-	-	-	-
Purchase price receivables from sale of land	-	-	27,735	27,735	-	-	-	-
Other financial receivables*	-	-	4,015	4,015	-	-	-	-
Cash and cash equivalents*	-	-	1,600,033	1,600,033	-	-	-	-
Financial liabilities	**(7,308)**	**-**	**(2,196,512)**	**(2,203,820)**	**(505,700)**	**(289,371)**	**(379,616)**	**(1,174,687)**
Derivative financial instruments	(7,308)	-	-	(7,308)	-	(7,308)	-	(7,308)
Bank loans	-	-	(230,567)	(230,567)	-	(237,895)	-	(237,895)
Liabilities resulting from options for minority interests	-	-	(379,616)	(379,616)	-	-	(379,616)	(379,616)
Bonds and debt instruments	-	-	(497,390)	(497,390)	(505,700)	-	-	(505,700)
Lease liabilities	-	-	(35,977)	(35,977)	-	(44,168)	-	(44,168)
Other financial liabilities*	-	-	(158,843)	(158,843)	-	-	-	-
Trade accounts payables*	-	-	(894,119)	(894,119)	-	-	-	-

* without information on fair value based on the fact that net book value is approximately similar to the fair value

Trade accounts receivables measured at FVOCI relate to trade receivables related to factoring arrangements.

Valuation techniques for determining fair value

The market value of financial derivatives is the price at which a party would take over the rights and/or obligations from another party. The market values are calculated based on the market information available at the reporting date using recognized measurement methods:

Forward exchange contracts and interest rate hedging contracts are valued on the basis of reference rates, taking forward premiums and discounts into account. Net present value calculations are performed using yield curves.

For the six-months period ended June 30, 2018 and the periods before Knorr-Bremse did not apply hedge accounting under IFRS 9. Therefore the changes in fair value of the derivatives which economically hedge currency risks in future cash flows have to be measured at fair value through profit and loss.

Knorr-Bremse plans to implement hedge accounting starting as of January 1, 2019 to avoid periodical fluctuations from fair value measurement of derivatives used for cash flow hedging in the profit and loss statement.

The group recognized unrealized non-recurring expenses amounting to EUR 44.3 million in half year 2018 (prior period unrealized non-recurring income amounting to EUR 23.1 million).

Commodity contracts are valued on the basis of quoted prices on active stock exchanges.

Options are measured using recognized option pricing models (incl. Black-Scholes). The bank valuation as at the reporting date is used for structured products. The valuation reflects the Bank's assessment of the value of the financial instrument concerned under prevailing market conditions and is derived either from the mid-market price or, if expressed as bid and ask prices, from the indicative price at which the Bank would have terminated and bought back or repurchased and sold the financial instrument at the close of business or at another time agreed with Knorr-Bremse at the relevant financial center on the valuation date indicated above.

In addition, default risks are taken into account when measuring financial derivatives at fair value ("credit value adjustments"). The calculation basis for the probabilities of default is the credit default spreads per counterparty and for the company.

The Group measures long-term receivables/loans based on parameters such as interest rates, certain country-specific risk factors, creditworthiness of the individual customers, and the risk characteristics of the financed project.

The fair values of the Group's interest-bearing loans are calculated using the discounted cash flow method. This is based on a discount rate, which reflects the issuer's borrowing rate at the end of the reporting period. The internal non-compliance risk was classified as low over the entire period.

The financial liability from a put option on minority interests gives Robert Bosch GmbH the opportunity of tendering its shares to Knorr-Bremse if contractually defined conditions are met. These are carried out at amortized cost in accordance with IFRS 9. The fair value stated is based on unobservable input parameters and is therefore assigned to level 3 of the fair value hierarchy. The purchase price is defined in the contract and is calculated using a multiplier method based on the results of the Knorr-Bremse companies. The multiplier is defined in the contract and depends on changes of reference multiples. Historical EBIT figures of the respective Knorr-Bremse companies were used as earnings figures. In a letter dated June 21, 2018, Robert Bosch GmbH declared the exercise of the put option regarding its minority shareholding in Knorr-Bremse Systeme für Nutzfahrzeuge GmbH. Negotiations are currently underway between Knorr-Bremse and Robert Bosch GmbH on the terms and conditions for exercising the option. The liability was recognized based on the agreed price of the option.

Non-consolidated companies are also included in equity instruments. Kiepe Corporation, Canada and Freios Bre Coahuila, Mexico are included in the interim condensed consolidated financial statements at cost of TEUR 1,914 and TEUR 6,433, respectively. The companies have not yet commenced operations and essentially consist of newly acquired land and machinery, so that the fair value corresponds to the acquisition costs; there are no significant effects on the net assets, financial position and results of operations of the Group. The other equity instruments measured at level 3 fair value are considered individually and in total to be immaterial to the net assets, financial position and results of operations of the Group, so that no further disclosures are made for them either.

Reclassifications between the hierarchy levels

No reclassifications were made between the individual hierarchy levels within the first six months of 2018 as well as in the respective period in 2017.

8. Assets held for sale or disposal groups

The two disposal groups "Sydac" and "Blueprint" remain classified as held for sale as of June 30, 2018 due to an ongoing disposal process.

Sydac

The disposal group was sold effective at July 31, 2018. The resulting loss from this sale amounts to EUR 10.8 million. EUR 5.3 million of this amount were already recognized in the income statement as at December 31, 2017 and presented as an impairment under depreciation and amortization in the third quarter of 2017. The additional impairment of EUR 5.5 million was recognized in the income statement as of June 30, 2018 under depreciation and amortization.

As of June 30, 2018, the Sydac disposal group comprises the following assets and liabilities, measured at fair value less costs to sell:

Sydac	6/30/2018 TEUR
Inventories	-
Other financial assets	-
Trade accounts receivable and other assets	-
Income-tax asset	-
Assets held for sale	**-**
	TEUR
Provisions for pensions	1,586
Other provisions	1,921
Other financial liabilities	-
Trade accounts payable and other liabilities	718
Liabilities in connection with assets held for sale	**4,225**

Blueprint

As at June 30, 2018 the vehicle maintenance business bundled in the "Blueprint" disposal group comprises Knorr-Bremse Rail Service UK Ltd. and Kiepe Electric UK Ltd. including Kiepe UK Ltd.

The Swedish part of the vehicle maintenance business (Swedtrac) as part of the Blueprint disposal group was sold to the purchaser Stadler Service Sweden AB with a purchase agreement dated January 12, 2018, with the transfer of entitlements and obligations taking effect on April 1, 2018. A gain of EUR 6.7 million was realized from this sale and was presented in other financial result.

On August 3, 2018, the remaining vehicle maintenance business based in UK (Kiepe Electric UK Ltd. and Knorr-Bremse RailService UK Ltd.) was sold at a loss of EUR 40.6 million. EUR 20.0 million of this amount were already recognized in the income statement as at December 31, 2017 and presented as an impairment under depreciation and amortization in the third quarter of 2017. An additional impairment of EUR 19.5 million was recognized in the income statement as of June 30, 2018 under depreciation and amortization. Further EUR 1.1 million will be recognized at closing.

In total the loss from the "Blueprint" disposal group (including the part of the vehicle maintenance business already described above) amounts to EUR 33.9 million.

As of June 30, 2018, the Blueprint disposal group comprises the following assets and liabilities, measured at fair value less costs to sell:

Blueprint	
	6/30/2018 TEUR
Inventories	-
Other financial assets	-
Trade accounts receivable and other assets	-
Assets held for sale	-
	TEUR
Provisions for pensions	104
Other provisions	1,578
Other financial liabilities	38
Trade accounts payable and other liabilities	29,053
Liabilities in connection with assets held for sale	30,773

9. Equity

Capital increase from corporate funds

In the Extraordinary Shareholders' Meeting of Knorr-Bremse AG on May 29, 2018, the following notarized changes to equity were resolved, which were registered in the Commercial Register on June 21, 2018:

The capital stock of Knorr-Bremse AG has been newly divided. Accordingly, one share with a par value of EUR 26.00 each will be replaced by 26 shares with a par value of EUR 1 each. The voting rights were adjusted accordingly.

In this context, the previous capital stock was increased by issuing 93,600,000 new no-par value bearer shares through a capital increase from company funds in accordance with § 207 ff. of the German Stock Corporation Act. (AktG) of TEUR 93,600 from TEUR 67,600 to TEUR 161,200 by converting the other revenue reserves shown under revenue reserves. The new shares carry dividend rights as of January 1, 2018.

A dividend of EUR 327.00 per share (based on actual amount of shares as at the end of April 2018) was paid to the shareholders of Knorr-Bremse AG in April 2018. This corresponds to a total (gross) dividend of TEUR 850,200.

Earnings per share

Earnings per share are calculated in accordance with IAS 33 from the earnings attributable to Knorr-Bremse AG shareholders and the weighted average number of shares outstanding during the year.

As a result of the share split and the capital increase from corporate funds, earnings per share are calculated on the basis of the actual number of shares as of June 30, 2018 and on the basis of a retrospective adjustment to this number of shares for the prior period. The number of shares in circulation thus amounts to 161,200,000 and also corresponds to the weighted average.

There are still no instruments that could potentially lead to a dilution of earnings per share. Consequently, the diluted earnings per share correspond to the undiluted earnings per share.

10. Borrowings

Another corporate bond was issued by Knorr-Bremse AG. This EUR 750 million corporate bond has a fixed interest rate of 1.125% p.a. and a maturity of seven years. The new bond is rated 'A2' by Moody's. With a denomination of EUR 1,000, the security is designed for both private and institutional investors. Settlement took place on June 14, 2018. The bond was fully allotted due to the very high level of demand.

11. Other financial commitments and contingent liabilities

Other financial commitments

6/30/2018	Up to 1 year TEUR	1 to 6 years TEUR	Over 6 years TEUR
Rent and lease obligations	43,857	103,087	75,599
Investment projects	6,813	-	-
Other obligations	1,324	961	-
	51,994	104,048	75,599

The increase of the rent and lease obligations is related to a new rental agreement for a production site in Russia.

The other obligations include loan commitments and bank guarantees.

Contingent liabilities

	6/30/2018	12/31/2017
	TEUR	TEUR
Guarantees	25,309	23,226
Warranties	2,756	1,451
Other	2,493	2,352
	30,558	27,028

The Company's contingent liabilities primarily involve guarantees and warranties. Guarantees were mainly issued for rent guarantees for commercial and factory buildings.

Guarantees exist mainly in Hungary with respect to customer contracts for products. In this case, the guarantee exceeds the statutory warranty obligations already recognized in the financial statements.

12. Legal risks

Investigations U.S. Department of Justice

On April 3, 2018, the U.S. Department of Justice, Antitrust Division (hereinafter: DOJ) announced that it reached a settlement with Knorr-Bremse AG and Westinghouse Air Brake Technologies Corporation (Wabtec) on allegations of unlawful agreements not to compete for each other´s employees.

The settlement provides for the following framework points:

- no criminal liability for all facts disclosed by Knorr-Bremse AG,
- no fine for disclosed matters,
- requirements for the implementation of controls and other compliance requirements for a period of seven years; and
- annual declaration by Knorr-Bremse AG that there were no violations in this context.

Following the settlement reached with the DOJ in April 2018, several law firms filed class action lawsuits on behalf of employees against Knorr-Bremse AG, Wabtec and some of their subsidiaries. The aim of the class action lawsuits is to obtain damages to compensate employees for reduced payment on the basis of the alleged unlawful agreements not to compete for each other´s employees between the above mentioned parties.

Due to the very early stage of the class action and the unforeseeable number of potential claimants, it is not possible to determine a reliable amount for a provision for potential claims. For this reason, no provisions were formed as of December 31, 2017.

In addition, in fiscal year 2016, the DOJ initiated a non-public civil law investigation against Knorr Brake Company, Westminster, Maryland/USA and New York Air Brake LLC, Watertown, New York/USA and one competitor, which has not yet been completed.

Administrative Proceedings in Brazil against Knorr-Bremse Sistemas para Veículos Comerciais Brasil Ltda.

On September 27, 2016, administrative proceedings were initiated by the Brazilian Administrative Council for Economic Defense against the Group company Knorr-Bremse Sistemas para Veículos Comerciais Brasil Ltda., Itupeva/Brazil ("**KBB**") and several of its competitors in Brazil. According to leniency applicants, the aforementioned parties have organized themselves in order to exchange nonpublic competitively sensitive information. The allegations against KBB are confined to the exchange of information and do not address any kind of cartel behavior. Since the proceedings are still in their early stages, no reliable statement can be made at this time with regard to the likelihood of success or the possible consequences of an adverse outcome of the proceedings.

Criminal Investigation against Microelettrica Scientifica S.p.A.

Italian law enforcement authorities have initiated investigations regarding international corruption against Microelettrica Scientifica S.p.A., Buccinasco/Italy (“Microelettrica”), former members of its board of directors and a management member of three Russian Group companies in connection with commission payments to an agent regarding the conclusion of a contract with a Russian company. Knorr-Bremse believes that Microelettrica had appropriate prevention measures against corruption in place and therefore believes it complied with Italian law.

13. Relationships with related parties

Related parties within the meaning of IAS 24 are natural persons or companies that can be influenced by Knorr-Bremse AG, that can exercise an influence on Knorr-Bremse AG or that are under the influence of another related party of Knorr-Bremse AG. Transactions with related parties are conducted on an arm's length basis.

With the exception of the transactions described below, there were no material changes from the information disclosed in the 2017 consolidated financial statements:

In April 2018, Heinz Hermann Thiele, the Group's ultimate controlling party, signed a consultancy agreement with Knorr-Brake Holding Corporation, Delaware/USA. Over a period of 36 months, Mr. Thiele provides services for the business development of the U.S. American market. An expense of TEUR 346 was recognized in the first half year 2018. As of June 30, 2018, the residual prepayment amount was deferred under other assets and amounted to TEUR 3,931.

URSUS held a 10.7% stake in Knorr Brake Holding Corporation, Delaware/USA, until the Company bought back its shares in April 2018 (see also note 3. Changes to the Group).

With effect from May 29, 2018, Kathrin Dahnke, residing in Bielefeld, member of the board of Wilh. Werhahn KG, Neuss, was unanimously elected to the Supervisory Board. The election was for a term of office until the end of the Annual Shareholders' Meeting that resolves on the ratification of the actions of the Supervisory Board for fiscal year 2020, insofar until the end of the Annual Shareholders' Meeting held in 2021.

The Company’s management board member responsible for the Finance, Controlling and IT department has changed with effect from January 1, 2018. The Company’s Supervisory Board appointed Ralph Heuwing as the successor to Dr. Lorenz Zwingmann. Ralph Heuwing had joined the Company on November 1, 2017.

In the case of short-term benefits, the remuneration of the management board provides for variable bonus payments based on the degree of target achievement of certain key company figures over a 12-month period (so-called Short-term Incentive Compensation). In 2018, the Company concluded a bonus agreement for Mr. Heuwing, Dr. Laier and Dr. Wilder, which includes a long-term variable bonus (the so-called Long-term Incentive Plan) in addition to the Short-term Incentive Compensation. This remuneration component is based on the achievement of key performance measure Economic Value Added ("EVA") over a performance period of three years. Expenses of TEUR 770 related to Short-Term Incentive Compensation were recognized for the affected members of the management board with adjusted contracts in the first half year 2018 (TEUR 435 in the first half year 2017). In relation to the Long-Term Incentive Plan TEUR 117 were recognized as expense in the first half year 2018 (TEUR 0 in the first half year 2017).

In addition, in the first half year of 2018 the members of the management board, Mr. Heuwing and Dr. Laier, were each granted a bonus up to TEUR 800 in the event the Company is going public successfully.

14. Events after the reporting date

With the exception of the transactions listed below, there have been no significant events since the balance sheet date – June 30, 2018 – that would have been worth mentioning in these interim condensed consolidated financial statements:

Acquisition of Rail Friction Know-How from Federal Mogul

As of June 29, 2018, Knorr-Bremse signed a purchase agreement with Federal Mogul for the acquisition of intangible rights in the form of know-how for the development and production of products in the area of rail vehicles and industry friction for a purchase price of EUR 63 million in total. On August 2, 2018, the consent of the antitrust authorities was given and thereby the agreement for the real transfer of the rights.

Publication of the new HEUBECK-RICHTTAFELN 2018 G

On July 20, 2018, HEUBECK AG published new HEUBECK Mortality Tables 2018 G. These tables are based on the newest statistics of the statutory pension insurance and the Federal Statistics Office and thereby reflect the most recent developments regarding mortality, disability, marriage and fluctuation probabilities. Since the average life expectancy has further increased, however more slowly than in the past, a moderate increase in the overall pension provision is expected according to HEUBECK.

The Group has so far not applied the new HEUBECK Mortality Tables 2018 G. The resulting change in the pension obligation in the event of the first-time application of the new mortality tables will be recognized in OCI.

Sale of Sydac

The simulation business in the Rail Vehicles segment (Sydac; see chapter 8. Assets held for sale or disposal groups), which was classified as a disposal group as of June 30, 2018, was sold with the purchase agreement signed on July 31, 2018.

Sale of Blueprint

With the signing of two sales contracts as of January 12, 2018 and August 3, 2018, the Vehicle Maintenance business classified as a disposal group as of June 30, 2018 in the Rail Vehicle segment (Blueprint; see chapter 8. Assets held for sale or disposal groups) was sold.

Changes on Supervisory and Executive Boards

In an extraordinary shareholders' meeting of Knorr-Bremse AG, Prof. Dr. Klaus Mangold was appointed to the company's Supervisory Board, effective September 1, 2018. Parallel to that the Supervisory Board elected him as its new chairman. Prior to this, Hans-Georg Härter had resigned from the Supervisory Board for health reasons. He left the Supervisory Board on August 31, 2018. In addition, Dr. Jürgen Wilder was appointed to the Executive Board of Knorr-Bremse AG with responsibility for the Rail Vehicle Systems division, effective September 1, 2018.

14. Share-based payment

Shares in two "Black Empowerment Entities" were issued in South Africa in 2009. This relates to share-based payments within the meaning of IFRS 2, which must be classified as transactions with equity settlement.

Knorr-Bremse S.A. (Pty) Ltd., Kempton Park/South Africa has fully financed the issuance of its treasury stock. The financing should be paid by collecting dividends on these shares. The rights transferred to the "Black Empowerment Entities" were measured at fair value. In the event that this exceeds the fair value of the payments received and the other assets, the difference is reported as an expense.

As no financial contributions were to be made by the shareholders of the "Black Empowerment Entities", the costs and the issued equity instrument were equal.

The fair value was calculated as follows:

- The Black-Scholes model was used to calculate the costs with regard to the option pricing model in accordance with IFRS 2.
- The option has a term of twelve years.
- The cash value represents 25% of the discounted cash flow of the company's equity valuation as at January 1, 2009.
- The exercise price on the expiry date.
- The risk-free interest rate was assumed to be 8.9%.
- A volatility of 30% was assumed based on an analysis of the sector in which the company operates.
- A dividend yield of 5.5% was assumed based on prudent dividend forecasts and corporate growth of 10% per annum.

On this basis, the equity effect of the share-based payment as of January 1, 2014 amounted to TEUR 1,707.

In 2017 and early 2018, changes in the shareholder structure were made. The shares of two Black Empowerment Entities were repurchased and newly issued to one of the Black Empowerment entities in form of common shares. Due to the common shares issued in early 2018 without any financial contribution, Knorr-Bremse recognized other operating expenses and a corresponding increase in capital reserves of TEUR 2,533 according to IFRS 2.

15. Number of employees

Average number of employees	1st half-year 2018	2017
Wage earners	15,503	13,424
thereof leased personnel	*2,780*	*2,400*
Salaried employees	13,226	12,561
thereof leased personnel	*395*	*424*
Trainees	207	196
	28,936	**26,182**

16. Segment information

Segment information

Information on reportable segments

	Reportable segments			Reconciliation to IFRS		Remaining segments and consolidation	Group
	RVS	CVS	TOTAL	RVS	CVS		
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
1st half-year 2018							
External revenues	1,741,200	1,590,993	3,332,193	1,288	(14,086)	2,846	3,322,241
Inter segment revenues	8,362	6,537	14,899	(6,624)	(6,155)	(2,120)	-
Segment revenues	**1,749,562**	**1,597,530**	**3,347,092**	**(5,336)**	**(20,241)**	**726**	**3,322,241**
EBITDA*	317,269	250,912	568,180	4,931	8,734	362	582,207
Depreciation and amortization	(55,880)	(42,099)	(97,979)	(6,626)	1,209	(6,482)	(109,878)
EBIT*	261,389	208,813	470,201	(1,696)	9,943	(6,119)	472,329
Interest income	5,502	706	6,208	1,307	1,752	1,956	11,223
Interest expenses	(5,666)	(1,631)	(7,297)	(3,865)	(3,045)	(4,031)	(18,238)
Other financial result	-	(914)	(914)	4,626	806	(39,334)	(34,816)
thereof: attributable to subsidiaries accounted for using the equity method	-	*(914)*	*(914)*	-	-	-	*(914)*
EBT	**261,225**	**206,974**	**468,199**	**371**	**9,456**	**(47,528)**	**430,499**
* Not explicitly disclosed in the Management Reporting to CODM							
1st half-year 2017							
External revenues	1,588,805	1,450,892	3,039,696	(40,591)	(17,426)	(5,687)	2,975,993
Inter segment revenues	8,061	(2,402)	5,659	(6,897)	(3,758)	4,995	-
Segment revenues	**1,596,865**	**1,448,490**	**3,045,355**	**(47,487)**	**(21,183)**	**(692)**	**2,975,993**
EBITDA*	261,396	230,614	492,010	14,664	12,233	(927)	517,980
Depreciation and amortization	(56,064)	(41,681)	(97,745)	(77)	9,441	(6,484)	(94,865)
EBIT*	205,332	188,932	394,265	14,587	21,675	(7,410)	423,115
Interest income	4,340	924	5,264	1,268	1,727	3,608	11,867
Interest expenses	(5,167)	(1,718)	(6,885)	(3,006)	(3,137)	(8,286)	(21,315)
Other financial result	-	(953)	(953)	(1,597)	(1,882)	(20,493)	(24,925)
thereof: attributable to subsidiaries accounted for using the equity method	-	*(953)*	*(953)*	-	-	-	*(953)*
EBT	**204,505**	**187,185**	**391,690**	**11,251**	**18,382**	**(32,580)**	**388,743**

* Not explicitly disclosed in the Management Reporting to CODM

Reconciliation account

Internal reporting does not contain any segment-specific information on assets and liabilities; this is therefore not included in the segment information.

i. Revenues

	1st half-year	
	2018	2017
	TEUR	TEUR
Revenues of reportable segments (German GAAP)	3,347,092	3,045,355
Revenues of other segments (German GAAP)	94,320	78,584
Inter-segment consolidation and other effects	(49,630)	(44,434)
Adjustment for over-time accounting	6,308	(9,973)
Adjustment based on disclosure differences due to the implementation of BilRuG	(75,849)	(93,539)
Consolidated revenues	**3,322,241**	**2,975,993**

ii. Earnings before tax	1st half-year	
	2018	2017
	TEUR	TEUR
Earnings before tax of reportable segments (German GAAP)	468,199	391,690
Earnings before tax of other segments (German GAAP)	1,932	59,308
Inter-segment consolidation and other effects	(10,430)	(104,865)
Adjustment due to amortization not recognized on Goodwill	24,438	25,640
Adjustment for over-time accounting	6,308	(9,973)
Adjustment due to capitalization and amortization of development projects	19,368	5,582
Adjustment due to valuation differences in pension liabilities	4,510	(4,897)
Adjustment due to purchase options NCI	-	(12,543)
Adjustment provisions	(16,708)	12,364
Adjustment impairment of assets held for sale and disposal groups	(20,840)	-
Adjustment due to fair value valuation of financial instruments	(41,462)	25,922
Other adjustments based on differences between German GAAP and IFRS	(4,816)	515
Profit from continuing operations, consolidated before tax	430,499	388,743

Geographical information

The following table shows the group's revenues, broken down by country of domicile of the group company.

	1st half-year	
	2018	2017
Revenues	TEUR	TEUR
Europe/Africa	1,652,626	1,505,070
North America	681,156	650,604
South America	51,833	44,614
Asia-Pacific	936,626	775,705
	3,322,241	2,975,993

Munich, September 4, 2018

Knorr-Bremse AG

Management Board

Klaus Deller Ralph Heuwing Dr. Peter Laier Dr. Jürgen Wilder