

Quarterly Statement
January 1 to September 30, 2024



KNORR-BREMSE

Quarterly Statement

JANUARY 1 TO SEPTEMBER 30, 2024
KNORR-BREMSE AG

KNORR-BREMSE GROUP KEY INDICATORS

		First Nine Months		Third Quarter	
		2024	2023	2024	2023
Revenues	€ million	5,896.7	5,856.2	1,909.6	1,938.8
EBIT	€ million	694.2	622.0	218.7	222.7
EBIT margin	%	11.8	10.6	11.5	11.5
Operating EBIT	€ million	724.8	638.6	235.1	223.5
Operating EBIT margin	%	12.3	10.9	12.3	11.5
EBT	€ million	595.3	560.8	183.1	184.1
EBT margin	%	10.1	9.6	9.6	9.5
Net income	€ million	452.5	398.2	139.7	137.2
Return on sales after taxes	%	7.7	6.8	7.3	7.1
Earnings per share*	€	2.66	2.36	0.81	0.81
Order intake	€ million	6,182.3	6,216.1	1,943.4	1,980.2
Order book (September 30)	€ million	7,058.5	7,190.9	7,058.5	7,190.9
Free cash flow	€ million	247.9	64.9	184.1	230.1
Cash flow from operating activities	€ million	428.3	275.1	257.6	306.8
Capital expenditure	€ million	216.4	222.1	80.3	82.7
Capital expenditure as % of revenues	%	3.7	3.8	4.2	4.3
R & D costs	€ million	413.9	382.1	127.8	127.8
R & D as % of revenues	%	7.0	6.5	6.7	6.6
		Sept. 30, 2024	Dec. 31, 2023		
Total assets	€ million	9,488.9	8,248.6		
Equity	€ million	3,041.4	2,903.5		
Equity ratio	%	32.1	35.2		
Operating ROCE (annualized)**	%	18.6	20.0		
Net working capital	Days' sales	79.4	51.4		

* The comparison information was adjusted in connection with the correction of the Cojali purchase price allocation in the 2023 fiscal year (see 2023 Annual Report, notes to the consolidated financial statements, chapter C.3.). In this context, € 10.0 million (first nine months of 2023) and € 3.1 million (third quarter of 2023) of the profit attributable to non-controlling interests was reclassified to profit attributable to the shareholders of Knorr-Bremse AG.

** For the calculation of operating ROCE, operating EBIT is set in relation to capital employed adjusted for the effects of the purchase price allocation of KB Signaling.

FIRST NINE MONTHS OF 2024

- » Stable order intake of € 6,182.3 million down on the previous year's level by a slight amount of € 33.8 million due to a moderate decline in the commercial vehicle business alongside a solid increase in demand in the rail vehicle business
- » Order book of € 7,058.5 million continues to reach a high level; the slight decline of € 132.4 million includes the € 593.3 million disposal of orders belonging to the deconsolidated Kiepe Group
- » Revenue of € 5,896.7 million slightly above previous year's level; rail business increases by a solid 8.4% to € 2,975.7 million while commercial vehicle business declines by 6.1% to € 2,922.5 million
- » Aftermarket revenue of € 2,485.6 million moderately above the previous year's level; while OE revenues decline, the share of aftermarket revenues in the Group's total revenues increases from 39.5% to 42.2%
- » Profitability: operating EBIT, at € 724.8 million, up a significant 13.5% year over year with an operating EBIT margin of 12.3% (previous year: 10.9%)
- » Free cash flow of € 247.9 million up a very significant amount from the previous year (€ 64.9 million) mainly as a result of significantly increased earnings contributions
- » R & D ratio of 7.0% of revenue is above the previous year's level (6.5%) due to higher investments in technology and innovation projects and market-related reduction in commercial vehicle sales
- » Full-year guidance for 2024 slightly increased after consolidation of KB Signaling:
 - » Revenue: € 7,800 million to € 8,100 million, previously € 7,700 million to € 8,000 million (2023: € 7,926 million)
 - » Operating EBIT margin: 11.5% to 13.0%, increased previously from an original 11.5% to 12.5% (2023: 11.3%)
 - » Free cash flow: € 550 million to € 650 million (2023: € 552 million)

BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF 2024

Stable Order Intake: € 6,182.3 Million

The Knorr-Bremse Group's order intake, at € 6,182.3 million as at the end of September 2024, saw a slight decline of € 33.8 million from the comparable period of the previous year. Simultaneously, however, the continued strong demand in rail vehicle business was largely able to compensate for the declining commercial vehicle order intake. The solid year-over-year increase in order intake in the Rail Vehicle Systems division was mainly attributable to the Asia region. The commercial vehicle order intake was down on the corresponding level in the previous year primarily as a result of shrinking demand in the European and Asian markets.

The overall solid order numbers helped the order book to stay at a high level of € 7,058.5 million as at the end of September 2024, € 460.8 million up on the previous year's order book of € 6,597.7 million when adjusted for the Kiepe Group. The order books of KB Signaling, now included for the first time, contributed a share of € 238.3 million.

Slight Increase in Revenue: € 5,896.7 Million

During the first nine months of the 2024 fiscal year, consolidated revenue increased by a slight € 40.5 million to € 5,896.7 million. Adjusting for currency differences (at actual rates in 2023), revenue increased by 1.6% year over year. Within this, the higher revenues in the Rail Vehicle Systems division were more than able to offset the declining revenues of the Commercial Vehicle Systems division. The operating increase in group revenue, excluding the Kiepe Group, which was sold at the beginning of the year, amounted to a low three-digit million range.

The share of aftermarket revenues in the total revenues of the Knorr-Bremse Group increased year over year, from 39.5% to 42.2%, due to a solid 7.3% increase in aftermarket business alongside a slight 3.7% drop in OE revenue.

Significant Increase in Operating EBIT to € 724.8 Million

Operating EBIT of € 724.8 million was generated during the first nine months of 2024, up a significant € 86.2 million and 13.5% on the comparable period in the previous year. The operating EBIT margin of 12.3% also increased by a solid amount year over year (previous year: 10.9%). This was mainly the result of the continued consistent implementation of cost reduction measures. To calculate operating EBIT, the recognized EBIT of € 694.2 million was adjusted in particular for expenses for a software update for control units in the North American truck market in the amount of € 18.4 million and M&A-related expenses in the amount of € 14.0 million in the Commercial Vehicle Systems division. During the first nine months of the previous year, the main adjustments were for € 14.1 million in expected expenses on voluntary non-warranty remedies in Asia in the Rail Vehicle Systems division, € 4.2 million in losses on disposal in North America in the Commercial Vehicle Systems division, and € 4.1 million in income in connection with the withdrawal from the Russian market (€ 8.0 million of which for write-downs in the Commercial Vehicle Systems division and € 12.1 million for income from the reversal of the previous year's write-downs in the Rail Vehicle Systems division).

The € 2,912.5 million cost of materials decreased by a slight 3.3% year over year in the first nine months of 2024 (previous year: € 3,012.1 million). Due to the slight increase in revenue along with the decline in the cost of materials, the material cost ratio of 49.4% of revenue was down a significant 200 base points on the previous year. By contrast, personnel expenses increased by a slight € 59.9 million to € 1,534.7 million (previous year: € 1,474.9 million). The personnel expenses ratio increased by 80 base points from 25.2% to 26.0% due to the comparatively lower increase in revenue. Total other operating income and expenses were down a moderate € 50.9 million at € -645.1 million (previous year: € -594.2 million).

The charges incurred from the financial result increased by a very significant € 37.8 million year over year to € 98.9 million. The other financial result fell by € 59.6 million, which was particularly due to increased currency translation expenses, expenses for hedging the purchase price for KB Signaling Inc., agreed in US dollars, the measurement of a financial liability for a put option on the acquisition of a further 15% in Cojali S.L., and the loss on deconsolidation of the Kiepe Group and the effects associated with it. In contrast, the result from financial investments accounted for using the equity method improved by € 13.8 million and net total interest income and expenses by € 8.1 million.

Pre-tax income was 10.1% of revenue and, overall, up a solid 50 basis points from the 9.6% in the same period of the previous year. The tax rate fell very significantly to 24.0% from 29.0% in the first nine months of 2023, which resulted, among other things, from the reduction of the UK tax rate applicable to taxable plan assets, as well as from the lower tax burden from intragroup profit distributions and changes in prior-year taxes. This – as at the end of September 2024 – led to an increase in the return on sales after taxes from 6.8% in the previous year to 7.7% for 2024.

FINANCIAL SITUATION

FREE CASH FLOW

in € million	First Nine Months	
	2024	2023
Net income (including minority interests)	452.5	398.2
Depreciation, amortization, and impairment losses on intangible assets and property, plant, and equipment	283.7	257.9
Additions to, reversals of, and discounting of provisions	81.4	87.0
Non-cash changes in the measurement of derivatives	(5.2)	10.7
Other non-cash expenses and income	51.8	(20.5)
Income tax expense	142.7	162.6
Income tax payments	(153.8)	(156.4)
Changes in inventories, trade accounts receivable, and other assets which cannot be allocated to investing or financing activities	(426.1)	(525.3)
Changes in trade accounts payable and other liabilities which cannot be allocated to investing or financing activities	20.8	65.3
Changes in provisions due to utilization	(71.3)	(82.2)
Other	51.8	77.9
Cash flow from operating activities	428.3	275.1
Cash changes in intangible assets and property, plant and equipment	(180.4)	(210.2)
Free cash flow	247.9	64.9

The cash flow from operating activities in the first nine months of 2024 improved very significantly year over year, which is mainly due to a significant increase in net income for the period as well as non-cash currency translation expenses. As a result of that, free cash flow in the first nine months of 2024 improved to € 247.9 million (previous year: € 64.9 million).

CURRENT AND NON-CURRENT ASSETS

in € million	Sept. 30, 2024	Dec. 31, 2023
Intangible assets and goodwill	1,822.0	1,466.9
Property, plant, and equipment	1,879.5	1,863.9
Other non-current assets	412.5	398.9
Non-current assets	4,114.1	3,729.8
Inventories	1,355.7	1,142.3
Trade accounts receivable	1,635.4	1,359.3
Other financial assets	152.3	160.9
Contract assets	161.5	77.4
Cash and cash equivalents	1,760.3	1,291.4
Assets held for sale and disposal groups	22.9	221.1
Other current assets	286.6	266.5
Current assets	5,374.7	4,518.8

The increase in current and non-current assets is due in particular to the initial consolidation of KB Signaling. An increase from December 31, 2023, was recorded in the trade accounts receivable as a result of the typical buildup of receivables as the year progresses. In this regard – as in previous years – we expect a noticeable improvement by year end.

Net working capital as at September 30, 2024, was € 1,733.6 million (December 31, 2023: € 1,131.3 million). Measured in terms of days' sales, this corresponds to a commitment of 79.4 days (December 31, 2023: 51.4 days). This increase was mainly due to seasonal effects and the first-time consolidation of KB Signaling. As at September 30, 2024, the net working capital was € 168.8 million or 7.2 days' sales, above the first nine months of 2023 (September 30, 2023: € 1,564.8 million¹), with the added working capital from KB Signaling contributing a total of € 182.2 million or 8.1 days' sales. Excluding

¹ The comparison information was adjusted in connection with the correction of the Cojali purchase price allocation in the 2023 fiscal year (see 2023 Annual Report, notes to the consolidated financial statements, chapter C.3.).

KB Signaling, net working capital improved slightly by € 13.4 million to € 1,551.4 million or 0.9 days' sales to 71.3 days' sales.

CAPITAL EXPENDITURE

		First Nine Months	
		2024	2023
Capital expenditure (before IFRS 16 and acquisitions)	€ million	216.4	222.1
Capital expenditure as % of revenues	%	3.7	3.8

The capital expenditure on property, plant, and equipment and intangible assets in the first nine months of 2024 was slightly lower than the corresponding capital expenditure in the previous year. Key capital expenditure in the first nine months of 2024 went toward expansions of production plant and equipment, automation projects, site optimization, and replacement investments.

The Knorr-Bremse Group had an equity ratio of 32.1% as at September 30, 2024, which is a very significant decrease from the equity ratio as at December 31, 2023 (35.2%). This is due in particular to the increase in total assets resulting from the bond issue.

CURRENT AND NON-CURRENT LIABILITIES

in € million	Sept. 30, 2024	Dec. 31, 2023
Provisions (incl. pensions)	457.8	447.7
Financial liabilities	2,537.9	2,172.8
Other non-current liabilities	174.1	144.3
Non-current liabilities	3,169.8	2,764.8
Trade accounts payable	1,160.7	1,201.5
Financial liabilities	1,370.9	587.1
Contract liabilities	290.8	233.0
Liabilities directly associated with assets held for sale	8.5	153.0
Other liabilities	446.7	405.6
Current liabilities	3,277.7	2,580.2
Total liabilities	6,447.5	5,345.0

The current and non-current liabilities increased from € 5,345.0 million to € 6,447.5 million. The issue of two bonds totaling € 1,100 million resulted in an increase in the non-current financial liabilities. An increase in current financial liabilities arose from the recognition of the € 750 million bond issued on June 14, 2018, which will mature in the first half of 2025. Accordingly, non-current financial liabilities have decreased by the same amount. The initial consolidation of KB Signaling also contributed to the increase in current and non-current liabilities.

The following debt financing existed as at September 30, 2024:

- » Corporate bond of Knorr-Bremse AG in the amount of € 750.0 million (maturing in June 2025)
- » Corporate bond of Knorr-Bremse AG in the amount of € 700.0 million (maturing in September 2027)
- » Corporate bond of Knorr-Bremse AG in the amount of € 600.0 million (maturing in September 2029)
- » Green corporate bond of Knorr-Bremse AG in the amount of € 500.0 million (maturing in September 2032)
- » Lease liabilities in the amount of € 559.2 million
- » Liabilities of the Knorr-Bremse Group to banks in the amount of € 85.5 million

INFORMATION ON REPORTABLE SEGMENTS

DIVISIONAL KEY INDICATORS

in € million	Rail Vehicle Systems		Commercial Vehicle Systems		Other segments and consolidation		Group	
	First Nine Months	Third Quarter	First Nine Months	Third Quarter	First Nine Months	Third Quarter	First Nine Months	Third Quarter
Key Figures								
Order intake	3,323.2	1,120.7	2,861.0	823.3	(1.9)	(0.6)	6,182.3	1,943.4
Order book (September 30)	5,222.3	5,222.3	1,838.3	1,838.3	(2.0)	(2.0)	7,058.5	7,058.5
Condensed Statement of Income								
Revenues	2,975.7	994.8	2,922.5	915.2	(1.4)	(0.4)	5,896.7	1,909.6
Changes in inventory and own work capitalized	72.7	33.5	98.4	24.2	2.3	1.0	173.5	58.7
Cost of materials	(1,266.5)	(435.7)	(1,641.9)	(502.7)	(4.1)	(1.2)	(2,912.5)	(939.6)
Personnel expenses	(802.4)	(264.3)	(638.2)	(200.0)	(94.2)	(32.0)	(1,534.7)	(496.3)
Other operating income and expenses	(395.1)	(130.0)	(316.9)	(119.7)	66.9	24.4	(645.1)	(225.3)
Depreciation, amortization, and impairment	(117.8)	(34.7)	(144.5)	(46.7)	(21.4)	(7.0)	(283.7)	(88.4)
Earnings before interest and taxes (EBIT)	466.6	163.6	279.5	70.2	(51.9)	(15.2)	694.2	218.7
M&A activities	–	–	14.0	2.1	–	–	14.0	2.1
Sustainable cost reduction programs	0.7	–	1.5	0.5	–	–	2.2	0.5
Other matters	(4.6)	(4.6)	19.0	18.4	–	–	14.4	13.8
Operating EBIT	462.7	159.0	314.0	91.2	(51.9)	(15.2)	724.8	235.1
Operating EBIT margin (as % of revenues)	15.5	16.0	10.7	10.0	–	–	12.3	12.3

in € million	Rail Vehicle Systems		Commercial Vehicle Systems		Other segments and consolidation		Group	
	First Nine Months	Third Quarter	First Nine Months	Third Quarter	First Nine Months	Third Quarter	First Nine Months	Third Quarter
Key Figures								
Order intake	3,044.1	1,019.1	3,173.6	961.6	(1.6)	(0.6)	6,216.1	1,980.2
Order book (September 30)	5,168.0	5,168.0	2,024.2	2,024.2	(1.2)	(1.2)	7,190.9	7,190.9
Condensed Statement of Income								
Revenues	2,745.6	932.1	3,112.3	1,007.2	(1.6)	(0.5)	5,856.2	1,938.8
Changes in inventory and own work capitalized	44.2	14.7	57.4	18.6	3.3	1.1	104.9	34.4
Cost of materials	(1,172.5)	(413.9)	(1,834.8)	(582.5)	(4.8)	(1.7)	(3,012.1)	(998.2)
Personnel expenses	(772.0)	(252.7)	(625.4)	(207.9)	(77.5)	(27.6)	(1,474.9)	(488.2)
Other operating income and expenses	(348.9)	(112.3)	(299.3)	(89.0)	54.0	18.5	(594.2)	(182.8)
Depreciation, amortization, and impairment	(110.9)	(33.5)	(125.0)	(40.2)	(22.0)	(7.5)	(257.9)	(81.2)
Earnings before interest and taxes (EBIT)	385.4	134.4	285.2	106.1	(48.7)	(17.8)	622.0	222.7
M&A activities	–	–	4.2	–	–	–	4.2	–
Sustainable cost reduction programs	–	–	2.5	0.8	–	–	2.5	0.8
Other matters	2.0	–	8.0	–	–	–	10.0	–
Operating EBIT	387.4	134.4	299.8	107.0	(48.7)	(17.8)	638.6	223.5
Operating EBIT margin (as % of revenues)	14.1	14.4	9.6	10.6	–	–	10.9	11.5

Rail Vehicle Systems Division

Order intake in the Rail Vehicle Systems segment increased from the previous year's level by a solid € 279.0 million, or 9.2%, and amounted to € 3,323.2 million as at the end of September 2024 (previous year: € 3,044.1 million). This positive development is mainly due to increased demand in the European and Asian markets. The order book as at September 30, 2024, increased slightly by € 54.3 million to € 5,222.3 million despite the sale of the Kiepe Group (previous year: € 5,168.0 million). The new order books from acquiree KB Signaling similarly resulted in an increase.

During the first nine months of 2024, the Rail Vehicle Systems division recorded a solid 8.4% revenue increase to € 2,975.7 million from the previous year's level (€ 2,745.6 million), although the previous year's revenue still included the € 102.0 million of February to September 2023 revenue from the Kiepe Group, which was deconsolidated at the end of January 2024. The division successfully recorded increased aftermarket revenues as well as greater OE revenues in all regions. In Europe, shrinking OE business in the area of light rail vehicles was more than able to be offset by greater OE revenue increases in all other business areas as well as by higher aftermarket revenue. In North America, OE business profited from the newly acquired signaling business as well as from growth in the locomotive, freight, and passenger categories, which likewise was more than able to offset the light rail vehicle as well as regional and commuter declines. The increased revenues in Asia benefited significantly from growth and pull-forward effects in the OE high-speed and aftermarket businesses in China. At 53.0%, the share of aftermarket revenues in the segment's total revenues increased moderately year over year (previous year: 51.8%), with OE business being supported by pull-forward effects.

Operating EBIT, at € 462.7 million, achieved significant 19.4% growth year over year for volume and mix reasons (previous year: € 387.4 million). The operating EBIT margin also increased by a solid amount from the previous year's level (14.1%) and climbed to its current 15.5%. Alongside the still profitable aftermarket business, improved pricing for new contracts as well as further success from structural measures contributed positively to profitability. During the first nine months of the previous year, operating EBIT was adjusted for € 14.1 million of expected expenses on voluntary non-warranty remedies in Asia and, conversely, for € 12.1 million of income from the reversal of previous year's write-downs in connection with the withdrawal from the Russian market.

Commercial Vehicle Systems Division

Order intake in the Commercial Vehicle Systems segment amounted to € 2,861.0 million in the first nine months of 2024, which was therefore a moderate € 312.6 million down on the previous year's corresponding figure. The larger number of orders in South America was only able to partly compensate for the declining orders in other regions. The main factor contributing to this development was the global truck production rate – which was down year over year – as greater production in South America could only partially make up for the decline in other regions. The order book as at September 30, 2024, had consequently also seen a moderate € 185.9 million year-over-year decline to € 1,838.3 million.

The Commercial Vehicle Systems division attained revenues of € 2,922.5 million as at the end of September 2024, which was 6.1% down on the previous year's value. This development was attributable to moderately to significantly declining revenues from the OE business in Europe, North America, and Asia, although the aftermarket business was slightly up on the previous year's level. The declining aftermarket revenues in North America were successfully offset by growth in Europe in particular. Due to the contrasting developments, the share of aftermarket revenues in total revenues as at the end of September 2024 increased significantly to 31.1% from 28.7% in the previous year's period.

The operating EBIT in the Commercial Vehicle Systems segment as at the end of September 2024 increased by a slight 4.7% to € 314.0 million. The operating EBIT margin grew solidly from 9.6% in the previous year to 10.7%. In addition to pricing effects, the effects of cost reduction measures and improved aftermarket profitability continued to contribute to this positive development. To calculate operating EBIT, the unadjusted EBIT of € 279.5 million was adjusted in particular for expenses for a software update for control units in the North American truck market in the amount of € 18.4 million and M&A-related expenses in the amount of € 14.0 million relating mainly to the planned disposal of the GT Group. During the first nine months of the previous year, an adjustment was made mainly for € 8.0 million of write-downs in connection with the withdrawal from the Russian market and € 4.2 million of losses on disposal in North America.

Regional revenues developed as follows:

REVENUE BY COUNTRY OF KNORR-BREMSE COMPANY

in € thousand	First Nine Months			
	2024	%	2023	%
Europe/Africa	2,846.9	48.2	2,891.2	49.4
North America	1,459.7	24.8	1,482.6	25.3
South America	136.0	2.3	108.8	1.9
Asia-Pacific	1,454.1	24.7	1,373.6	23.4
	5,896.7	100.0	5,856.2	100.0

SPECIAL EVENTS DURING THE REPORTING PERIOD

Acquisition of Alstom Signaling North America Completed Successfully

Through a purchase agreement dated April 19, 2024, and the subsequent closing of the transaction on August 30, 2024, Knorr Brake Holding Corporation, Watertown, New York, US acquired Alstom Signaling Inc., West Henrietta, New York, US, which was renamed KB Signaling Inc. at the time of closing and comprises the subsidiaries KB Signaling Operation LLC, Grain Valley, Montana, US and B&C Transit Inc., Oakland, California, US, for a preliminary purchase price of € 617.4 million. As at September 30, the purchase price had been paid in full in cash and cash equivalents. The approximately € 168.7 million of goodwill results in particular from customer relationships and technology. The acquisition sees Knorr-Bremse in North America stepping into the attractive signaling technology business (control, command, and signaling; CCS), which the company wishes to enhance and internationalize decisively with new and digital solutions.

Two Bonds Issued for a Total Amount of € 1.1 Billion

Knorr-Bremse AG issued two bonds of a total amount of € 1,100.0 million on September 23, 2024. The first green bond from Knorr-Bremse, with a term of eight years, raised € 500.0 million and has a 3.250% coupon rate. The proceeds from this bond are going to appropriate green projects in the categories of clean transportation, renewable energies, energy efficiency, and green buildings in accordance with the Green Financing Framework of Knorr-Bremse AG. The five-year bond raised € 600.0 million and has a 3.000% coupon rate. The proceeds from this bond are earmarked for general business purposes, including partial financing of the acquisition of the rail signaling technology business from Alstom Signaling North America. Moreover, part of the proceeds is being used to refinance debt maturing in 2025.

Dissolution of Special Fund

Knorr-Bremse invested € 150.0 million of cash into a special fund in November 2020 to avoid negative interest and make use of excess liquidity. The special fund was dissolved in the third quarter of 2024.

OUTLOOK

Knorr-Bremse has again slightly raised its guidance for the current 2024 fiscal year due to the acquisition of KB Signaling. Assuming that exchange rates remain largely stable year over year, that there are no significant setbacks from Russia's war in Ukraine, and that the geopolitical and economic environments generally remain stable, Knorr-Bremse expects revenues of € 7,800 million to € 8,100 million, previously € 7,700 million to € 8,000 million; an operating EBIT margin between 11.5% and 13.0%, previously increased on July 29, 2024, from the original 11.5% to 12.5%; and free cash flow between € 550 million and € 650 million.

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

in € thousand	First Nine Months	
	2024	2023
Revenues	5,896,745	5,856,206
Change in inventory of unfinished/finished products	88,946	26,457
Own work capitalized	84,529	78,400
Total operating performance	6,070,220	5,961,063
Other operating income	71,154	76,100
Cost of materials	(2,912,515)	(3,012,149)
Personnel expenses	(1,534,723)	(1,474,867)
Other operating expenses	(716,259)	(670,319)
Earnings before interest, tax, depreciation, and amortization (EBITDA)	977,877	879,828
Depreciation, amortization, and impairment	(283,685)	(257,850)
Earnings before interest and taxes (EBIT)	694,192	621,978
Interest income	41,445	23,495
Interest expenses	(73,800)	(63,915)
Result from financial investments using the equity method	193	(13,573)
Other financial result	(66,758)	(7,150)
Income before taxes	595,272	560,835
Taxes on income	(142,740)	(162,604)
Net income	452,532	398,231
Of which attributable to:		
Profit (loss) attributable to non-controlling interests*	24,525	17,625
Profit (loss) attributable to the shareholders of Knorr-Bremse AG*	428,007	380,606
Earnings per share in €*		
Undiluted	2.66	2.36
Diluted	2.66	2.36

* The comparison information was adjusted in connection with the correction of the Cojali purchase price allocation in the 2023 fiscal year (see 2023 Annual Report, notes to the consolidated financial statements, chapter C.3.). In this context, € 9,972.0 thousand of the profit attributable to non-controlling interests was reclassified to profit attributable to the shareholders of Knorr-Bremse AG.

CONSOLIDATED BALANCE SHEET

ASSETS

in € thousand	Sept. 30, 2024	Dec. 31, 2023
Assets		
Intangible assets	957,924	770,569
Goodwill	864,122	696,376
Property, plant, and equipment	1,879,538	1,863,921
Investments accounted for using the equity method	56,243	60,811
Other financial assets	88,307	141,357
Other assets	99,968	94,914
Income tax receivables	324	2,414
Assets from employee benefits	19,125	26,172
Deferred tax assets	148,567	73,236
Non-current assets	4,114,118	3,729,770
Inventories	1,355,719	1,142,320
Trade accounts receivable	1,635,376	1,359,283
Other financial assets	152,335	160,859
Other assets	202,123	183,027
Contract assets	161,531	77,363
Income tax receivables	84,441	83,461
Cash and cash equivalents	1,760,279	1,291,385
Assets held for sale and disposal groups	22,935	221,094
Current assets	5,374,739	4,518,792
Total assets	9,488,857	8,248,562

EQUITY AND LIABILITIES

in € thousand	Sept. 30, 2024	Dec. 31, 2023
Equity		
Subscribed capital	161,200	161,200
Capital reserves	13,884	13,884
Retained earnings	309,846	9,407
Other components of equity	(207,691)	(169,279)
Profit carried forward	2,258,318	2,268,149
Profit attributable to the shareholders of Knorr-Bremse AG	428,007	552,529
Equity attributable to the shareholders of Knorr-Bremse AG	2,963,564	2,835,890
Equity attributable to non-controlling interests	77,811	67,622
Equity	3,041,375	2,903,512
Liabilities		
Provisions for pensions	243,615	242,872
Provisions for other employee benefits	31,273	18,416
Other provisions	182,959	186,450
Trade accounts payable	9,178	–
Financial liabilities	2,537,924	2,172,794
Other liabilities	11,988	7,089
Income tax liabilities	17,795	4,039
Deferred tax liabilities	135,099	133,167
Non-current liabilities	3,169,831	2,764,827
Provisions for other employee benefits	24,844	15,707
Other provisions	202,414	171,200
Trade accounts payable	1,160,671	1,201,516
Financial liabilities	1,370,944	587,056
Other liabilities	130,260	121,481
Contract liabilities	290,819	233,037
Income tax liabilities	89,162	97,235
Liabilities directly associated with assets held for sale	8,537	152,991
Current liabilities	3,277,651	2,580,223
Liabilities	6,447,482	5,345,050
Total equity and liabilities	9,488,857	8,248,562

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	First Nine Months	
	2024	2023
Net income (including minority interests)	452,531	398,231
Adjustments for		
Depreciation, amortization, and impairment losses on intangible assets and property, plant, and equipment	283,685	257,850
Change of impairment on inventories	2,950	(6,968)
Change of impairment on trade accounts receivable and contract assets	9,909	8,276
Loss on the sale of consolidated companies and other business units	7,814	19,162
(Gain)/loss on the sale of property, plant, and equipment	(667)	3,392
Additions to, reversals of, and discounting of provisions	81,360	86,974
Non-cash changes in the measurement of derivatives	(5,169)	10,726
Other non-cash expenses and income	51,845	(20,543)
Interest result	32,355	40,420
Investment result	(602)	13,573
Income tax expense	142,740	162,604
Income tax payments	(153,822)	(156,442)
Changes of		
Inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities	(426,120)	(525,300)
Trade accounts payable as well as other liabilities that cannot be allocated to investing or financing activities	20,811	65,349
Provisions due to utilization	(71,341)	(82,240)
Cash flow from operating activities	428,279	275,063
Proceeds from the sale of intangible assets	4,188	–
Disbursements for investments in intangible assets	(82,498)	(83,856)
Proceeds from the sale of property, plant, and equipment	30,913	11,899
Disbursements for investments in property, plant, and equipment	(132,981)	(138,204)
Proceeds from financial investments and from the sale of investments	190,505	29,233
Disbursements for investments in financial assets	(43,652)	(70,795)
Proceeds from the sale of consolidated companies and other business units less cash and cash equivalents disposed of	(20,140)	(6,846)
Disbursements for the acquisition of consolidated companies and other business units	(636,174)	(20,088)
Interest received	32,201	13,970
Other disbursements	(2,415)	(3,374)
Cash flow from investing activities	(660,053)	(268,061)

in € thousand	First Nine Months	
	2024	2023
Proceeds from borrowings	1,096,067	20,667
Disbursements from the repayment of borrowings*	(24,811)	(33,350)
Disbursements for lease liabilities	(50,590)	(50,466)
Interest paid	(52,153)	(51,033)
Dividends paid to parent company shareholders	(264,368)	(233,740)
Dividends paid to non-controlling interests*	(13,057)	(11,315)
Payments for acquisition of non-controlling interests	–	(1,344)
Payment from settlement of derivatives	(20,920)	5,807
Proceeds from grants and subsidies	4,246	4,386
Cash flow from financing activities	674,414	(350,388)
Cash flow changes	442,640	(343,387)
Change in cash funds resulting from exchange rate and valuation-related movements	(16,162)	(22,408)
Change in cash funds	426,478	(365,795)
Cash funds at the beginning of the period**	1,283,463	1,210,739
Cash funds at the end of the period**	1,709,941	844,944
Cash and cash equivalents	1,760,279	884,203
Reclassification as assets held for sale and disposal groups**	–	5,229
Short-term bank debt (less than 3 months)	(50,338)	(44,488)

* The comparison information was adjusted in connection with the correction of the Cojali purchase price allocation in the 2023 fiscal year (see 2023 Annual Report, notes to the consolidated financial statements, chapter C.3.). In accordance with the recognized contractual dividend liability to the minority shareholders of Cojali S.L., dividend payments of € 7,988 thousand were reclassified within the cash flows from financing activities.

** Previous year adjusted.

This interim report contains statements regarding future developments which 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 which represent or could represent so-called alternative performance indicators. Knorr-Bremse's financial position, financial performance, and cash flows should not be assessed solely on the basis of these alternative supplemental financial measures. Under no circumstances do they replace the performance indicators presented in the consolidated financial statements and calculated in accordance with the applicable financial reporting framework. Other companies which 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.