



Q2

Q2/24 FINANCIAL RESULTS

MARC LLISTOSELLA | CEO

FRANK WEBER | CFO

August 8, 2024



KNORR-BREMSE



Key take-aways today



- **RVS:** strong performance and **outperforming** rail markets
- **CVS:** good **resilience** in tougher truck environment
- **BOOST measures reached next level**
 - **BROWNFIELD:** Sale of GT Emission Systems signed and selling process of 4th entity started
 - **GREENFIELD:** Expected closing of Alstom Signalling NA end of August
- Contract of Executive Board member **Bernd Spies extended**
- **Raised Guidance FY24 confirmed**

BOOST Overview – Implemented measures already show great benefits

Recap Strategy Update in 07/23

BOOST 2026			
Strategic initiatives	🎯 Products	👤 People	🔄 Processes
 Brownfield (Housekeeping)	2 Revitalizing the core	1 Culture development	3 Efficiency programs (PCPP)
	4 Portfolio right-sizing	Organizational transformation	
	4 Fix-it program	Talent mgmt. (HR Connect)	NWC optim. (Project Collect)
	5 Renewal of innovation power		SG&A, legal entity reduction
	Expansion of aftermarket		IT excellence (S4Hana)
 Greenfield (Expansion)	6 Driving digitalization (growth)	Strong EVP ²	Driving digitalization (efficien.)
	7 Enabling ESG for our customers (incl. CO ₂ emission reduction)		
	8 Selective M&A		

Examples of specific measures

- Increase capacity in best cost countries
- Expansion of AM business (Rail AM 2.0/ extended AM strategy with Cojali)
- Reducing number of legal entities
- Cash Flow improvement (project Collect)
- Expansion of global business services
- Good progress of culture program @ KB



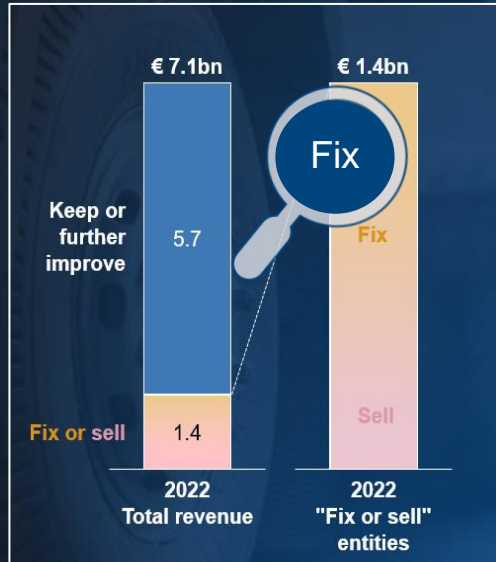
Brownfield
(Housekeeping)



Greenfield
(Expansion)

BOOST BROWNFIELD/ FIX IT – First benefits already achieved and full impact towards FY26

Recap Strategy Update in 07/23



Examples of specific measures

CVS

- One Japan
- Efficiency program of Global Steering
- BOOST: Wheelend, Engine Air, Purchasing/ Material
- Installation of global responsibilities at CVS
- R&D: prioritization of projects and increase efficiency

RVS

- BOOST RVS: increase profitability
- Footprint: rightsizing of locations worldwide
- Portfolio: restructuring programs for underperforming business units

Increase of op. EBIT margin by **~70bps** (of total ~200bps) until FY26 vs. FY22

BOOST BROWNFIELD/ SELL IT – Well on track and decisions taken to sell ~€ 700m of revenues

Recap Strategy Update in 07/23




	Revenue volume	Margin improv. ¹	Project status		
			Carve out	Investor approach	Signing/ Closing
✓ Kiepe (RVS)	~€ 150m	~20bps	✓	✓	✓
✓ Safety Direct (CVS)	~€ 20m	~10bps	✓	✓	✓
✓ GT Emis. Syst. ² (CVS)	~€ 70m	~10bps	✓	✓	✓
One entity (CVS)	~€ 140m	~40bps	✓	✓	
2+ entities (RVS)	>€ 300m	~50bps	Started		2025/2026
Σ ~€ 700m ~130bps			All projects on track		


Increase of op. EBIT margin by **~130bps** (of total ~200bps) until FY26 vs. FY22


Market development – Strong demand in Rail continues and Truck faces challenges especially in EU

Current situation

- 
- EU/ NA: solid growth continues in OE and AM
 - CN: good AM and supportive HS
 - Global: High order books at OEMs continue
 - Pricing of new contracts supportive
- +
- Inflationary burden ongoing but further decreasing
 - Supply chain problems with specialist suppliers for the rail industry not yet over
-

Outlook FY24

- 
- Ridership levels globally FY24 > FY23
 - EU: Growth continues, shift to rail (green deal) and replacement of obsolete fleets
 - NA: Demand increase should continue especially in AM
 - CN: Increase of AM business will continue
- +

- 
- Price development supportive
 - TPRs in Q2/24 yoy¹:
 - EU: significantly lower
 - NA: slightly lower
 - CN: slightly weaker/ flat
- +
-

- AM business: better development vs. OE expected and Cojali supportive
 - TPRs¹:
 - EU/ NA inline with expectations of truck OEMs
 - EU: significantly lower
 - NA: moderately lower
 - CN: flat
- +
-

H1/24 – Strong KPIs across the board

ORDER INTAKE

€ **4.24bn**

(+2.1% yoy¹)

REVENUES OF

€ **3.99bn**

(+4.4% yoy¹)

OPERATING
EBIT MARGIN

12.3%

(PY: 10.6%)

FREE
CASHFLOW

€ **64m**

(PY: € -165m)

ORDER BOOK

€ **6.85bn**

(+4.0% yoy¹)

€ **1.98bn**

(+13.8% yoy¹)



15.3%

(PY: 14.0%)

€ **2.01bn**

(-3.6% yoy¹)



11.1%

(PY: 9.2%)

+20%

CCR

(PY: -63%)

Q2/24 – Strong KPIs across the board

ORDER INTAKE

€ **2.13**bn

(+5.5% yoy¹)

REVENUES OF

€ **2.01**bn

(+2.6% yoy¹)

OPERATING
EBIT MARGIN

12.5%

(PY: 11.1%)

FREE
CASHFLOW

€ **158**m

(PY: € 34m)

ORDER BOOK

€ **6.85**bn

(+4.0% yoy¹)

€ 1.02bn

(+10.7% yoy¹)



15.6%

(PY: 14.7%)

€ 1.00bn

(-4.8% yoy¹)



11.2%

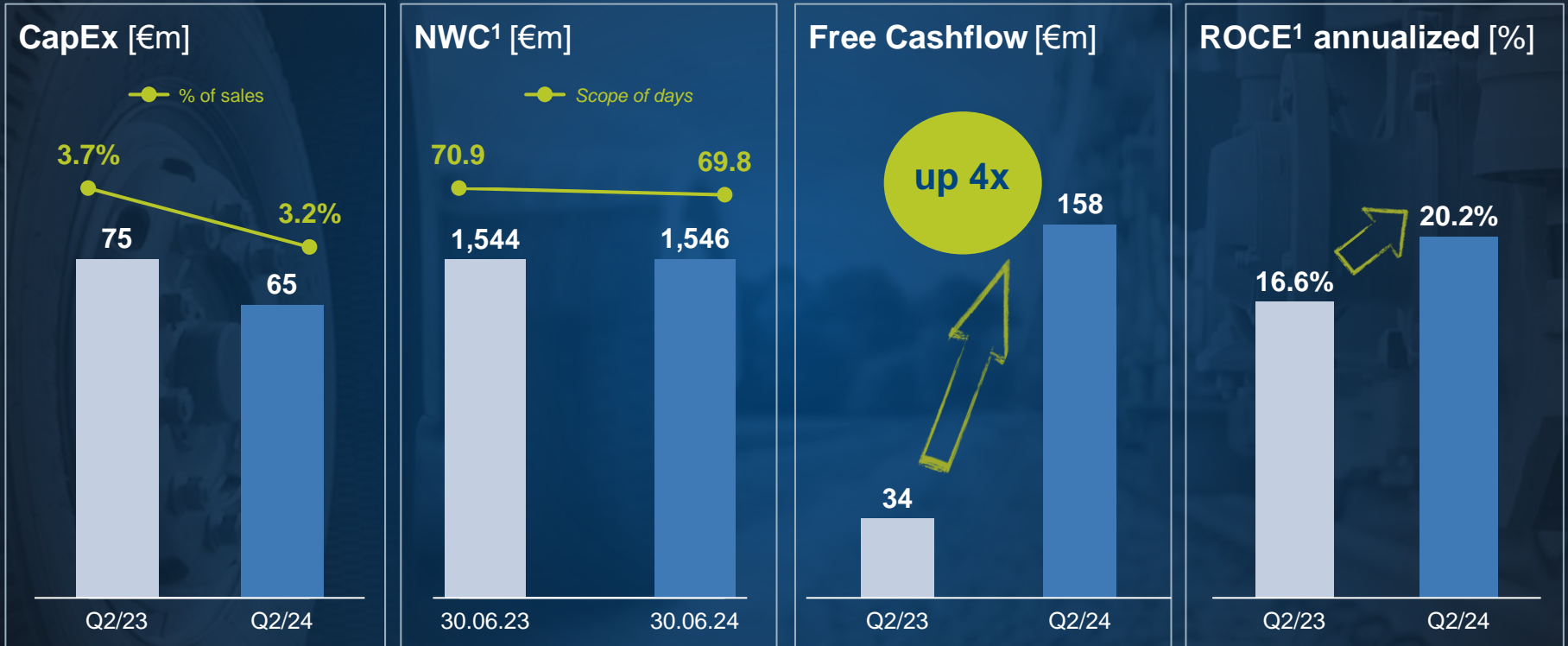
(PY: 9.3%)

103%

CCR

(PY: 26%)

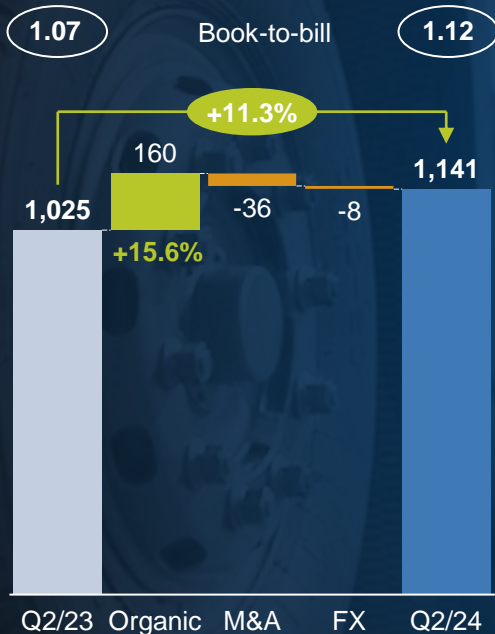
FCF quadrupled by improved EBIT & NWC and ROCE >20% again



RVS – Strong order book and Book-to-bill >1 for 11 quarters in a row



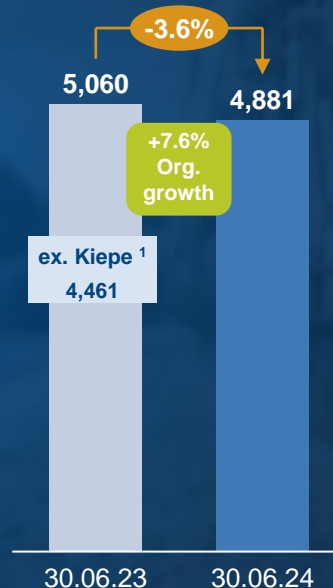
Order intake [€m]



OI higher yoy in all regions

- **EU:** Higher driven by OE, AM remaining on high level
- **AP:** Significantly higher especially in India OE and CN AM
- **NA:** Overall higher driven by OE and AM

Order book [€m]



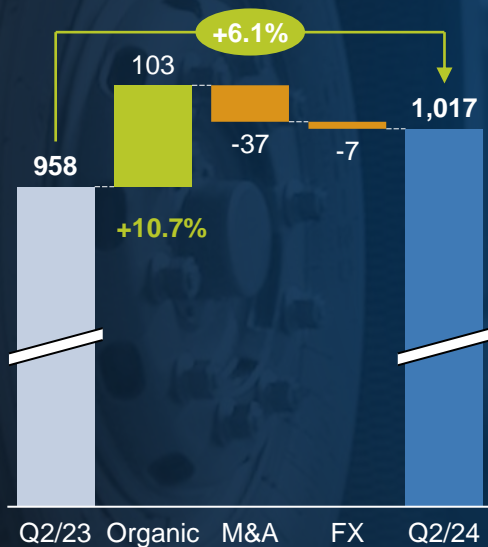
Order book remains on high level

- Organic order book, ex Kiepe, increased by 8%
- Strong order book **provides good visibility for FY24 and beyond**
- **Order book** well supported by resilient and stable rail demand

RVS – All regions grew profitable in OE & AM and converting well



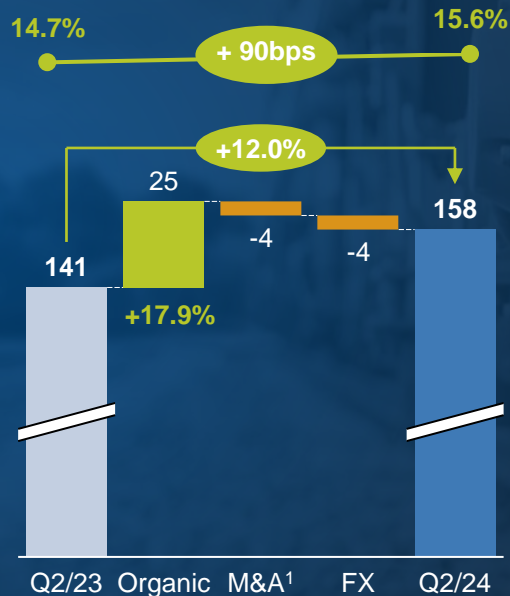
Revenue [€m]



Org. revenues up 11%

- Growth supported by volume & prices
- **EU:** Higher in OE and AM
- **APAC:** CN positive in AM and OE HS, rest of AP also higher (mainly India OE and AM)
- **NA:** OE higher (freight, passenger cars, loco & metro), AM also stronger
- **AM** share ~55%

Op. EBIT [€m]/ op. EBIT margin [%]



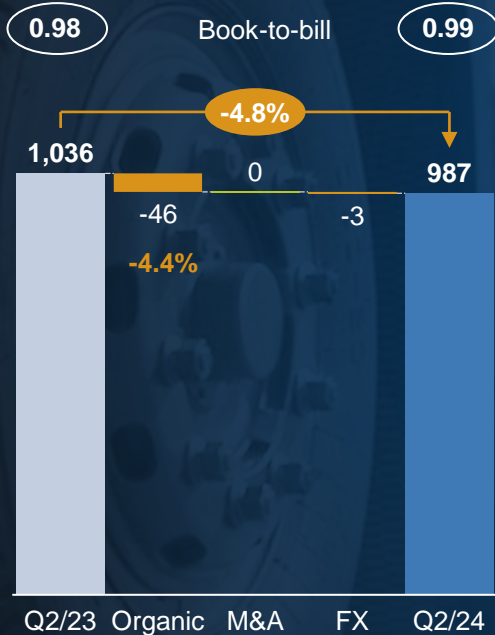
Op. margin increase by ~90bps

- Good operating leverage
- Improved pricing of new contracts and lower legacy business supported profitability
- Positive channel mix AM vs. OE
- Structural measures show first benefits

CVS – Good order book of almost € 2bn provides sound visibility in a tougher market environment



Order intake [€m]



OI on high level

- **EU:** significantly weaker yoy
- **APAC:** flattish yoy. Demand in China on same level as last year. Japan and India slightly weaker
- **NA:** significantly stronger, driven by OE demand

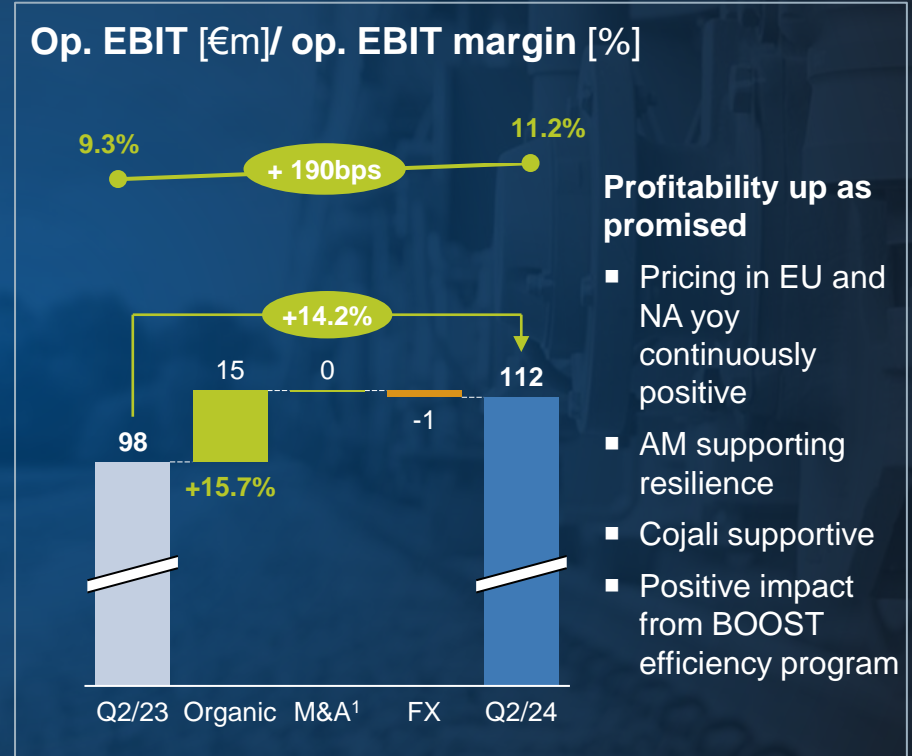
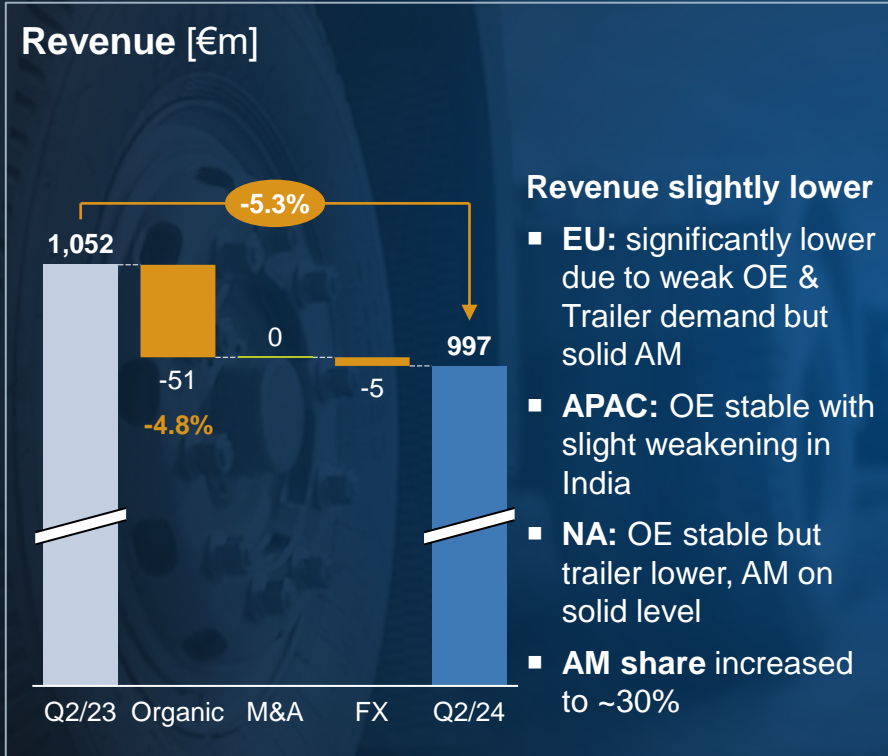
Order book [€m]



Order book remains on high level at ~€ 2bn

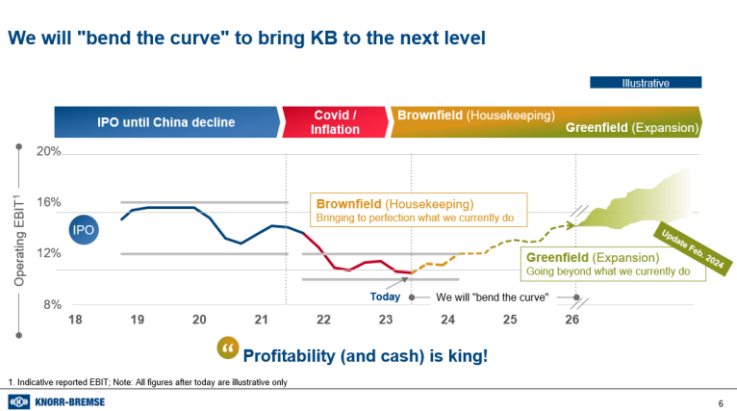
- Weaker market in EU
- NA better than Q2/23 based on still solid demand from OE while trailer market weakened
- APAC increasing yoy

CVS – Cost & flexibility measures as well as better pricing lead to a significant margin increase

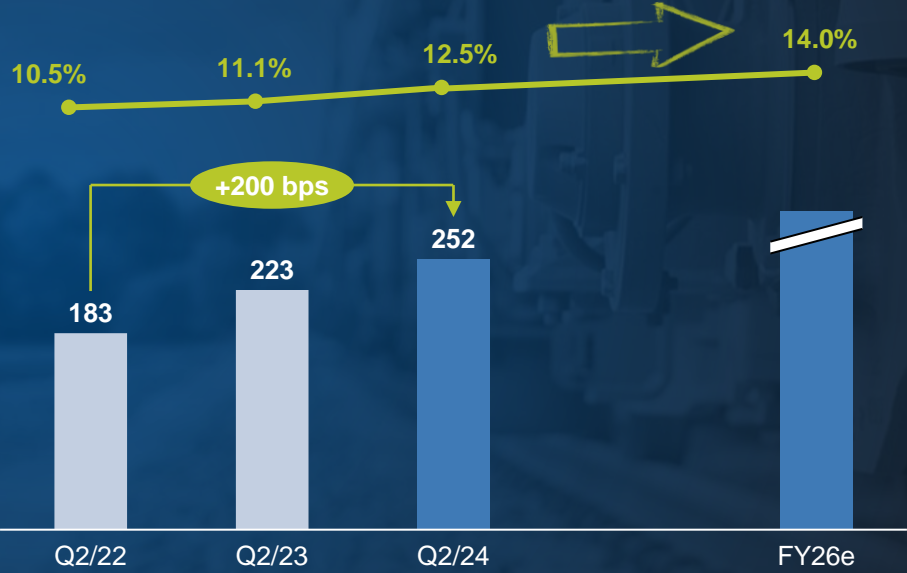


KB Group – approximately 50% of margin goal for FY26 is already achieved

Recap Strategy Update in 07/23

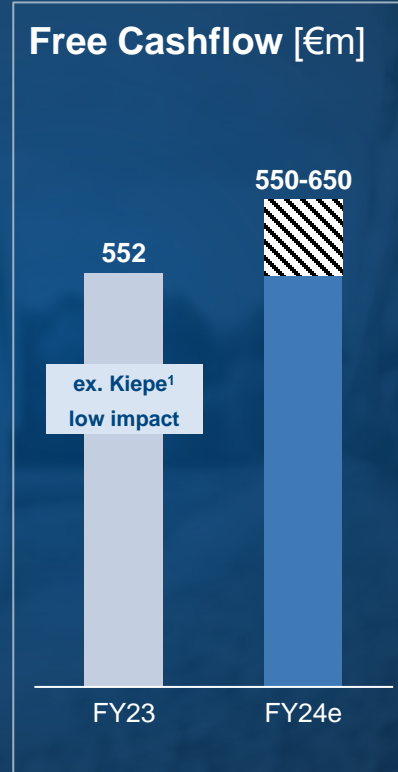
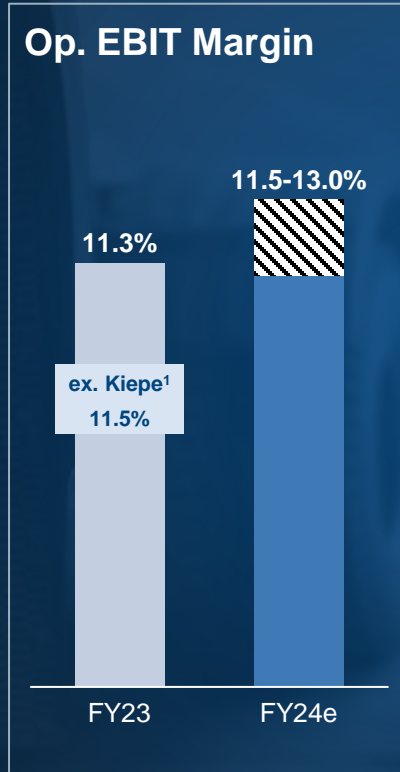
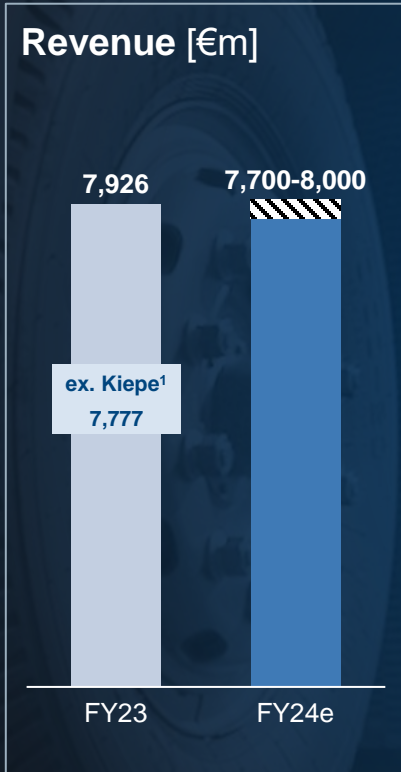


Op. EBIT [€m]/ op. EBIT margin [%]



Recovery of KB to old strength and BEYOND...

Raised Guidance FY24 confirmed



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 ↗

Alstom Signalling NA business will be part of guidance FY24 after closing (expected in summer 2024)

Q&A / Backup

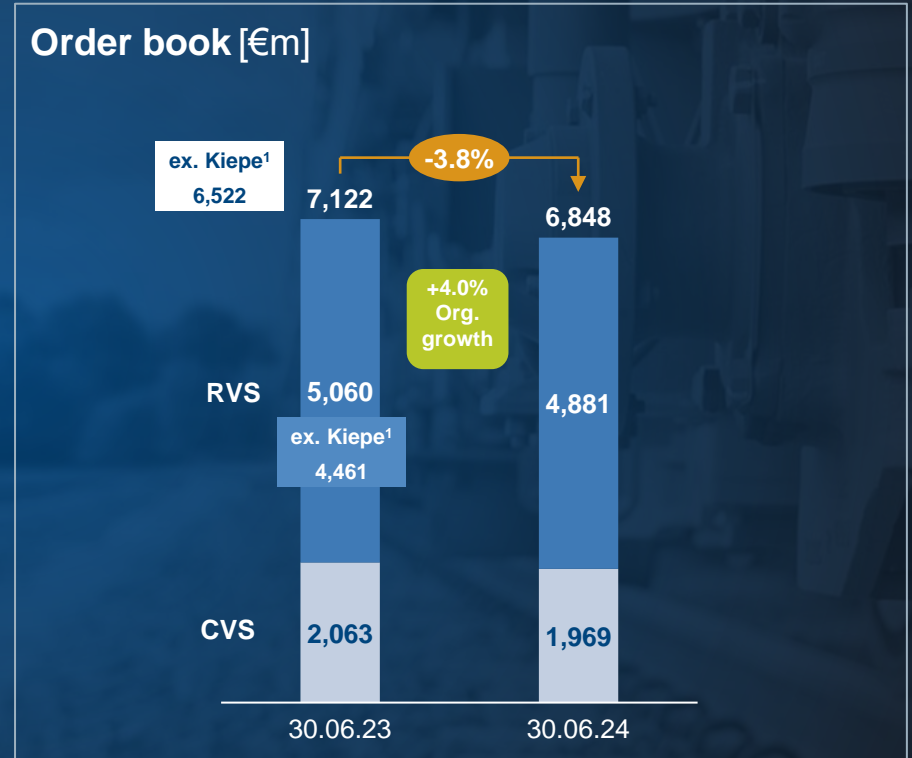
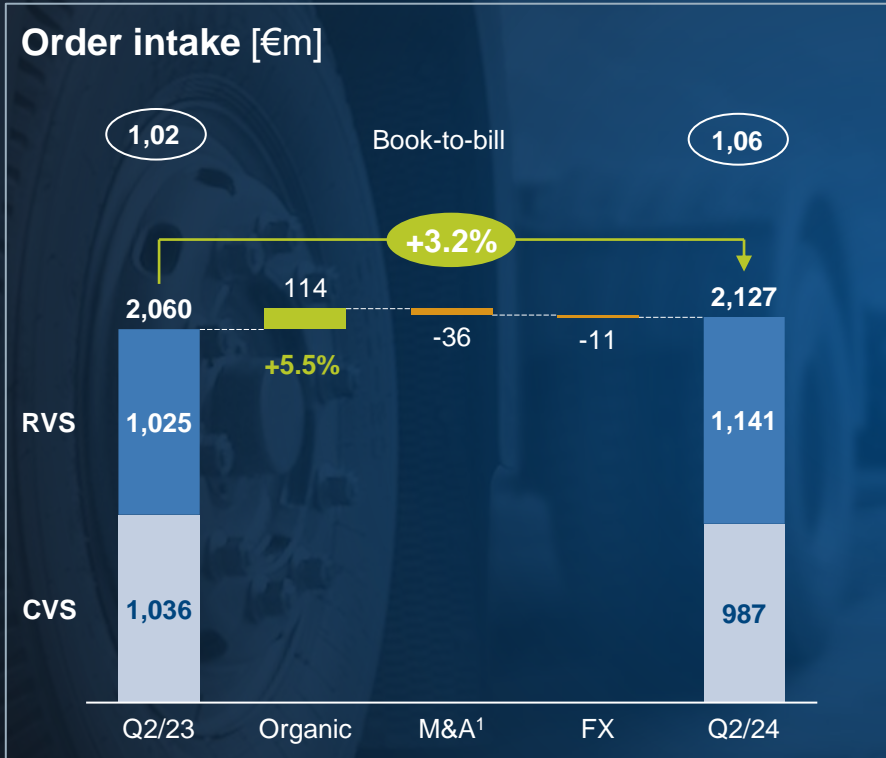


Financial calendar 2024 – Upcoming events and FY24 release dates

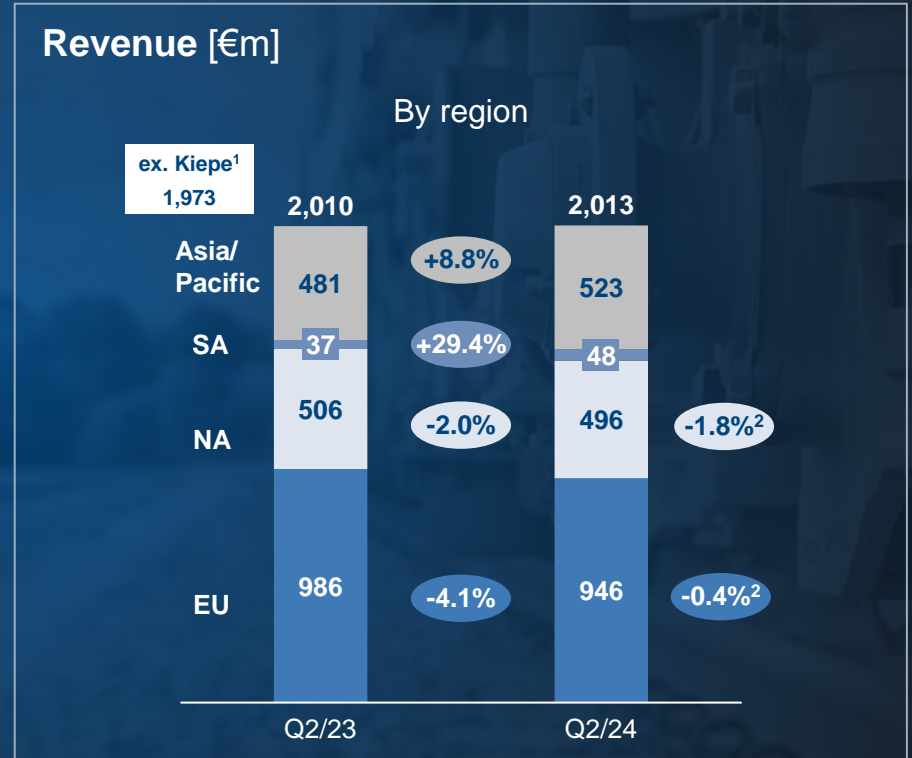
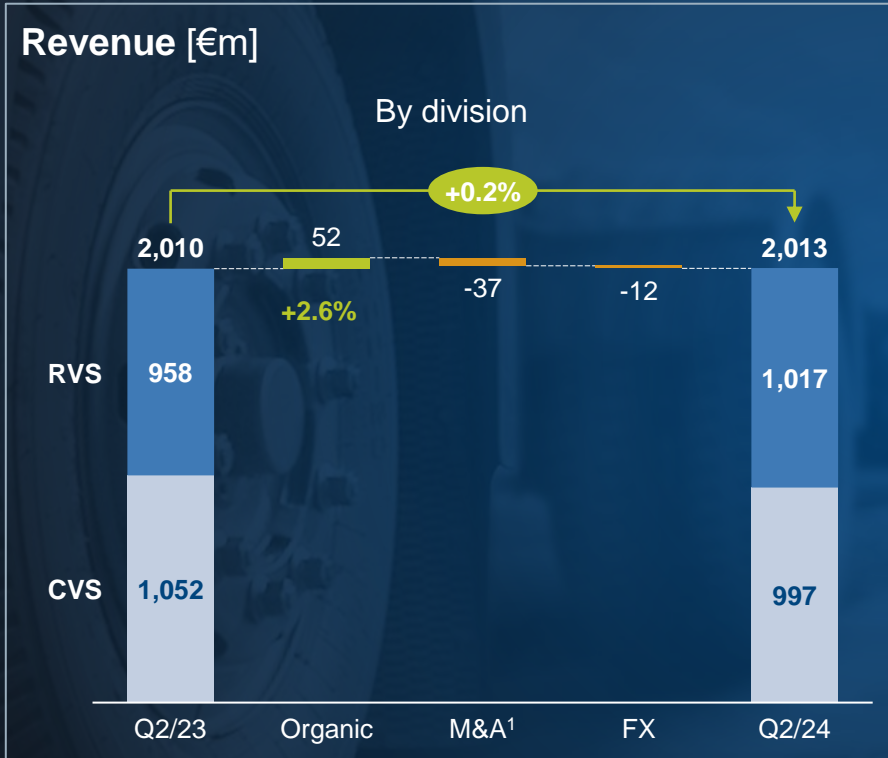


DATE	EVENT	LOCATION
Sep 4	Commerzbank & ODDO Corporate Conference	Frankfurt
Sep 5	Morgan Stanley Unplugged Conference	London
Sep 9	UBS Quo Vadis Industrial Event	Virtual
Sep 10-11	Kepler Cheuvreux Roadshow	U.S. West Coast
Sep 12	Morgan Stanley Annual Laguna Conference	Los Angeles
Sep 18-19	Trade fair: IAA-Transportation	Hannover
Sep 23	Baader Conference	Munich
Sep 24	Berenberg Conference	Munich
Sep 25-26	Trade fair: InnoTrans	Berlin
Oct 31	Q3/24 financial results	Online
Nov 7	Société Général ESG Conference	Paris
Nov 12-13	UBS European Conference	London
Nov 19-20	BNP Paribas Flagship Mid Cap Conference	Paris

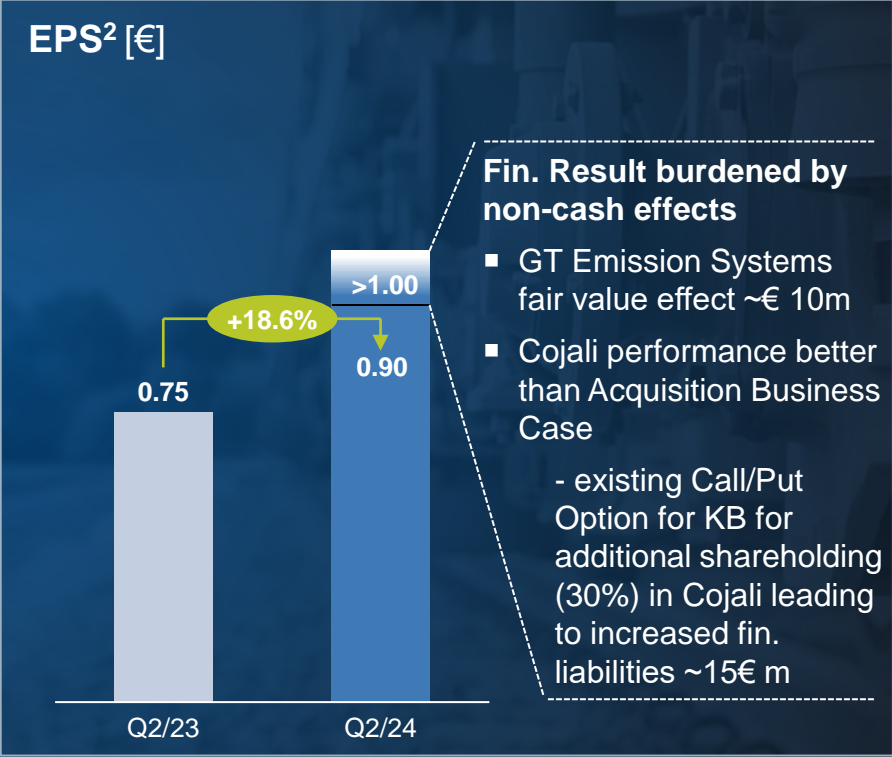
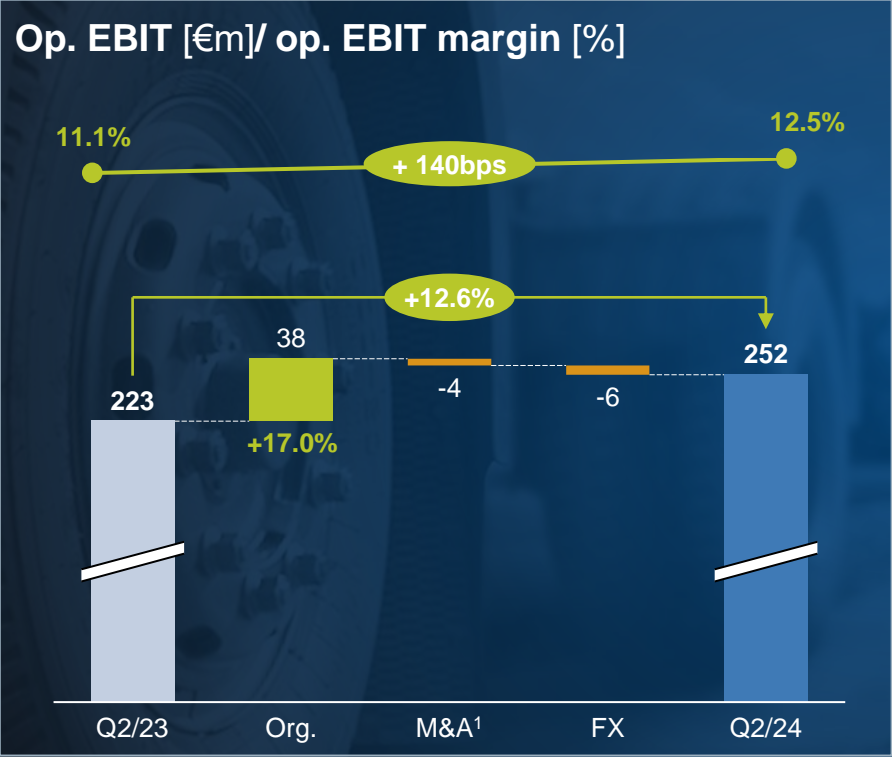
Group Q2/24 – Order intake and order book



Group Q2/24 – Revenue development

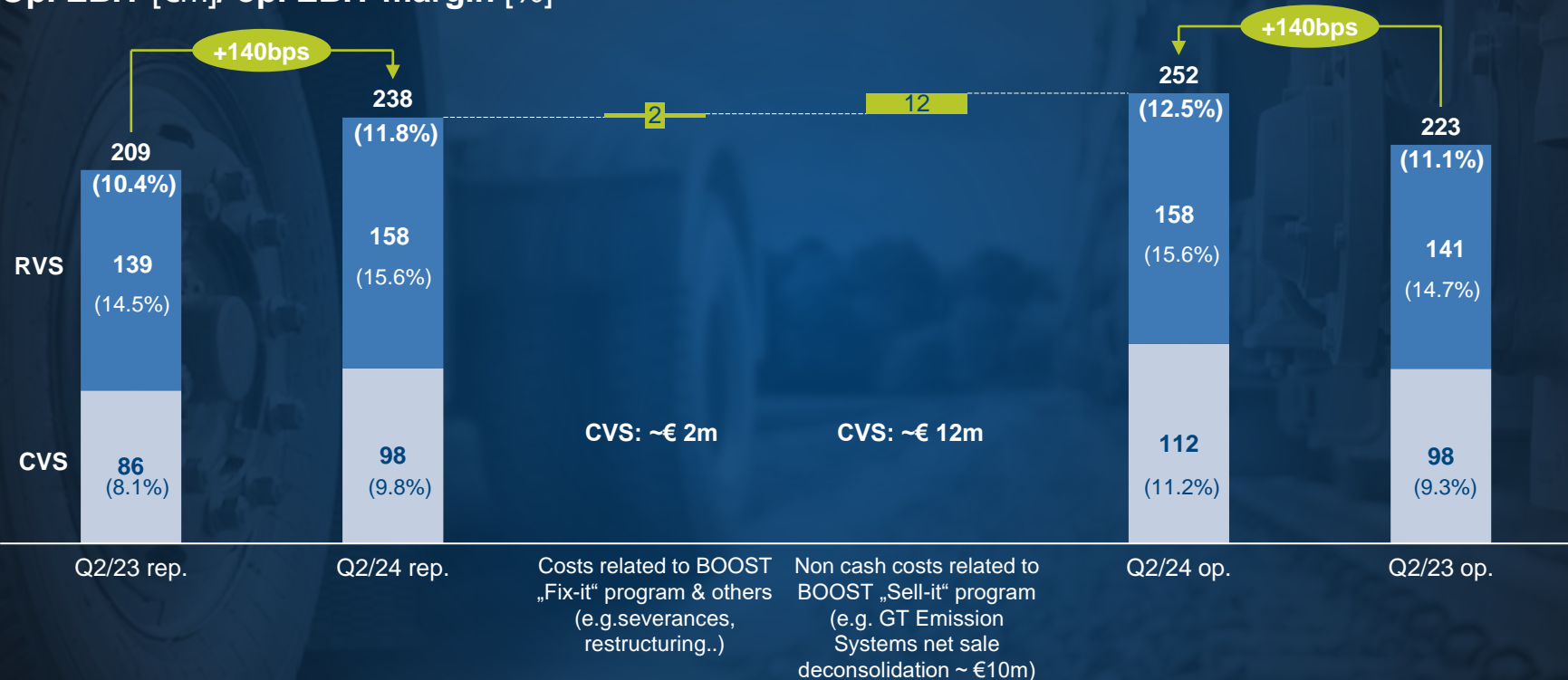


Group Q2/24 – Profitability and EPS



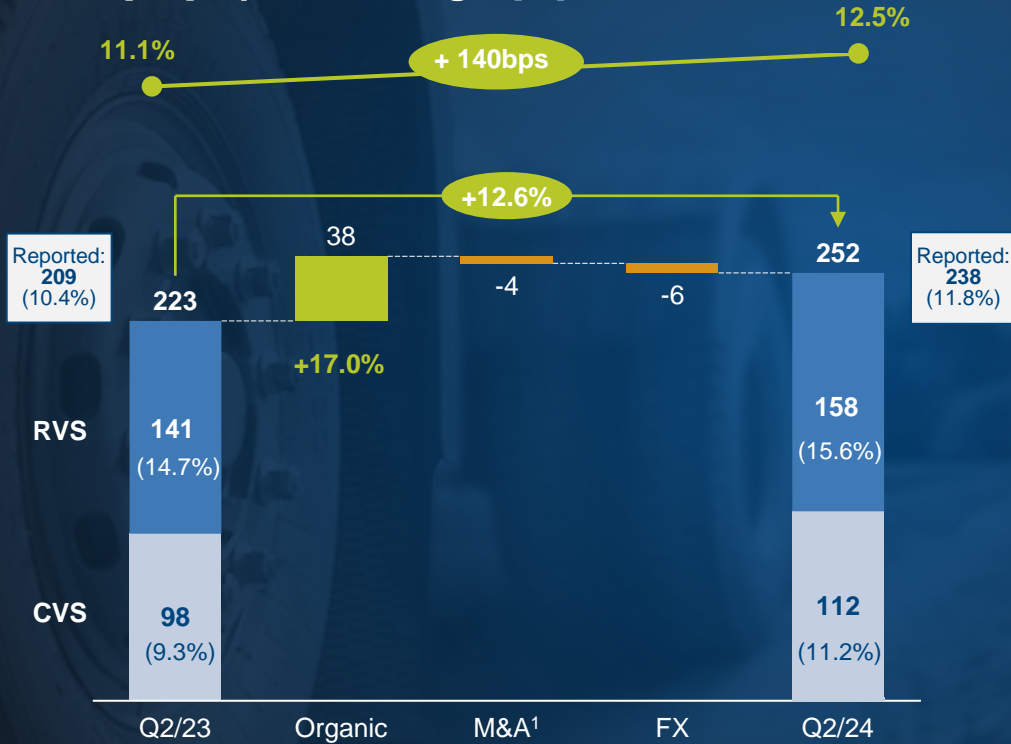
Group Q2/24 – Bridge reported EBIT to operating EBIT

Op. EBIT [€m]/ op. EBIT margin [%]

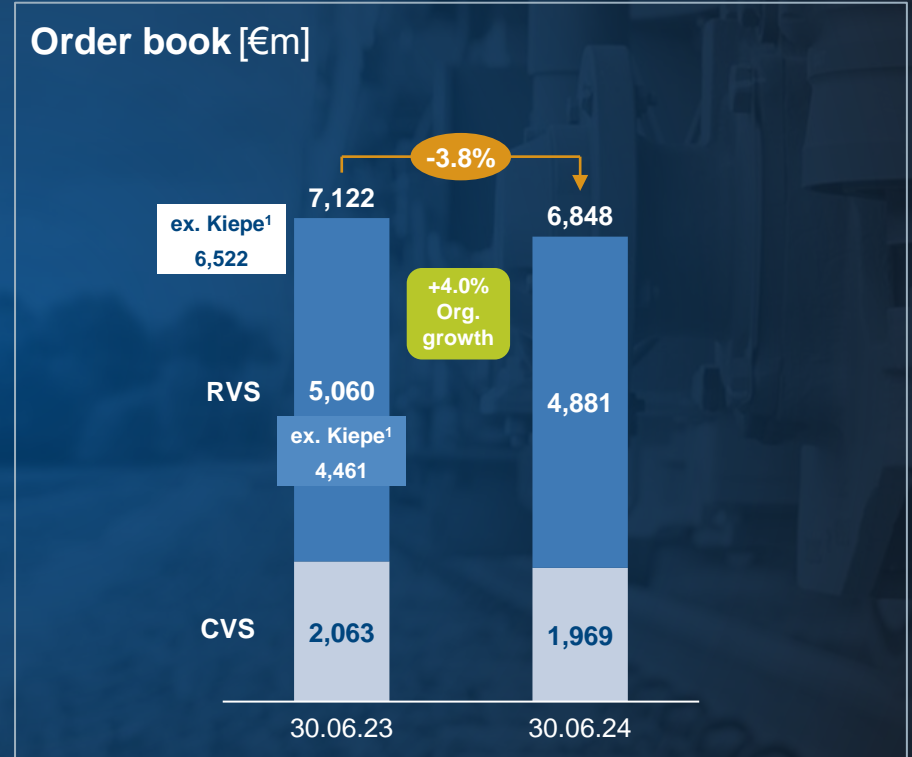
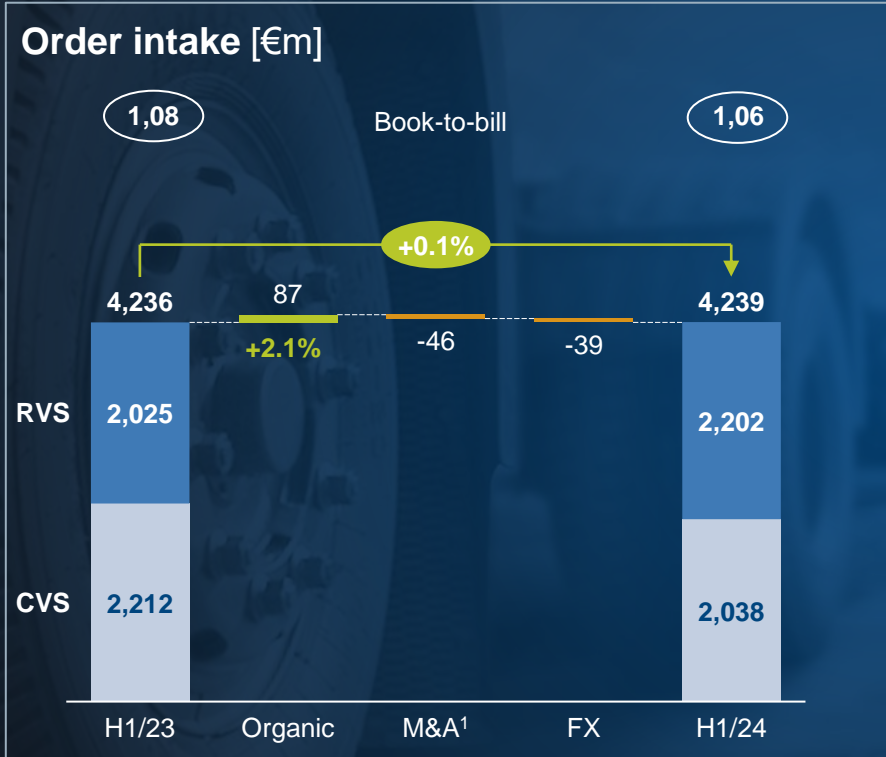


Group Q2/24 – op. EBIT development

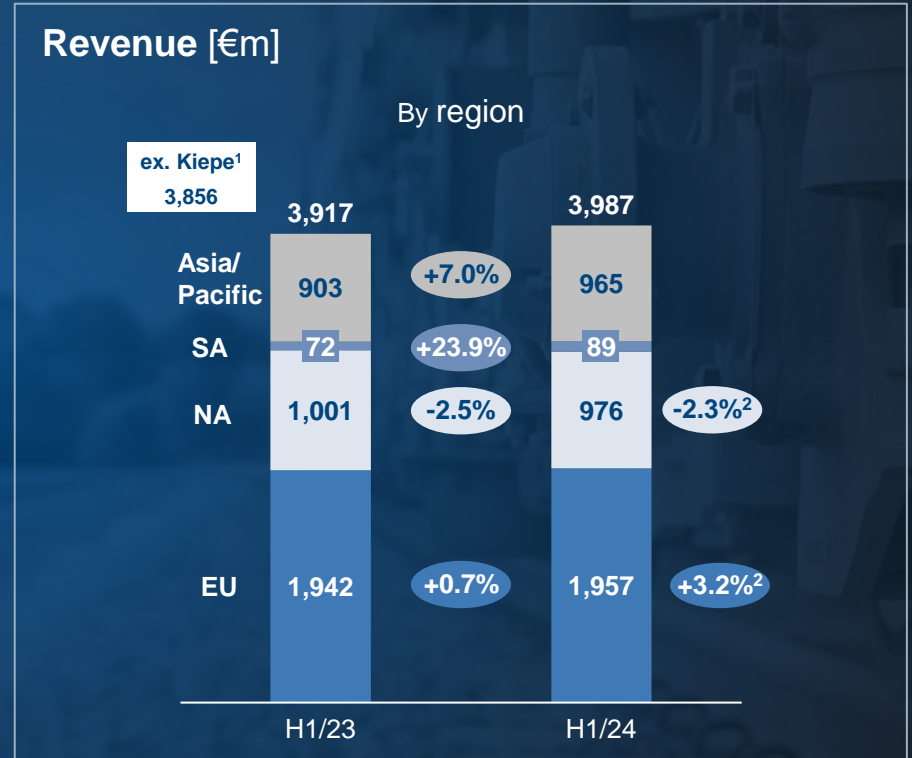
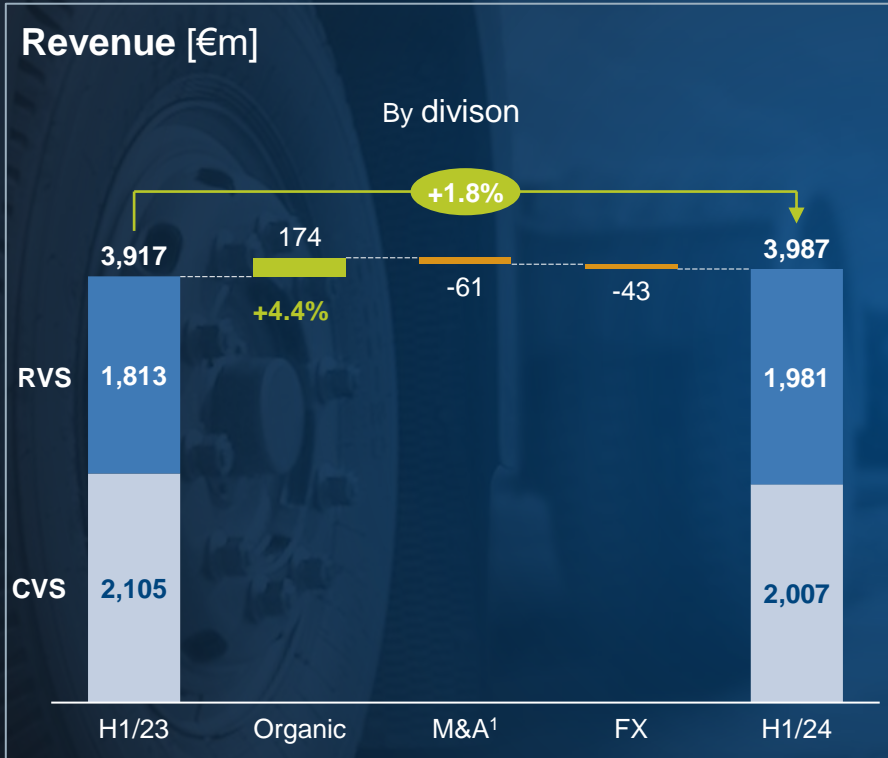
Op. EBIT [€m]/ op. EBIT margin [%]



Group H1/24 – Order intake and Order book

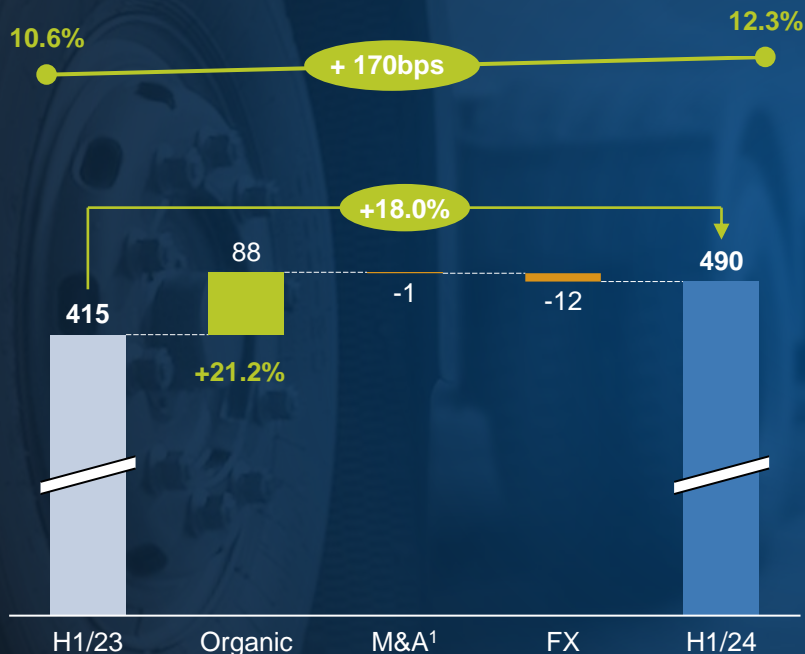


Group H1/24 – Revenue development

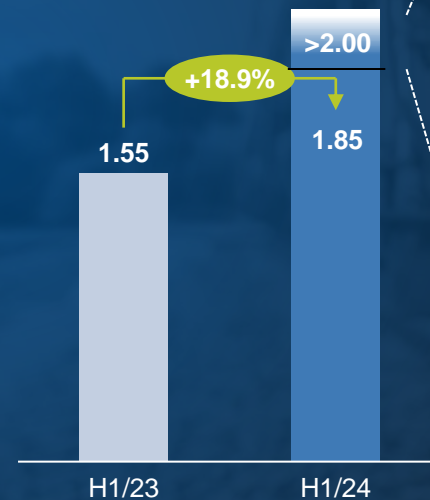


Group H1/24 – Profitability and EPS

Op. EBIT [€m]/ op. EBIT margin [%]



EPS² [€]

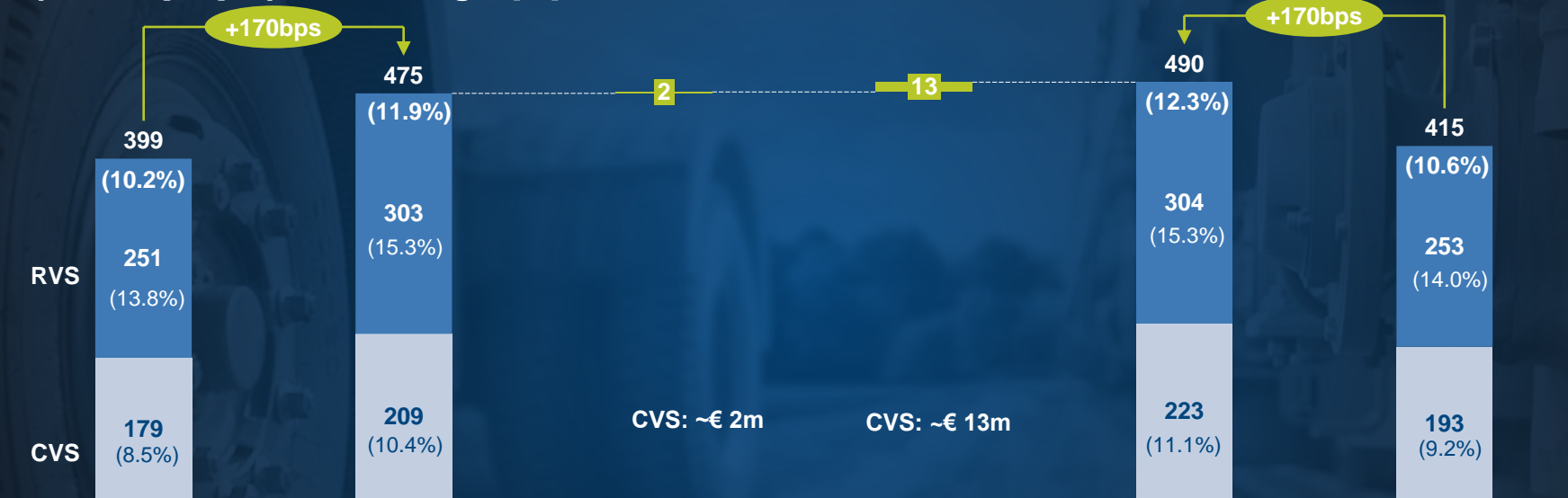


Fin. Result burdened by non-cash effects

- GT Emission Systems fair value effect ~€ 10m
- Cojali performance better than Acquisition Business Case
 - existing Call/Put Option for KB for additional shareholding (30%) in Cojali leading to increased fin. liabilities ~15€ m

Group H1/24 – Bridge reported EBIT to operating EBIT

Op. EBIT [€m]/ op. EBIT margin [%]



H1/23 rep.

H1/24 rep.

Costs related to BOOST „Fix-it“ program & others (e.g. severances, restructuring..)

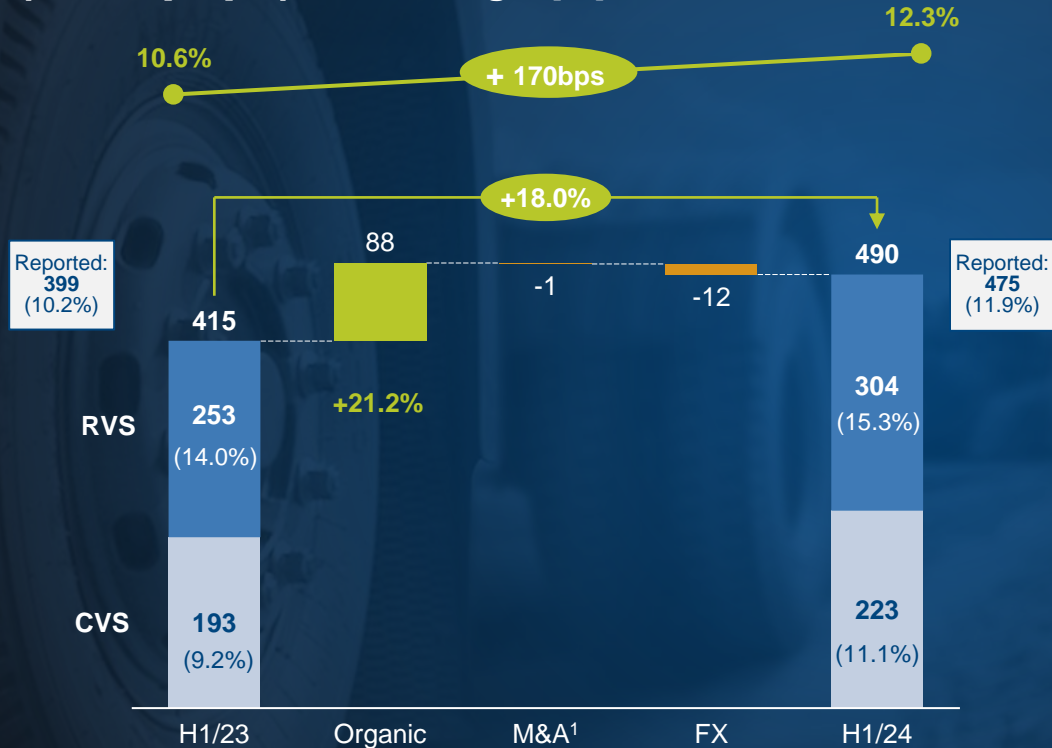
Non cash costs related to BOOST „Sell-it“ program (e.g. GT Emission Systems net sale deconsolidation ~ €10m)

H1/24 op.

H1/23 op.

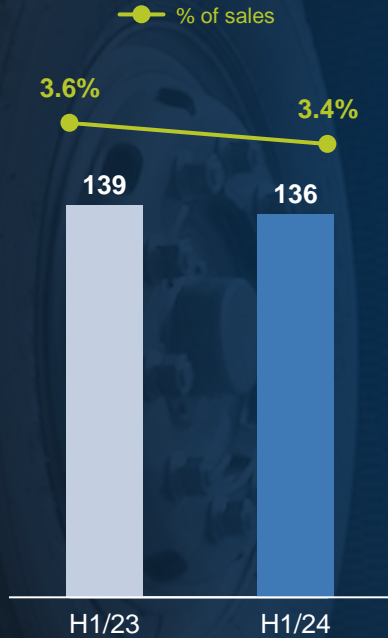
Group H1/24 – op. EBIT development

Op. EBIT [€m]/ op. EBIT margin [%]

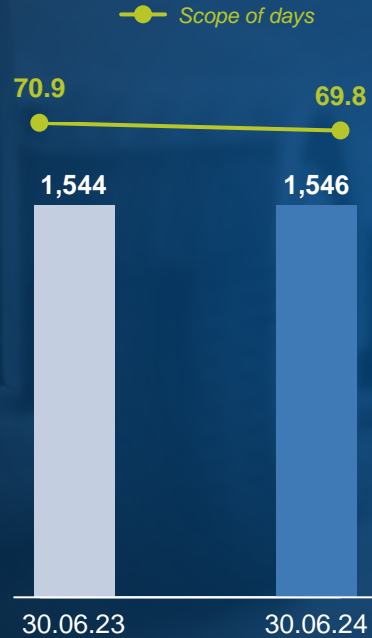


Group H1/24

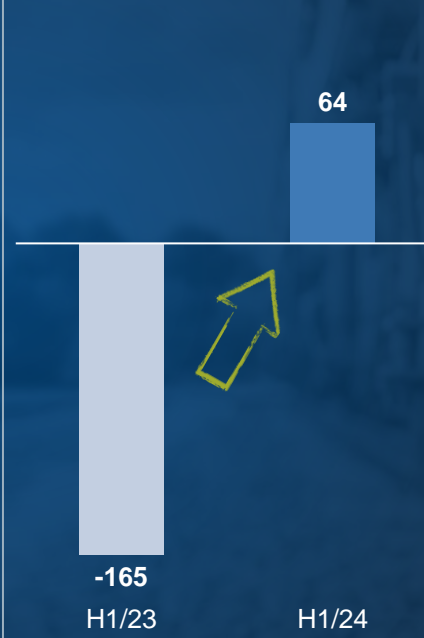
CapEx [€m]



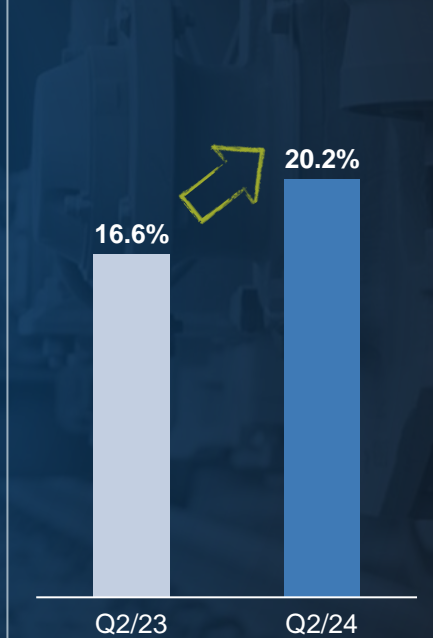
NWC¹ [€m]



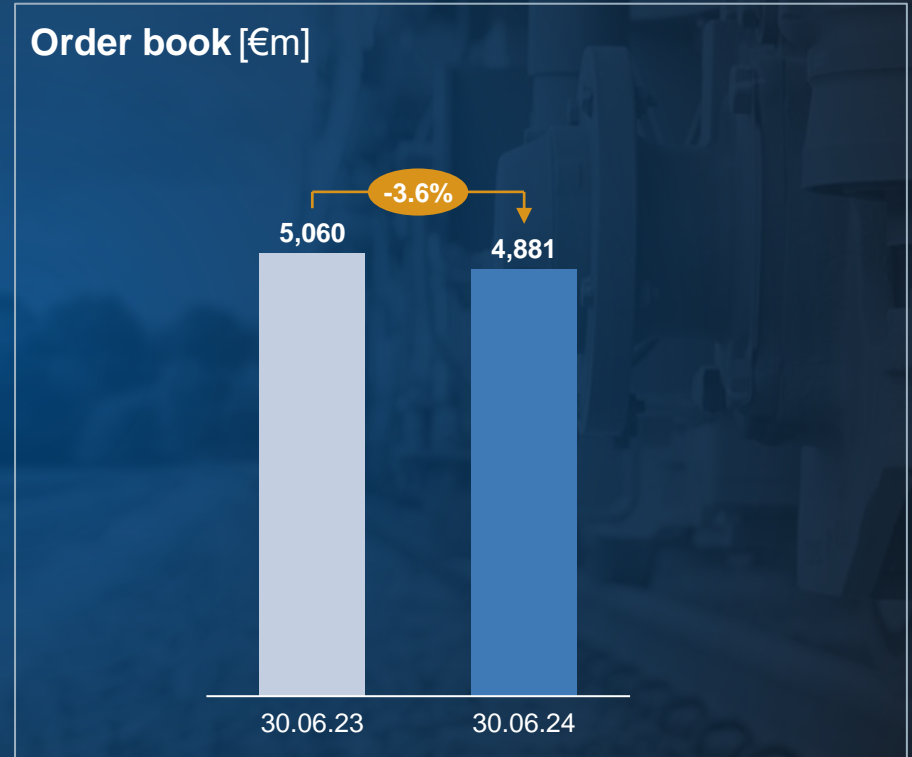
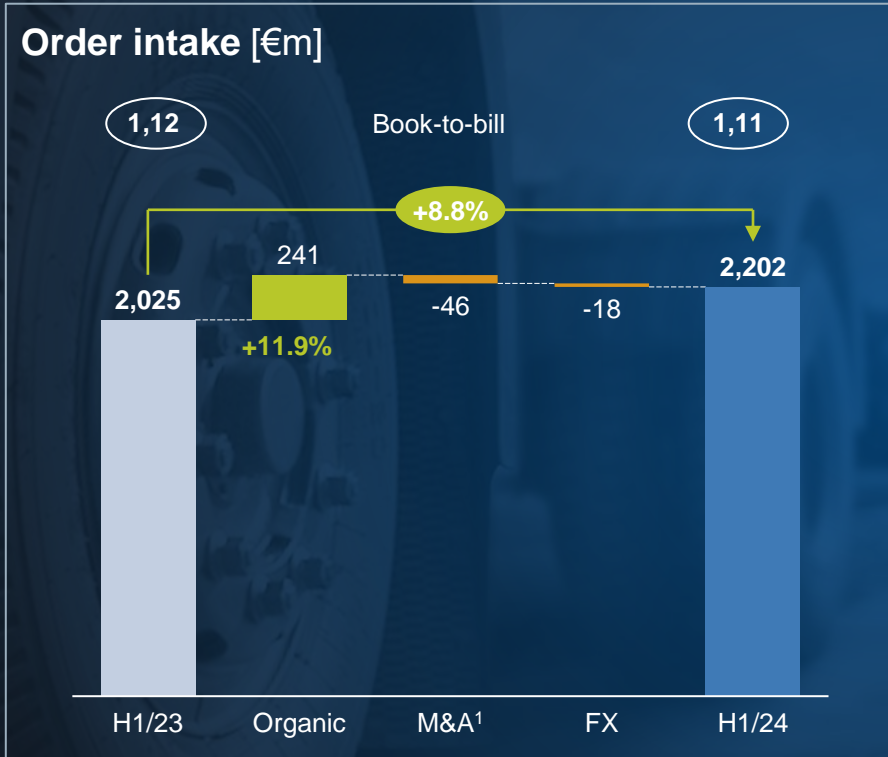
Free Cashflow [€m]



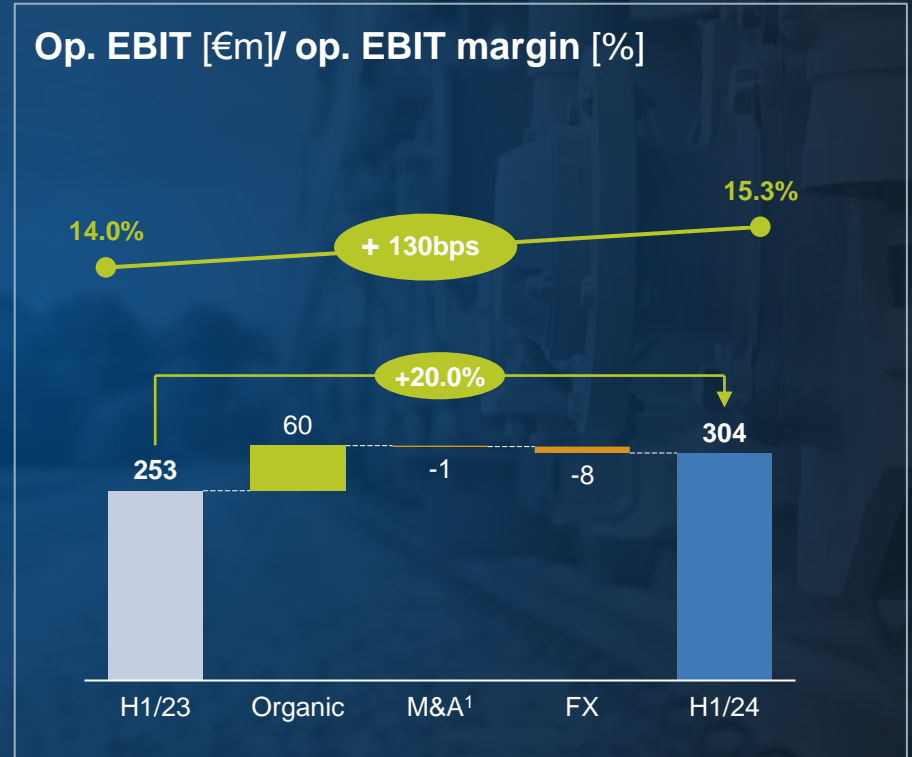
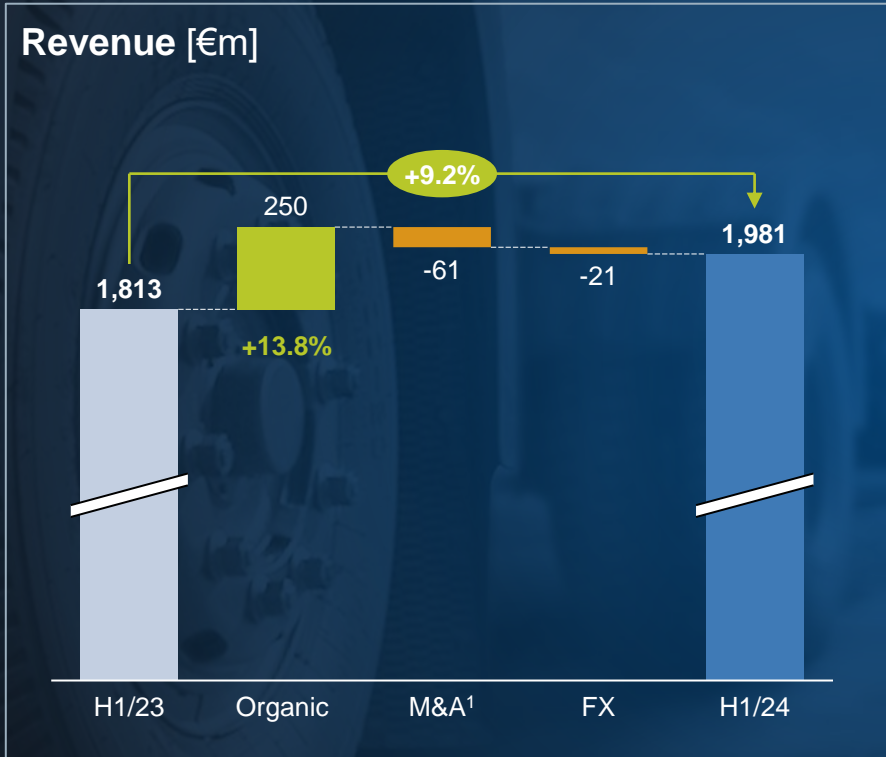
ROCE¹ annualized [%]



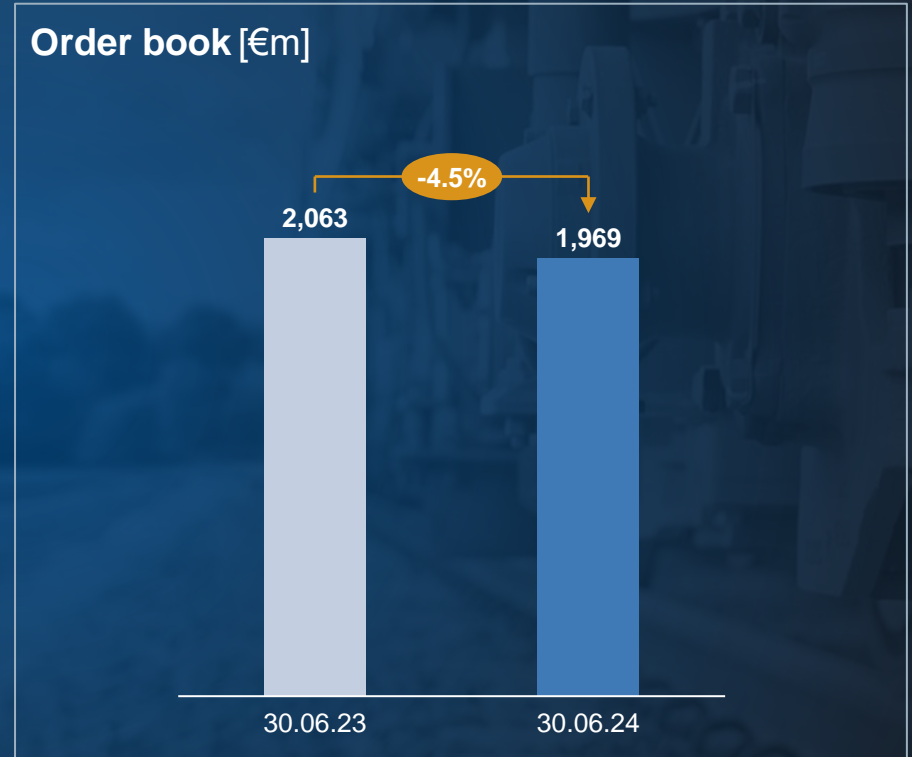
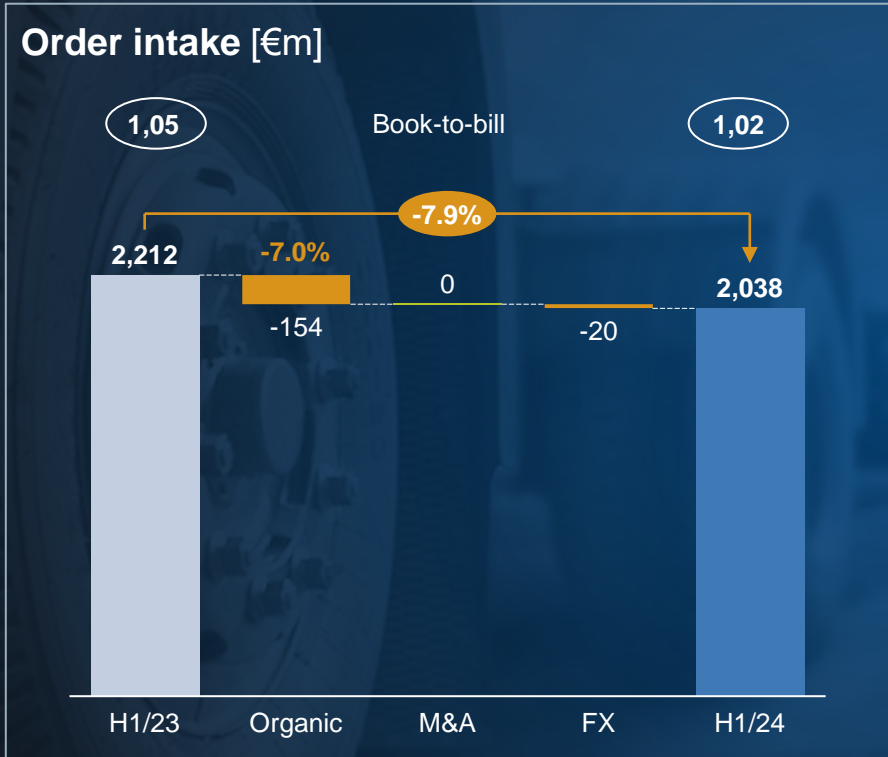
RVS H1/24 – Order intake and Order book



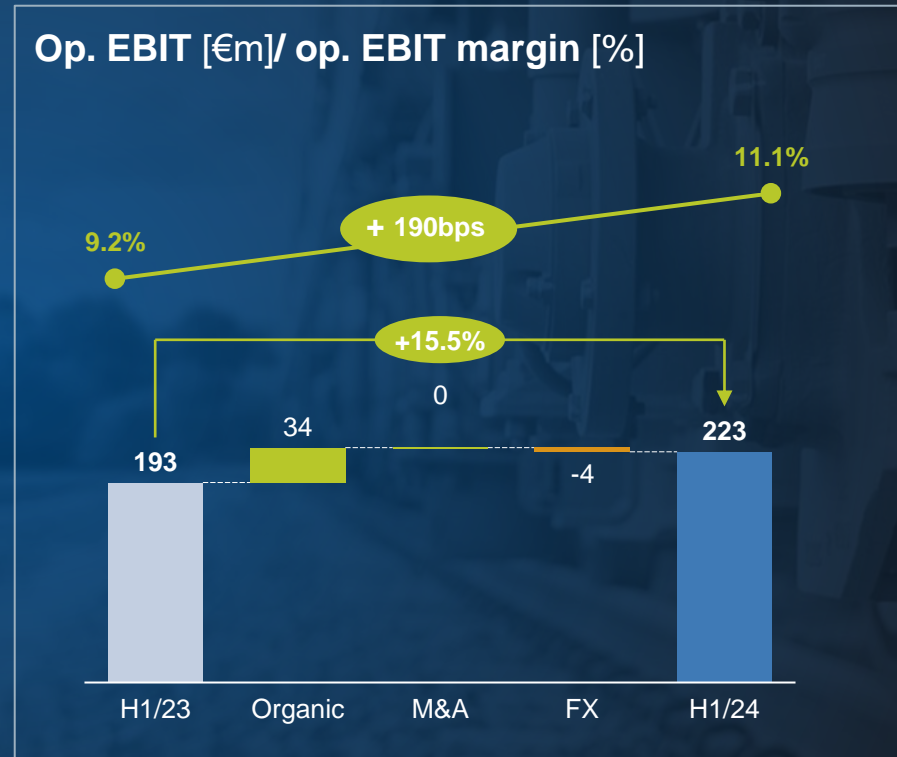
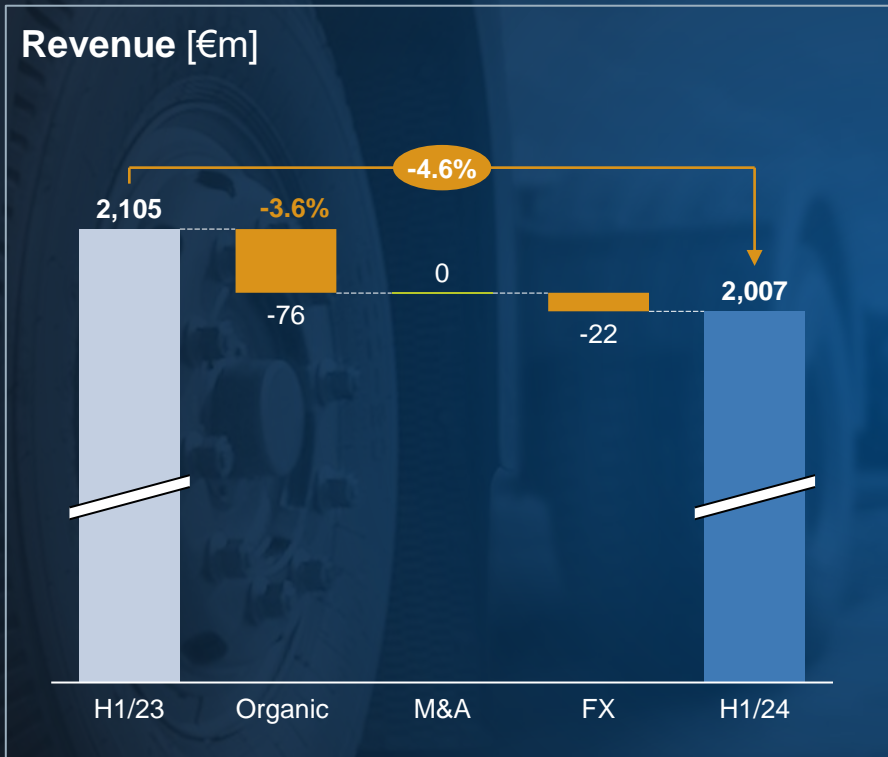
RVS H1/24 – Revenue and Profitability



CVS H1/24 – Order intake and order book



CVS H1/24 – Revenue and Profitability



Group: Income statement

€m	2023		2024		2023	2024
	Q1/23	Q2/23	Q1/24	Q2/24	H1/23	H1/24
Revenues	1.907,6	2.009,9	1.974,2	2.012,9	3.917,5	3.987,1
Change in inventory of unfinished/finished products	5,4	12,0	52,1	4,3	17,3	56,4
Own work capitalized	27,1	26,1	32,4	25,9	53,2	58,4
Total operating performance	1.940,0	2.047,9	2.058,7	2.043,1	3.988,0	4.101,9
Other operating income	22,3	25,4	19,1	27,0	47,8	46,1
Cost of materials	-979,9	-1.034,1	-1.007,7	-965,1	-2.014,0	-1.972,9
Personnel expenses	-495,6	-491,0	-523,5	-515,0	-986,6	-1.038,4
Other operating expenses	-210,3	-248,9	-224,7	-241,2	-459,2	-466,0
Earnings before interest, tax, depreciation and amortization (EBITDA)	276,6	299,3	321,9	348,8	575,9	670,7
Depreciation and amortization	-86,5	-90,2	-84,4	-110,8	-176,6	-195,2
Earnings before interests and taxes (EBIT)	190,1	209,2	237,5	238,0	399,3	475,5
Interest income	8,8	6,1	14,3	11,4	14,9	25,7
Interest expenses	-21,5	-20,2	-23,4	-25,4	-41,7	-48,8
Other financial result	9,8	-5,4	-13,6	-26,6	4,4	-40,2
Income before taxes	187,1	189,6	214,8	197,4	376,8	412,2
Taxes on income	-54,6	-61,1	-55,6	-43,7	-115,7	-99,4
Net income	132,5	128,5	159,1	153,7	261,1	312,8
Profit (loss) attributable to non-controlling interests	7,8	9,4	5,4	9,4	17,3	14,8
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	124,7	119,1	153,7	144,3	243,8	298,1
Earnings per share in Euro	0,80	0,75	0,95	0,90	1,55	1,85

Group: Cashflow statement

€ m	2023		2024		2023	2024
	Q1/23	Q2/23	Q1/24	Q2/24	H1/23	H1/24
Net cash flows from/used in operating activities	-137,0	105,3	-48,3	219,0	-31,7	170,7
Net cash flows from/used in investing activities	-110,7	-69,1	0,0	0,0	-179,7	0,0
Net cash flows from/used in financing activities	-17,1	-263,6	-23,9	-311,5	-280,7	-335,3
Cash flow changes	-264,8	-227,3	-80,3	-169,5	-492,1	-249,8
thereof change in cash funds resulting from exchange rate and valuation-related movements	-11,6	-16,8	7,8	5,2	-28,4	13,0
Change of cash fund	-276,4	-244,1	-72,5	-164,3	-520,5	-236,8
Cash funds at the beginning of the period	1.210,7	934,3	1.283,5	1.211,0	1.210,7	1.283,5
Cash funds at the end of the period	934,3	690,2	1.211,0	1.045,8	690,2	1.045,8

Group: Balance sheet/ assets

€ m	2023		2024	
	31.03.2023	30.06.2023	31.03.2024	30.06.2024
Assets				
Intangible assets and goodwill	1.337,7	1.331,9	1.467,1	1.459,4
Property, plant and equipment	1.820,0	1.798,0	1.864,1	1.851,2
Investments accounted for using the equity method	75,3	67,6	62,5	56,9
Other financial assets	147,7	159,1	116,2	112,8
Other assets	94,9	94,4	97,3	99,6
Income tax receivables	0,8	1,3	0,6	0,2
Assets from employee benefits	24,1	14,0	21,2	25,5
Deferred tax assets	130,5	137,1	81,3	77,1
Non-current assets	3.630,8	3.603,4	3.710,2	3.706,0
Inventories	1.267,1	1.229,2	1.231,4	1.235,4
Trade accounts receivable	1.644,5	1.638,2	1.605,0	1.604,6
Other financial assets	139,4	168,9	171,1	180,9
Other assets	169,9	189,3	168,9	182,4
Contract assets	73,7	81,1	76,4	79,1
Income tax receivables	39,7	94,8	79,6	101,3
Cash and cash equivalents	954,1	688,5	1.268,6	1.075,7
Current assets	4.458,0	4.290,1	4.606,1	4.486,7
Total assets	8.088,8	7.893,4	8.316,3	8.192,7

Group: Balance sheet/ liabilities

€ m	2023		2024	
	31.03.2023	30.06.2023	31.03.2024	30.06.2024
Equity				
Subscribed capital	161,2	161,2	161,2	161,2
Capital reserves	13,9	13,9	13,9	13,9
Retained earnings	10,3	10,3	9,4	309,4
Other components of equity	-138,1	-167,8	-181,4	-165,8
Profit carried forward	2.500,3	2.266,6	2.822,7	2.258,3
Profit attributable to the shareholders of Knorr-Bremse AG	124,7	243,8	153,7	298,1
Equity attributable to the shareholders of Knorr-Bremse AG	2.672,3	2.528,0	2.979,5	2.875,0
Equity attributable to non-controlling interests	135,9	132,7	71,4	80,4
thereof share of non-controlling interests in net income	7,9	17,3	5,4	14,8
Equity	2.808,2	2.660,7	3.050,8	2.955,4
Liabilities				
Provisions for pensions	223,9	219,3	235,4	227,4
Provisions for their employee benefits	17,8	18,0	19,3	28,4
Other provisions	184,7	191,8	180,4	183,5
Financial liabilities	2.042,5	2.015,7	2.210,8	1.426,8
Other liabilities	6,5	6,9	10,8	9,6
Income tax liabilities	6,4	9,0	8,2	12,5
Deferred tax liabilities	191,0	210,7	140,1	135,2
Non-current liabilities	2.672,8	2.671,5	2.804,9	2.023,4
Provisions for other employee benefits	6,6	6,9	16,1	17,5
Other provisions	169,6	172,8	174,7	187,9
Trade accounts payable	1.260,2	1.217,2	1.199,2	1.170,0
Financial liabilities	567,6	531,1	649,7	1.350,4
Other liabilities	100,6	132,7	117,1	149,0
Contract liabilities	207,5	197,1	225,8	233,2
Income tax liabilities	144,9	145,4	103,6	93,5
Current liabilities	2.607,8	2.561,2	2.489,1	3.213,9
Liabilities	0,0	5.232,7	0,0	5.237,3
Total assets	8.088,8	7.893,4	8.344,8	8.192,7

Net Financial Debt / (Cash) Balance

€ million	30.06.2024	31.12.2023	31.12.2022
Cash and cash equivalents	(1,075.7)	(1,291.4)	(1,342.6)
Short-term liabilities to banks	59.1	66.2	172.4
Short-term bonds and obligations	768.1	11.0	11.0
Short-term leasing liabilities	65.8	63.4	63.1
Securities (incl. other debt investments)	(99.2)	(141.1)	(102.5)
Long-term liabilities to banks	6.5	7.7	33.5
Long-term bonds and obligations	696.8	1,446.0	1,444.5
Long-term leasing liabilities	472.2	464.6	446.6
Other long-term liabilities	0.7	0.6	0.7
Net Financial Debt / (Cash) incl. securities	894.6	627.2	726.7

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