



Annual General Meeting of Knorr-Bremse AG

Speech by

CEO Dr. Jan Mrosik and CFO Frank Markus Weber

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Dr. Jan Michael Mrosik, Chairman of the Executive Board of Knorr-Bremse AG

Many thanks, Prof. Mangold,

Shareholders,

the Thiele Family,

Ladies and Gentlemen:

On behalf of the entire Executive Board, I'd like to welcome you all.

It's also important to me to remember the unique entrepreneur Heinz Hermann Thiele. The whole Executive Board, and also all our colleagues in the Group, are aware of our duty and responsibility to develop the Group as he would have wanted. We will do our best to continue Knorr-Bremse's success story. That's what we stand for.

I'd now like to continue with the formal part of my speech. I'm going to talk about a number of topics today:

I'll start by looking back at the past year's business performance, which was predominantly shaped by the Covid-19 pandemic and demonstrated our Group's resilience in this challenging time. As part of this, my colleague on the Executive Board, CFO Frank Markus Weber, will go into the figures in more depth. In the second part, we'll look at the growing importance of sustainability for Knorr-Bremse – and the increasingly vital ESG criteria. In the third and final part, I'll then report on our business strategy and innovation successes.

Let's start by looking back at the 2020 fiscal year.

Our financial key figures from the past year are already available. We published them on March 4 of this year:

- Consolidated revenues were € 6.16 billion.
- We generated net income of € 532 million.
- And, in difficult times, we maintained our research and development investment volume – which is the basis for the innovation of our successful products and systems – at the high level of € 396 million.

We achieved all of this despite the most significant event of 2020: the global Covid-19 pandemic. At this point, I'd like to express our appreciation of our almost 30,000 employees around the world on behalf of the whole Executive Board: My heartfelt thanks for your support, flexibility, and dedication in these hard times.

Covid-19 dominated 2020. The pandemic caused economic growth around the world to collapse. Worse than at any time since the Second World War. This also affected Knorr-Bremse.

Covid-19 impacted both of our Group divisions.

Firstly: Rail vehicles, our RVS division.

During the pandemic, many countries' rail transportation was classed as critical. Even during strict lockdowns, countries maintained their rail transportation. However, only with very low

capacity utilization – use by passengers fell by 70 to 80% in some cases. Reduced timetables with fewer train connections were therefore rolled out. For Knorr-Bremse, this means that, for example, service measures continued to be carried out on the trains, even though passenger numbers fell significantly. However, the fact that fewer trains were in operation was reflected in somewhat weaker aftermarket business.

In the long term, though, the rail market is intact. Numerous stimulus programs, such as the Green Deal in the EU as well as other national recovery programs, focus on expanding rail as a sustainable means of transportation.

In all regions, Covid-19 impacted the rail market.

- In Europe and Africa, most countries largely maintained rail operations, even if at a reduced level. And they did this even though the number of passengers decreased significantly in 2020. Our customers didn't cancel any orders. However, they did postpone a portion of their investment decisions and orders.
- The market in North and South America was also impacted by Covid-19 in 2020. In particular, the cyclical freight business saw significant losses.
- In Asia, China in particular initially suffered as a result of the pandemic, but from the second quarter, India did too.

Secondly: Commercial vehicles, our CVS division.

Initially, in the first quarter of 2020 the market in China suffered as a result of the lockdown directly following the start of the outbreak of the pandemic there. From the second quarter, the crisis then hit the rest of the world, while China developed dynamically and, in fact, had a record year with regard to commercial vehicle production. Upcoming regulations on climate protection and investment programs by the legislator – for example, the introduction of the EURO 6 standard as of July 1, 2021 – are drivers that allow us to remain optimistic about the continuation of the first half year 2021.

- In full year 2020, commercial vehicle production decreased by 25% in Western Europe and 21% in Eastern Europe. Particularly because our customers, the large truck manufacturers, temporarily closed their plants.
- In North America, the number of commercial vehicles and buses produced fell by 38%, and in South America it fell by 19%. A significant market recovery didn't occur until later in the year, but it continues to this day.
- In Asia, following a brief collapse in Q1, China, the world's largest commercial vehicle market, went on to have a record year – partly thanks to government purchase incentives: Production rose by 37%. This strong growth more than made up for decreases in India – down 46% – and Japan – down 27%.

We acted quickly and consistently in these challenging times, with the aim of protecting our employees' health, maintaining our delivery capability, and ensuring our business.

- To protect our employees, we developed individual hygiene and safety plans for all of our sites around the world. In administration, we worked at home almost completely of the time. And in the factories – where physical presence was absolutely necessary – we organized the activities in two teams working independently of each other.
- To retain delivery capability, we continuously monitored our supply chains, temporarily supported selected suppliers and built up higher inventories. This meant we were able to reliably supply our customers worldwide and protect them from bottlenecks.
- With short-time work or similar programs, we were able to be comparatively flexible and quickly react to changing market conditions.

- During the pandemic to date, about 2,100 of our approximately 29,500 employees at Knorr-Bremse have caught the virus. Fortunately, most of them quickly recovered. But, to our great regret, 17 of our employees passed away. Their families and loved ones have our deepest sympathy. To support the families affected in this difficult time, we launched a Covid-19 relief fund at local level in each area.
- We are now experiencing the third wave of the pandemic in Europe and continue to do everything to protect our employees and maintain our delivery capability. We're providing rapid tests to all employees and preparing a vaccination campaign. We will put this into operation as soon as our company physicians have the vaccine.

As you can see: We acted quickly. And made important decisions. This proved to be the right thing to do. This is all the more important because the challenges of the pandemic will continue in 2021. We have prepared our Group for this.

This is demonstrated impressively in our business performance in the past year and the first few months of this year.

Let's start with the highlights of our Rail division:

- The entrance systems segment received the biggest order in its history: Knorr-Bremse is going to equip 94 subway trains in London for Siemens.
- In addition, we're supplying our strategic partner Siemens Mobility in Russia with the braking, entrance, and HVAC systems for 13 high-speed trains.
- Transmashholding International, the subsidiary of Russian trained manufacturer Transmashholding entrusted us with equipping 1,300 rail passenger cars in Egypt with braking systems.
- In January 2021, we were awarded a contract to equip 23 long distance trains of the type ECx for Deutsche Bahn from Talgo with braking, entrance, and HVAC systems.
- In March this year, Berliner Verkehrsbetriebe (BVG) contracted us to supply the braking, entrance, and HVAC systems for 606 new subway trains. In addition, we're taking on the supply of spare parts and digital maintenance in the next 32 years.

Our Truck division's contract highlights in 2020 and 2021:

- Knorr-Bremse and Schmitz Cargobull signed a multi-year supply contract for the next generation of our trailer electronic braking systems (TEBS) and chassis control system solutions.
- In China, we're expanding our capacity and intensifying our strategic cooperation with Dongfeng Commercial Vehicle, one of the biggest Chinese truck manufacturers: Knorr-Bremse DETC, the joint venture between Knorr-Bremse and Dongfeng, supplies Dongfeng Commercial Vehicle, including with braking and steering systems.
- Just last month we concluded a contract with a total volume of around €1 billion with one of the world's leading truck manufacturers.
At first the existing supply contract in the area of current braking and air treatment systems is being extended.
Secondly Knorr-Bremse also delivers the next generation of braking and air treatment systems with the Global Scalable Brake Control (GSBC) and Global Scalable Air Treatment (GSAT) technologies we've developed.

All these contract successes helped our Group achieve outstanding results, even in 2020 in the pandemic. The capital market acknowledged this with a more than 20% increase in our share price.

At this point, we now come to the dividend for the past fiscal year. You, as our shareholders, participate in Knorr-Bremse's success. As you know, we focus on holistic profit participation,

on so-called total shareholder return. This holistic profit participation covers not only the increased share price but also the dividend we have proposed.

Both components together are intended to offer you an attractive return – like you're used to from our Company. I'd like to emphasize here that the whole Executive Board holds shares in Knorr-Bremse. This means we're in the same boat as you.

Due to our outstanding figures despite the pandemic and our continuing high profitability, the Executive Board and Supervisory Board is proposing the payment of a dividend of € 1.52 per share for the past fiscal year to the Annual General Meeting.

If you accept our proposal, the Group will distribute € 245 million to shareholders after this AGM. This would be equivalent to 46% of consolidated net income. This is within our long-term payout ratio of 40 to 50%.

With that, I'd like to hand you over to our CFO, Frank Markus Weber.

Frank Markus Weber, CFO of Knorr-Bremse AG

Thanks, Jan. And a warm welcome to you all from me too.

Before I start with the figures, I'd like to express my deep thank and respect to our tremendous colleagues around the world: You've all worked with complete commitment to deal with such an extraordinary year. Your untiring dedication was the basis for what we see here in the facts and figures.

In view of the economic environment, which was severely impacted by the global pandemic in the past year, Knorr-Bremse's total operating performance and resilience were extraordinary. We thus kept the promise we made at our IPO: that we would grow more quickly than the relevant markets and our profitability would be highly resilient.

At the same time, we achieved our revenue and profitability forecast for full year 2020.

With revenues of € 6.16 billion, we are at the upper end of our forecast.

Our rapid response and implementation of cost cutting measures right at the start of the pandemic meant we were able to secure our margins at a high level. We in fact outperformed our EBITDA margin forecast of 16.5 to 17.5% and, in the end, achieved a figure of 18.0%.

Other key figures are completely in line with or slightly above expectations, for instance

- the Group's order book of € 4.98 billion,
- the EBIT margin of 13.2%,
- net income of €532 million, and
- earnings per share of € 3.07.

In particular, I'd like to highlight the free cash flow, which was exceptionally good at €687 million and a cash conversion rate of 129%, despite the impact of the coronavirus. In the current fiscal year, we also expect working capital for current assets to increase as a result of rising revenues.

These figures confirm the high performance culture and the particular robustness of our business model. Nevertheless, Knorr-Bremse was not able to entirely escape the negative impact of the pandemic – although we were affected to a much smaller degree than other companies in cyclical sectors.

Let's take a detailed look at full year 2020:

Although order intake decreased by 9% to € 6.4 billion, the order book grew by 6% to a record level of almost € 5.0 billion. A very solid basis for the current fiscal year.

Despite the 11% decrease in revenues in 2020, we achieved an EBITDA margin of 18.0%.

The decrease in revenues of around 11% in the past fiscal year is due both to lower organic revenues in both divisions and to negative currency effects. The organic part largely resulted from significant market downturns in North America and Europe. Rail decreased by 9% year-on-year, truck by 14%. The operating decrease – that is, without currency effects and adjusted for M&A transactions – was below 10%.

The Asia-Pacific region was the only region to see growth in 2020, with a 2% increase in revenues. This market is very important for Knorr-Bremse and is already responsible for around a third of our global business activities.

In our home region of Europe, we saw a decrease in sales of around 13%. However, if we look at development during the year, we see that after the low in the second quarter as a result of the coronavirus, there was a significant upward trend in the last two quarters.

At around 45%, Europe continues to make up the largest share of our total revenues.

The North America region, which was also hit very hard by the Covid-19 crisis, suffered a significant double-digit decrease in revenues in 2020 compared to the prior year. At the end of the past year, our Commercial Vehicle Systems division was, however, able to achieve significantly better development of revenues in North America.

In the past year, the Group's operating EBITDA was € 1.1 billion after € 1.3 billion in 2019. This was a decrease of around 15%.

In this context, operating means that we put the focus on genuinely comparable key figures: in other words, without the positive one-time effect from the sale and leaseback of the northern part of the Munich site and without the one-time effect in connection with the closure of the Wülfrath plant, both in 2019.

The operating EBITDA margin only decreased slightly from 18.8 to 18.0%. This relatively small decrease, despite the significantly negative impact as a result of the pandemic, is a clear sign of our business model's enormous resilience.

We used strict cost control measures to compensate for ongoing negative influences from the market environment. During the second half of 2020, we were already able to reduce individual savings measures again because the demand situation in some markets recovered more quickly than expected.

In addition, the profitable aftermarket business's higher share of revenues significantly mitigated the pandemic's negative impact on profitability. The share of revenue increased from 34 to 37%.

The EBIT margin in the Rail division was stable compared with 2019 at 19.1%. That's an outstanding result, which is due to our successful cost control measures and the aftermarket business's increased share of revenues. In the Truck division, the cyclicity of the business became more noticeable, meaning that the operating EBIT margin decreased from 12.3 to 8.3%.

For the Group, this means an overall decrease in the operating EBIT margin from 15.1 to 13.2%.

In view of the uncertain economic environment in the past year, it's been very important for Knorr-Bremse to preserve a high level of stability and flexibility with regard to our liquidity. We increased liquidity by more than 20% to a total of € 2.3 billion, meaning it was around 31% of total assets on the December 31, 2020 reporting date.

Knorr-Bremse also launched a € 3 billion debt issuance program in the past year so as to be able to increase financial flexibility quickly when needed. As you can see, we've weatherproofed our Group to withstand all scenarios.

At the start of the pandemic, we drew down € 750 million under credit facilities. Due to the good development of our cash flow, we already repaid € 250 million of this in October and an additional € 150 million in February. We repaid the remaining amount in April.

In all our efforts to boost our financial strength, it has, however, also been important to us to have a secure equity base. At € 1.92 billion, we were able to impressively demonstrate this. Despite the credit facility drawn down, this meant a relatively stable equity ratio of around

26%. This ratio therefore fell slightly year-on-year because our balance sheet expanded as a result of the borrowing.

Our ratings from the rating agencies also confirm our solid balance sheet and the good economic development of our business activities. For example, Moody's gives us an A2 rating and Standard & Poor's an A rating. Both only recently confirmed these ratings.

And what do we expect for the current fiscal year?

As published and explained last Friday, 2021 started very encouragingly: We achieved outstanding results overall in the first quarter of 2021, despite the still volatile market environment:

- a new record order book of € 5.08 billion,
- sales growth of 4% year-on-year to € 1.69 billion,
- an improvement in the EBITDA margin to 18.9% from 17.8% in the first quarter of the past year, and
- an EBIT margin of 14.9% – which also increased by 110 basis points.

We're maintaining our positive outlook for the rest of the year. However, I'd like to emphasize that this positive outlook is based on two important assumptions:

- Firstly, the Covid-19 pandemic won't have any major impact that affects our products and systems or leads to additional greater costs.
- Secondly, during 2021, it'll be possible to largely compensate for decreases in revenues in the CVS division due to the current supply bottlenecks, including for electronic components of the semiconductor industry.

On this basis, for fiscal 2021, we expect:

- revenues of between €6.5 billion and €6.9 billion,
- an operating EBITDA margin of between 17.5 and 19.0%,
- and an operating EBIT margin of between 13.0 and 14.5%.

Finally, let me now come to a key theme of our corporate strategy, which has always occupied us particularly intensively at Knorr-Bremse: our sustainability activities in the area of environment, social and governance, or ESG for short.

We believe that we have a very special responsibility toward our employees, our shareholders, our customers and suppliers and, of course, our environment.

We do this not because others demand it of us but because we are deeply convinced of the relevance of the topic of sustainability. That's why we systematically and continuously develop our business model.

Only reliable, sustainable economic activity sows the seeds for lasting success. Sustainability and competitiveness are not opposites – they're inextricably linked. How much we at Knorr-Bremse mean this can also be seen in today's AGM agenda:

Under agenda item 7, the Executive Board and Supervisory Board are proposing to the AGM that part of the Executive Board's remuneration should, in the future, be directly linked to the achievement of ESG targets. This link anchors the idea of sustainability throughout management and in the daily actions of our managers and the workforce as a whole. We want to create added value for customers, employees and shareholders. We are defining performance criteria that relate to long-term and sustainable economic success and attaching challenging objectives to these.

The new remuneration policy supports the strategic development of the Group, which also includes social and environmental aspects and gives a stronger weighting to sustainable Group development.

Let's take a look together at what sustainability means for Knorr-Bremse.

>> *ESG FILM CLIP* <<

The clip clearly showed that for us, sustainability means aiming equally and simultaneously for economic, social, and environmental targets, and doing so on the foundation of good corporate governance. We want to create lasting values, offer good working conditions, and treat the environment and resources with care not only at Knorr-Bremse but also along our supply chain.

Our sustainable efforts on ESG topics are also confirmed by good external ratings. We are rated by a number of major agencies and in fact improved our ratings compared to 2019. In addition, the Knorr-Bremse share was admitted to Deutsche Börse's sustainability index, the DAX 50 ESG, last year.

Let's start with the "E." We make our contribution to the Paris Agreement on limiting global warming with our Climate Strategy 2030. Our climate strategy includes the aim of halving our sites' CO₂ emissions worldwide by 2030. We'll achieve this through three levers:

1. in addition to avoiding energy consumption in principle - where possible - we're increasing our energy efficiency – for example, switching heating and the vehicle fleet to lower carbon fuels,
2. we're investing in increasing the share of self-generated renewable energy, and
3. we're intensifying the purchase of renewable energy through long-term energy purchase contracts, green energy products, and certificates.

Overall, we additionally want to be fully decarbonized by the end of this year through the use of offset payments and the acquisition of high-quality climate protection certificates of gold standard. We're heading in the right direction here.

The "S" for social is of particular importance at Knorr-Bremse. Knorr-Bremse works around the world to open up new prospects for people in need. We've been doing this for more than 15 years already with Knorr-Bremse Global Care. Our Group's employees founded this charitable organization following the tsunami disaster in Southeast Asia in 2004.

One of Knorr-Bremse Global Care's important goals is to support the United Nations Sustainability Goals. Projects that facilitate quality education and clean water and sanitation, and thus achieve UN Sustainability Goals 4 and 6, are at the heart of our involvement. To date, Global Care has supported more than 850,000 people worldwide with the resources provided by Knorr-Bremse.

The activities of "Global Care" are supplemented by the social commitment of our local employees. As part of "Local Care," we also financially support voluntary activities by employees in their immediate environment.

My colleague, Jan Mrosik will talk about this in a moment.

However, the meaning of “social” has another dimension: compliance with human rights. For this reason, the Executive Board and the Supervisory Board made a clear commitment to human rights due diligence at the start of May, in the form of a human rights policy.

In the practical implementation of this, we are initially concentrating on analyzing working conditions of people potentially affected by our business activities and on employee recruitment processes, to identify improvement potential from these. Our employees are our top priority, and their health and safety is very important to us. As a result, we were able to hold the number of accidents at a very low level.

In addition, the G for governance creates confidence in our Group. Knorr-Bremse’s stakeholders should be able to trust that social issues are anchored in our corporate governance.

Clear compliance requirements across the entire supply chain, a strict code of conduct and our corporate values form the basis for this. We’re gradually transferring our code of conduct for suppliers to our entire supplier base and made important progress with this in 2020.

With regard to the capital market, we are guided by the principles of good corporate governance and have, for example, shortened the period for publishing the annual financial statements to 90 days after the reporting date and the period for the quarterly financial statements to 45 days. This means that we’re within the deadlines recommended by the German Corporate Governance Code as of this year. That’s just a few examples.

All these measures and efforts strengthen our firm belief that environmentally friendly, safe and efficient mobility is one of the greatest tasks of our future.

Our Rail division’s activities mean that promoting sustainable mobility solutions is integral part of our business model. But modern and sustainable commercial vehicles are also a significant part of a mobility concept of the future for people and goods. As part of this, it’s essential that we make Knorr-Bremse and our supply chain sustainable. We do our best to contribute to a livable and more sustainable world – from deep conviction.

Thank you very much. I’ll now hand you back to the Chairman of our Executive Board, Dr. Jan Mrosik.

Dr. Jan Michael Mrosik, Chairman of the Executive Board of Knorr-Bremse AG

Thanks, Frank, and also congratulations to you and the whole team for last year's outstanding results.

I'd like to add a point on our ESG activities in the area of social engagement.

From this year, Global Care will concentrate more on strategic partnerships. The aim is to support humanitarian organizations in developing their successful programs. A current example is the global scaling of the "Safe Hub" education centers provided by the Amandla organization, which originates from South Africa.

With Global Care's support, Amandla will, this year, realize the first "Safe Hub" outside of South Africa in Berlin: An educational campus is being built in one of Berlin's deprived areas – a safe place for young people, where they are holistically supported and can develop freely. This is an important beacon, especially in the times of coronavirus lockdowns.

Knorr-Bremse Global Care has expanded its regional roots in the past few years and is now active with three charitable organizations in North America, Asia, and Europe.

If you'd like to know more about our activities in sustainability, I'd like to recommend our sustainability report, "Driving Sustainability" to you.

I'd now like to come to our corporate strategy and the core of our success: Knorr-Bremse's technology leadership and capacity for innovation. Innovations are a key part of our long-term corporate success.

We all know that every innovation we successfully launch is an economic driver for the future. And our innovations of today secure the profitable growth of tomorrow. This can be seen from look back at the past: In the past four decades, Knorr-Bremse has again and again developed innovations in rail and commercial vehicles that shape the industry, and this is the basis of our current economic success.

I'd like to take a look back with you at how we live the topic of innovation every day at Knorr-Bremse.

>> INNOVATIONS FILM CLIP <<

But what criteria do we at Knorr-Bremse use to make our investment decisions? What future investments are we making and in what areas? How do we pursue our goal of continued sustainable and profitable growth?

These questions are answered by our corporate strategy. It covers the following objectives and fields of action:

The global megatrends of urbanization, sustainability, digitalization, and mobility offer us major opportunities for the continuation of our growth trajectory. We systematically gear our products and services for the OEM market and the aftermarket to these future trends, thus actively shaping future technologies and the development of new market opportunities.

Knorr-Bremse is already the preferred partner of OEMs and operators in all the world's important markets. With a combination of global technology leadership and local market

expertise, we convince our customers with innovative system solutions – not just for braking systems but also, for example, for driver assistance systems and all our other safety-relevant vehicle systems. In addition to almost 11,000 individual patents, the Research & Development department's 3,800 employees also play a key role in our technological leadership. We're going to further expand this position, in part by using digitalization in the development of our product and service portfolio.

Other elements of our corporate strategy are profitability and resilience of our business model. Thanks to a strong entrepreneurial spirit at Knorr-Bremse, we have our sites firmly set on our profitability and strongly gear our organization and processes to efficiency criteria. Here, we actively use the possibilities and opportunities of digitalization to ensure our processes and systems are positioned as best in class.

To expand profitability, in addition to cost control programs, we pursue stringent portfolio management of our businesses with regard to resource allocation – for example, the further expansion of the profitable aftermarket business is a focus topic.

We do all this against the background of a convinced stance: We always gear our actions to responsibility for sustainability, social engagement, and good corporate governance for society and our customers. Knorr-Bremse thus has a unique business model: entrepreneurial, innovative, forward-looking, and successful.

What does that mean now for our two divisions, Rail and Truck? Both our divisions focus on the specific industry trends in their market segments and develop these with innovative solutions in the context of global megatrends.

For you as our shareholders, that means we invest your capital where it achieves the best impact.

I'd therefore now like to present the innovations and growth drivers in our Rail and Truck divisions to you.

Let's begin with our **Rail Vehicle Systems** division.

We're growing in line with industry trends here and are shaping this with our solution portfolio: significant expansion of transport capacity, higher availability of trains, life-cycle management of rail vehicles, and better environmental friendliness.

Our Rail division's three strongest growth drivers are:

- **Firstly**, in the short term, stimulus programs to strengthen rail transportation. Stimulus packages for rail operators suffering from pandemic-related low capacity utilization will strengthen the market. Numerous countries have launched national support programs – for example, for Deutsche Bahn or also for the operators in France or Austria. They have a rather long-term but sustainable effect. Long term because infrastructure measures in particular are being implemented first. These, in turn, will lead to increased demand for vehicles and in our system markets. For example, Europe is to become "climate neutral" by 2050 in the European Commission's Green Deal. The greenhouse gas emissions caused by transport are to be reduced by 90%. To achieve this ambitious target, the European Commission created the Green Deal with a huge investment volume in the triple-digit billion range. The rail industry is an important pillar of this environmental initiative – maybe even the most important. This is because rail is the only mode of transport to have reduced its emissions even though passenger numbers and freight volume have increased. The European Parliament accordingly designated 2021 the European Year of Rail.

But even outside of Europe, our Rail division is currently benefiting from numerous stimulus packages and, thanks to the trend toward more sustainability in mobility, will grow in the long term.

- **Secondly**, we are strengthening our profitable aftermarket business. This business line was able to cushion the pandemic's negative effects on profitability as early as 2020.
- **Thirdly**, we're gaining market share through our innovations. Our Rail division's innovation highlights include:
Our approach of a reproducible braking distance or RBD. This innovation contributes to better utilizing the capacity of the existing and limited rail infrastructure. Thanks to our technology, braking distance can be adhere precisely, almost independent from weather conditions or technical tolerances. Trains can thus reduce the safety distance and follow each other more closely. This allows significant increases in route capacity.
They also include digital automatic coupling (DAC). These couplings are a central component of automation of rail freight transport. Whereas freight cars are still coupled by hand in Europe, this has long taken place automatically in many of the world's major rail regions. The new digital automatic coupling that we have co-developed is a significant step to highly modern, efficient, and competitive freight transportation by rail in Europe.

I'd now like to come to our **Commercial Vehicle Systems division's** growth drivers.

The keywords here are increasing road safety, driver assistance systems & automated driving, e-mobility or emission reduction, and connectivity. The four most important growth drivers in the Truck division worldwide are:

- **Firstly**, content per vehicle is continuing to rise. This is because new safety requirements, emission reductions, and technical standards are forcing commercial vehicle manufacturers to install significantly more and higher quality components in their commercial vehicles than before. This particularly concerns our product portfolio – for example, the switch from drum brakes to disc brakes or the introduction of driver assistance systems. This increases the market for our products.
- **Secondly**, braking and steering systems combined in a single product serve as the basis for driver assistance systems and highly automated driving. Our latest acquisitions of R.H. Sheppard in the US and Hitachi's commercial vehicle steering systems business in Japan expanded Knorr-Bremse's position as a global provider of integrated braking and steering systems, making us number 3 in the global steering market for commercial vehicles.
- **Thirdly**, our flexible solutions in the aftermarket business. Knorr-Bremse products and systems are built into many commercial vehicles on the world's roads. The wear parts and spare parts keep needing to be replaced and maintained
- **Fourthly**, growth through innovations. We're gaining market share through our high-tech solutions. Let me give you a concrete example:
Our driver assistance systems increase safety for all road users. Our retrofittable turning assistant ProFleet Assist Plus for instance helps to neutralize accident black spots and provides more safety to unprotected road users, such as pedestrians or cyclists. And it can be retrofitted across vehicle manufacturers.

That brings me to the end of my speech. In summary:

- Firstly, Knorr-Bremse will continue to grow more strongly than our relevant markets in the next few years
- Secondly, our Group stands for uncompromising quality and innovation leadership.
- Thirdly, our resilient business model ensures our profitable, sustainable growth.
- Fourthly, we are accelerating our sustainability strategy – and actively shaping the change.

We, Knorr-Bremse and all its employees, do all this for you, our shareholders, our customers, suppliers and society as a whole – because we want the sustainable development of our company.

You all rightly expect state-of-the-art technology, safety, reliability, and sustainable practices from us. Just like we do ourselves.

Shareholders:

We've set ourselves ambitious targets. But together with you – and with your trust – we will reach them.

That's what we stand for, the Executive Board team and our 30,000 employees worldwide.

Thank you for listening. We'll be happy to answer your questions now. And then I'm going to hand you over to Prof. Mangold.