



PRELIMINARY FINANCIAL RESULTS 2022

MARC LLISTOSELLA | CEO

FRANK WEBER | CFO

FEBRUARY 23, 2023



KNORR-BREMSE

Track Record

Marc Llistosella

- 28 years of experience in commercial vehicles
- India: successful launch of BharatBenz
- Japan: first series electro truck / record results
- Start-up investor and business angel





Key take-aways for today

- **Solid execution** in a difficult year 2022
- Order intake and order books on **record levels**
- Continuous investments in **R&D, digitization and aftermarket**
- **ESG** strengthened and integral part of KB's strategy
- **Guidance FY22** for revenues and op. EBIT margin achieved
- Rail and truck **markets remain robust**
- **FY23** remains challenging

Plenty of operational highlights FY22 supporting KB's strategy

Innovation



Digital Automated Coupler
(rail freight)



Rotary Vane Compressor



EPS

Corporate environment



Top employer in Germany



Inaugural € 700m sustainability-linked bond

Contract wins



Rail contract wins, e.g.

- Germany
- Egypt
- Milan (passenger coupler)



Truck contract wins, e.g.

- Verkehrsbetriebe Hamburg
- LTA¹ with major OEM

Digitization and aftermarket

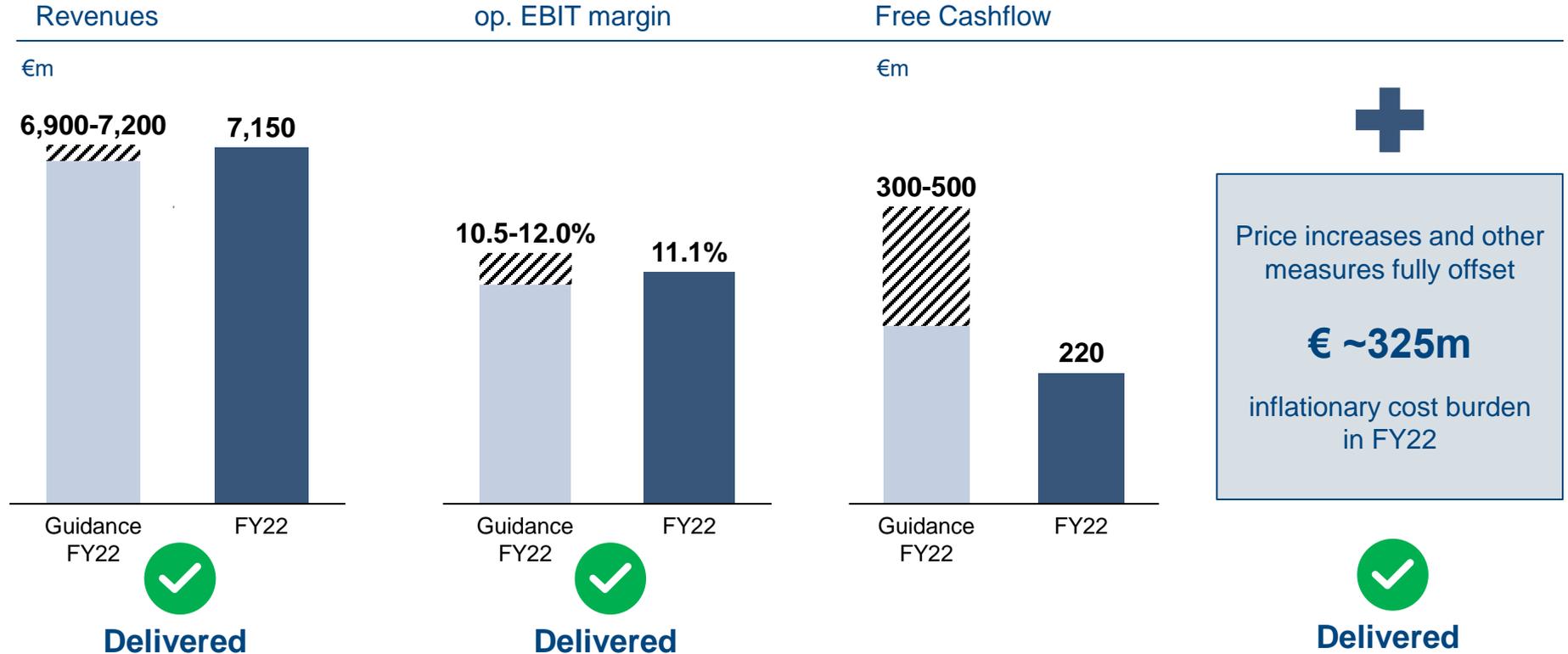


Acquisition of Cojali



Nexiot – investment and strategic cooperation

Guidance FY22 for revenues and op. EBIT margin achieved



KB will benefit from good underlying demand in rail and truck markets

YE22



- + Support by stimulus programs and sustainability efforts
- + Partly ridership exceeds pre-Covid-19 in EU; end of Zero-Covid-Policy in China
- + High order books at OEMs provide sound outlook
- Exit of Russian market due to sanctions
- Inflation still substantially burdening; supply situation remains challenging
- CN: low investments in rolling stock ongoing



- + TPRs¹ Q4/22: EU WE & NA stable - CN -35%
- + Demand remains high in EU and NA, price agreements with all customers closed (wave 1)
- Supply constraints much improved BUT not back to normal leading to order shifts orders on short notice
- + CN: Reopening of economy - BUT TPR recovery in Q4/22 and Q1/23 slow

Outlook FY23

- + Ridership: EU full recovery to pre-Covid-19 level expected; CN increase expected after end of zero-Covid policy
- + Good OI development expected to continue
- Low-price elasticity / rigid project contract pricing pre-inflation
- CN: OE market (Metro/ High speed) still challenging with only slight recovery expected
- Product mix
- + TPRs¹ FY23e: EU stable, NA slightly up, CN +16%
- + CN: Significant recovery of TPR - BUT only towards H2/23, current focus more on cost rather than technology
- + AM: remains strong, Cojali supportive
- + Pricing: Negotiation of 2nd wave started to close remaining gaps - BUT more challenging with softening inflation

Financial highlights FY22: Sound performance in a difficult environment

ORDER INTAKE **€ 8.11bn**
(11% yoy)

ORDER BOOK¹ **€ 6.91bn**
(24% yoy)



REVENUES OF **€ 7.15bn**
(7% yoy)

11.1% OP. EBIT MARGIN
(PY: 13.5%)

 **€ 3.40bn**
(3% yoy)

 **€ 3.75bn**
(11% yoy)

 op. **14.9%**
(PY: 17.9%)

 op. **9.0%**
(PY: 10.7%)

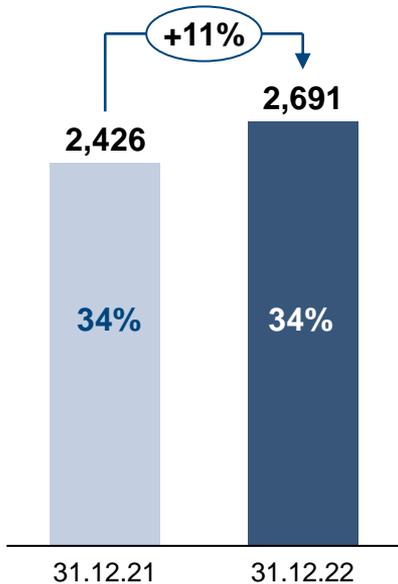


€ 220m FREE CASHFLOW
(PY: € 600m) **43%** Cash Conversion Rate

Rock-solid balance sheet is excellent basis for business development

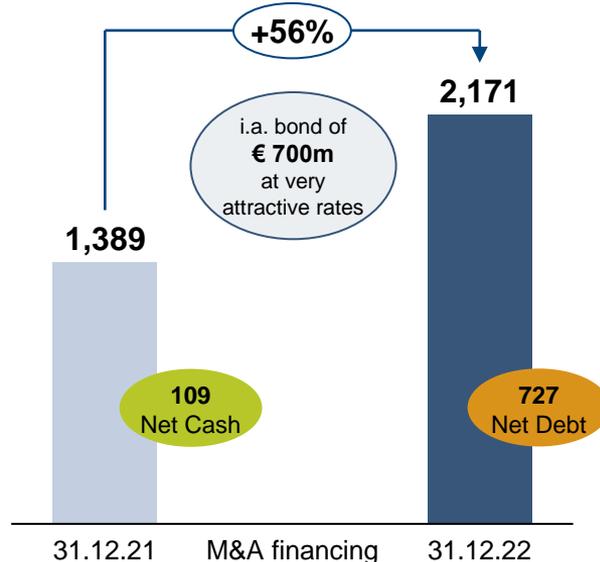
Equity + Equity Ratio

€m



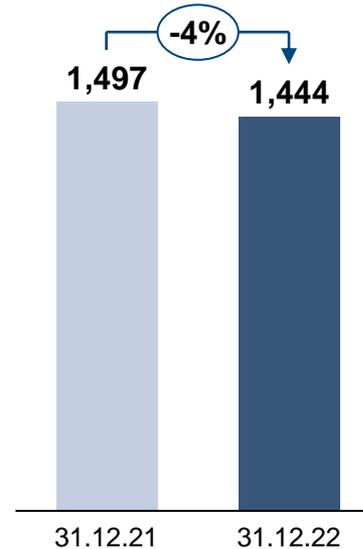
Gross Debt¹ / Net Debt

€m



Liquidity²

€m



Rating

STANDARD & POOR'S **A**
MOODY'S **A2**



Confirmed in 2022

Leverage

Gross Debt/ EBITDA
2.08x

Net Debt/ EBITDA
0.70x

1) Including: bank loans, lease liabilities and bonds as well as debt instruments; ex Bosch liability (2021) 2) Cash and cash equivalents, incl. securities

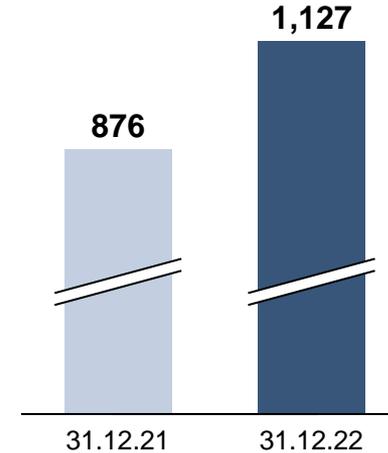
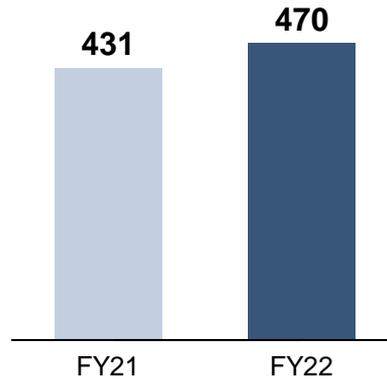
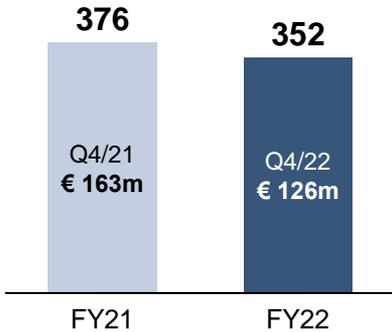
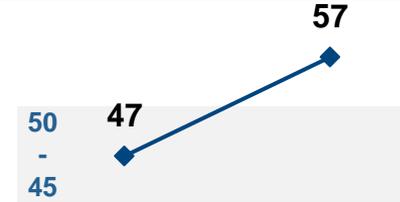
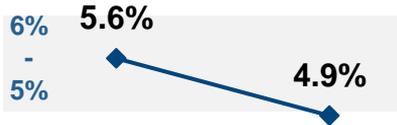
Investments into future growth basically in line with financial target corridors

CapEx

R&D

NWC

€m

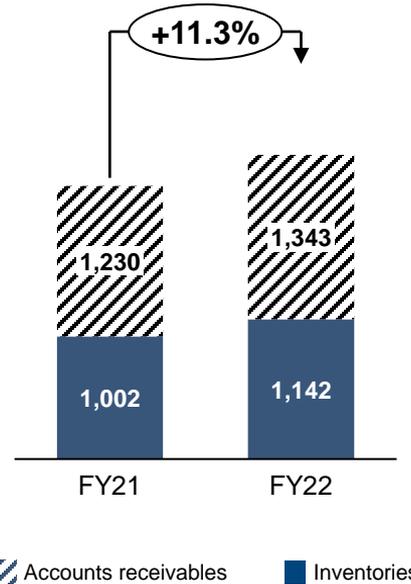
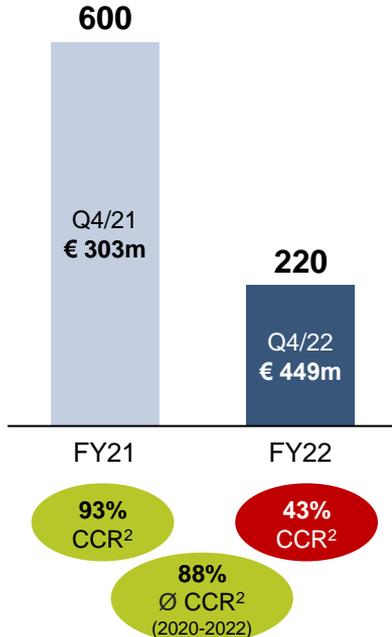


FCF impacted by high accounts receivables and inventory

Free Cashflow¹

Accounts receivables/ inventories

€m



Development in FY22

- **Lower EBIT** yoy driven by lower contribution from China and Russia
- **Higher inventory** to secure customer delivery in uncertain business environment reduced with contracts or market share
- **Inflation/price and FX effects** in WC
- **Weaker payment behavior** driven by higher Covid costs in China and increased interest rates
- FCF was impacted by **~€ 85m payment delays**
- **Stringent WC management** installed with positive effect in course of FY23
- **No risk of any defaults**

1) Before M&A 2) cash conversion rate

ESG as integral part of KB's strategy further accelerated

E nvironment

- Further roll-out of energy efficiency activities and own green power production
 - 2030 goal of **-50% CO₂ (Scope 1+2)** intact (>-65% in FY22)¹
- **Scope 3 strategy accelerated with internal commitment to join SBTi**, target announcement in Q2-Q3/23
- Target revenue share of **remanufactured products >10%** achieved

S ocial

- **Global Gender-Diversity targets introduced** - share of women at Management Level 20%, at entire workforce 25% (until Q3/27)
- **Employee safety** further improved (>-10% in TCIR² on Group level)
- **Ukraine donations** and **humanitarian** support at KB

G overnance

- **Sustainability included in three corporate financing** activities
- High participation rate in **employee share program**
- ESG management **bonus target (STI)** reached



1) Preliminary assessment and before last tranche of green power certificates 2) Total Case Incident Rate 3) Short-term incentive

Financial highlights Q4/22: Strong finish in FY22 achieved

ORDER INTAKE **€ 2.20bn**
(-2% yoy)

ORDER BOOK¹ **€ 6.91bn**
(24% yoy)



REVENUES OF **€ 1.95bn**
(15% yoy)

11.6% OP. EBIT MARGIN
(PY: 11.6%)

 **€ 949m**
(11% yoy)

 **€ 1,003m**
(19% yoy)

 op. **14.1%**
(PY: 17.7%)

 op. **10.1%**
(PY: 7.4%)



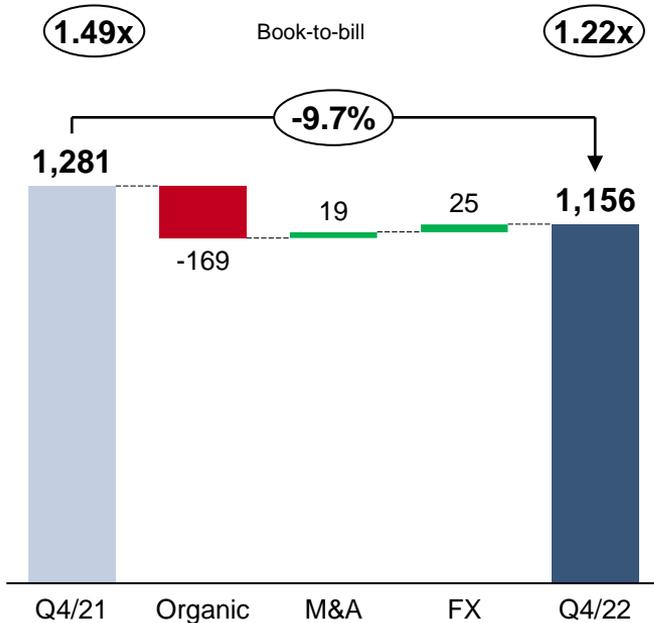
€ 449m FREE CASHFLOW
(PY: € 303m) **370%** Cash Conversion Rate

RVS: Record order book provides good visibility for FY23

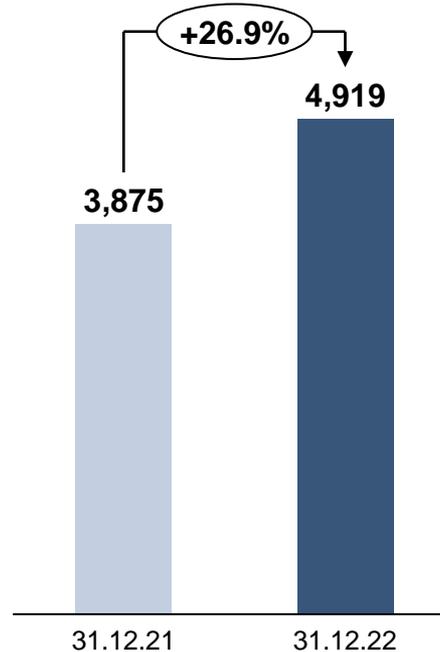


Order intake

€m



Order book¹



High order intake driven by EU and NA

- **EU:** driven by Regional & Commuter and freight, however not on equally high level as order intake Q4/21 with **high Russia volume**
- **APAC:** similar level yoy
- **NA:** driven by AM and freight, slightly lower yoy
- **Strong book-to-bill** of >1.2x

Strong order book

- **Order book** finished 2022 at **record level** as clear sign of strong underlying demand
- **No cancellations** of contracts

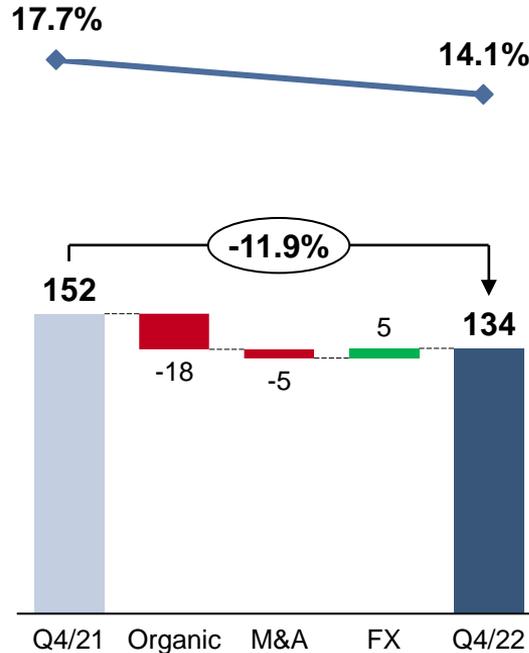
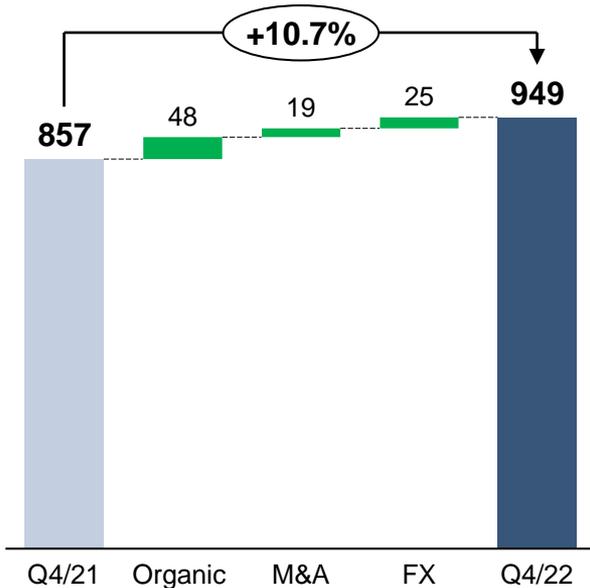
RVS: Operating leverage could not offset Russian and Chinese impact



Revenue

op. EBIT

€m



Revenue up yoy and AM improved to 50%

- **EU:** higher yoy, AM overcompensating slightly softer OE
- **APAC:** overall similar level yoy; **India:** stronger loco & regional and AM; **China:** similar yoy, increase in OE compensating softer AM
- **NA:** higher yoy, AM growth overcompensating softer OE

Inflation, Russia and China weigh on profitability

- **Volume driven growth**, esp. in EU and NA, **cost measures** and **price increases** supportive
- **Reduction in accretive Russia** business
- Weakness driven by Zero-Covid policy in **China**
- **Significant inflationary pressure** (price/cost ratio <1)

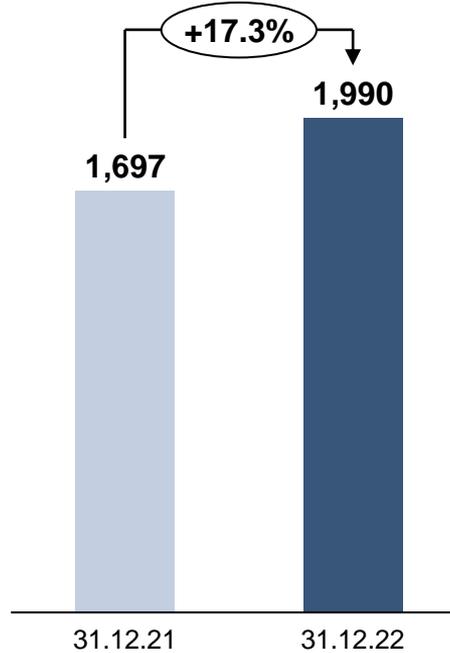
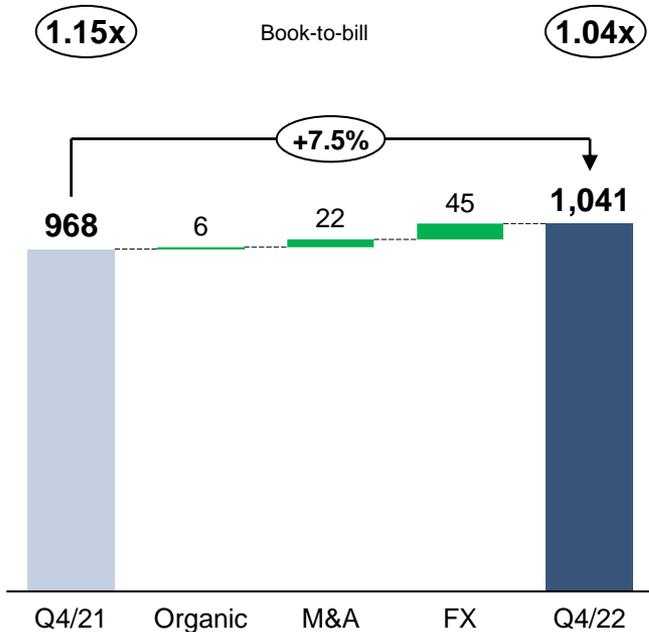
CVS: Good demand and high order backlog provide good visibility for 2023



Order intake

Order book¹

€m



Order intake increased again qoq as customer fill up their order books for 2023

- Demand and outlook remain solid
- EU/ NA: Solid demand remains also driven by need to modernize fleets
- APAC: OI in China up by 10% qoq, India coming back to normal levels, Japan stable
- Book-to-bill >1x

Order book provides good visibility into 2023

- Order book at record levels
- Customer pattern of shifting orders on short notice expected to continue in 2023

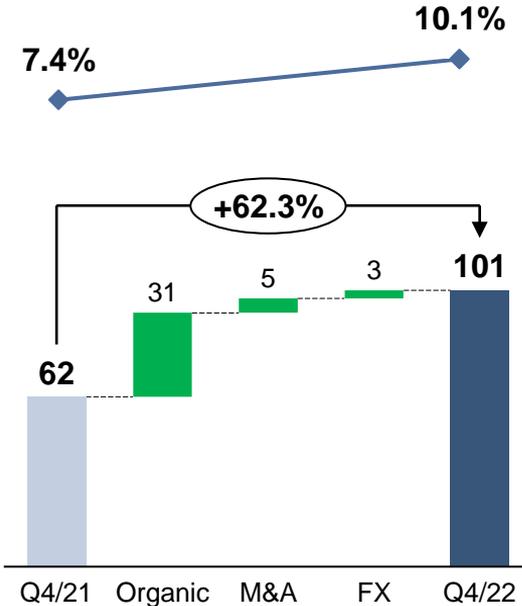
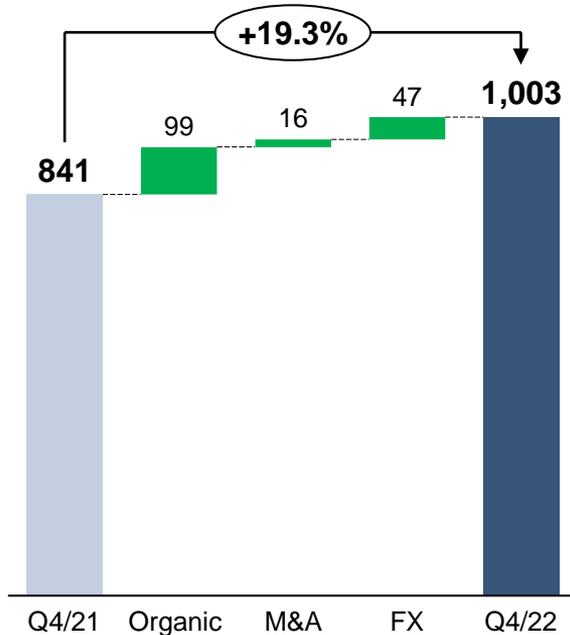
CVS: Strong revenues and improved price/ cost ratio led to higher margins



Revenue

op. EBIT

€m



Revenue growth also driven by higher prices, AM share slightly decreased to 29%

- **EU/ NA:** Q4/22 strongly driven by updated customer agreements targeting inflation and demand on high level
- **APAC:** China lower yoy, Japan and India remain stable

Increase of profitability driven by operating leverage and improved price/cost ratio

- **New customer agreements** closed after successful price negotiations
- Cost measures to **protect margin**
- **Continued investments** in new technology projects, prioritization of R&D resources

Important actions taken to countersteer challenging business environment

External headwinds require....

Geopolitics



Business climate



Supply chain



Inflation



....optimization measures¹

Portfolio restructuring

Phase-out Russia

Sale of Kiepe

Sale of foundry at Sheppard

Fix costs

RVS: plant closure in China

CVS: layoffs in China

RVS: relocations from NA to Mexico

Guidance FY23

Revenues

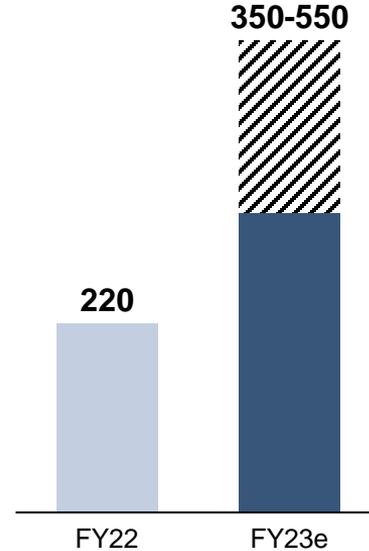
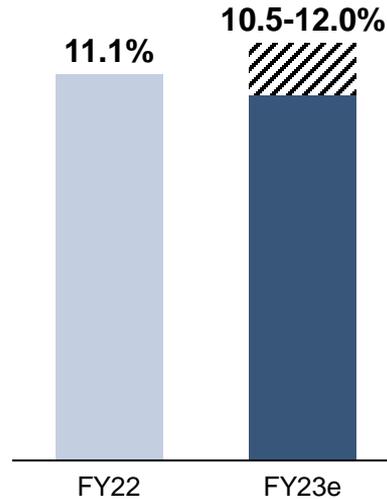
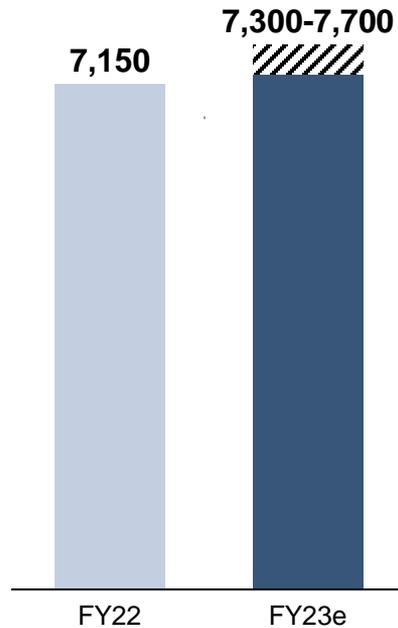
op. EBIT margin

Free Cashflow

Assumptions

€m

€m



- Current exchange rates
- Essentially stable geopolitical and macroeconomic conditions
- No new lockdown due to Covid
- Inflationary cost increases will be compensated
- No additional problems in supply chains due to potential energy shortages



**We want to lead Knorr-Bremse
to profitable growth by
innovation.**

And beyond.



PRODUCTS / SOLUTIONS



PEOPLE



PROCESSES / ORGANIZATION



PRODUCTS / SOLUTIONS

OBLIGATION

Define target picture, secure market leadership & bolster technology foundation

Facilitate ESG – sustainability as base layer to all our doings

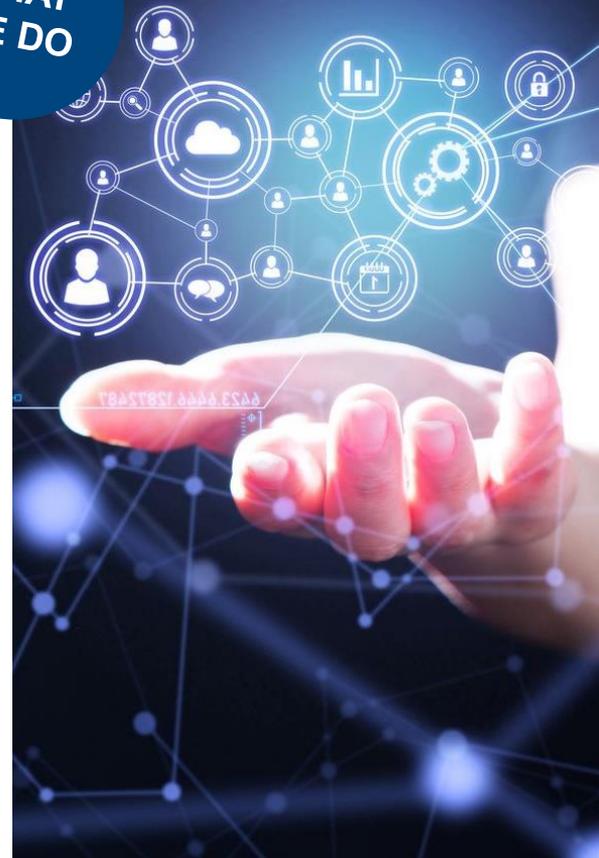
Focus on global diversification

ADD-ON

Grow by digitalization & data monetization

Drive active innovation management

WHAT WE DO





PEOPLE

OBLIGATION

Build one team with one direction

Ensure employee satisfaction

Adapt to new working reality

ADD-ON

Drive towards #1 employer

Leverage of knowledge culture – foundation for the next level

**WHO
WE ARE**





PROCESSES / ORGANIZATION

HOW
WE DO
IT

OBLIGATION

Further foster resilience and agility

Optimize the portfolio

Further optimize the process landscape

ADD-ON

Develop portfolio target picture & future growth initiatives

Focus on further efficient organic & inorganic growth

Exploit new adjacent & potentially new business models





Q&A



KNORR-BREMSE

Financial calendar: upcoming events

Date	Event
Feb 24, 2023	Roadshow Frankfurt
Feb 27-28, 2023	Roadshow London
Mar 1, 2023	Roadshow Paris
Mar 8-9, 2023	Roadshow North America
Mar 16, 2023	Best of Southern Germany Conference Stifel, Stuttgart
Mar 21, 2023	Global Industrials Conference Bank of America, London
May 5, 2023	Annual General Meeting
May 11, 2023	Q1/23 financial results
Jun 7, 2023	BNP Exane CEO Conference, Paris
Jun 8, 2023	J.P. Morgan European Capital Goods Conference, London
Aug 10, 2023	Q2/23 financial results
Oct 31, 2023	Q3/23 financial results

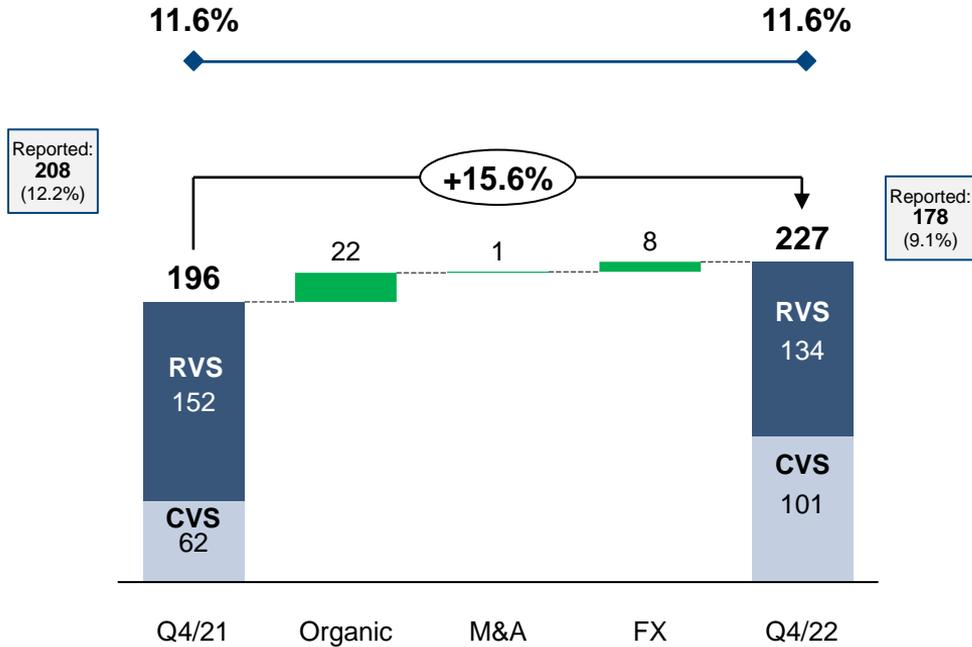
Backup



Q4/22 – Group

op. EBIT/ EBIT Margin (ROS)

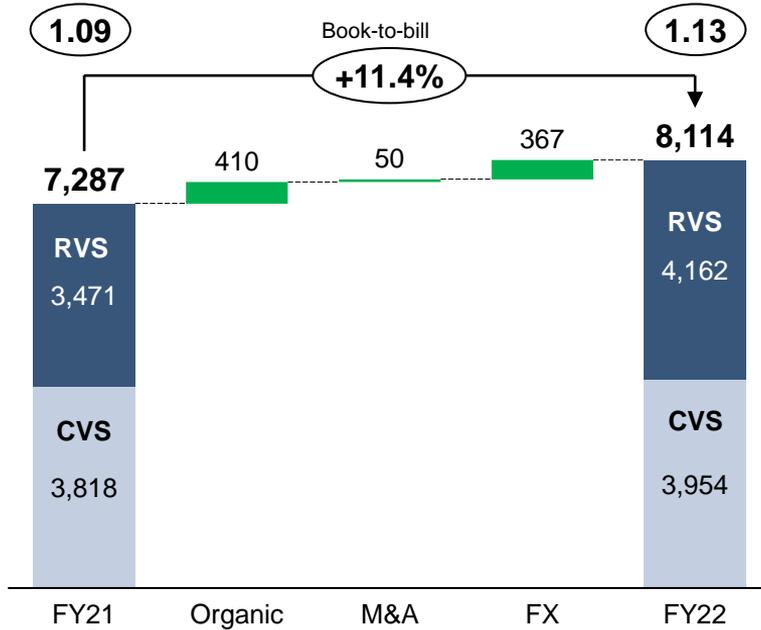
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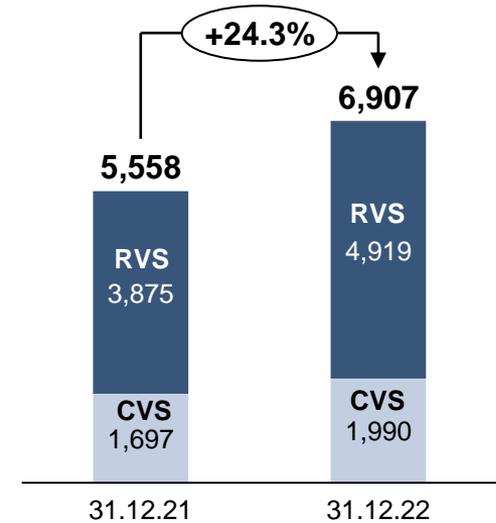
FY22 – Group

Order intake

€m



Order book

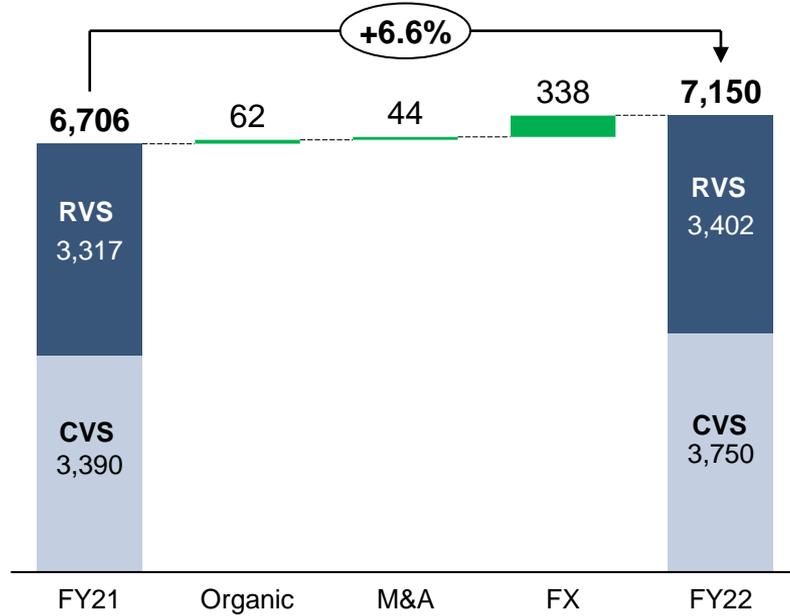


FY22 – Group

Revenue

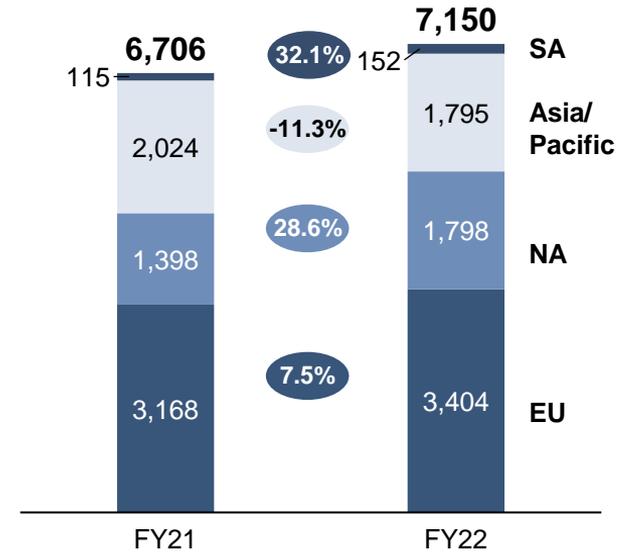
€m

By business



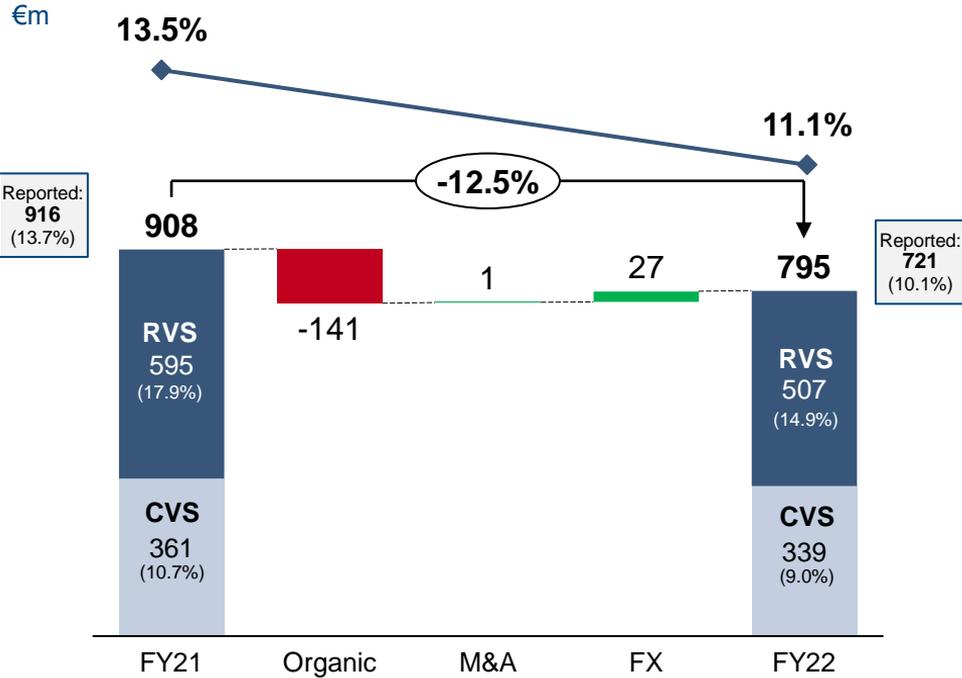
By region

○ y-o-y growth



FY22 – Group

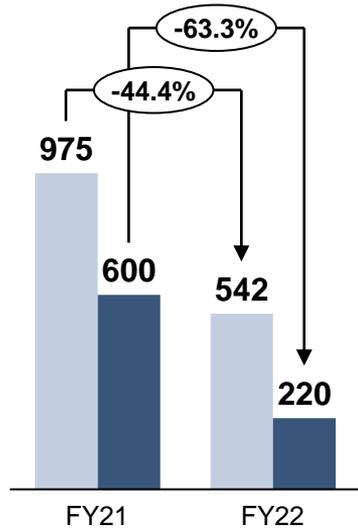
op. EBIT/ EBIT Margin (ROS)



FY22 – Group

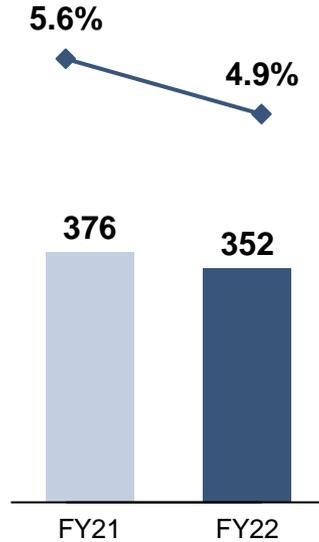
OCF & FCF

€m OCF FCF



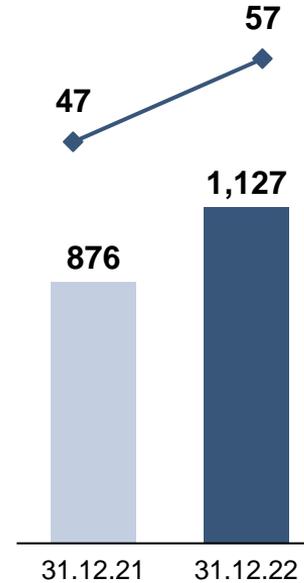
CapEx

€m % of sales



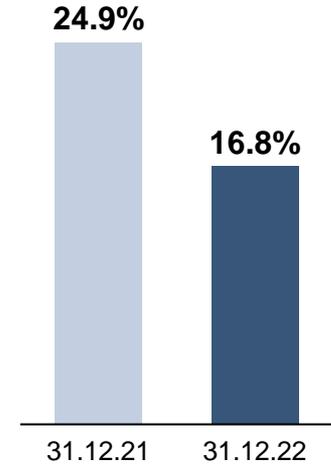
NWC

€m Scope of days



ROCE

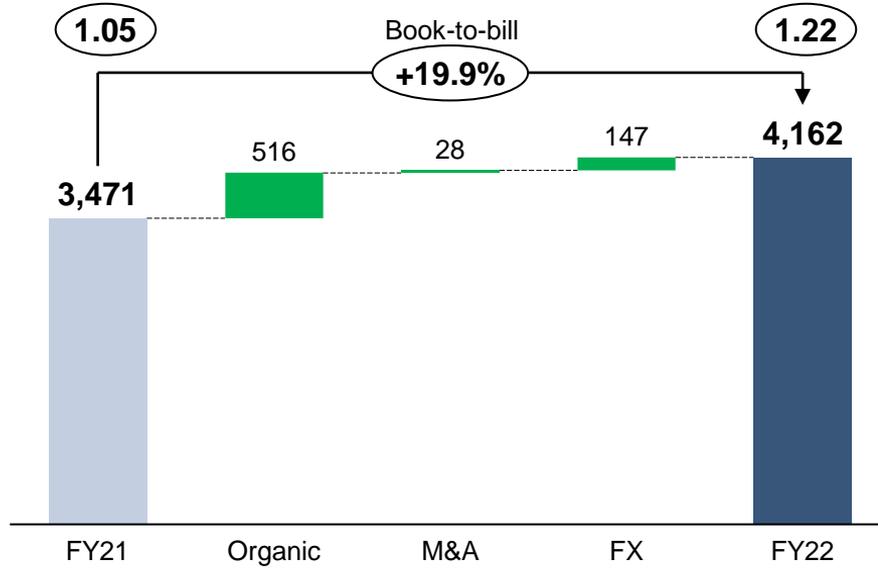
%



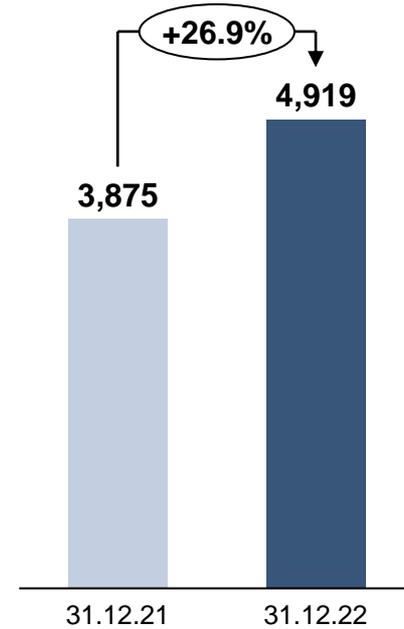
FY22 – RVS

Order intake

€m



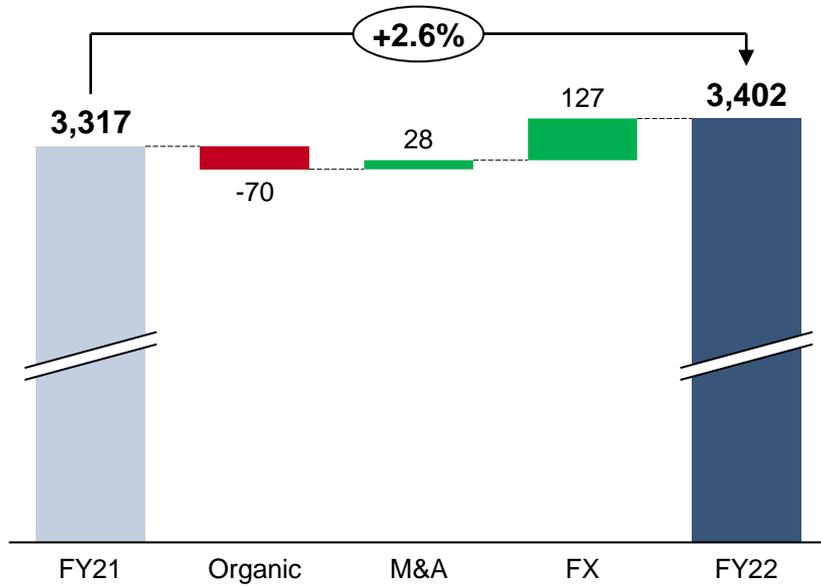
Order book



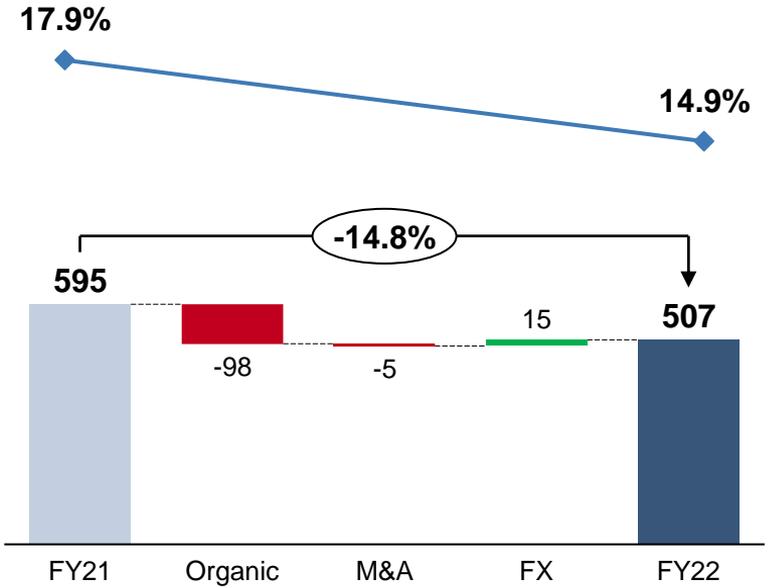
FY22 – RVS

Revenue

€m



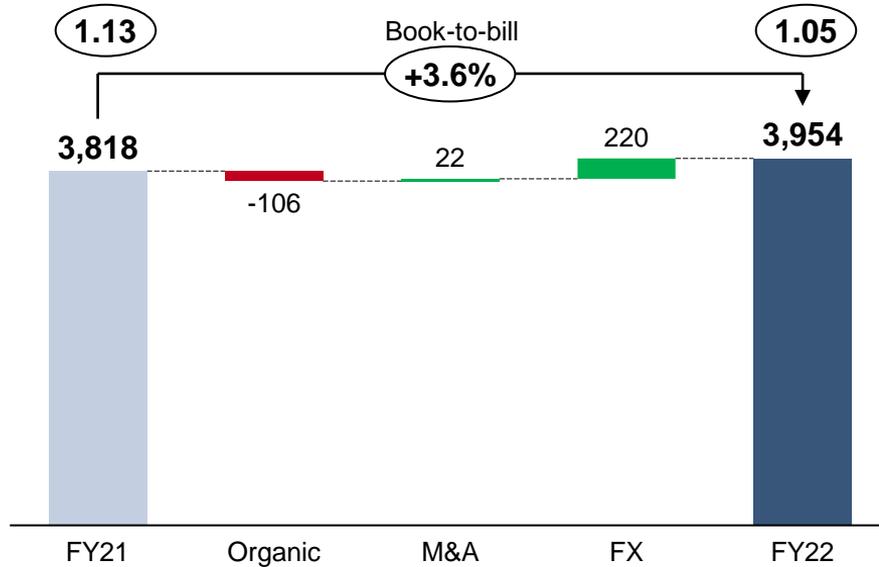
op. EBIT / EBIT margin (ROS)



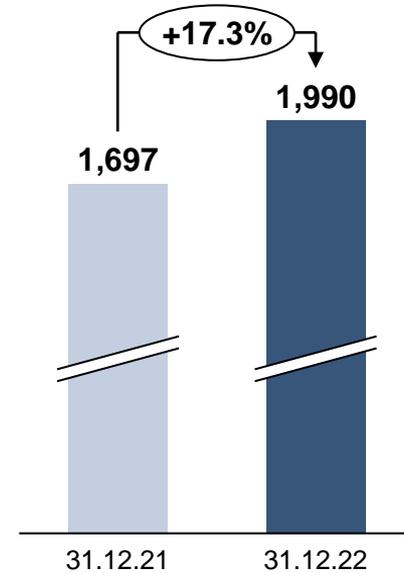
FY22 – CVS

Order intake

€m



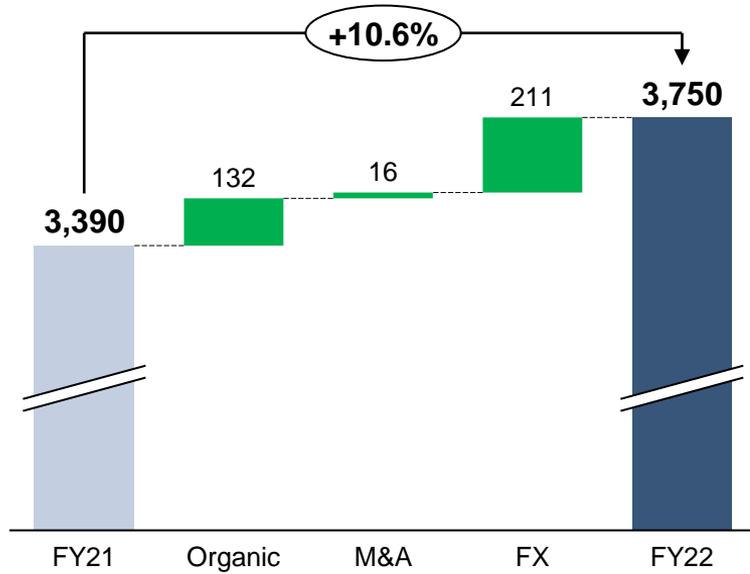
Order book



FY22 – CVS

Revenue

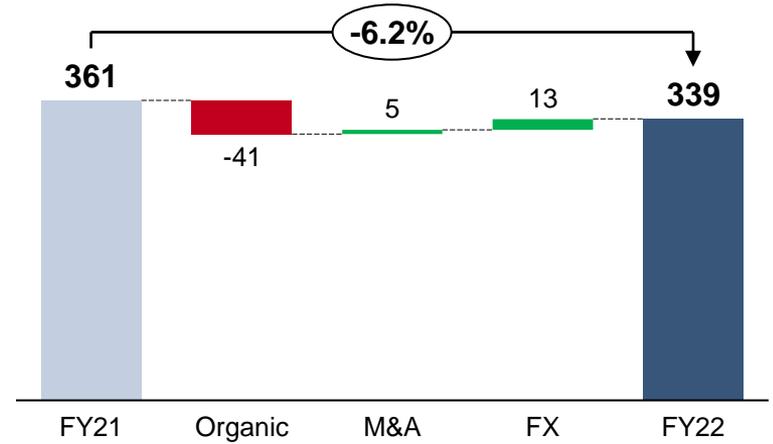
€m



op. EBIT / EBIT margin (ROS)

10.7%

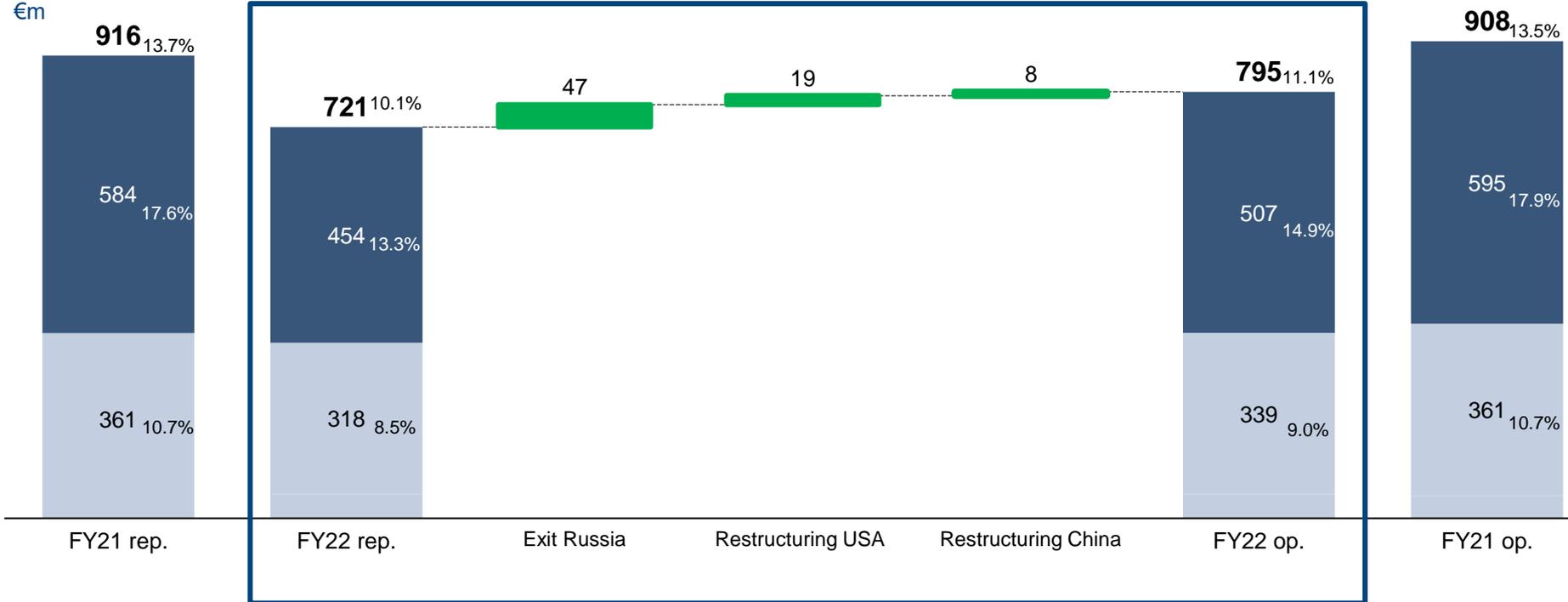
9.0%



FY22 Bridge – reported to operating results

op. EBIT/ EBIT Margin (ROS)

€m



Net Financial Debt / (Cash) Balance

€ thousand	2022	2021	2020
Cash and cash equivalents	(1,342,587)	(1,380,210)	(2,277,048)
Short-term liabilities to banks	172,402	90,106	566,459
Short-term bonds and obligations	11,017	4,636	504,808
Short-term leasing liabilities	63,061	59,942	51,574
Securities (incl. other debt investments)	(101,018)	(117,045)	(68,037)
Long-term liabilities to banks	33,491	36,528	38,107
Long-term bonds and obligations	1,444,506	747,182	745,718
Long-term leasing liabilities	446,581	450,330	335,647
Net Financial Debt / (Cash) incl. securities	727,452	(108,531)	(102,771)

Note: This is the result of offsetting (netting) cash and cash equivalents (incl. securities) against bank loans, bonds, notes and leasing liabilities

Investor relations contact



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