



# **Annual General Meeting of Knorr-Bremse AG**

Speech by CEO Marc Llistosella and  
CFO Frank Markus Weber

Munich, April 30, 2025

*Check against delivery on the day of the Annual General Meeting.*

**Marc Llistosella:**

Thank you very much, Dr. Ploss.

Dear shareholders,

Ms. Thiele-Schürhoff,

Mr. Sturm,

ladies and gentlemen,

On behalf of the entire Executive Board, I too would like to extend you a warm welcome.

2024 was another successful year for Knorr-Bremse, despite all the global challenges. This success is based on strong foundations that were laid 120 years ago. We are proud of what we have achieved and this year we are celebrating a company that has evolved into a global market leader over the past 120 years on the back of our quality and resilience.

Let me first give you an overview of the most important operational results from the past year. In my remarks, I will also discuss important progress made in our BOOST 2026 strategy program and highlight the successes we have already achieved thanks to a strong team performance.

Then, my Executive Board colleague Frank Weber will provide you with a deeper insight into our figures and sustainability efforts.

Ladies and gentlemen, we are living in very turbulent times. The trade conflict over tariffs is causing uncertainty worldwide. The stock markets are going haywire, and investors around the world are experiencing a rollercoaster ride. We in Germany have had to contend with a recession in the past two years. Other important sales markets such as the US are now at risk of slipping into one, too.

So it is all the more important that you can rely on us. Knorr-Bremse can conquer a crisis. I have said that many times before, and it still holds true today.

Despite these challenging geopolitical times, we have once again successfully guided our company through a difficult year. Thanks to the resilience, expertise and high commitment of our more than 30,000 colleagues worldwide, we were even able to further expand and strengthen our business.

We have done our homework: Under our Group-wide BOOST program, we have reduced costs, streamlined our structures and reduced complexity, further expanded our aftermarket business, streamlined our portfolio and invested in profitable areas, such as our new “KB Signaling North America” unit, with whose performance we are very satisfied.

We once again achieved a strong result in the past year – one that befits our aspiration as the global market leader. As expected, our most important operational metrics developed very positively. We even achieved historic highs for some results in the Rail Division. And the Truck Division also achieved a double-digit return – despite the massive upheavals in the global truck market. Thanks to higher profitability and our solid financial structure, we have a strong financial underpinning to give us the necessary stability and flexibility for the future.

We have also set out to do a great deal in terms of cultural change – and have made good progress. We are now practicing more open communication within the company. We have clearly improved in this regard over the past year. Rarely has Knorr-Bremse discussed and reported so transparently on strategic decisions internally, whether through the internal channels or in direct dialog with managers and employees.

I would first like to thank all colleagues: This success is down to our employees globally. On behalf of the entire Executive Board, I want to thank them very deeply for their strong dedication.

We are celebrating an important birthday this year. Knorr-Bremse will turn 120. However, we are also celebrating two extraordinary entrepreneurs: Georg Knorr founded Knorr-Bremse in Berlin 120 years ago on January 19, 1905. He started out

in a modern factory with 165 employees. Heinz Hermann Thiele shaped the company like no other and, thanks to his tireless efforts, made it the world market leader.

This is also an occasion for us on the Executive Board and Supervisory Board to say “Congratulations!” And – thanks to AI – to do so in the various languages spoken by our colleagues around the world.

Ladies and gentlemen,

We have grown steadily, adapted our portfolio and responded flexibly to changes. But at our core, we have always remained true to ourselves: We are innovative – we act as entrepreneurs – we want to shape things. Under the motto “One World – One KB,” there will be employee parties at numerous sites to celebrate this anniversary and our successful history together.

In this connection, I am also pleased that I can continue to drive and shape the future of Knorr-Bremse together with my Executive Board team. My contract was recently extended by five years. I give my thanks to Reinhard Ploss and the entire Supervisory Board for their confidence in me and look forward to continuing working together closely and trustingly.

Let me now explain the main messages for the previous year:

Especially in these economically and geopolitically tense times, we are more than satisfied with our business performance. At the same time, we secured long-term refinancing with our latest successful bond issue, which included our first green bond. A rock-solid balance sheet gives us the basis we need for the future.

We have achieved a strong result overall – with record order books, which give us a solid foundation for this year. Our Rail Division chalked up record levels for revenues and order books. In addition, Rail once again accounted for a share of revenue of more than 50 percent, thus creating an important bedrock for the entire Group’s further profitable growth. Our Truck Division generated a double-digit return despite the extremely difficult market situation it currently has to contend with. That is a strong performance. We responded to the market doldrums at an early stage by taking countermeasures. That enabled us to secure our results.

We are fully on track with our “BOOST 2026” strategy program and, as announced, have implemented the first important measures as part of our brownfield activities, including the successful streamlining of our portfolio with the sale of four investments. As a result, we have already achieved more than 60% of the planned revenue volume. Our brownfield activities – or housekeeping, as we call it – also include strict cost discipline and permanent questioning of existing processes and structures. The result is a significant improvement in profitability with an operating free cash flow that reached the highest level in our 120-year company history.

Dear shareholders,

We were able to achieve and, as was just mentioned, even surpass all our targets for revenues, EBIT margin, and free cash flow in the past fiscal year.

This commercial success is also something that you should profit from directly, and you can see this in our proposed dividend. The Executive and Supervisory Boards are proposing at this Annual General Meeting to pay a dividend of € 1.75 per share for the past fiscal year. This is equivalent to an approximately 7% increase compared with the previous year. The associated increase of the payout ratio to around 60% this year takes account of the fact that consolidated net income has been reduced by non-recurring non-cash items. However, you as shareholders should receive a dividend that reflects the company’s operational performance and is consistent with the existing and long-term dividend policy of a payout ratio of 40% to 50%.

If you agree to our proposal, the company will distribute a total of approximately € 282 million to you, our shareholders, after this Annual General Meeting.

Ladies and gentlemen,

We have set out to accomplish a lot under the strategy program we launched in the summer of 2023. We have defined a clear, joint target, openly laid all our cards on the table internally, and critically questioned previous decisions. After all, we want to be substantially quicker and more efficient and develop greater clout.

Our BOOST program is clearly aligned to creating added value – all the initiatives must contribute to this goal. Our profitability has top priority.

We have now implemented more than 1,000 measures globally – and with great success. We are massively reducing our costs. We are streamlining our product portfolio. At the same time, we are investing in digitalization and automation and have also launched several KI initiatives in order to benefit from the new opportunities offered by artificial intelligence as soon as possible. We are also investing in profitable future business, such as the rail signaling technology business in North America:

The acquisition of “KB Signaling” from Alstom in September 2024 opens up new opportunities for Knorr-Bremse in the highly promising North American market. The successful entry into the attractive and high-margin signaling technology business in the Rail Division means we can push ahead with creating our own value added and generate sustainable growth with new and digital solutions. At the same time, we are also increasing our share of revenue in the more stable and more profitable rail business and reducing our dependence on the cyclical truck market.

Our BOOST measures have made a significant contribution to the continuous and sustainable increase in profitability in the past fiscal year.

Our BOOST program comprises portfolio measures with a total revenue volume of € 1.4 billion. In fiscal 2024, we systematically continued our portfolio optimization and the fix-it program and are fully on track to achieve our targets by 2026 at the latest.

As part of that, we are scrutinizing all business areas – in particular those that deliver relatively weak results. Wherever the analysis indicated that we are not the best owner of a particular line of business, we initiated a consistent separation process or launched a firm turnaround plan in the parts of the company in question. We are aligning everything towards ensuring sustainable value creation.

We have made great strides in optimizing our portfolio over the past year – with a clear focus on core competencies and performance. Four units have already been

successfully sold since the beginning of 2024: Kiepe Electric from the RVS Division and Safety Direct, GT Emission Systems and R.H. Sheppard from the CVS Division. This means that over 60% of the revenue volume planned by 2026 has already been achieved. Two further sell-it measures have already been initiated.

We expect that the sell-it measures will increase our operating EBIT margin by around 130 basis points by 2026 versus 2022.

A comprehensive program of fix-it measures is also underway and is delivering greater efficiency worldwide. And here, too, our focus is always on: Where can we become faster and more agile. Where can we become even better where we are already good?

We are tackling in some cases outdated and ossified structures, and where our previous measures were not sufficient, we are making adaptations quickly and flexibly. As part of that, we had to make adjustments in many areas, bundle areas of responsibility, centralize Group-wide tasks, and also optimize our global footprint – always with the aim of making our company more powerful, cost-conscious, agile, and modern.

In addition to the efficiency programs we have successfully launched to date in the respective divisions, we are already looking beyond 2026. That is why we have expanded our optimization measures globally:

The clear structure of global responsibilities, the prioritization of projects, or efficient controlling are just some of the measures that support our goal of improving margins under the BOOST program.

Let me make one thing clear at this point: Knorr-Bremse is a globally operating company. We face tough competition from our international rivals day in, day out. Nevertheless, as a company with a 120-year tradition, we are committed to Germany as a business location. However, we can afford that only because we are very disciplined when it comes to our spending and costs. When we reduce costs as part of BOOST, this is not a gift to our shareholders, but an investment in secure and well-paid jobs in Germany, too.

Now I would like to talk more about some of the success in our two divisions last year. It reflects our customers' great confidence in the quality of our products and systems.

At the product level, we made a brilliant impression, particularly on the stages of the leading trade fairs Automechanika, InnoTrans, and IAA Transportation. We spoke to enthusiastic customers and experienced partners who want to shape the future of sustainable mobility together with us. In short, we demonstrated our technological clout to international experts and aroused the interest of our customers with numerous innovations.

Two developments in the Rail Division are particularly noteworthy:

- the next evolutionary stage of the digital electropneumatic braking system with the latest CubeControl brake control system – Cube 3.0
- and the completely new digital-electromechanical braking system Electroact.

Another trade fair highlight was our further developed Digital Automatic Coupler, with which we are driving forward the automation of freight transport and setting standards in this field.

The Truck Division impressed at the IAA with the modular SYNACT family of disk brakes, the NexTT trailer disk brake, and the newly launched GSBC brake control system. Our fully Electric Power Steering (EPS) system, an important pillar in the increasing electrification of the commercial vehicle industry and automated driving, was also at the top of our guests' list.

In addition, our Rail Division again captured important contracts in 2024. Among other things, Knorr-Bremse will equip at least 246 CITYLINK streetcars from Stadler with system solutions and will be responsible for providing comprehensive aftermarket services for 32 years. This makes Knorr-Bremse a key equipment partner for Stadler in a long-term and large-scale mobility project.

Knorr-Bremse will also fit 42 further Coradia Max regional trains with braking, entrance and sanitary systems for Alstom. This is another large follow-up order from



the platform partnership between Alstom and Knorr-Bremse, under which train fleets in several European countries are already being equipped.

In 2024, our Truck Division successfully pressed ahead with streamlining its portfolio in order to concentrate even more strongly on its core competencies moving ahead and to make its business even more focused and profitable. As already briefly mentioned, this included the sale of the SafetyDirect product line and the sale of GT Emissions Systems, a leading supplier of emission control systems for diesel engines in commercial vehicles. The disposal of Sheppard, a manufacturer of commercial vehicle steering systems in the North American market, was another important milestone.

Ladies and gentlemen, I will now hand over to our Chief Financial Officer, Frank Weber. He will explain the financial figures in more detail to you.

**Frank Weber:**

Thank you very much, Marc.

Dr. Ploss,

dear shareholders,

Ms. Thiele-Schürhoff,

Mr. Sturm,

ladies and gentlemen,

I would like to wish you a warm welcome.

Before I present to you our excellent results for the previous year, I too would like to express to the entire Knorr-Bremse team my deep gratitude and recognition of their dedication. These results would not have been possible without their commitment and efforts.

I will start by summarizing the most important financial figures from last year.

Knorr-Bremse generated revenues of almost € 8 billion in terms, a slight year-over-year increase. The Rail Division made a significant contribution to that, benefiting from sustained strong global demand and growing its revenues in all regions. This fully cushioned the expected weakening of the truck market.

From a regional perspective, APAC and South America contributed to the increase in revenues, while Europe and North America recorded declines. Our profitable aftermarket business continued to grow in 2024, accounting for around 43% of revenues, an increase of more than 3 percentage points.

Order intake was virtually stable at almost € 8.2 billion in organic terms, and the order book rose slightly to a new all-time high of € 7.2 billion. The book-to-bill ratio, representing the ratio of order intake to revenues, was therefore 1.04 and so above 1 for the fifth year in succession. A figure above 1 is an important and positive indicator of higher capacity utilization in the future.

Our operating EBIT margin profited from the increase in revenues and our efficiency measures under BOOST. In addition, the Rail Division's strong performance, along with very good aftermarket business, and the good regional revenue mix had a positive impact on profitability. Accordingly, we were able to increase our EBIT margin at Group level by 100 basis points to 12.3%, putting us right on track to achieve our medium-term targets.

We are particularly proud of the strong improvement in our cash flow in 2024. We once again managed to continuously improve our free cash flow in the course of the year. The free cash flow for the year as a whole was € 730 million. We promised to improve our cash flow, and we have kept that promise.

Ladies and Gentlemen,

Our top priority, now and in the future, is to maintain a rock-solid financial profile, which means that we have a weather-proof footing and, simultaneously, a high degree of flexibility.

A strong equity ratio is an important metric for that. At the end of 2024, Knorr-Bremse had equity of more than € 3 billion and a solid equity ratio of 33%, which is slightly below the previous year's figure but higher in absolute terms. The slight decline in the

ratio is solely attributable to the fact that we were able to secure our ability to repay the € 750 million bond this year ahead of schedule. Without this effect, the equity ratio would still have been 35%.

Our liquidity rose sharply to € 2.3 billion. This was due to the issue of a two-tranche bond amounting to € 1.1 billion last September, which also includes our first green bond. Thanks to these funds, we will first strengthen our position as a pioneer in sustainability and environmentally friendly mobility for our customers, second we financed the acquisition of KB Signaling in North America, and third – as just mentioned– we have already secured repayment of the bond next September.

As a result, net debt rose by 45% to € 912 million, which represents a comfortable debt-to-EBITDA ratio of 0.7.

Our credit ratings are A3 and A- and are thus still at a very good level with a stable outlook, which likewise underscores the strong resilience of our financial profile.

Let me now give you more details about our free cash flow.

We continuously improved our free cash flow in the past year, and it rose to € 482 million in the last quarter alone. Overall, we generated free cash flow of € 730 million for the year – the highest operating FCF in Knorr-Bremse's 120-year history – excluding the one-time sale-and-leaseback effect from the previous record year of 2019.

The improvement in free cash flow was driven by higher EBIT, lower capital expenditure, lower tax payments, and our measures relating to net working capital. We were therefore able to improve in all relevant dimensions.

A very important metric here is the cash conversion rate, i.e. free cash flow relative to profit after taxes. In 2024, we posted a CCR of 113% from operations. This is an exceptionally high figure, well above the 96% we achieved in 2023 and once again well above our target range of 80% to 90%.

Ladies and Gentlemen,

Sustainability is an inherent element of our business strategy and so we also systematically pressed ahead in 2024 with integrating ESG in our business processes, operating procedures, activities in the supply chain, and decision-making processes.

This is reflected not only in our strong ratings in 2024, but also in the positive development of related metrics. For example, we reduced our Scope 1 and 2 CO<sub>2</sub> emissions and the corresponding emissions intensity by 20%.

With the publication of our Green Finance Framework in September – even before we issued our green bond – we are continuing our efforts to integrate sustainability into our financing structure. This framework reinforces our sustainability targets and supports Knorr-Bremse's efforts to promote sustainable mobility and decarbonize our own operations.

It also enables us to issue green financial instruments so as to fund eligible projects in the form of capital or operating expenditure.

Dear shareholders,

Before handing over to our Chief Executive Officer Marc Llistosella, I would like to draw your attention to the fact that, under agenda item 9, we are presenting a domination agreement with our newly established IP subsidiary, KB Intellectual Property GmbH & Co. KG, for your approval. In summary, it shall acquire, hold, manage, license intellectual property and provide related services.

Details of the domination agreement can be found in the joint report of the Executive Board of Knorr-Bremse AG and the management of KB Intellectual Property GmbH & Co. KG, which has been posted on the company's website since March 20, 2025, the date on which the invitation to the Annual General Meeting was published, and is also available there today. You will also find the wording of the domination

agreement concluded on March 17, 2025, reproduced in the invitation to the Annual General Meeting.

The domination agreement will establish the right for Knorr-Bremse AG to issue instructions to the management body of KB Intellectual Property GmbH & Co. KG as well as an obligation for Knorr-Bremse AG to absorb losses; as a result, KB Intellectual Property GmbH & Co. KG will be organizationally incorporated into Knorr-Bremse AG and a VAT group will be formed. This will enable tax benefits to be realized.

There is no economically reasonable alternative to concluding the domination agreement.

A summary assessment of the domination agreement shows that it is advantageous for both Knorr-Bremse AG and KB Intellectual Property GmbH & Co. KG.

The Supervisory Board and Executive Board therefore propose under agenda item 9 that the domination agreement dated March 17, 2025, between Knorr-Bremse AG and KB Intellectual Property GmbH & Co. KG be approved.

Thank you for your attention and now back to our CEO.

**Marc Llistosella:**

Thanks, Frank.

Dear shareholders,

The start to the current fiscal year was positive, as shown by our preliminary figures for the first quarter, some of which we already published yesterday. Now it is time to come to our guidance for the 2025 fiscal year. Based on the assumptions you see on the right side of the slide, such as stable FX rates versus levels of February 2025 and no large impacts by potential tariffs, we expect the following results for the current year:

revenues of between € 8.1 billion and € 8.4 billion – despite the loss of more than € 200 million in revenue volume compared with the previous year as a result of the two company sales,

an operating EBIT margin between 12.5% and 13.5%, and

a free cash flow between € 700 million and € 800 million.

Let me make one thing clear at this point: Yes, we do not have a crystal ball. And, as I said at the beginning, we are living in very turbulent times. But we are firmly convinced that we will accomplish what we have set out to do.

We have had a good start to the new fiscal year so far. We have made great strides forward in our transformation, but we are not satisfied with what we have achieved, because that befits our great aspiration as the global market leader. This year, we want to implement the next level of our BOOST strategy program, which clearly focuses on sustainable and profitable growth in our existing business and in future areas.

Ladies and gentlemen,

On behalf of the entire Executive Board, I wish to give my deep thanks to our customers and business partners and, of course, you, our shareholders, for your relationship with Knorr-Bremse. Thank you for listening. I will now hand back to you, Dr. Ploss.