

Quarterly Statement
January 1 to March 31, 2022

Q1



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KNORR-BREMSE

Quarterly Statement

JANUARY 1 TO MARCH 31, 2022
KNORR-BREMSE AG

KNORR-BREMSE GROUP KEY PERFORMANCE INDICATORS (IFRS)

		Q1 2022	Q1 2021
Revenues	€ million	1,669.4	1,691.5
EBITDA	€ million	254.0	320.3
EBITDA margin	%	15.2	18.9
Operating EBITDA margin	%	15.2	18.9
EBIT	€ million	181.5	251.6
EBIT margin	%	10.9	14.9
Operating EBIT margin	%	10.9	14.9
Net income	€ million	126.1	176.3
Earnings per share (basic)	€	0.77	1.05
Order intake	€ million	2,109.3	1,798.9
Order book (March 31)	€ million	5,998.0	5,084.4
Operating cash flow	€ million	(189.6)	27.6
Free cash flow	€ million	(231.3)	(22.9)
Cash conversion rate	%	(183.5)	(13.0)
Capital expenditure (before IFRS 16 and acquisitions)	€ million	64.3	62.0
Capital expenditure in % of revenues	%	3.9	3.7
R&D costs	€ million	118.3	103.1
R&D costs in % of revenues	%	7.1	6.1
		3/31/2022	12/31/2021
Total assets	€ million	7,274.8	7,199.2
Equity (incl. non-controlling interests)	€ million	2,569.6	2,425.5
Equity ratio	%	35.3	33.7
ROCE (annualized)	%	17.9	24.9
Net financial debt/(cash)	€ million	152.3	(108.5)
Net working capital	€ million	1,250.4	875.8
Employees (at reporting date incl. leased personnel)		30,900	30,544

FIRST THREE MONTHS OF 2022

- » At € 2,109.3 million, order intake 17.3% higher and thus significantly above the prior-year level, primarily due to strong demand in all regions of rail vehicle business
- » At € 5,998.0 million, order book up 18.0% compared to prior year, setting a new record
- » At € 1,669.4 million, revenues nearly at (-1.3%) prior-year level despite difficult market environment
- » Positive development of aftermarket revenues, share of total revenues increased from 33.6% to 36.2%
- » Operating EBIT down 27.8% to € 181.5 million with an operating EBIT margin (RoS) of 10.9% of revenue (previous year: 14.9%); operating EBITDA margin at 15.2% and below the prior-year level (18.9%) primarily due to costs and mix
- » R&D ratio of 7.1% of revenues (previous year: 6.1%) due to continued investments in strategic, forward-looking innovation and technology projects
- » Free cash flow at € -231.3 million and thus € 208.4 million below the same period in the previous year (€ -22.9 million) due to, among other factors, higher net working capital to ensure supply chains and as a result of lower earnings contributions
- » Despite challenging conditions, albeit without consideration of direct negative effects of the Russia-Ukraine war on business development, Knorr-Bremse confirms its full-year guidance for 2022:
 - » Revenues: € 6,800 to 7,200 million (2021: € 6,706 million)
 - » Operating EBIT margin: 12.5% to 14.0% (2021: 13.5%)

BUSINESS PERFORMANCE IN THE FIRST THREE MONTHS OF 2022

Significant increase (+17.3%) in order intake

At € 2,109.3 million, the Knorr-Bremse Group's order intake was up € 310.3 million, or 17.3%, compared to the same period of the previous year, a significantly positive development. This was due to strong demand in the global rail vehicle market. In contrast, the commercial vehicles market in all regions except North America recorded a drop in demand. This had a tangible effect in Europe and Asia, where business in China in particular was impacted by Covid-19 restrictions. In the rail vehicles segment, however, major growth was recorded in all regions compared to the previous year, above all in the European and North American markets, although order intake within the Asia-Pacific region declined in China.

The positive development of the order situation led to an order book as of the end of March 2022 of € 5,998.0 million, which is significantly (18.0%) above the same period in the previous year (€ 5,084.4 million), sets a new record and thus represents a solid foundation for revenue development in the coming quarters.

Revenue development compared to previous year: -1.3%

In the first three months of the 2022 fiscal year, revenues of the Knorr-Bremse Group decreased slightly by 1.3%, or € 22.2 million, compared to the previous year, amounting to € 1,669.4 million. This revenue development was the result of decreasing revenues in the Rail Vehicle Systems segment, which could largely be compensated for by increases in the Commercial Vehicle Systems segment. The revenue decline in the Rail Vehicle Systems segment was mainly attributable to falling OE volumes, while the aftermarket revenues were nearly at the prior-year level. In Europe, the drop in OE business was characterized above all by the regional and commuter, high-speed and metro train segments. In Asia, the market and Covid-19 situations resulted in a decline in OE revenues in the metro and high-speed segments as well as in the business for regional and commuter trains. In North America, however, strong OE growth was recorded thanks to accelerating freight business. At 45.9%, the aftermarket share of the division's total revenue was moderately above the previous year (44.4%). This development was attributable to aftermarket revenue nearly at the prior-year level from an absolute perspective in conjunction with declining OE volumes. In the Commercial Vehicle Systems segment, the slight increase in revenue resulted from significant revenue increases in the aftermarket business in all regions, above all in the core markets of Europe and North America. In OE business, revenue growth was recorded in all regions except for Asia. OE revenues in China well under the previous year – which, in the prior-year quarter, were still benefiting from pull-forward effects due to a new emission standard and, in the first three months of 2022, were affected by factory closures on account of Covid-19 – were thus partially compensated for. As a result of the stark increases in aftermarket business coupled with slightly decreasing OE revenues, the aftermarket share of overall revenue for the Commercial Vehicle Systems division was 27.8% and thus well above the prior-year figure (23.8%).

At the Group level, the aftermarket share of overall revenue amounted to 36.2% (breakdown in accordance with management reporting) and underwent clear positive development compared to the prior-year figure of 33.6%.

EBIT (RoS) and EBITDA margin under pressure

In the first three months of 2022, operating EBIT of € 181.5 million was generated with an operating EBIT margin (RoS) of 10.9% (previous year: 14.9%). These figures are € 70.1 million and 27.8% lower than the same period in the previous year, respectively, and are primarily attributable to cost and mix effects. With regard to costs, increased freight and procurement costs due to continued challenges in global supply chains and a generally strong increase in inflation are worth mentioning, among other factors. We have responded to this development with strict cost management measures as well as agreements with our customers to offset these increased costs, which should have a positive effect on our profitability in the coming quarters. Adjusted for negative effects on our business development arising from the Russia-Ukraine war and the associated sanctions, the adjusted Group EBIT would be € 186.1 million with an adjusted EBIT margin (RoS) of 11.1%.

A significant decline of € 66.3 million, or 20.7%, was also recorded for the operating EBITDA, which amounted to € 254.0 million, due to cost and mix effects. At 15.2%, the operating EBITDA margin was significantly below the prior-year level of 18.9%.

CONSOLIDATED STATEMENT OF INCOME (CONDENSED)

in € million	Q1 2022	Q1 2021
Revenues	1,669.4	1,691.5
Change in inventory of unfinished/finished products	54.0	30.0
Own work capitalized	24.6	19.2
Total operating performance	1,748.0	1,740.7
Cost of materials	(898.6)	(855.3)
Personnel expenses	(455.0)	(414.9)
Other operating income and expenses	(140.4)	(150.2)
EBITDA	254.0	320.3
Depreciation, amortization and impairment	(72.4)	(68.7)
EBIT	181.5	251.6
Financial result	(9.7)	(9.3)
Income before taxes	171.8	242.3
Taxes on income	(45.8)	(65.9)
Net income	126.1	176.3
thereof profit (loss) attributable to non-controlling interests	2.6	7.2

The cost-of-materials ratio increased by a total of 320 basis points to 53.8% of revenue in the first three months of 2022, in part due to a changed mix of regions and products in revenue, as a result of the increased costs for freight and procurement owing to the scarcity of semiconductors and other components and inflation-related pressure in general. The personnel expenses ratio also saw an increase compared to the previous year (24.5%) by 280 basis points to 27.3% due to, among other factors, the strategic buildup for future-related topics (research and development) as well as one-time payments in Germany. At 8.4% of revenue, the ratio of total other operating income and expenses was moderately below the prior-year level (8.9%). Depreciation and amortization amounted to 4.3% of revenue and were thus slightly above the previous year (4.1%). The negative financial result developed nearly at the prior-year level (€ 9.3 million) and reduced earnings before taxes in the current fiscal year by a total of € 9.7 million. At 10.3% of revenue, earnings before taxes was 400 basis points lower and thus significantly down on the same period in the previous year of 14.3% and resulted primarily from the aforementioned cost effects.

The tax rate fell by 60 basis points to 26.6% from 27.2% in the first three months of 2021. As of the end of March 2022, this led to net income of 7.6% of revenue, also coming in below the prior-year level (10.4%).

FINANCIAL SITUATION

FREE CASH FLOW

in € million	Q1 2022	Q1 2021
Net income (including earnings share of minority interests)	126.1	176.3
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	72.4	68.7
Adding to, reversing and discounting provisions	5.4	21.7
Non-cash changes in the measurement of derivatives	7.3	25.8
Other non-cash expenses and income	(1.7)	(1.4)
Income tax expense	45.8	65.9
Income tax payments	(64.8)	(29.8)
Changes to inventories, trade accounts receivable as well as other assets that cannot be allocated to investing or financing activities	(361.9)	(443.8)
Changes to trade accounts payable as well as other liabilities that cannot be allocated to investing or financing activities	3.0	166.2
Changes in provisions due to utilization	(31.1)	(29.1)
Other	10.0	7.0
Cash flow from operating activities	(189.6)	27.6
Cash changes in intangible assets and property, plant and equipment	(41.7)	(50.4)
Free cash flow	(231.3)	(22.9)

Compared to the previous year (cash inflow), the first three months of 2022 resulted in a cash outflow from operating activities in the amount of € 189.6 million, a change of € -217.2 million compared to the same period in the previous year. This resulted not only from a decrease of € 50.3 million to € 126.1 million in net income, but also from an increase in net working capital. Additionally, in the previous year, this figure contained a remaining payment in the amount of € 50.0 million as part of the sale-and-leaseback transaction for the northern part of the Munich site carried out in 2019.

Free cash flow in the first three months of 2022 amounted to € -231.3 million, thus coming in € 208.4 million below the prior-year figure (€ -22.9 million). This is primarily attributable to the lower cash flow from operating activities. The payment received (€ 22.0 million) for the sale of the office in Berlin carried out as of the end of the previous year had the opposite effect in the first quarter of 2022, reducing the cash changes in intangible assets and property, plant and equipment.

CURRENT AND NON-CURRENT ASSETS

in € million	3/31/2022	12/31/2021
Intangible assets and goodwill	1,016.5	1,005.8
Property, plant and equipment	1,798.8	1,790.4
Other non-current assets	429.3	465.3
Non-current assets	3,244.5	3,261.5
Inventories	1,114.5	1,002.2
Trade accounts receivable	1,468.7	1,230.3
Other financial assets	53.8	63.8
Contract assets	89.3	75.0
Cash and cash equivalents	1,113.8	1,380.2
Other current assets	190.1	186.2
Current assets	4,030.3	3,937.6

A seasonal increase compared with December 31, 2021 was recorded in trade accounts receivable. In this regard – as in previous years – we expect a substantial improvement by year-end. Furthermore, the trend in inventories reflects, among other things, measures to preserve the global supply chains.

Overall, absolute net working capital increased by € 174.7 million compared with the first three months of 2021 (€ 1,075.7 million), amounting to € 1,250.4 million. The commitment of net working capital in revenue days also increased by 10.2 day to 67.4 days, thus exceeding the prior-year figure of 57.2 days.

CAPITAL EXPENDITURE

		Q1 2022	Q1 2021
Capital expenditure (before IFRS 16 and acquisitions)	€ million	64.3	62.0
Capital expenditure in % of revenues	%	3.9	3.7

Investments in property, plant and equipment and intangible assets increased slightly compared with the previous year by € 2.3 million to € 64.3 million, with capital expenditure as a percentage of revenue of 3.9% (previous year: 3.7%). Major investments were made in forward-looking development projects in the first three months of 2022, including in the areas of automated driving and the further development of the steering systems business and electrification. Furthermore, investments were made in capacity expansions of high-growth product groups, automation projects and also site optimizations.

CONSOLIDATED EQUITY

in € million	3/31/2022	12/31/2021
Subscribed capital	161.2	161.2
Other equity	2,325.9	2,167.1
Equity attributable to the shareholders	2,487.1	2,328.3
Non-controlling shares	82.4	97.2
Total equity	2,569.6	2,425.5

As of March 31, 2022, the Knorr-Bremse Group had an equity ratio of 35.3%. In addition to the earnings contribution, the moderate increase compared with December 31, 2021 (33.7%), was also attributable to changes in the measurement of pension provisions due to increased interest rates in conjunction with a slight increase in total assets.

CURRENT AND NON-CURRENT LIABILITIES

in € million	3/31/2022	12/31/2021
Provisions (incl. pensions)	487.2	561.6
Financial liabilities	1,287.6	1,296.1
Other non-current liabilities	239.9	218.6
Non-current liabilities	2,014.6	2,076.3
Trade accounts payable	1,149.9	1,166.1
Financial liabilities	896.3	852.4
Contract liabilities	272.2	265.6
Other liabilities	372.2	413.3
Current liabilities	2,690.6	2,697.3
Total liabilities	4,705.2	4,773.6

Significant changes compared with December 31, 2021, arose in liabilities, primarily in provisions, as well as in financial liabilities and other liabilities. As of March 31, 2022, provisions (including pensions) decreased by a total of € 74.4 million to € 487.2 million, of which € 61.2 million is attributable to the measurement change in pension provisions. Furthermore, a decrease in other liabilities by € 41.1 million resulted primarily from lower liabilities from income taxes. An increase totaling € 35.4 million in financial liabilities as a result of increased liabilities to employees had the opposite effect.

The following debt financing existed as of March 31, 2022:

- » Corporate bond of Knorr-Bremse AG in the amount of € 750.0 million (maturing in June 2025)
- » Bank liabilities of the Knorr-Bremse Group in the amount of € 117.1 million
- » Lease liabilities in the amount of € 509.0 million

EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES

	Q1 2022	Q1 2021
Wage earners	15,928	15,711
thereof leased personnel	2,924	2,818
Salaried employees	14,659	14,228
thereof leased personnel	212	208
Trainees	204	221
Total	30,790	30,160

At the end of March 2022, the Group had an average of 30,790 employees (previous year: 30,160). The figures relate to full-time equivalents (FTE). The slight increase (2.1%) compared to the same period in the previous year primarily resulted from the revenue growth in the Commercial Vehicle Systems segment of the past few quarters and, in this regard, was generated in particular in production and was due to a strategic buildup for future-related topics in both segments for research and development, among other things. Additionally, the average number of employees in the Rail Vehicle Systems segment only increased slightly and was attributable to, among other factors, the acquisition of the EVAC Group with its 228 employees carried out at the end of the first half of 2021.

INFORMATION ON REPORTABLE SEGMENTS

REVENUES BY SEGMENT

in € million	Q1 2022	Q1 2021
Rail Vehicle Systems	762.7	808.3
Commercial Vehicle Systems	902.1	891.0
Total (HGB)	1,664.8	1,699.3
Reconciliation to IFRS (Rail Vehicle Systems)	12.3	(2.8)
Reconciliation to IFRS (Commercial Vehicle Systems)	(7.2)	(4.7)
Other segments and consolidation	(0.6)	(0.3)
Group	1,669.4	1,691.5

EBT BY SEGMENT

in € million	Q1 2022	Q1 2021
Rail Vehicle Systems	84.2	128.4
Commercial Vehicle Systems	57.7	94.8
Total (HGB)	141.9	223.2
Reconciliation to IFRS (Rail Vehicle Systems)	31.5	14.7
Reconciliation to IFRS (Commercial Vehicle Systems)	21.2	18.6
Other segments and consolidation	(22.7)	(14.2)
Group	171.8	242.3

In the first three months of 2022, our two segments developed as follows:

RAIL VEHICLE SYSTEMS SEGMENT

		Q1 2022	Q1 2021
Revenues	€ million	775.0	805.5
thereof aftermarket	%	46	44
EBITDA	€ million	154.0	175.1
EBITDA margin	%	19.9	21.7
Operating EBITDA margin	%	19.9	21.7
EBIT	€ million	121.7	145.0
EBIT margin	%	15.7	18.0
Operating EBIT margin	%	15.7	18.0
Order intake	€ million	1,080.5	714.0
Order book (March 31)	€ million	4,180.6	3,629.9

Order intake of the Rail Vehicle Systems segment increased quite significantly compared with the previous year by a total of € 366.6 million and, as of the end of March 2022, came in at € 1,080.5 million (previous year: € 714.0 million). In addition to North America, Europe in particular – and especially Germany – benefited from this development. As a result of the favorable order situation, the order book as of March 31, 2022, increased significantly by 15.2% to € 4,180.6 million (previous year: € 3,629.9 million).

Revenues in the Rail Vehicle Systems segment came to € 775.0 million in the first three months of 2022, down by 3.8% on the same period of the previous year. This development resulted primarily from the declining OE revenues, although aftermarket revenues were nearly able to reach the level of the previous year. In Europe, growth in light rail vehicles as well as freight business compensated for declining revenues in the regional and commuter segment and in high-speed and metro business. OE revenues in North America, which were higher than the previous year, were primarily attributable to accelerating freight business. In Asia, the decreasing OE revenues arose from the regional and commuter segments, which were only marginally compensated for by growth in Indian business for railway carriages, as well as from metro and high-speed business in China. At 45.9%, in contrast, the aftermarket share of the division's total revenue was significantly above the previous year (44.4%). Slight declines in Europe were offset by moderate rises in aftermarket revenue in the Chinese market.

Due to volume-, cost- and mix-related factors, operating EBIT as of March 2022 amounted to € 121.7 million, down 16.1% compares with the previous year (€ 145.0 million), with an operating EBIT margin (RoS) of 15.7%, which was thus significantly below the previous year (18.0%). At € 154.0 million, operating EBITDA was also 12.1% below the prior-year level of € 175.1 million and led to an operating EBITDA margin as of March 2022 of 19.9% of revenue (previous year: 21.7%). In addition to high inflation rates around the globe, the effects of the zero-Covid policy in China and the associated lockdowns, as well as a weakening market in China in general, had a negative impact.

COMMERCIAL VEHICLE SYSTEMS SEGMENT

		Q1 2022	Q1 2021
Revenues	€ million	894.9	886.3
thereof aftermarket	%	28	24
EBITDA	€ million	111.4	148.7
EBITDA margin	%	12.5	16.8
Operating EBITDA margin	%	12.5	16.8
EBIT	€ million	76.2	115.9
EBIT margin	%	8.5	13.1
Operating EBIT margin	%	8.5	13.1
Order intake	€ million	1,029.9	1,085.3
Order book (March 31)	€ million	1,831.8	1,468.0

At € 1,029.9 million, order intake of the Commercial Vehicle Systems segment in the first three months of 2022 was 5.1% below the same period in the previous year. Continuing supply bottlenecks for the commercial vehicle industry as a whole led to a reduced production volume for commercial vehicle manufacturers and, accordingly, to delays and declining order intakes in Europe and the Asia-Pacific region in particular. China especially was forced to deal with market- and Covid-19-related declines in order intake. In North America, however, significant increases in order intake were generated compared with the previous year. As a result of a positive order situation in the second half of 2021, the order book as of March 31, 2022, was significantly (24.8%) above the corresponding previous year, thus reaching a record level.

Revenues generated as of the end of March 2022 of € 894.9 million were 1.0% higher than the corresponding previous year. The slight increase in revenue compared with the previous year – in spite of supply bottlenecks for the entire commercial vehicle industry – resulted from significant growth in aftermarket business from which all regions were able to benefit, North America and Europe in particular. In contrast, declining OE revenues in the Asia-Pacific region – above all in China – were recorded that could not be compensated for in spite of growth in all other regions. As a result of this development, as well as the significant growth in the aftermarket, the share of the aftermarket business in the Commercial Vehicle Systems division's total revenue as of March 2022 rose markedly from 23.8% in the previous year to 27.8%.

Operating EBIT in the Commercial Vehicle Systems segment as of March 2022 recorded a very clear drop by 34.2%, down to € 76.2 million. This led to a decrease in the EBIT margin (RoS) to 8.5% from the prior-year figure of 13.1%. In addition to a changed mix of regions and products in revenue, increased freight and procurement costs as a result of continued supply bottlenecks and high inflation in general were significant factors in this regard. In addition to consistent cost management, agreements on price compensation have already been reached with customers. Also due to cost- and mix-related factors, operating EBITDA was € 111.4 million and thus 25.1% below the corresponding prior-year period (€ 148.7 million), resulting in an EBITDA margin of 12.5% as of March 2022 (previous year: 16.8%).

REVENUE BY COUNTRY OF KNORR-BREMSE COMPANY

in € million	Q1 2022	Q1 2021
Europe/Africa	847.2	799.1
North America	387.8	347.0
South America	34.4	24.6
Asia-Pacific	400.1	520.8
	1,669.4	1,691.5

As of the end of March 2022, 51% of the Group's revenues related to the Europe/Africa region (previous year: 47%), 23% to North America (previous year: 21%), 2% to South America (previous year: 1%) and 24% to Asia-Pacific (previous year: 31%).

SIGNIFICANT EVENTS IN THE REPORTING PERIOD

Events significant to business development are explained in the “Events after the reporting date” chapter of the 2021 Annual Report. In addition to the changes to the Executive Board and the Supervisory Board described in the aforementioned chapter, the Russia–Ukraine war bears mentioning as a significant event in the reporting period.

EVENTS AFTER THE REPORTING DATE

Agreement with Robert Bosch GmbH

Knorr-Bremse and Robert Bosch GmbH have resolved their legal dispute regarding the sales price of the shares in the amount of 20% in Knorr-Bremse Systeme für Nutzfahrzeuge GmbH and Knorr-Bremse Commercial Vehicle Systems Japan Ltd respectively. In exchange for the payment of a purchase price in the amount of € 360 million, Knorr-Bremse AG – subject to approval by the antitrust authorities, which is expected in the second half of 2022 – will take over the shares and become the sole shareholder in Knorr-Bremse Systeme für Nutzfahrzeuge GmbH and Knorr-Bremse Commercial Vehicle Systems Japan Ltd. Knorr-Bremse had recognized an amount of € 380 million as a liability on its balance sheet since 2018. Since the beginning of the joint venture with Robert Bosch GmbH in 1999, Knorr-Bremse was responsible for the operational management of the business activities. After takeover of the outstanding shares, all IP rights, employees and the entirety of system expertise will remain with Knorr-Bremse.

GUIDANCE

The operating guidance for the 2022 fiscal year from February 24, 2022, is confirmed. At this time, it is not yet possible to completely and conclusively assess the financial effects of the Russian war in Ukraine. Accordingly, the guidance does not contain any direct negative effects. The guidance is still subject to largely stable exchange rates, that there are no significant Covid-19-related setbacks and that there is no significant deterioration in the geopolitical and economic framework conditions compared to the current situation. Additionally, Knorr-Bremse expects the difficulties due to international supply bottlenecks to continue. In general, we estimate that the most important performance indicators will develop unchanged, as outlined in the 2021 Annual Report. Knorr-Bremse continues to expect revenue of between € 6,800 million and € 7,200 million (2021: € 6,706 million), an operating EBIT margin of between 12.5% and 14.0% (2021: 13.5%) and a free cash flow of between € 500 million and € 600 million. The development of all other important financial performance indicators is expected to remain unchanged.

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

in € thousand	Q1 2022	Q1 2021
Revenues	1,669,371	1,691,541
Change in inventory of unfinished/finished products	53,985	30,022
Own work capitalized	24,633	19,182
Total operating performance	1,747,989	1,740,745
Other operating income	30,836	29,381
Cost of materials	(898,627)	(855,318)
Personnel expenses	(455,021)	(414,922)
Other operating expenses	(171,192)	(179,586)
Earnings before interest, tax, depreciation and amortization (EBITDA)	253,985	320,300
Depreciation, amortization, and impairment losses	(72,436)	(68,697)
Earnings before interest and taxes (EBIT)	181,549	251,603
Interest income	6,327	2,956
Interest expenses	(11,710)	(11,403)
Other financial result	(4,331)	(885)
Income before taxes	171,835	242,271
Taxes on income	(45,751)	(65,934)
Net income	126,084	176,337
Thereof attributable to:		
Profit (loss) attributable to non-controlling interests	2,640	7,193
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	123,444	169,144
Earnings per share in €		
undiluted	0.77	1.05
diluted	0.77	1.05

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

in € thousand	3/31/2022	12/31/2021
Assets		
Intangible assets	600,268	587,648
Goodwill	416,216	418,179
Property, plant and equipment	1,798,754	1,790,359
Investments accounted for using the equity method	22,474	22,073
Other financial assets	197,175	215,173
Other assets	82,474	79,053
Income tax receivables	1,121	1,012
Assets from employee benefits	7,294	30,092
Deferred tax assets	118,752	117,934
Non-current assets	3,244,528	3,261,523
Inventories	1,114,505	1,002,178
Trade accounts receivable	1,468,745	1,230,273
Other financial assets	53,837	63,823
Other assets	144,726	130,640
Contract assets	89,251	74,985
Income tax receivables	45,406	55,529
Cash and cash equivalents	1,113,818	1,380,210
Current assets	4,030,288	3,937,638
Total equity and liabilities	7,274,816	7,199,161

CONSOLIDATED BALANCE SHEET

in € thousand	3/31/2022	12/31/2021
Equity		
Subscribed capital	161,200	161,200
Capital reserves	13,885	13,885
Retained earnings	10,339	13,301
Other components of equity	(157,870)	(196,175)
Profit carried forward	2,336,135	1,714,824
Profit attributable to the shareholders of Knorr-Bremse AG	123,444	621,310
Equity attributable to the shareholders of Knorr-Bremse AG	2,487,133	2,328,345
Equity attributable to non-controlling interests	82,448	97,183
thereof share of non-controlling interests in net income	2,640	26,058
Equity	2,569,581	2,425,528
Liabilities		
Provisions for pensions	249,729	312,066
Provisions for other employee benefits	24,659	21,664
Other provisions	212,776	227,831
Financial liabilities	1,287,587	1,296,131
Other liabilities	4,199	3,945
Income tax liabilities	71,402	79,787
Deferred tax liabilities	164,268	134,861
Non-current liabilities	2,014,620	2,076,285
Provisions for other employee benefits	13,866	7,886
Other provisions	234,204	240,740
Trade accounts payable	1,149,888	1,166,062
Financial liabilities	896,278	852,379
Other liabilities	93,069	101,992
Contract liabilities	272,229	265,567
Income tax liabilities	31,081	62,722
Current liabilities	2,690,615	2,697,348
Liabilities	4,705,235	4,773,633
Total equity and liabilities	7,274,816	7,199,161

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	Q1 2022	Q1 2021
Net income (including earnings share of minority interests)	126,085	176,335
Adjustments for		
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	72,436	68,697
Change of impairment on inventories	(2,168)	(3,357)
Change of impairment on trade accounts receivable and contract assets	3,184	1,482
(Gain)/loss on the disposal of fixed assets	(71)	(117)
Adding to, reversing and discounting provisions	5,429	21,656
Non-cash changes in the measurement of derivatives	7,302	25,759
Other non-cash expenses and income	(1,724)	(1,354)
Interest result	5,383	8,448
Investment result	3,658	582
Income tax expense	45,751	65,934
Income tax payments	(64,815)	(29,814)
Changes of		
inventories, trade accounts receivable and other assets that cannot be allocated to investment or financing activities	(361,901)	(443,792)
trade accounts payable as well as other liabilities that cannot be allocated to investing or financing activities	2,959	166,214
Provisions due to utilization	(31,118)	(29,100)
Cash flow from operating activities	(189,611)	27,572
Proceeds from the sale of intangible assets	–	302
Disbursements for investments in intangible assets	(28,700)	(23,088)
Proceeds from the sale of property, plant and equipment	22,630	9,123
Disbursements for investments in property, plant and equipment	(35,626)	(36,784)
Proceeds from financial investments and from the sale of investments	17,755	(195)
Disbursements for financial investments	(12,830)	(26,526)
Disbursements for the acquisition of consolidated companies and other business units	–	(2,318)
Interest received	2,428	1,499
Disbursements for investments in plan assets (pensions)	(999)	(823)
Cash flow from investing activities	(35,341)	(78,810)
Proceeds from borrowings	10,967	20,763
Disbursements from the repayment of borrowings	(5,008)	(256,172)
Disbursements for lease liabilities	(16,205)	(14,170)
Interest paid	(5,606)	(6,011)
Dividends paid to non-controlling interests	(14,235)	(616)
Payments for acquisition of non-controlling interests	(6,498)	–
Proceeds from grants and subsidies	433	1,942
Cash flow from financing activities	(36,154)	(254,264)
Cash flow changes	(261,107)	(305,502)
Change in cash funds resulting from exchange rate and valuation-related movements	11,426	27,737
Change in cash funds	(249,681)	(277,765)
Cash funds at the beginning of the period	1,326,495	2,240,723
Cash funds at the end of the period	1,076,814	1,962,958
Cash and cash equivalents	1,113,818	1,989,284
Short-term securities available for sale	2	2
Short-term liabilities to banks (less than 3 months)	(37,006)	(26,327)

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

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

This document is a quarterly report pursuant to Section 53 of the Stock Exchange Regulations issued by the Frankfurt Stock Exchange.