



PRELIMINARY FINANCIAL RESULTS 2023

MARC LLISTOSELLA | CEO

FRANK WEBER | CFO

February 22, 2024



KNORR-BREMSE

Key take-aways for today



- **Turnaround achieved** – margin increased
- **Resilience** – extremely high and secured order book
- **Rock-solid balance sheet**
- **BOOST on track** – Kiepe sold
- **Stable management team**
- **Guidance FY23 achieved**

Operational highlights fully supporting KB's strategy

Innovation



Cube Control



Digital Train



iTEBS X System



ATLAS-L4

Contract wins



Important Rail contracts won

- CRRC, China (Metro)
- Alstom, India (Metro)
- Hitachi Rail (EU/ITA)



Achievements in Truck

- Cojali well integrated with strong growth
- Margin improvement under difficult market conditions

Cultural Change



New Leadership Principles



New Diversity strategy Remuneration system adjusted (STI/ LTI)

Recap Strategy Update BOOST¹ program

BOOST 2026

Strategic initiatives

Products

People

Processes

Revitalizing the core

Culture development

Efficiency programs (PCPP)

Portfolio right-sizing

Organizational transformation

Fix-it program

Talent mgmt. (HR Connect)

NWC optim. (Project Collect)

Renewal of innovation power

SG&A, legal entity reduction

Expansion of aftermarket

IT excellence (S4Hana)

Driving digitalization (growth)

Strong EVP²

Driving digitalization (efficien.)

Enabling ESG for our customers (incl. CO₂ emission reduction)

Selective M&A



Brownfield
(Housekeeping)



Greenfield
(Expansion)

FY23: Strong top and bottom line – turnaround achieved

ORDER INTAKE

€8.25bn

(+2% yoy)

ORDER BOOK¹

€7.08bn

(+3% yoy)

REVENUES OF

€7.93bn

(+11% yoy)

€3.75bn



14.3%

€4.18bn



10.0%

OPERATING
EBIT MARGIN

11.3%

(PY: 11.1%)

FREE
CASHFLOW

€552m*

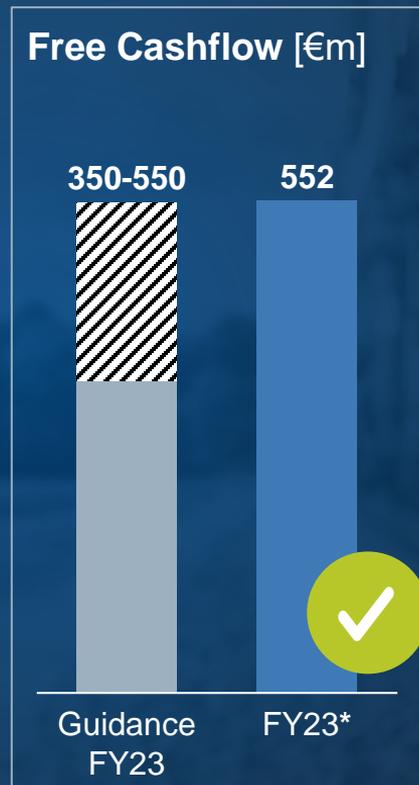
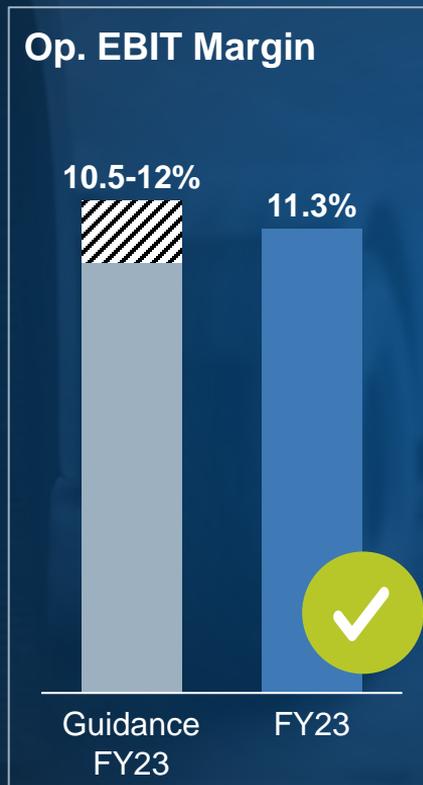
(PY: €219m)

96%*

(PY: 43%)

CASH
CONVERSION
RATE

Guidance FY23 achieved



Additional achievements

- Record order book of € >7bn provides solid foundation for 2024
- Inflationary burden of nearly € 300m fully compensated
- WC SOD reduced by 3 days*
- Net Debt/ EBITDA of 0.5 and € 1.4bn of liquidity underlines strong financial resilience

Solid demand in rail and truck on good level

CURRENT SITUATION

OUTLOOK FY24



- EU/ NA: solid growth
- CN: good momentum of ridership supporting AM
- High order books at OEMs continue
- Pricing of new OE contracts supportive



- Inflationary burden continuous but easing



- EU: solid growth continues, shift to rail (green deal) and replacement of obsolete fleets
- NA: good demand should continue
- CN: Increase of AM business should continue



- TPRs¹: EU/ NA good development, CN strong recovery in 2023 and on high level
- Pricing negotiations (wave 2) finalized and supportive for 2024



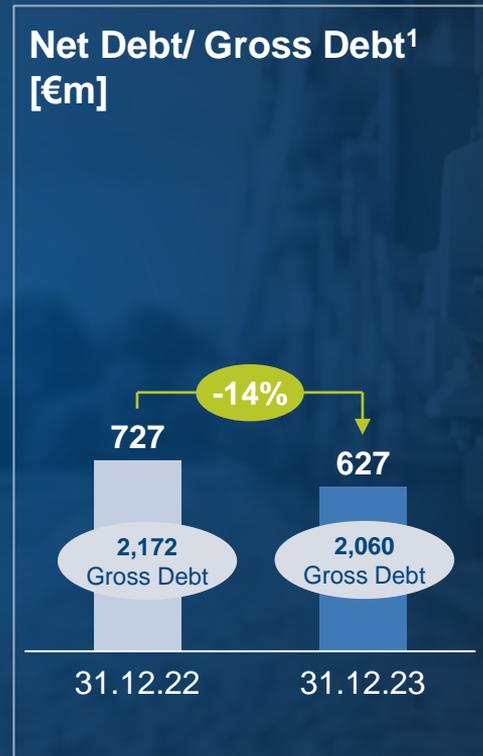
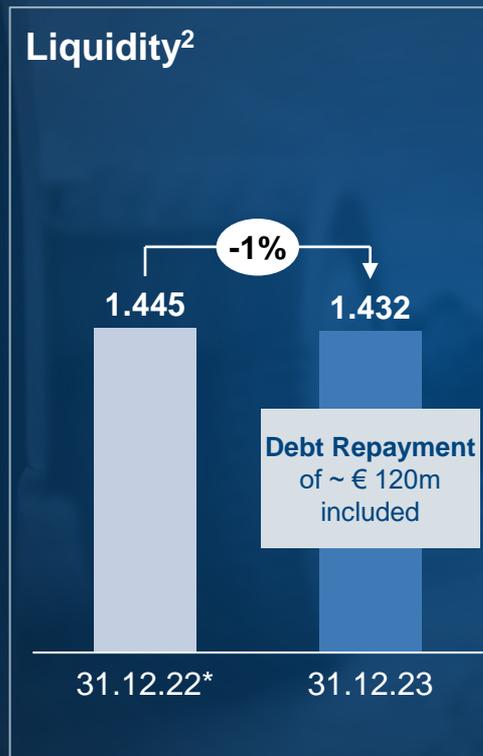
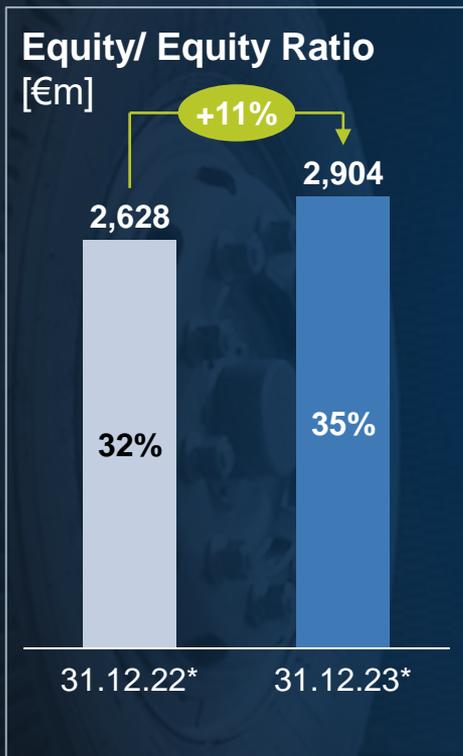
- TPRs¹: CN flat to slightly higher expected
- Content per vehicle growth supportive
- AM should develop better than OE
- Further growth of Cojali expected



- TPRs¹: EU/ NA inline with expectations of truck OEMs



Rock-solid balance sheet is excellent basis for 2024 and beyond





STANDARD & POOR'S A-

MOODY'S A3

Leverage

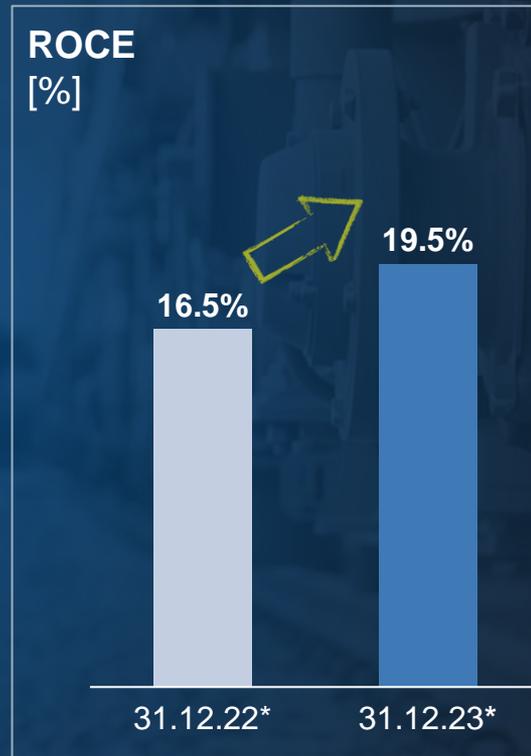
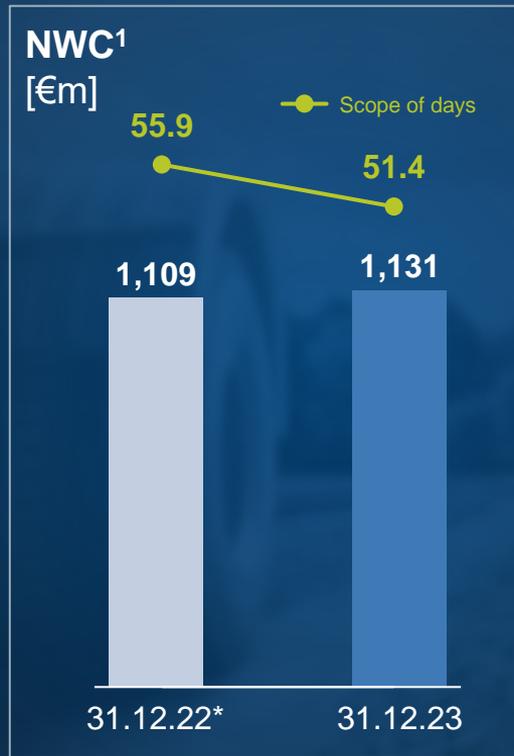
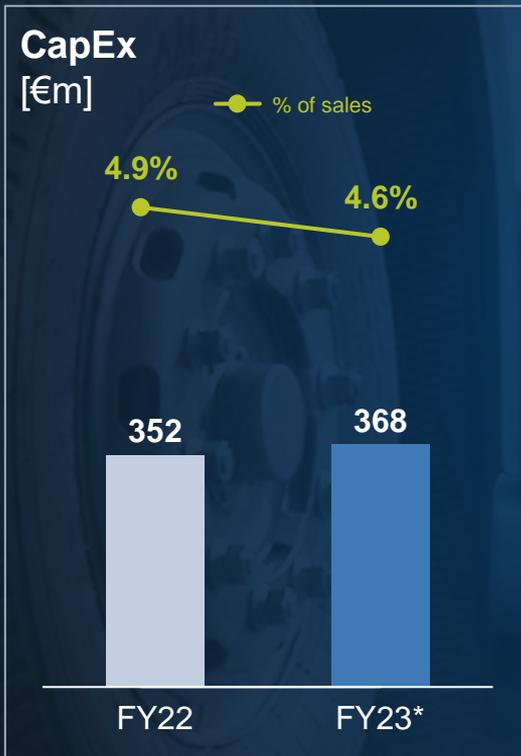
Net Debt/ EBITDA

0.51x

Gross Debt/ EBITDA

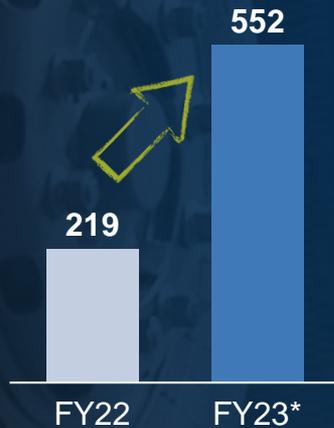
1.69x

Improved EBIT and NWC efficiency boosted ROCE to 20%

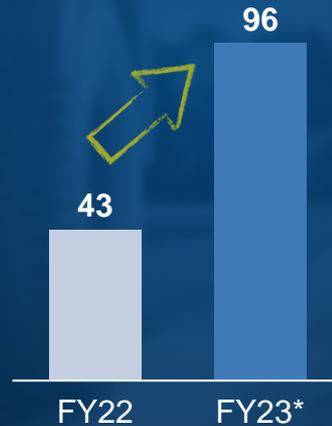


FCF strongly improved and CCR above target range

Free Cashflow¹
[€m]



Cash Conversion Rate (CCR)
[%]



**"Collect" program
boosted NWC and FCF
&
PCPP boosted
EBIT margin**

Q4/23: Strong top and bottom line

ORDER INTAKE

€2.04bn

(-7% yoy)

ORDER BOOK¹

€7.08bn

(+3% yoy)

REVENUES OF

€2.07bn

(+6% yoy)

€ 1.00bn



14.8%

€ 1.07bn



11.0%

OPERATIVE
EBIT MARGIN

12.3%

(PY: 11.6%)

FREE
CASHFLOW

€ 487m*

(PY: € 448m)

246%*

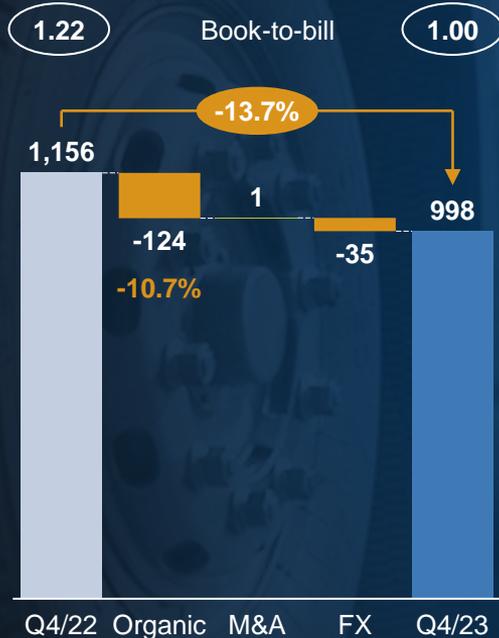
CASH
CONVERSION
RATE



RVS: Record order book and Book-to-bill >1, nine quarters in a row



Order intake [€m]



OI lower on tough comps yoy

- **EU:** OE lower yoy due to comparably high OI in Q4/22; AM higher
- **NA:** Overall lower driven by tough comps, higher OI in freight partially compensating lower OI in passenger; AM comparable

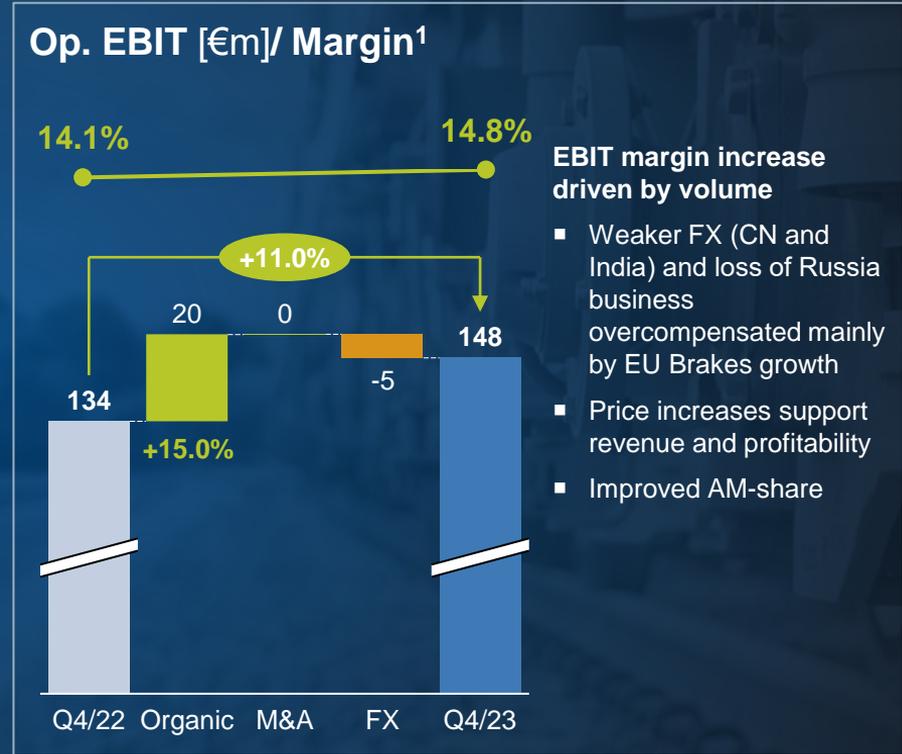
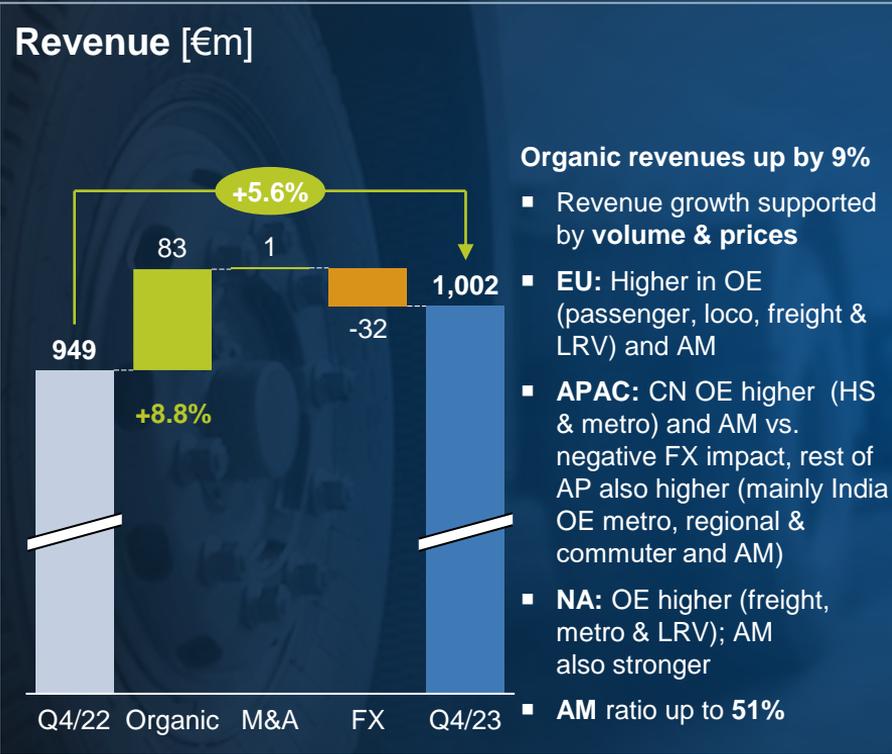
Order book¹ [€m]



Order book at record level

- **Strong Order book provides good visibility into FY24**
- **Order book well supported by resilient and stable rail demand**

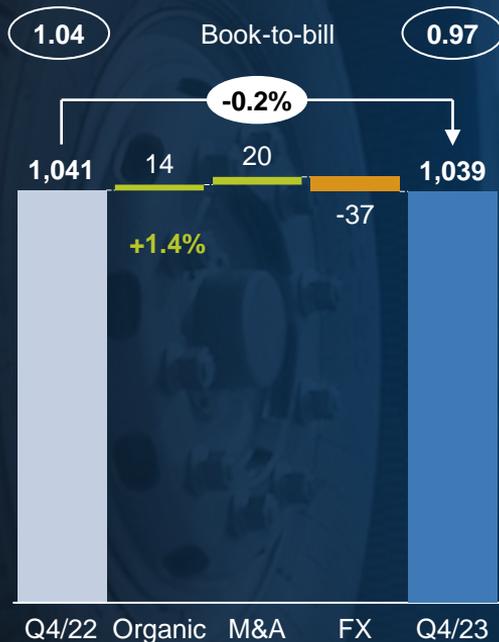
RVS: Sound revenue growth and margin solidly improved



CVS: Global truck demand still solid and on a good level



Order intake [€m]



OI solid on high level, after record demand

- **EU:** OI up
- **APAC:** overall higher driven by significant increase in CN, India also stronger, Japan stable on lower demand level
- **NA:** softer BUT still on high level

Order book [€m]



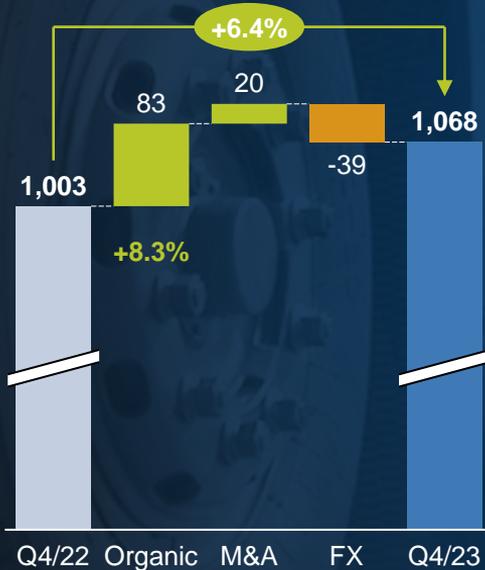
Order book remains on high level and close to € 2bn

- High demand in EU and NA, market recovery in CN ongoing, Brazil sees improvements of economic issues

CVS: Strong revenues fueled by pricing successes lead to solid margin increases



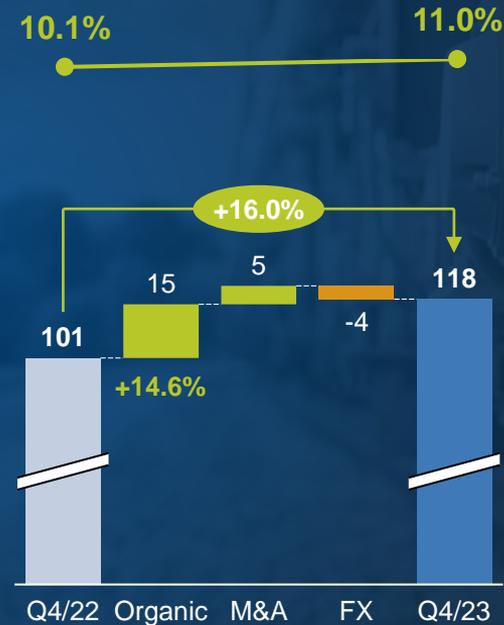
Revenue [€m]



Revenue drivers: solid TPR and price increases

- **EU:** OE and AM higher, TPR stable, better pricing supports strong revenue development
- **APAC:** OE higher, AM stable; Increase mainly due to strong growth CN and stable demand in India on high level
- **NA:** OE stable, AM higher; strong revenues driven by price increases and solid demand
- **AM** ratio stays high at **28%**

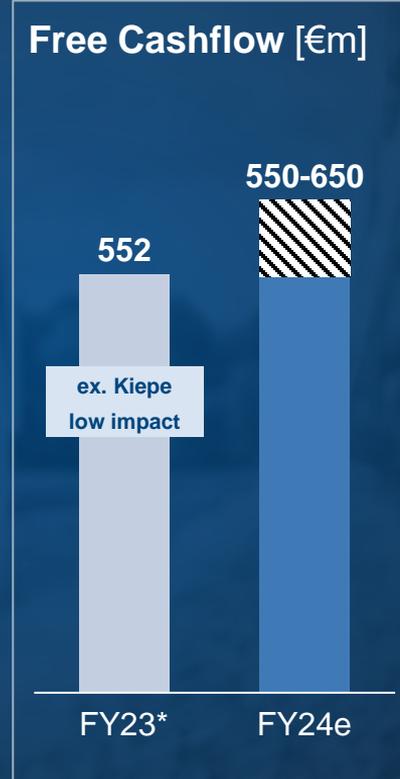
Op. EBIT [€m]/ Margin¹



Profitability improved as guided

- Positive impact by new price agreements (wave 2)
- Good operating leverage in APAC
- M&A strongly supports margins
- Focused R&D strategy

Guidance FY24¹



General Assumptions:

- Stable FX yoy
- Essentially stable geopolitical and macroeconomic conditions

Divisional Assumptions:

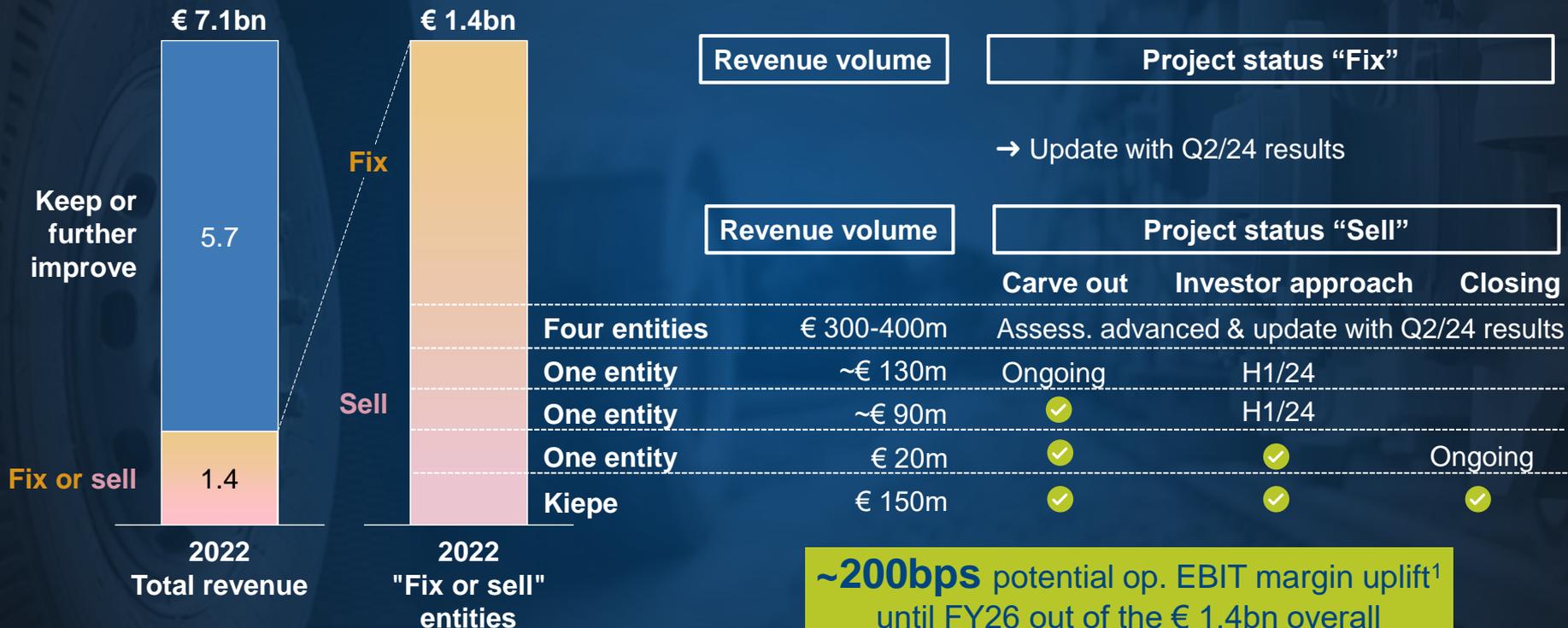
RVS:

- Solid organic revenue increase
- Solid EBIT margin increase

CVS:

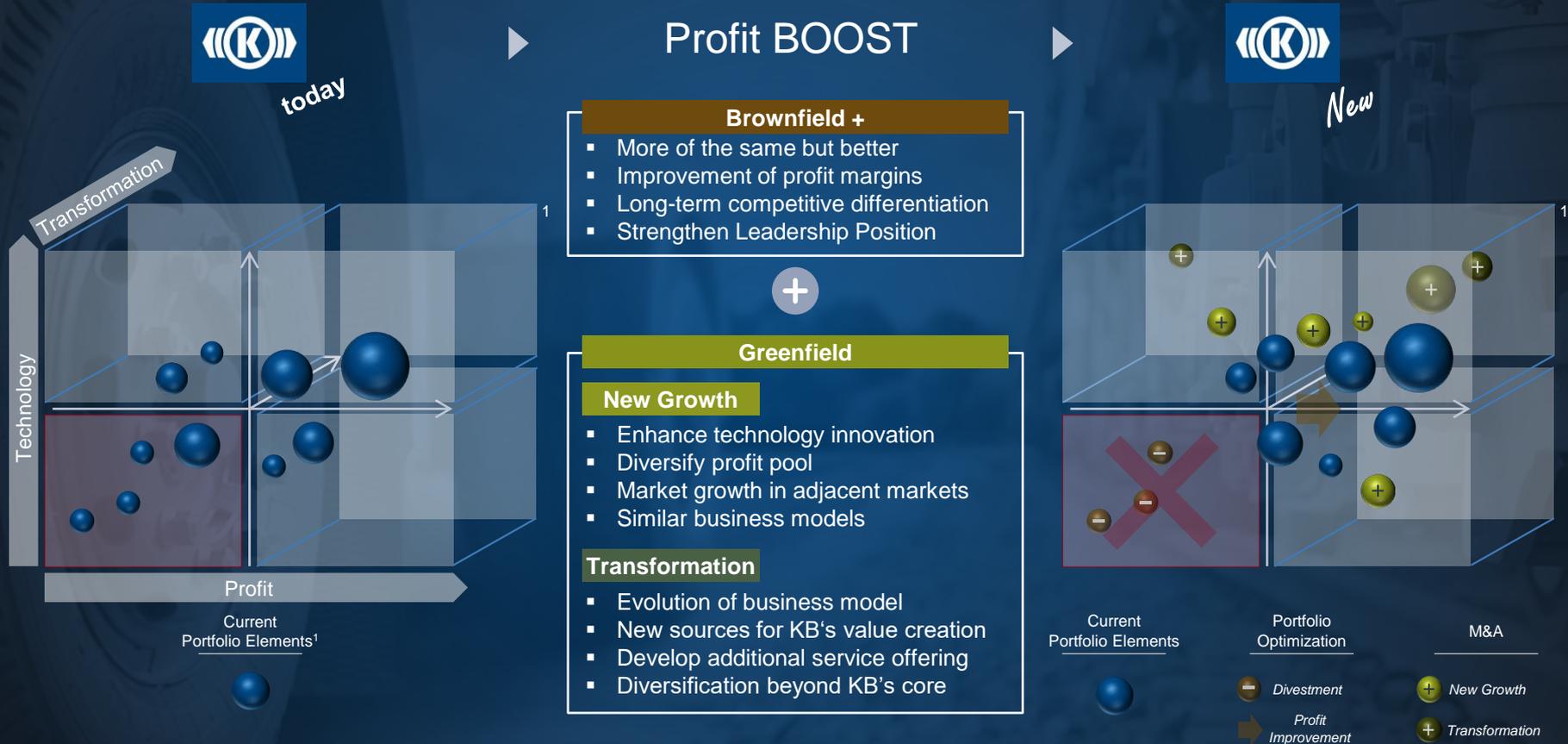
- Slight revenue decrease
- EBIT margin flat/ slight increase

BOOST program – BROWNFIELD measures fully on track

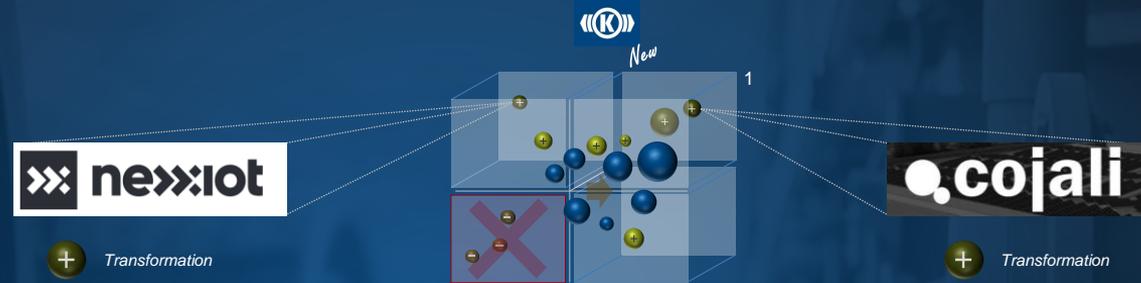


~200bps potential op. EBIT margin uplift¹ until FY26 out of the € 1.4bn overall

BOOST program – GREENFIELD will take KB to the next level



BOOST program – Value addition via accretive transformation already ongoing



KB best investor/ best owner

- NEXXIOT's products will enhance RVS' product portfolio
- KB active in transportation for decades

- Cojali expands today's AM business of CVS
- Cojali's entrepreneurial business approach fits well to KB
- Smart integration of Cojali

Transformation

- Increase revenues via software and subscription models
- Access to new profit pools BUT on a manageable risk level

- Strong increase diagnostics know-how within CVS
- Cojali will be the nucleus of CVS's future digital business
- Cojali enables CVS to create an advanced AM eco-system

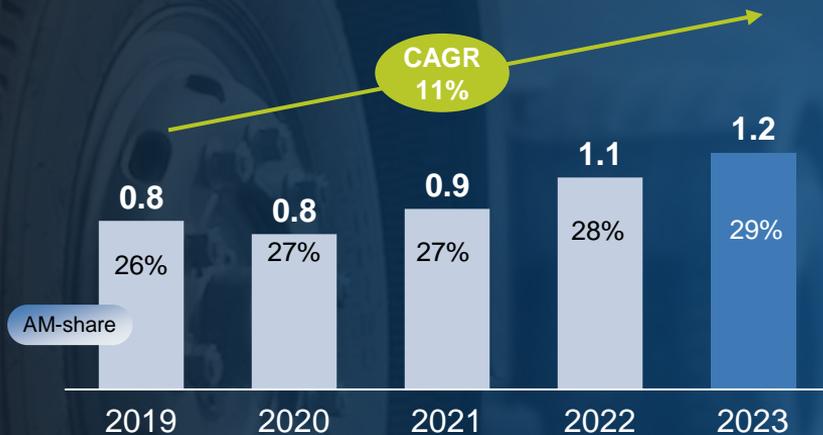
KB benefits

- Access to a high growth market in the future
- NEXXIOT will support KB's asset-light business model
- Diversification of KB's existing business approach

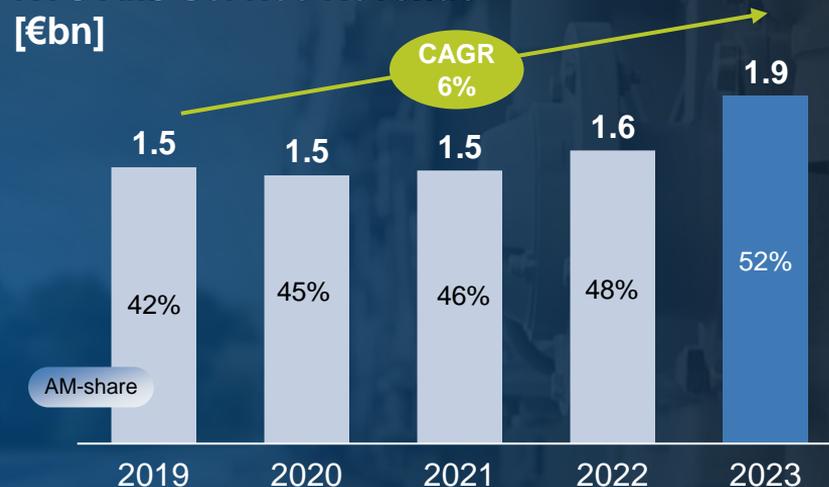
- High revenue growth
- Increase of profitability
- Strong track record last 12 months

Aftermarket/ Service is the growth and resilience backbone of Knorr-Bremse

CVS AM/ Service Revenue [€bn]



RVS AM/ Service Revenue [€bn]

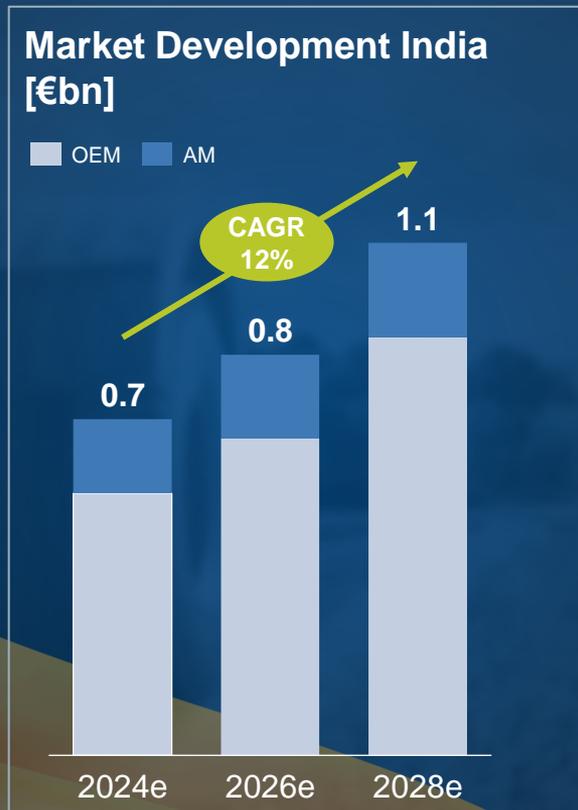
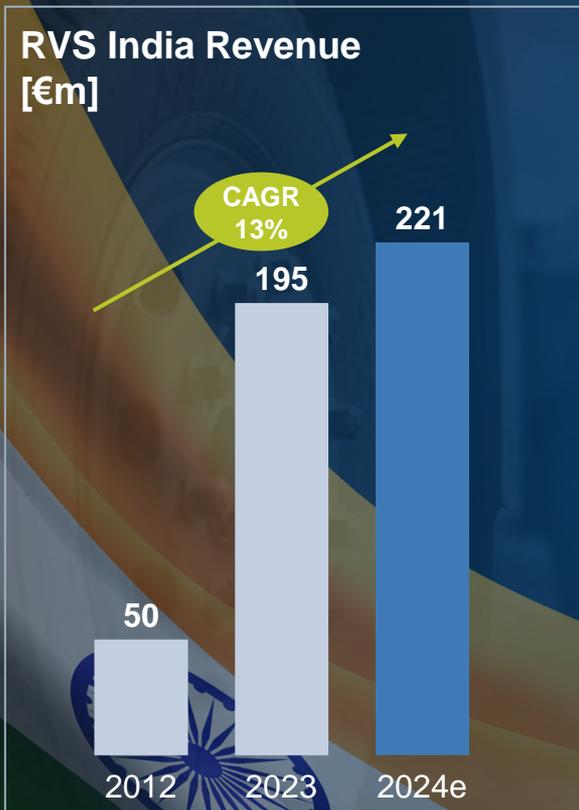


Outlook

- Increase **sustainability** efforts (Reman & Repair)
- Increase **Digital Business Fields**
- AM Ecosystem and **increased collaboration** with WS & Fleets
- **Best-practice execution across all regions**

- AM: all regions returned to growth and **high market share** continues for RVS
- Further growth will also benefit from expansion into new business models
- AM was **very resilient** despite low ridership levels 2019-2021

India is one of the most attractive railway markets of the future



Growth drivers of rail market



100% electrification planned for 2030, production of ~750 E-Locos per year



- >1,500 employees in India
- Indian Rail is already fifth largest customer of RVS
- Investments of € 60m planned in India alone



Metro – currently 13 major cities covered, potential for additional 24 cities



Plans to increase modal share of the railways in freight to 45%

BOOST – Value creation

CURRENT SITUATION

-  **Margin improvement** is key priority
-  **Highly resilient business** with growth potential in AM
-  **Long-term above market growth** fueled by mega trends
-  Maintain high level of **cash conversion** rate
-  **Solid balance sheet**
-  Good & disciplined **value-oriented M&A** strategy

2026 TARGETS

€ **8-9**bn
REVENUES

> **14%**
OP. EBIT MARGIN

80-90%
CASH CONVERSION

Q&A / Backup



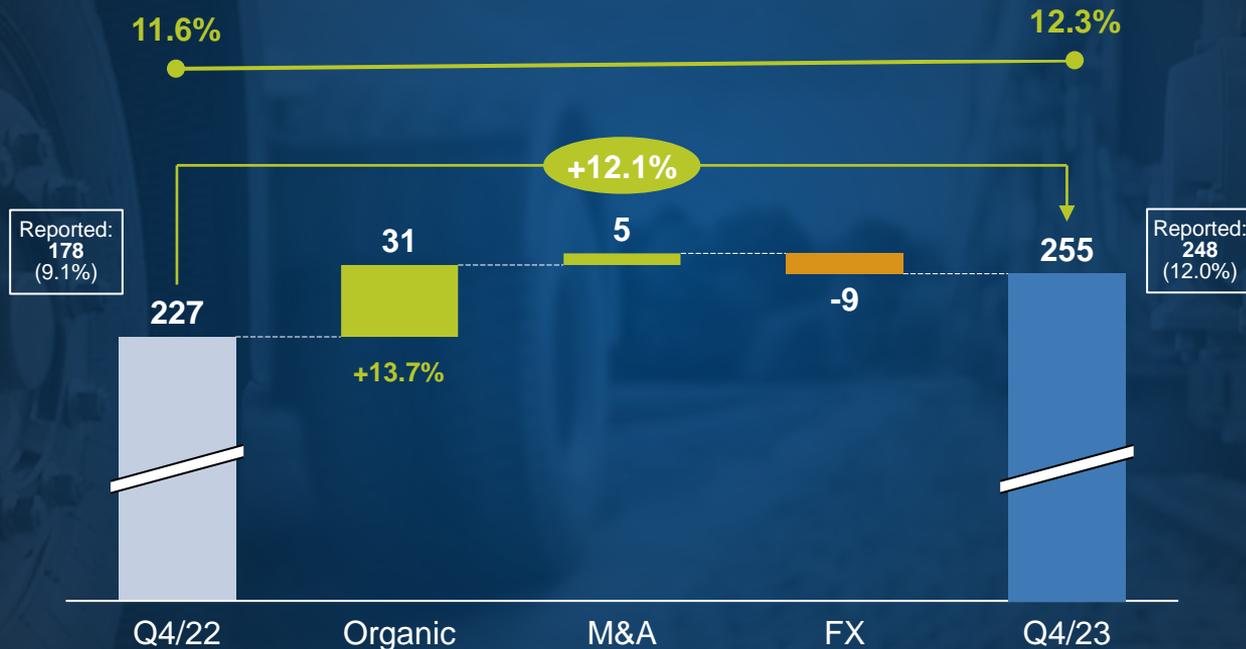
Financial calendar 2024: Upcoming events and FY24 release dates



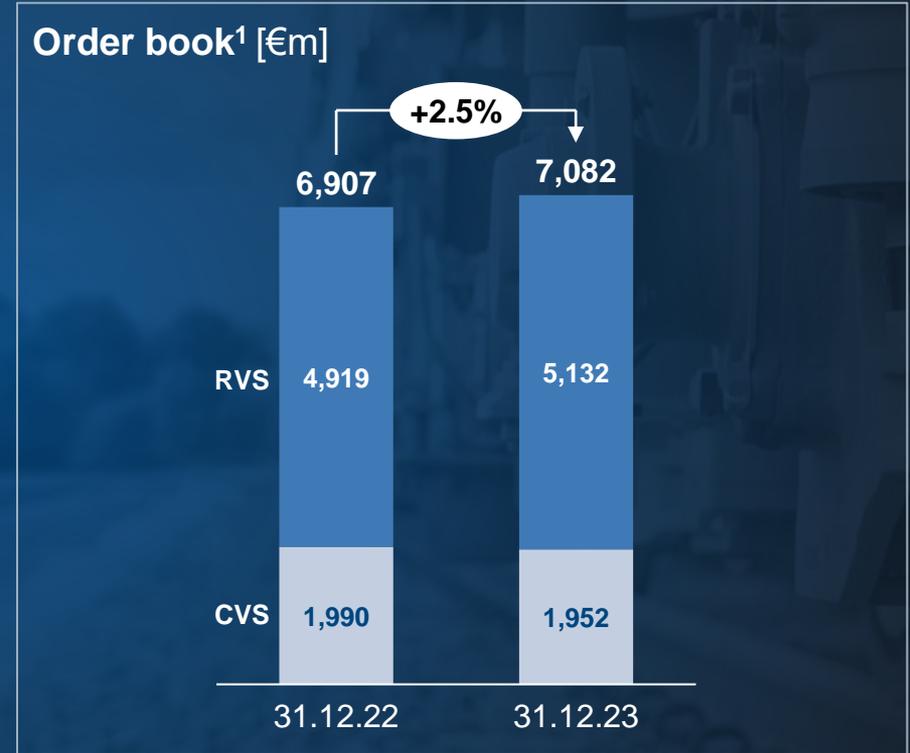
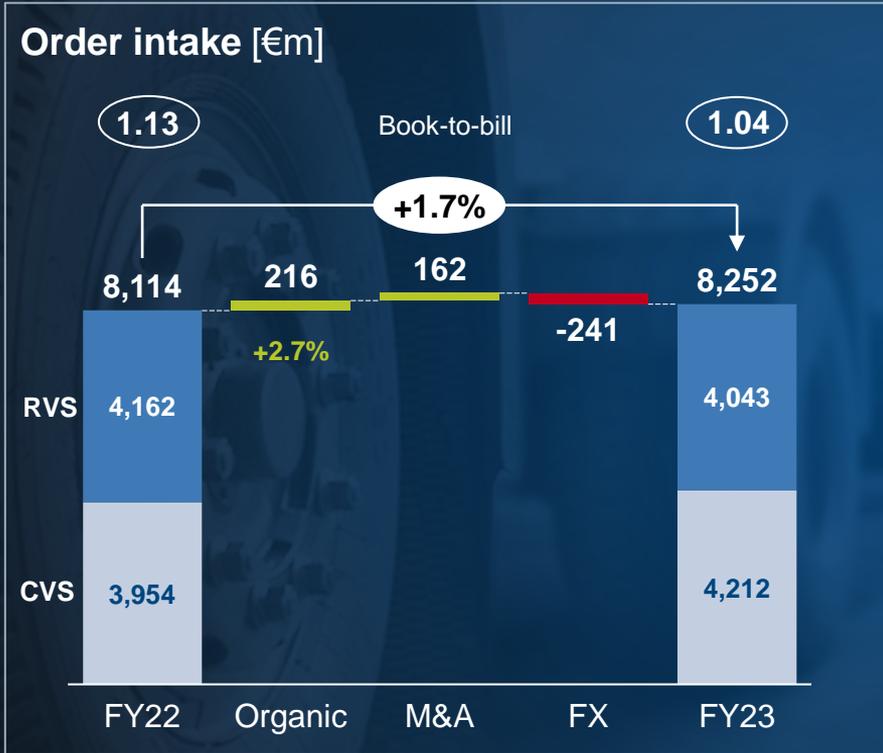
DATE	EVENT	LOCATION
Feb 22	Preliminary FY23 results	Online
Feb 27	Roadshow	Switzerland
Mar 5	Morgan Stanley Industrial Conference	Paris
Mar 5-6	Roadshow	Toronto/ Chicago
Mar 15	Stifel Conference	Stuttgart
Mar 21	BofA Global Industrials Conference	London
Apr 30	Annual General Meeting	Online
May 8	Q1/24 financial results	Online
May 14-16	UBS Midcap Conference	London
May 15	Stifel Conference	Frankfurt
May 21-23	Berenberg Conference	New York
May 23	db Access European Conference	Frankfurt
Jun 12-13	JPM European Capital CEO Conference	London
Aug 8	Q2/24 financial results	Online
Oct 31	Q3/24 financial results	Online

Q4/23 – Group: op. EBIT growth vs. prior year

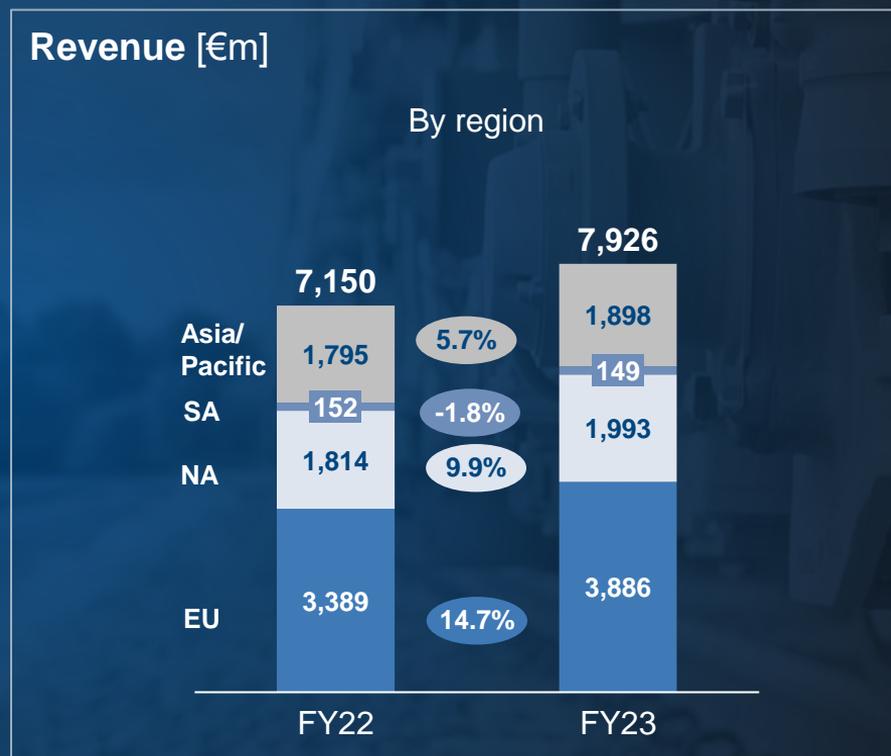
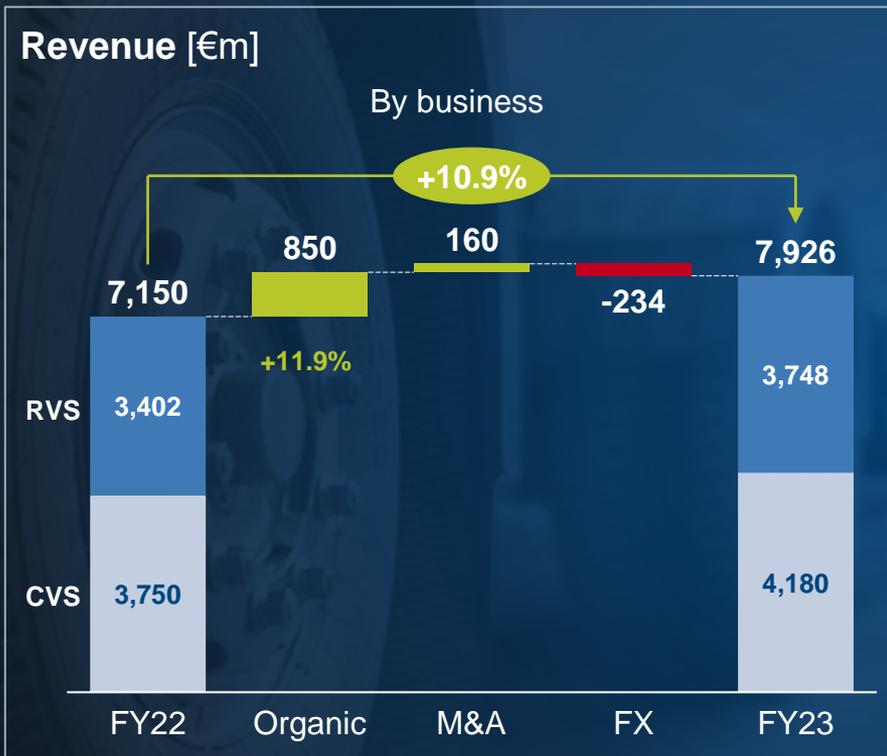
op. EBIT [€m]/Margin¹



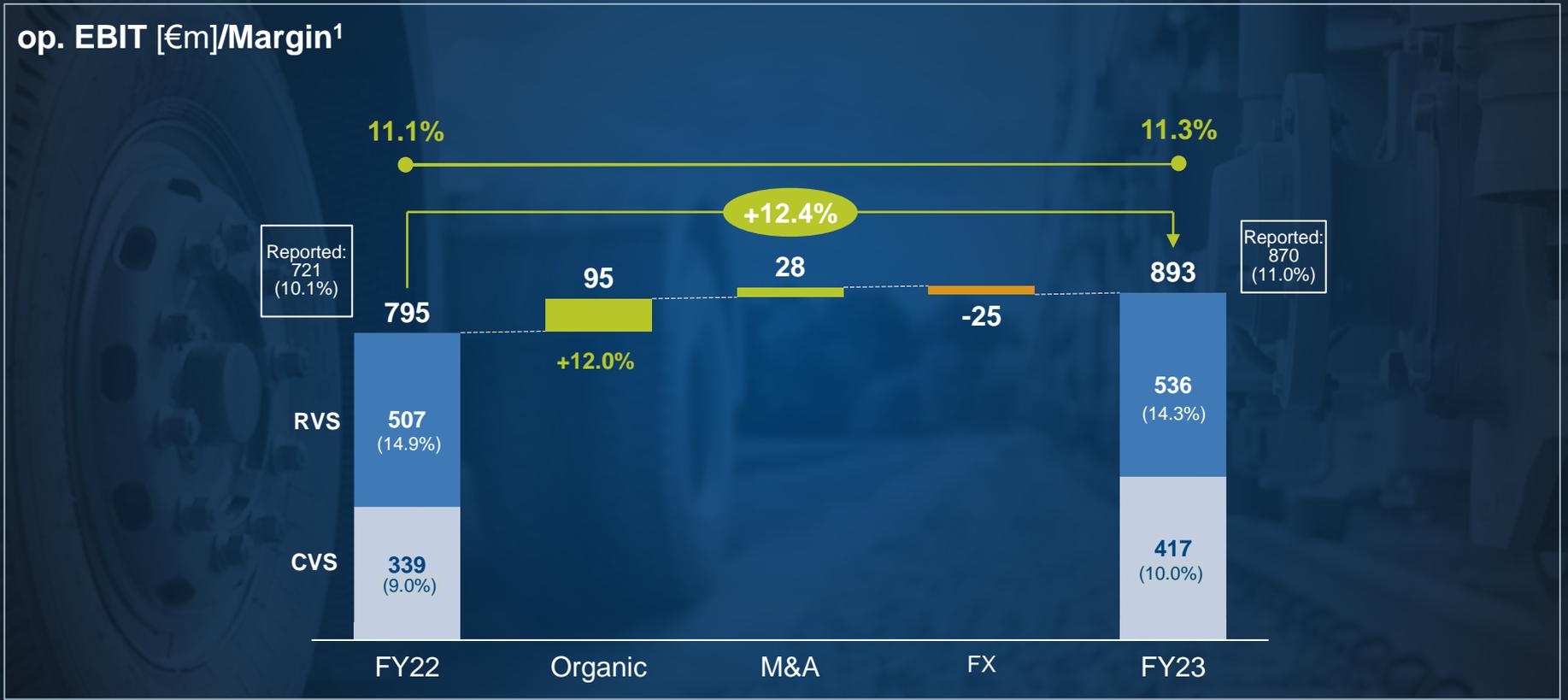
Group FY23 – Order intake and order book



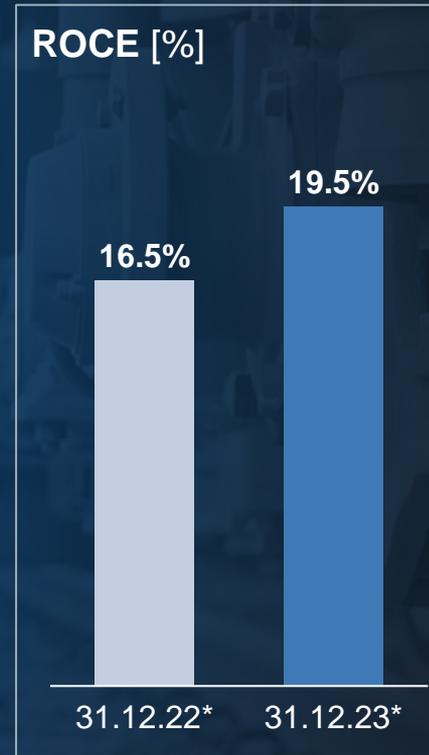
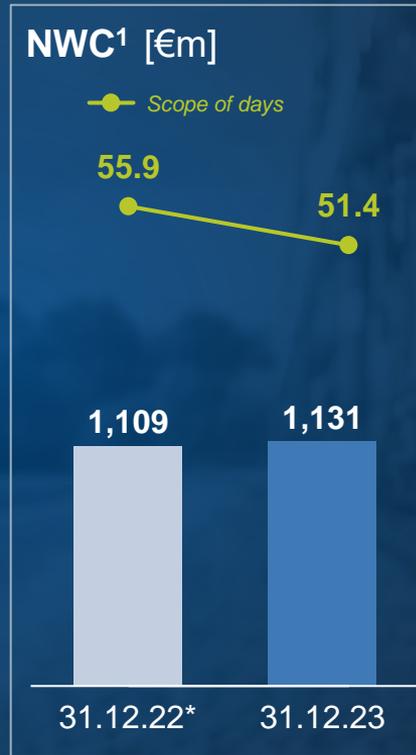
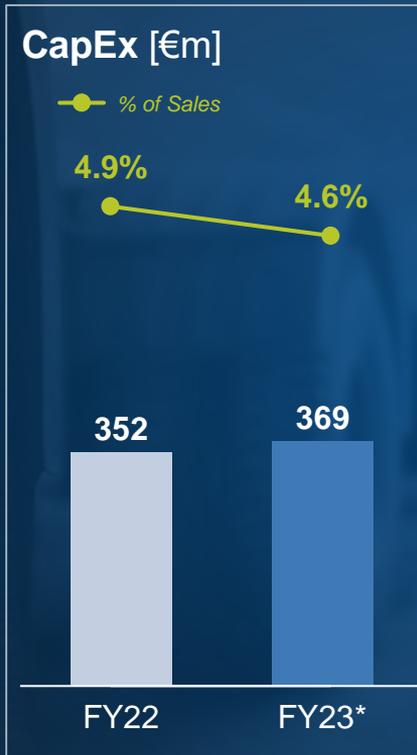
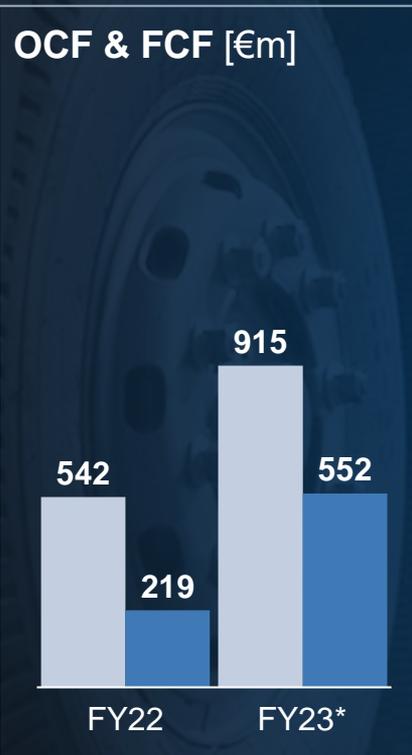
Group FY23 – Revenue



Group FY23 - Operating EBIT growth vs. prior year

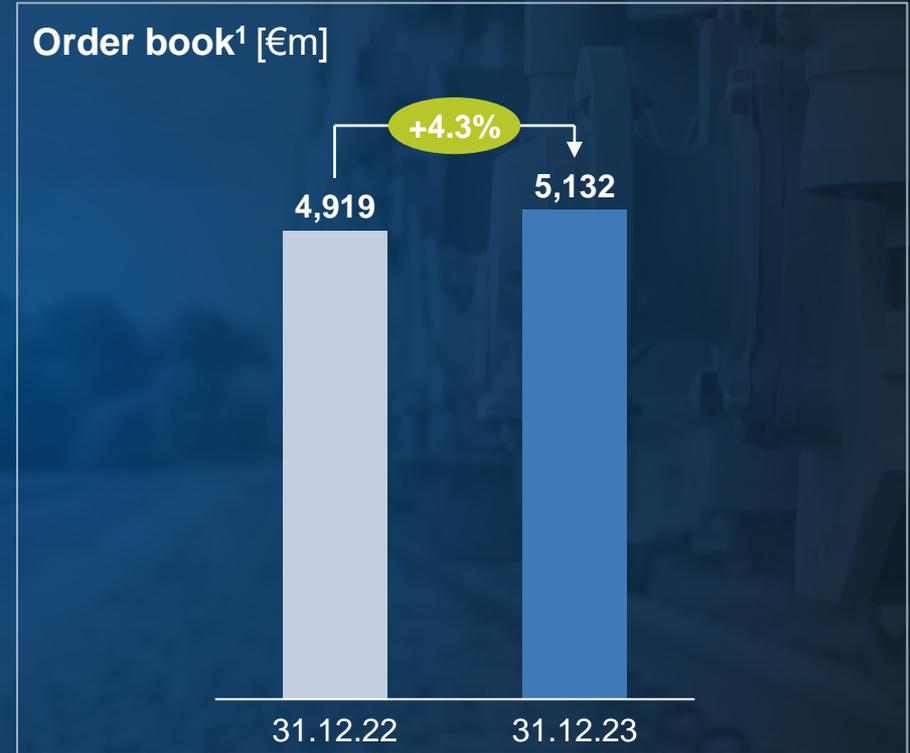
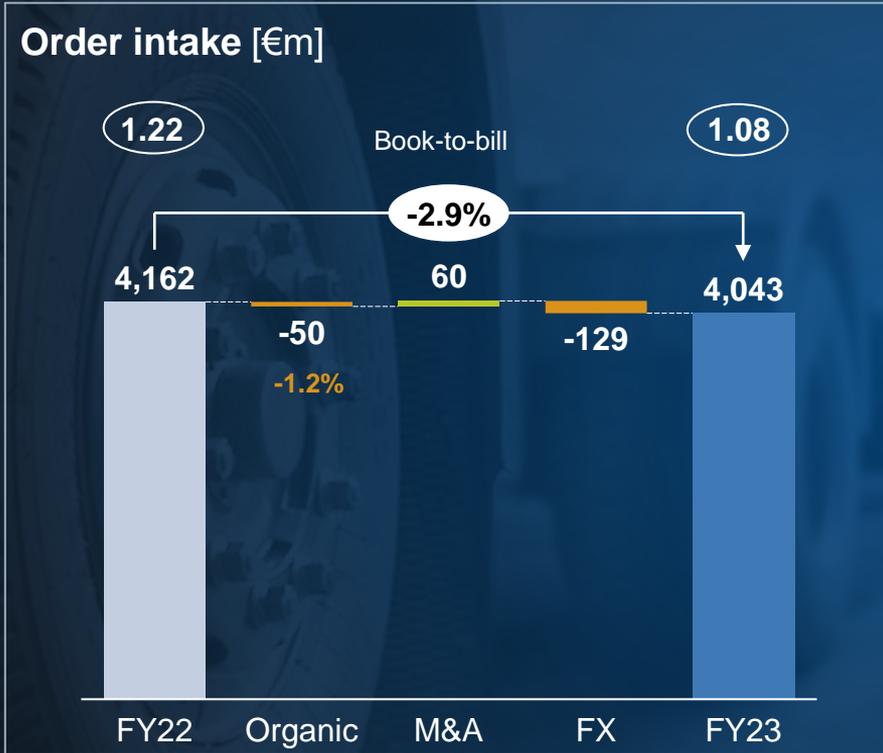


Group FY23 – FCF, CapEx, NWC and ROCE

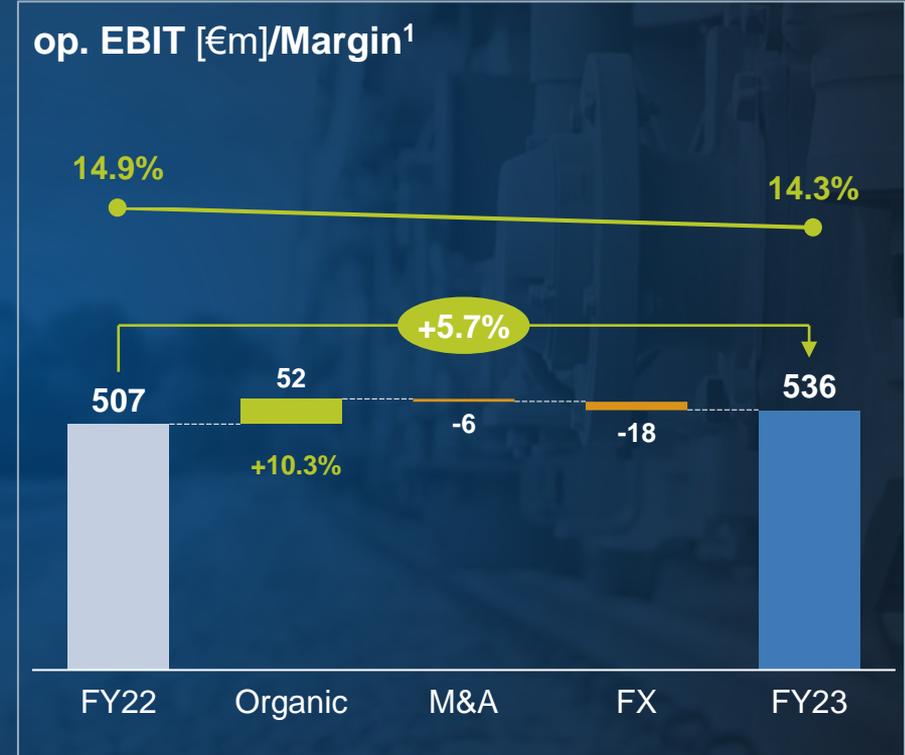
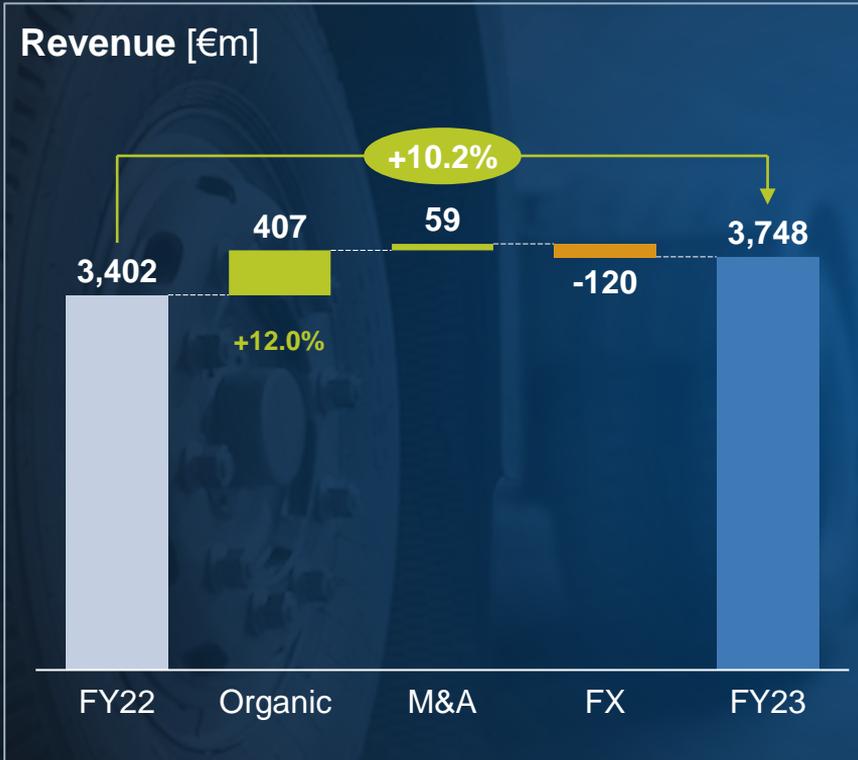


OCF FCF

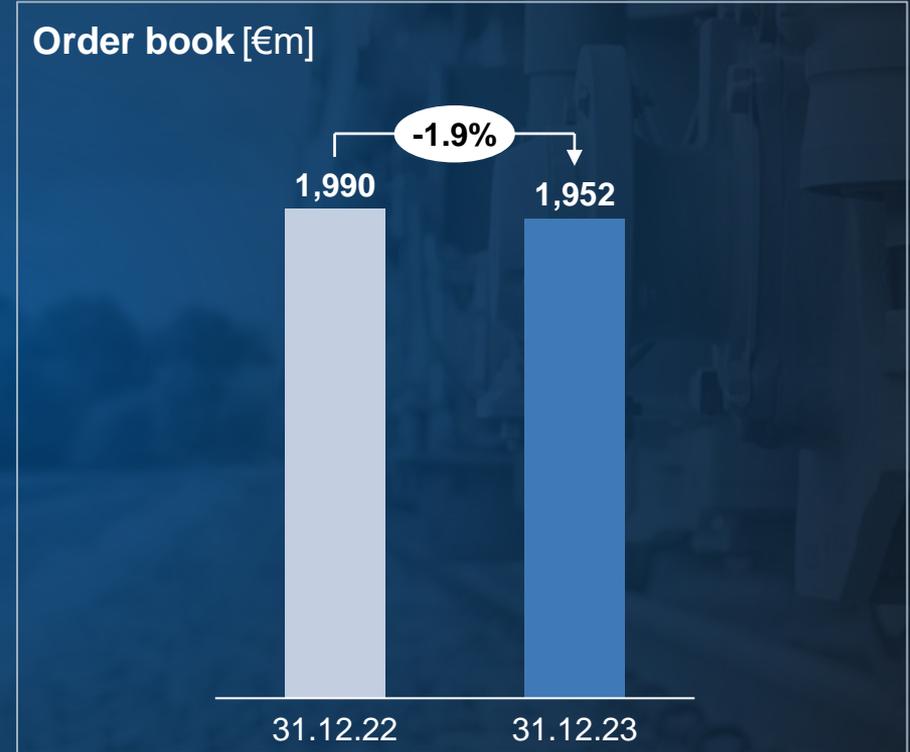
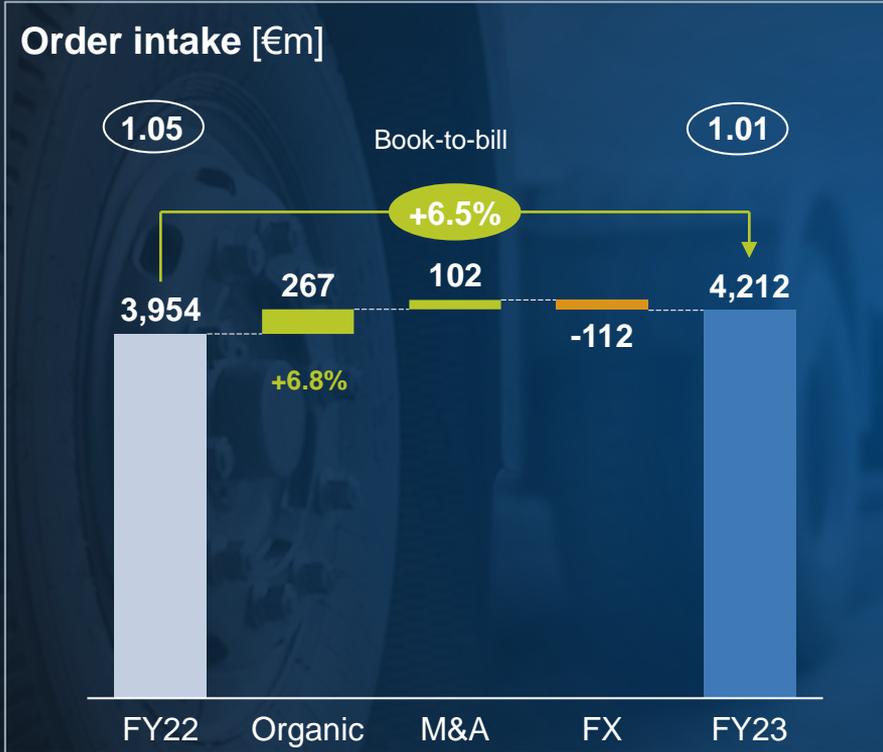
RVS FY23 – Order intake and order book



RVS FY23 – Revenue and profitability



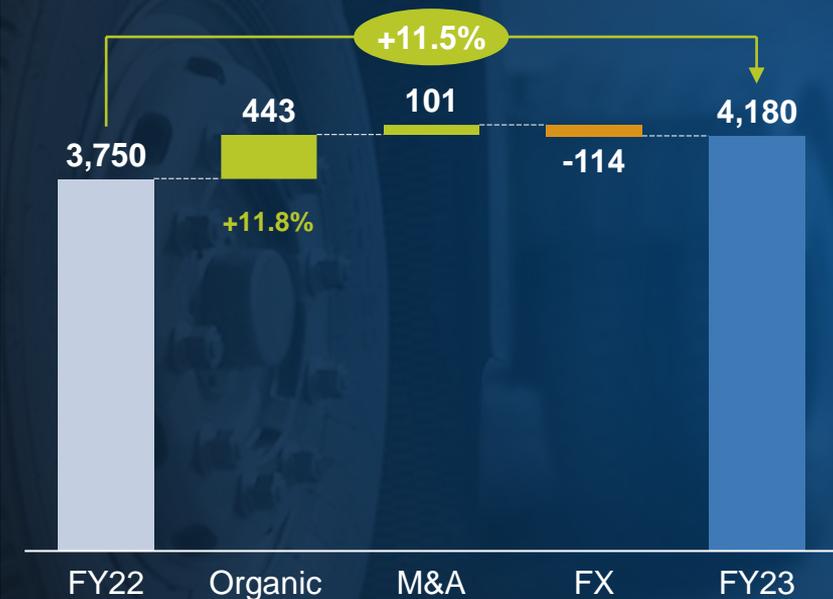
CVS FY23 – Order intake and order book



CVS FY23 – Revenue and profitability



Revenue [€m]



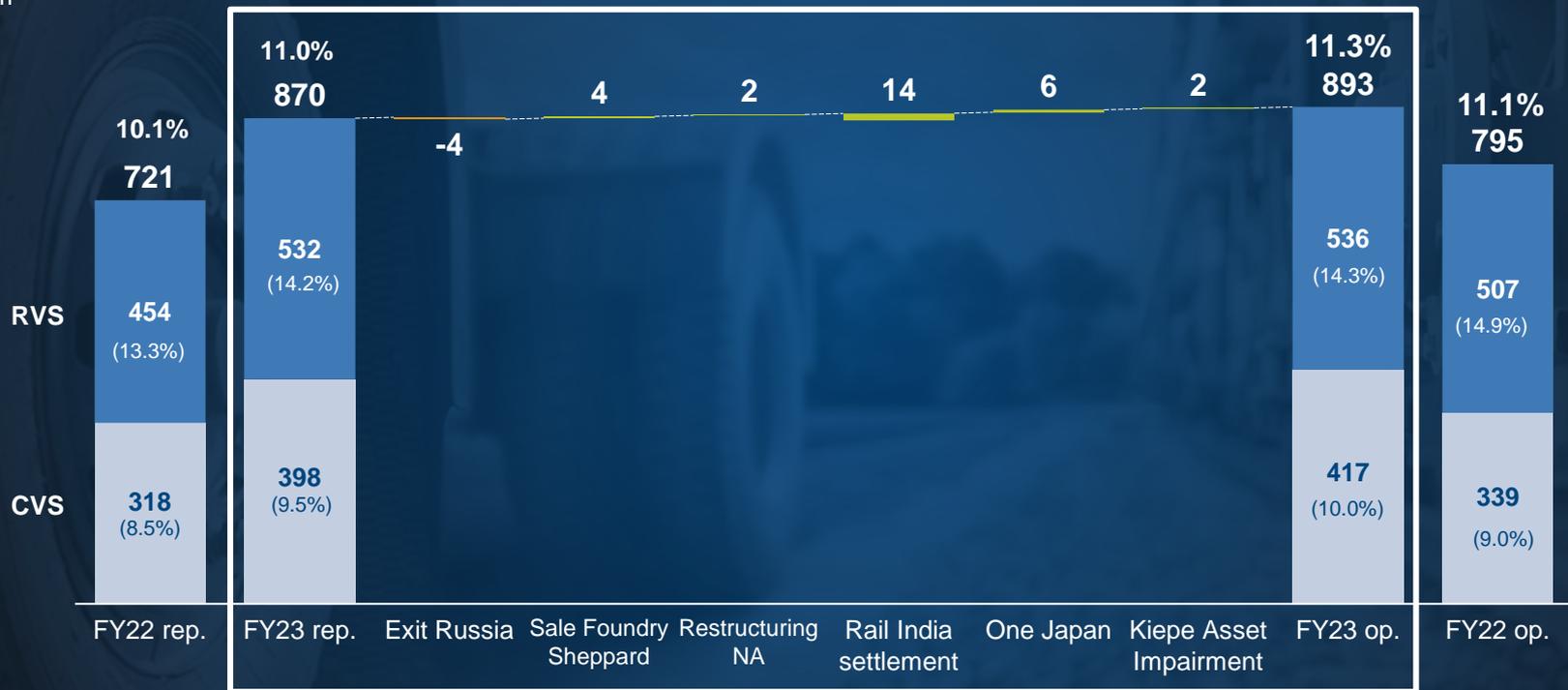
op. EBIT [€m]/Margin¹



Group FY23 Bridge – Reported EBIT to operating EBIT

op. EBIT/ EBIT Margin (ROS)

€m



Net Financial Debt / (Cash) Balance

€ million	31.12.2023	31.12.2022
Cash and cash equivalents	(1,291.4)	(1,342.6)
Short-term liabilities to banks	66.2	172.4
Short-term bonds and obligations	11.0	11.0
Short-term leasing liabilities	63.4	63.1
Securities (incl. other debt investments)	(141.1)	(102.5)
Long-term liabilities to banks	8.3	34.1
Long-term bonds and obligations	1,446.0	1,444.5
Long-term leasing liabilities	464.6	446.6
Net Financial Debt / (Cash) incl. securities	627.2	726.7

Investor relations contact



**Andreas
Spitzauer**



+49 89 3547 182310



+49 175 5281320



Andreas.Spitzauer@knorr-bremse.com



**Sophia
Kursawe**



+49 89 3547 187311



+49 151 62330709



Sophia.Kursawe@knorr-bremse.com



**Stephanie
Jaschiniok**



+49 89 3547 183466



+49 171 8451732



Stephanie.Jaschiniok@knorr-bremse.com

This presentation has been prepared for information and background purposes only. It does not constitute or form part of, and should not be construed as, an offer of, a solicitation of an offer to buy, or an invitation to subscribe for, underwrite or otherwise acquire, any securities of Knorr-Bremse AG (the “Company”) or any existing or future member of the Knorr-Bremse Group (the “Group”), nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company, any member of the Group or with any other contract or commitment whatsoever. This presentation does not constitute and shall not be construed as a prospectus in whole or in part.

Any assumptions, views or opinions (including statements, projections, forecasts or other forward-looking statements) contained in this presentation represent assumptions, views or opinions of the Company as of the date indicated and are subject to change without notice. The Company disclaims any obligation to update or revise any statements, in particular forward-looking statements, to reflect future events or developments. All information not separately sourced is derived from Company’s data and estimates. Information contained in this presentation related to past performance is not an indication of future performance. The information in this presentation is not intended to predict actual results, and no assurances are given with respect thereto.

The information contained in this presentation has not been independently verified, and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein, and no reliance should be placed on it. Neither the Company nor its advisers and any of their respective affiliates, officers, directors, employees, representatives and advisers, connected persons or any other person accepts any liability for any loss howsoever arising (in negligence or otherwise), directly or indirectly, from this presentation or its contents or otherwise arising in connection with this presentation. This shall not, however, restrict or exclude or limit any duty or liability to a person under any applicable law or regulation of any jurisdiction which may not lawfully be disclaimed (including in relation to fraudulent misrepresentation).

Historical financial or operative information contained in this presentation, if not taken or derived from our accounting records or our management reporting or unless otherwise stated, is taken or derived from financial statements prepared in accordance with either IFRS (for the financial years 2014-2019) or German GAAP (HGB) (for the financial years 1989-2019), each as indicated in this presentation, for the respective period. The financial statements prepared in accordance with IFRS may deviate substantially from (segmental or other) information in the financial statements prepared in accordance with German GAAP (HGB) and, thus, may not be fully comparable to such financial statements. Accordingly, such information prepared in accordance with German GAAP (HGB) is not necessarily indicative for the future results of operations, financial position or cash flows for financial statements prepared in accordance with IFRS. All amounts are stated in million euros (€ million) unless otherwise indicated. Rounding differences may occur. This presentation contains certain supplemental financial or operative measures that are not calculated in accordance with IFRS or German GAAP (HGB) and are therefore considered as non-IFRS measures. The Group believes that such non-IFRS measures used, when considered in conjunction with (but not in lieu of) other measures that are computed in accordance with IFRS, enhance the understanding of our business, results of operations, financial position or cash flows. There are, however, material limitations associated with the use of non-IFRS measures including (without limitation) the limitations inherent in the determination of relevant adjustments. The non-IFRS measures used by us may differ from, and not be comparable to, similarly-titled measures used by other companies.

This presentation includes “forward-looking statements.” These statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect” and words of similar meaning. All statements other than statements of historical facts included in this presentation, including, without limitation, those regarding the Company’s financial position, business strategy, plans and objectives of management for future operations (including cost savings and productivity improvement plans) are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the market environment in which the Company will operate in the future. These forward-looking statements speak only as of the date of this presentation. Each of the Company, the relevant Group entities and their respective agents, employees and advisers, expressly disclaims any obligation or undertaking to update any forward-looking statements contained herein. You are urged to consider these factors carefully in evaluating the forward-looking statements in this presentation and not to place undue reliance on such statements.

To the extent available, the industry and market data contained in this presentation has come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee, representation or warranty (either expressly or implied) of the accuracy or completeness of such data or changes to such data following publication thereof. Third party sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this presentation.