

# H1

## FINANCIAL RESULTS Q2/20

FRANK MARKUS WEBER | CFO

SEPTEMBER 10, 2020



**KNORR-BREMSE**

# FRANK MARKUS WEBER – NEW CFO OF KNORR-BREMSE



## Business experience

- Head of Corporate Development and Corporate Strategy (Daimler)
- Head of Transformation (Mercedes Benz) and MOVE Efficiency Program (Daimler)
- Head of M&A and Real Estate (Daimler)
- CFO Trucks Asia (Daimler) and CFO (Mitsubishi Fuso Truck & Bus)
- Auditing and Consultant (Kullen Mueller Zinser Treuhand)
- Education: Business Administration (Diplom-Kaufmann)

## Responsibilities

- Member of the Executive Board of Knorr-Bremse AG
- Finance, Controlling, IT, Legal Affairs, Investor Relations, Compliance

# STRONG PERFORMANCE IN Q2/20 UNDERPINS RESILIENCE OF KB



Q2/20: Strong performance in challenging times



Countermeasures against COVID-19 payoff



Good development of aftermarket business



RVS: Strong profitability driven by very effective counter measures and positive sales mix



CVS: Very effective COVID-19 task force program kept supply chain running, achieved quick costs adaptations and safeguarded positive result






Guidance 2020 confirmed and narrowed

# MARKETS IMPACTED BY COVID-19, BUT FIRST ENCOURAGING SIGNS OF RECOVERY



## Rail market current view

-  Rail markets show great resilience in turbulent times as expected
-  Rail car OEMs are back to pre COVID-19 levels globally (ex India) and rather bullish statements released
-  Stimulus packages initiated to support green mobility via low CO2 footprint and support for operators
-  Aftermarket partly driven by pull-ins from H2/20 into H1/20
-  No cancelations, but order delays and contract shifts
-  Ridership in trains still at rather low levels



## Truck market current view

-  After very weak demand at the beginning of Q2/20 truck markets in Europe and in NA continue to recover
-  Very quick recovery in China. Continuation of good demand after record levels in Q2/20
-  Continuous customer focus on e-mobility and driving assistant systems provide good opportunities for CVS
-  High volatility and huge bandwidths of TPR forecasts by research institutes, especially for Europe and NA in 2020
-  Truck OEMs initiated cost cutting programs

# KB ACTIVITIES RECENTLY



Heinz Hermann Thiele, Thomas Enders and Theodor Weimer join the Supervisory Board of Knorr-Bremse AG



Holistic countermeasures implemented to master COVID-19 pandemic



KB becomes a strategic partner for a new very high-speed train generation in Russia



Retrofittable turning assistant to improve traffic safety



KB becomes a global supplier of truck steering systems after the acquisition of R.H. Sheppard



KB and TMH International sign contract for 1,300 passenger cars for Egypt



Major contract with Schmitz Cargobull for trailer air disk brakes extended



KB's HVACs contribute to cleaner in-train air to fight COVID-19





# Q2/20 - IN A NUTSHELL SHOWS MAJOR ASPECTS OF OUR STRONG PERFORMANCE

REVENUES OF **€ 1.43bn**  
(-22.6% yoy)

|  |   |
|--|---|
|  <b>€ 849m</b> |  <b>€ 579m</b> |
|--|---|

**17.2%** OP.<sup>1</sup> EBITDA MARGIN  
(PY: 19.1%)

|  |   |
|--|---|
|  <b>24.0%</b> |  <b>8.7%</b> |
|--|---|



**€ 48m** POSITIVE FREE CASH FLOW  
(-69.8% yoy)

ORDER INTAKE **€ 1.14bn**  
(-32.5% yoy)

ORDER BOOK **€ 4.36bn**  
(-3.9% yoy)

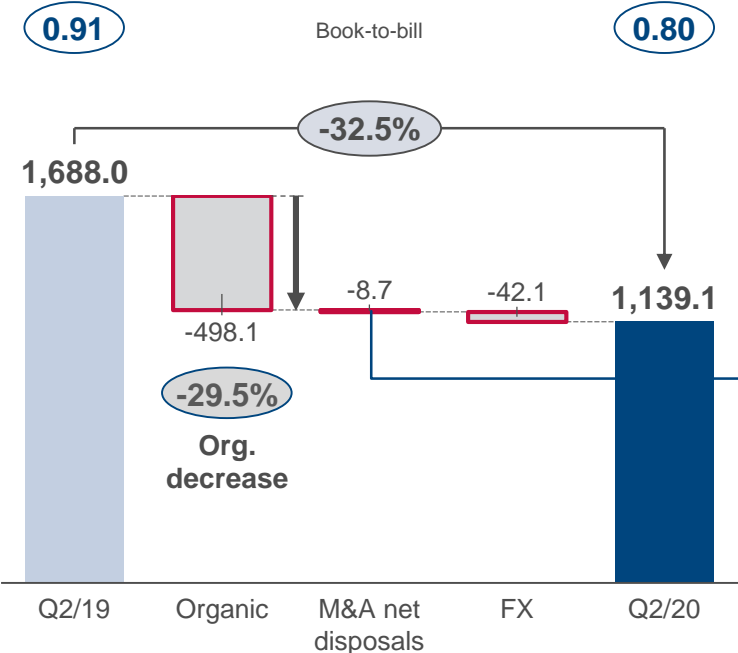


1) Operating level excludes restructuring costs, which have occurred in 2019.

# Q2/20: FIRM ORDER BOOK, BUT COVID-19 IMPACT ON ORDER INTAKE

## Order intake

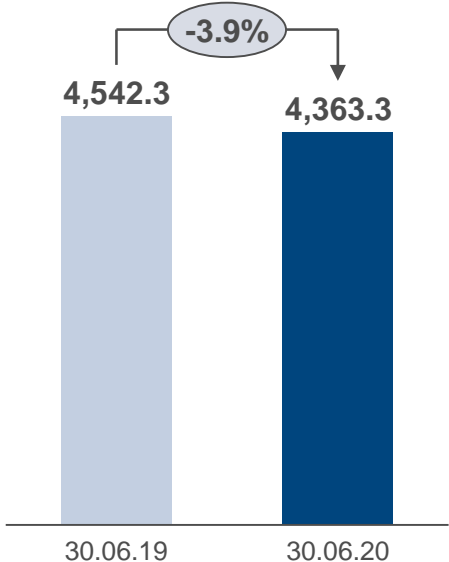
€m



## Order book

€m

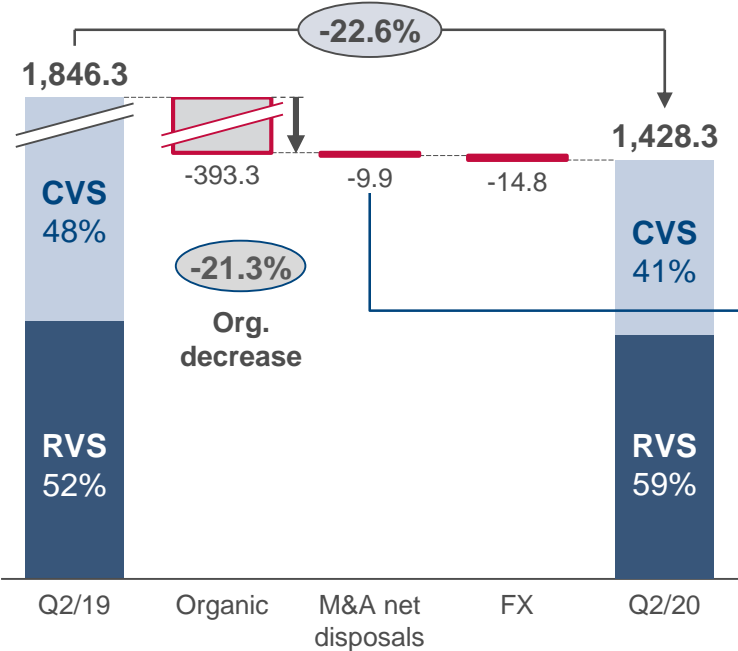
**M&A impact**  
 R.H. Sheppard € +7m (Q2/20)  
 Powertech € -16m (Q2/19)



# STRONG IMPACT BY COVID-19, BUT FAST RECOVERY IN CHINA

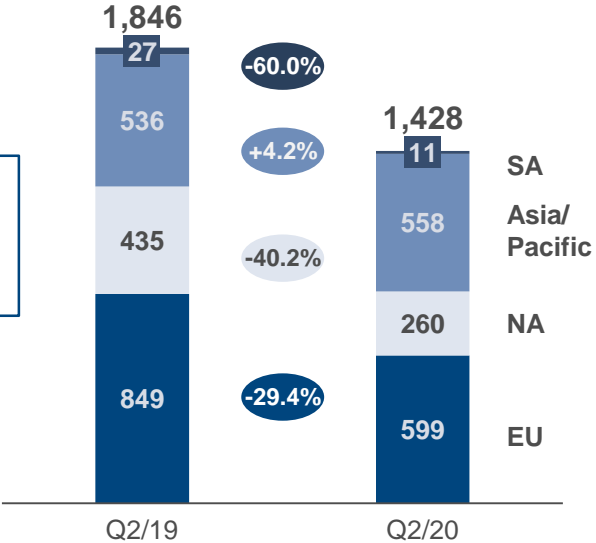
## Revenue

€m



**M&A impact**  
 R.H. Sheppard € +7m (Q2/20)  
 Powertech € -17m (Q2/19)

## By region



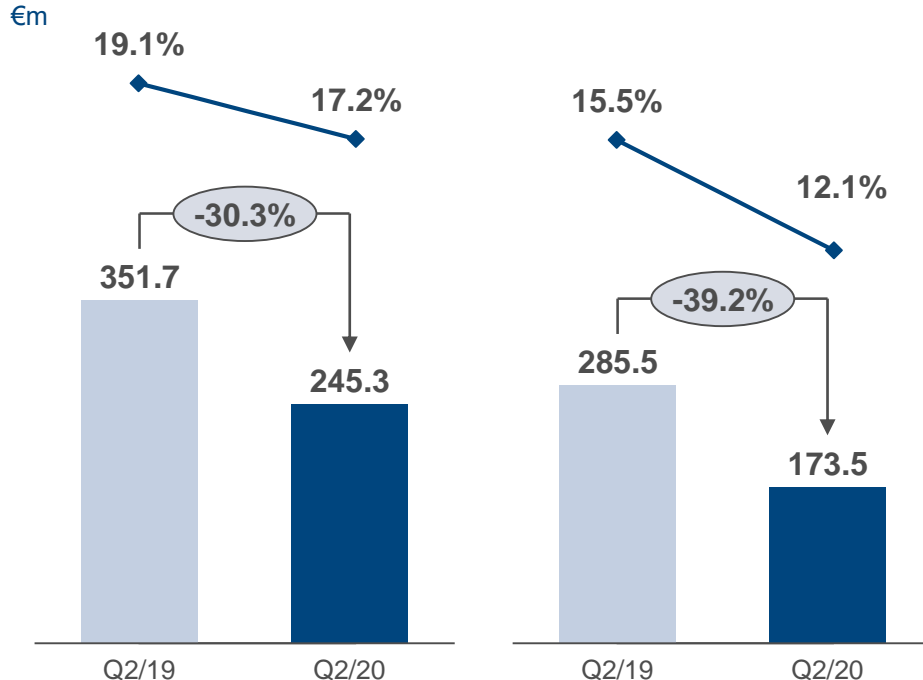
○ y-o-y growth



# STRONG PROFITABILITY DESPITE COVID-19 IMPACT UNDERPINS RESILIENCE OF KB

OP.<sup>1</sup> EBITDA/ E. Margin

OP.<sup>1</sup> EBIT/ E. Margin

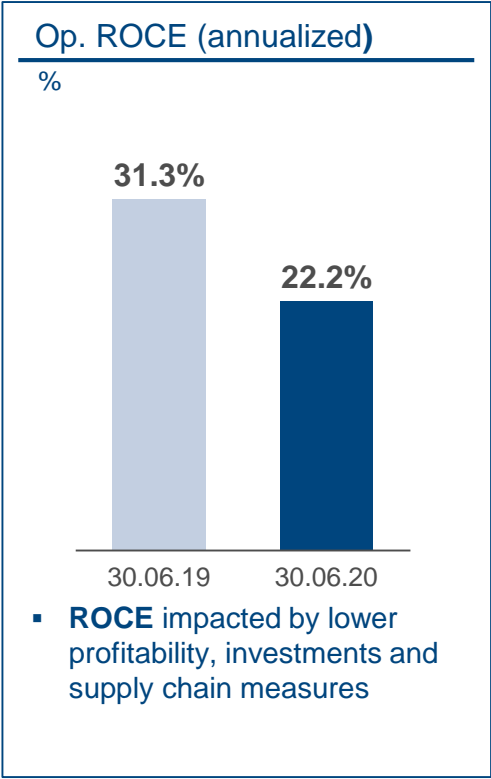
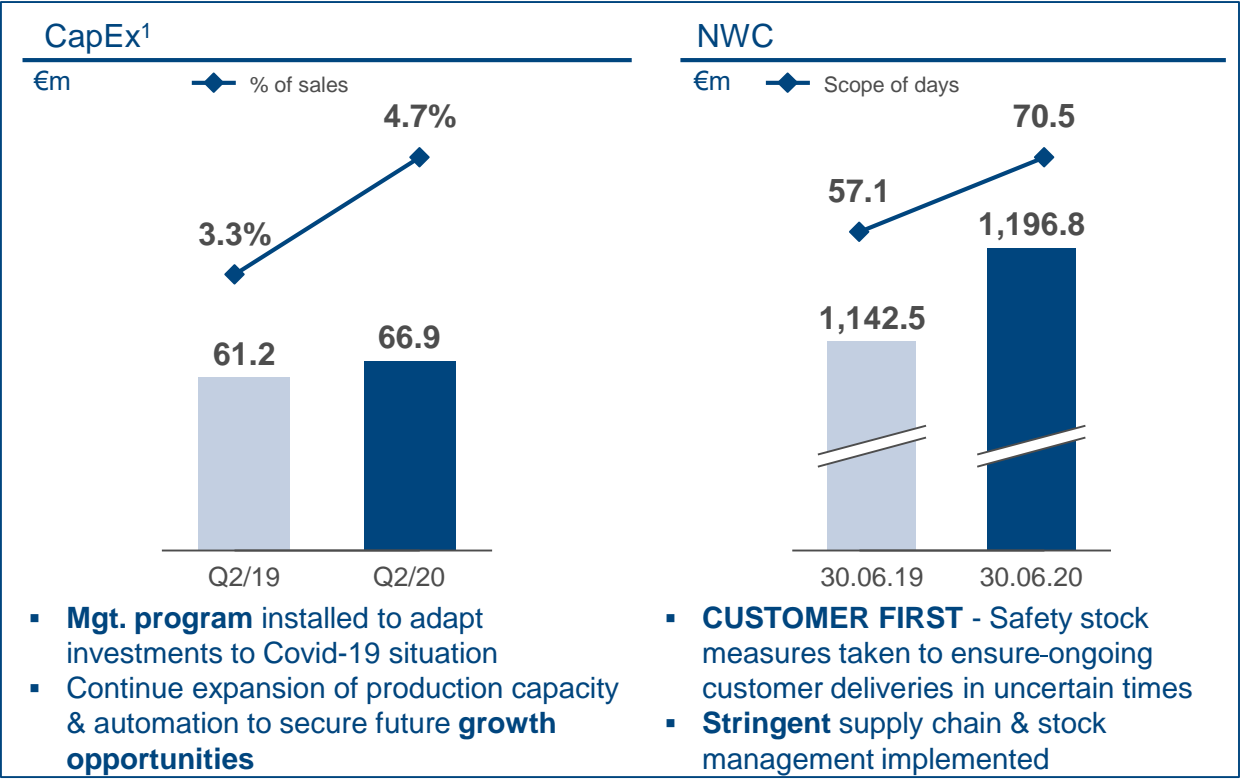


## Development in Q2/20

- **Operating leverage** burdened by lower revenue and mitigation costs
- Early and fast **measures** taken to mitigate COVID-19 impact on employees, customers and KB performance
- Revenue share from **AM** increased from 32% in Q2/19 to 38% in Q2/20
- **RVS strong**: 1) Powertech divestment supportive, 2) favorable development AM vs. OE business, 3) APAC recovery supportive and 4) COVID-19 saving measures mostly compensate volume driven EBITDA reduction
- **CVS resilient**: Significant volume impact partially compensated by quick recovery in China and strong cost measures using subsidized government programs, continued investment in future technology projects

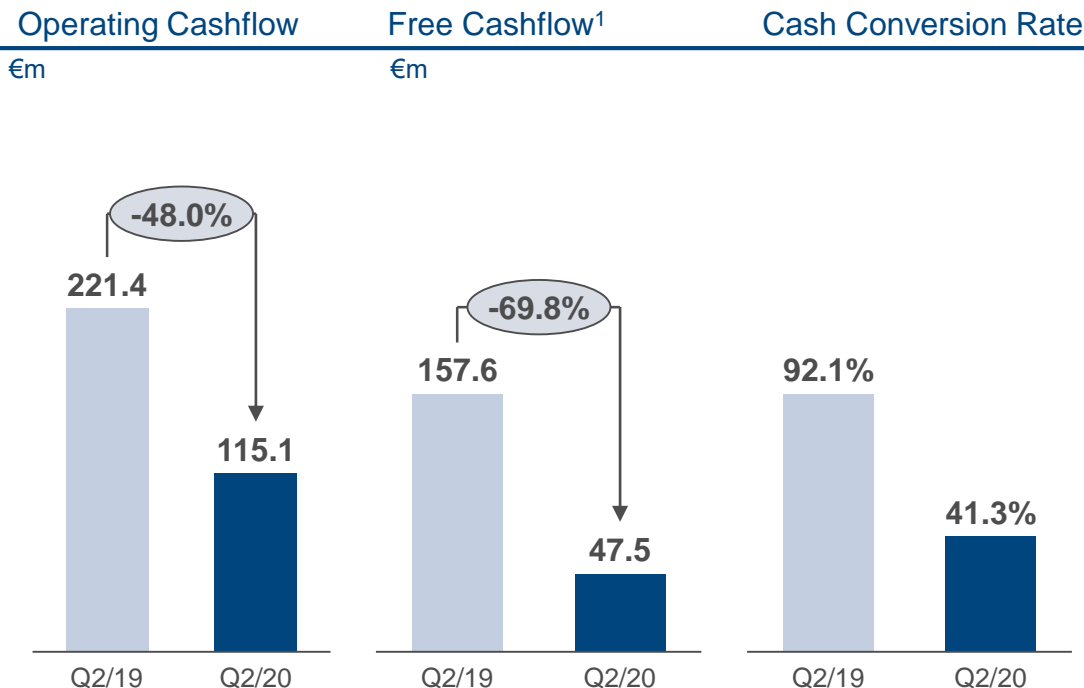
1) Operating level excludes restructuring costs, which have occurred in 2019.

# KB CONTINUOUSLY INVESTS IN GOOD SUPPLY CHAIN MANAGEMENT FOR ITS CUSTOMERS AND IN FUTURE GROWTH



1) Capex are adjusted for sale & lease back transactions.

# IMPROVEMENT OF CASH CONVERSION RATE IS A HIGH PRIORITY



## Development in Q2/20




- **Cashflow** strongly impacted by COVID-19 pandemic and lower profit
- Stringent measures ensured **positive Free Cashflow** in Q2/20, significantly better than in Q1/20
- Measures initiated to increase FCF in H2/20 vs. H1/20
- **Cash conversion rate** and FCF in Q2/20 significantly lower than in Q2/19, but on a good level when considering the influence of COVID-19




1) FCF adjusted for sale & lease back in Q2/19.

# COVID-19: FAST IMPLEMENTATION OF COUNTERMEASURES

## MARKET



-  Temporary Covid-19 impact, most operators and rail car OEMs back to operation level, stimulus programs put in place
-  China recovered in Q2/20, stimulus of 100bn RMB released, India heavily impacted
-  Strong impacts on already cyclic declining freight market, passenger market with very low ridership

-  Demand stabilizing further and truck OEMs on average at 90%+ capacity after summer break
-  Recovering demand for trucks and trailers
-  **China** very strong → normalization from record levels expected until YE20; **India** significantly hit; **Japan** shows first indications of recovery

## BUSINESS DEVELOPMENT

### Suppliers

- No more suppliers closed
- A few suppliers remain in close monitoring to manage impacts on our production / customer deliveries
- Operations normalized almost back to pre COVID-19 levels globally. Very limited closures of suppliers in India
- No supply shortages experienced to date

### Own plants

- Safety measures across all sites and processes in place to safeguard operations and customer supply
- All sites resumed operations
- Productivity could be kept at good level, despite Some push-outs by customers
- Safety measures across all sites and processes in place to safeguard operations and customers supply
- All facilities running continuously, production ramp-up managed soundly with extra safety measures in place
- Stepwise increasing utilization based on current order book

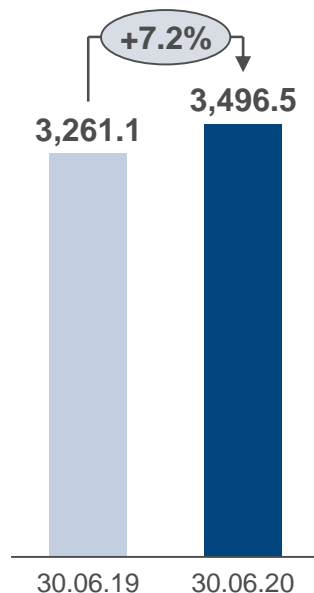
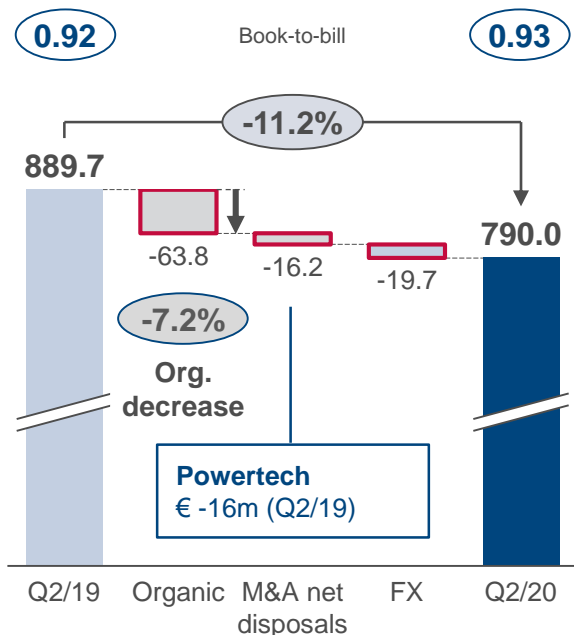
# RVS: STRONG ORDER BOOK SECURES SOLID OUTLOOK



Order intake

Order book

€m



## Order book increased by 7.2 %yoy

- Tough comparable financial figures: strong OI in Q4/19 due to timing of tender awards leads to balanced OI in Q1/20
- Order book increase yoy by end of June, over-compensating the Powertech divestment
- **EU:** Postponed project decisions due to COVID-19 leading to lower OI in both OE and AM
- **APAC:** Impact by COVID-19 particularly in ex-China countries (esp. India), compensated by catch-up effects in China in both OE and AM
- **NA:** Freight and AM decreased due to lower transport volumes, leading to lower utilization of existing vehicles and lower demand

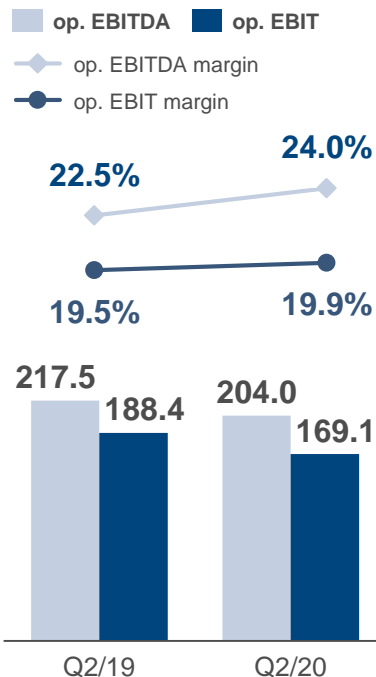
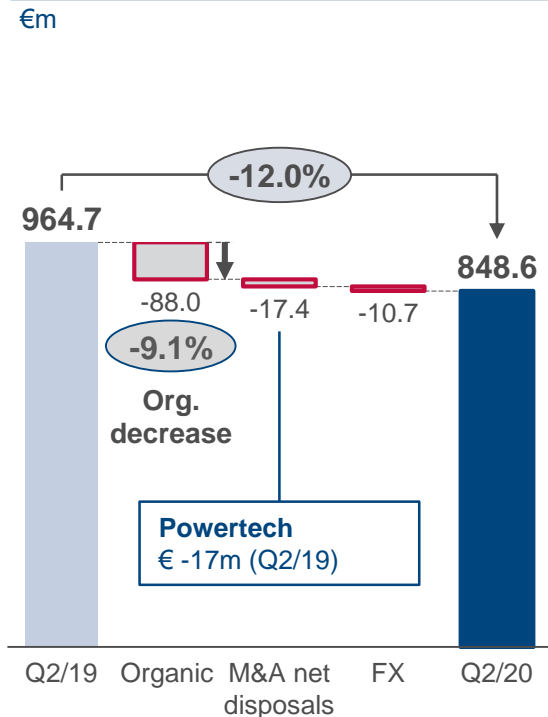
# RVS: STRONG MARGIN INCREASE



## Revenue

## Op.<sup>1</sup> EBITDA / Op.<sup>1</sup> EBIT

€m



### Revenue decreased 12.0% yoy in Q/20

- **AM:** Good development despite COVID-19 impact in Q2/20 partly driven by pull-in effects from H2/20
- **EU:** decrease driven by COVID-19 in OE, locomotives positive, AM mitigating
- **APAC:** overall higher mainly by strong Metro business and Regional & Commuter business
- **NA:** generally lower mainly driven by weak Freight market, AM almost flat

### Op. EBITDA margin of 24.0% in Q2/20

- Powertech divestment supportive
- Favorable development AM vs. OE business
- APAC recovery supportive
- COVID-19 saving measures mostly compensate volume driven EBITDA reduction

1) Operating level excludes restructuring costs, which have occurred in 2019.

# RVS: LONG-TERM GROWTH DESPITE SHORT-TERM HEADWINDS



- Stimulus programs just a push to get back to normal (compensation for losses)  
→ No additional invest
- Future stimulus expected by climate programs/  
green deals



- The EU Commission intends to declare 2021 **'the Year of Rail'**
- **Green Deal:** > € 750bn funding which have to comply with green focus
- **Shift2Rail:** +€ 1bn for COVID-19 response in 2020



- Direct support of € 5bn & increased credit limit for **Deutsch Bahn**
- € 50bn investment in **future technology** (e.g. hydrogen)



- **INVEST Act targets** ~ USD 60bn of rail investments (USD 29bn for Amtrak for improvements and expansion of the National passenger rail network; USD 19bn passenger rail improvements; USD 7bn Rail infrastructure and safety improvements)



- **Significant expansion** of railway mileage planned (July 2020 vs. 2035): highspeed almost +100% and non-highspeed network almost +25%



- Phase 1 of **HS2** confirmed in April 2020 (> GBP 100bn)
- **Bailout** (GBP 3.5bn) by government for losses of private rail companies



- Austria and France announced **shifts from short-haul flights to rail**
- France announced a **€ 4.7bn stimulus program** for rail only



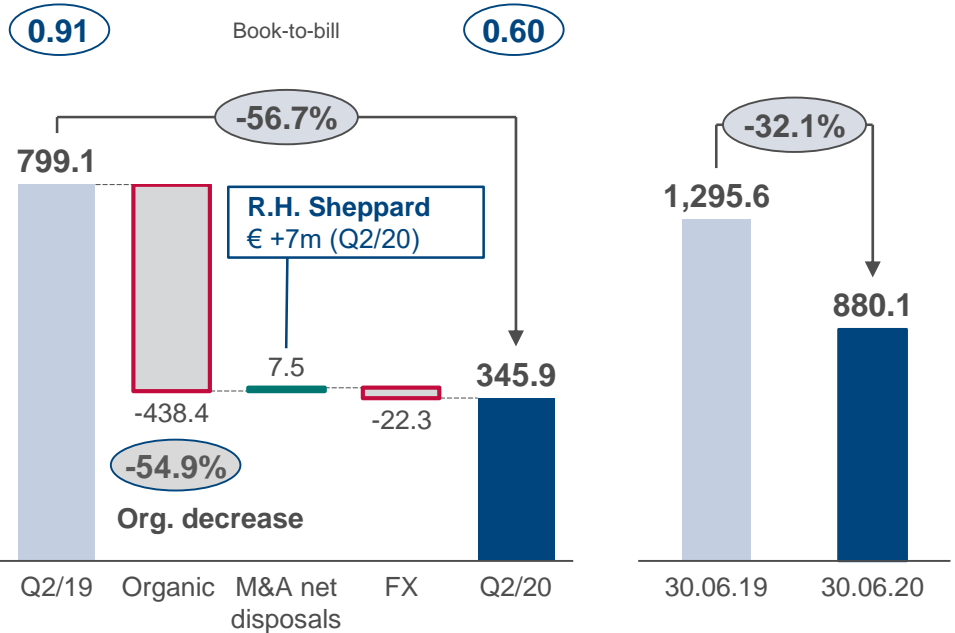
# CVS: OI DECREASE DRIVEN BY COVID-19, UPSIDES FROM CHINA



Order intake

Order book

€m



### Book to Bill rate clearly reflects COVID-19 impact

- **EU/ NA:** After first impact in March, full impact on order intake due to customer shut-downs triggered by COVID-19 in Q2, recovery in EU already started in May and in NA in June
- **APAC:** Strong bounce-back in China in Q2, overcompensates reduction in Japan, India & SEA due to COVID-19 lock downs

### COVID-19 impact on order book follows intake

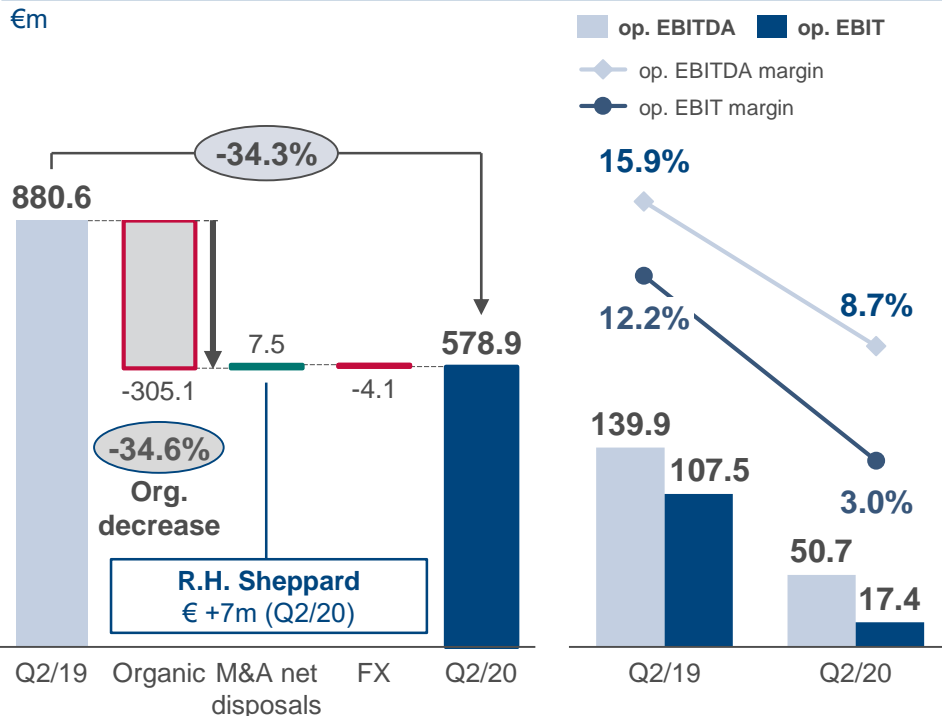
- Strong Q2/19 performance in EU & NA compares to crisis levels in Q2/20

# CVS: SOLID RESULTS DESPITE SEVERE COVID-19 IMPACT



## Revenue

## Op.<sup>1</sup> EBITDA / Op.<sup>1</sup> EBIT



## Revenues hit by production shut-downs due to COVID-19, however partly mitigated by global market presence

- **EU & NA:** Q2 yoy comparison not only affected by COVID-19 impact, but generally stronger markets and pre-buy effects in 2019, solid bounce back in May/June
- **APAC:** Record truck production rate in China overcompensate for COVID-19 induced decline in Japan and India, normalization expected in China for H2/20
- Improvement of AM share continued in Q2/20

## Improved channel mix & profit recovery actions mitigate losses and led to remarkable positive result in Q2

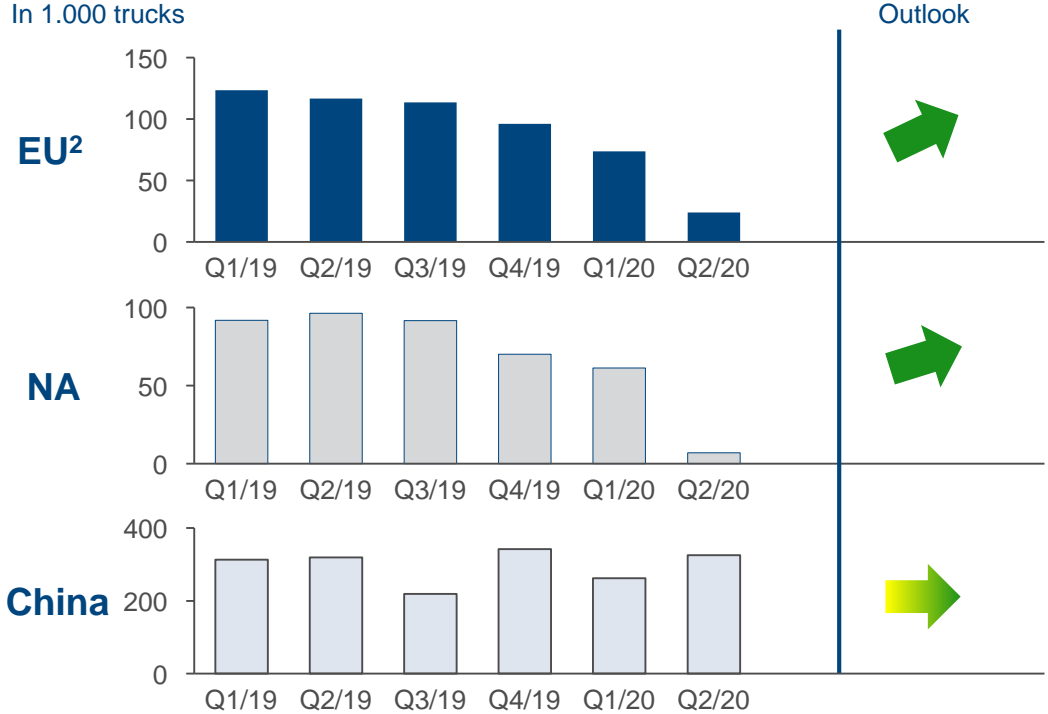
- Effectiveness of global cost adaption program reflected in operational result, restrictive expense policy in place despite signs of recovery
- First consolidation of R.H. Sheppard Steering Business in June will lead to short-term margin dilution

1) Operating level excludes restructuring costs, which have occurred in 2019

# SOME POSITIVE FACTS, DESPITE TPR DECREASE DUE TO COVID-19



## Truck production rate<sup>1</sup>



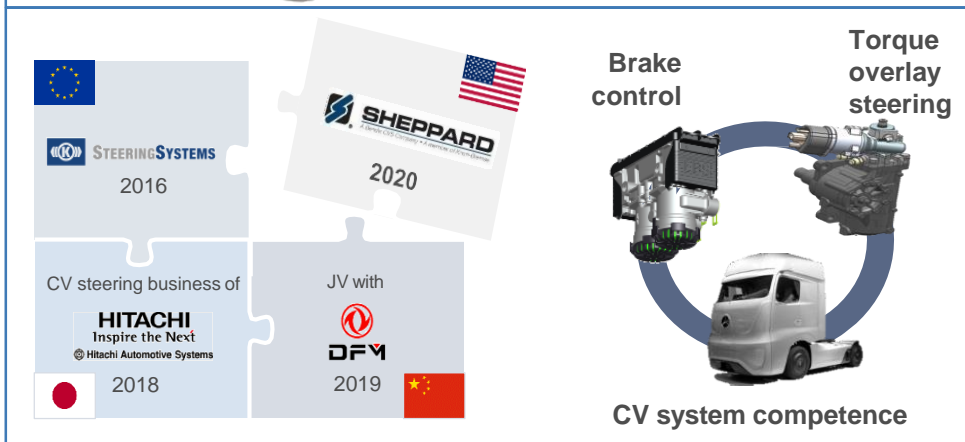
### Expected market development

- Very positive development in **China** will soften in H2/20
- **EU and NA** on the way to further recovery in H2/20
- Freight volumes expected to further stabilize and increase
- Positive trend of **content per vehicle** unchanged
- Partially postponed refurbishment of truck fleets and reduced stock at distributors might lead to improved AM business in H2/20
- CVS was able to **gain market share** in Q2/20yoy

| Q2/20 vs. Q2/19           | NA   | EU   | APAC | China |
|---------------------------|------|------|------|-------|
| TPR (Heavy <sup>3</sup> ) | -82% | -65% | -7%  | +2%   |
| CVS (Rev.)                | -49% | -45% | +26% | +81%  |

Source: LMC 1) TPR defines all tuck units produced in a specified time; 2) EU+2; 3) ~>16t and Class 8

# KB CLOSED ACQUISITION OF R.H. SHEPPARD



## Strategic rationale

- Following the acquisition of Hitachi Steering business, KB reaches another important milestone with Sheppard R.H. as a global Steering supplier for commercial vehicles
- R.H. Sheppard is one of the two leading steering suppliers in the NA market
- KB is now among the Top 3 global Steering suppliers for commercial vehicles
- KB is one of the two leading suppliers of a combined braking and steering systems globally
- Enabling supply of advanced driver assistance systems and automated driving technology

## Financial impact expected for KB (06/20-12/20)

- Revenue: >USD 50m
- EBITDA margin target: break even

# AS A RESULT, CONVINCING OPERATIVE PERFORMANCE OF KB GROUP



## Market position

- **Clear market leadership** in braking systems in different markets globally
- Only supplier worldwide to fulfill all global and local standards

- **Clear market leadership** in ADB and strong market position in many subsystems in commercial vehicles
- **Global footprint** and high local content: present in 30+ countries

## Technological excellence

- Clear **megatrends** ahead: urbanization, sustainability digitalization and green mobility
- **R&D focus**: connectivity, digitalization, life cycle costs, standardization, automated train operation, etc.

- Focus on **industry trends**: traffic safety, emissions reduction & e-mobility, automated driving, connectivity
- **R&D focus**: realizing new product generations in time, cost, quality despite COVID-19, develop our product portfolio to fit to new regulations and requirements

## Future growth

- Strong **aftermarket growth** backed by high installed OE base
- **Green Mobility**: numerous stimulus programs around the world are planned

- Growth via **content per vehicle** continues driven by new regulations on safety and emissions standards
- **Driver Assistance**: increasing demand and new functions
- **New opportunities** via combined Braking & Steering systems

**Diversification through product excellence balances business cycles**

# GUIDANCE 2020

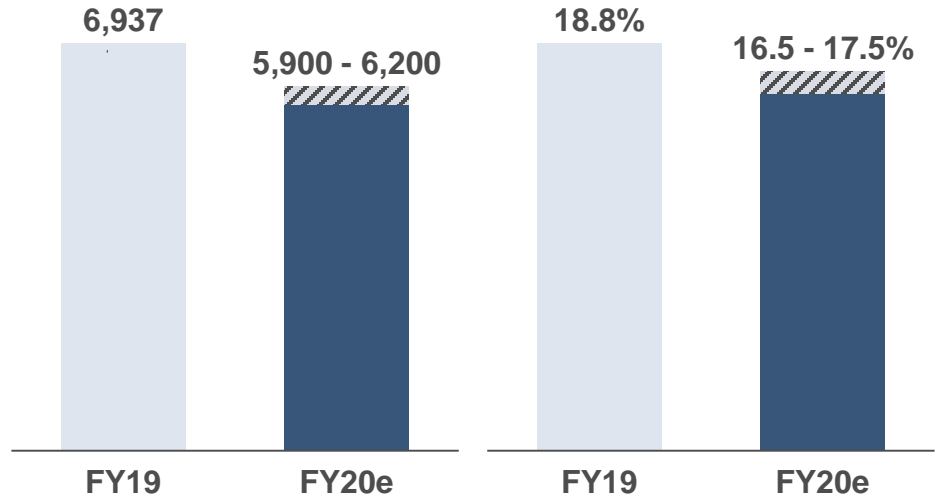
## Assumptions

- Stable economic environment
- No large wave of infections due to COVID-19 with significant financial impact
- FX rates as of mid-July 2020

## Group Revenue<sup>1</sup>

€m

## Op.<sup>1,2</sup> EBITDA margin



1) Including Sheppard since June 1, 2020

2) Operating level excludes restructuring costs, which have occurred in 2019

## Q&A / BACKUP





# FINANCIAL CALENDAR

## Upcoming events

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| Event   | Date           |
|---|----------------|
| Morgan Stanley conference                     | 11.09.2020     |
| Virtual roadshow (JP Morgan)                  | 16.09.2020     |
| UBS Quo Vadis Investor Trip 2020              | 18.09.2020     |
| Berenberg/Goldman Sachs conference            | 21./22.09.2020 |
| Baader Bank conference                        | 23./24.09.2020 |
| Release Nine Months/Third Quarter 2020 Report | 19.11.2020     |

# INVESTOR RELATIONS CONTACT



## **Andreas Spitzauer**

Phone: +49 89 3547 182310  
Mobile: +49 175 5281320  
Email: [Andreas.Spitzauer@knorr-bremse.com](mailto:Andreas.Spitzauer@knorr-bremse.com)



## **Sophia Kursawe**

Phone: +49 89 3547 187311  
Mobile: +49 151 62330709  
Email: [Sophia.Kursawe@knorr-bremse.com](mailto:Sophia.Kursawe@knorr-bremse.com)

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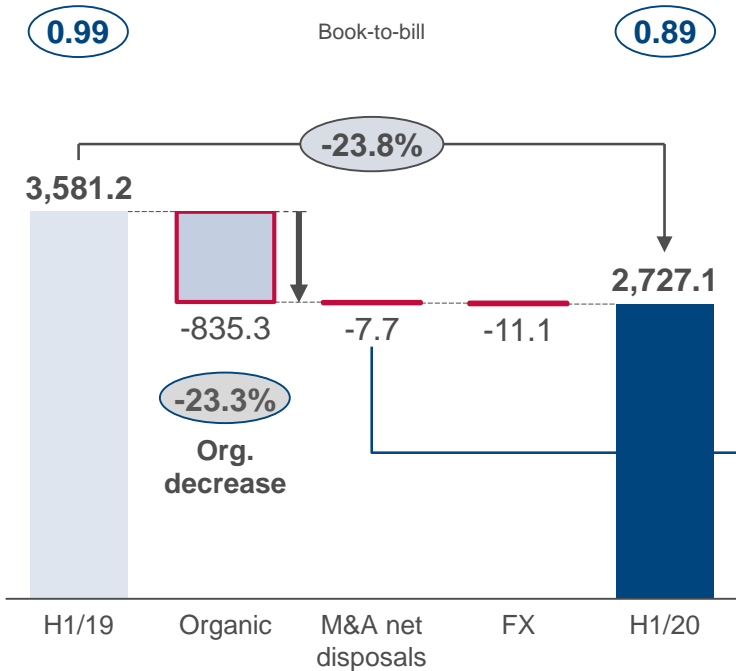
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BACKUP

# H1/20 - GROUP

## Order intake

€m

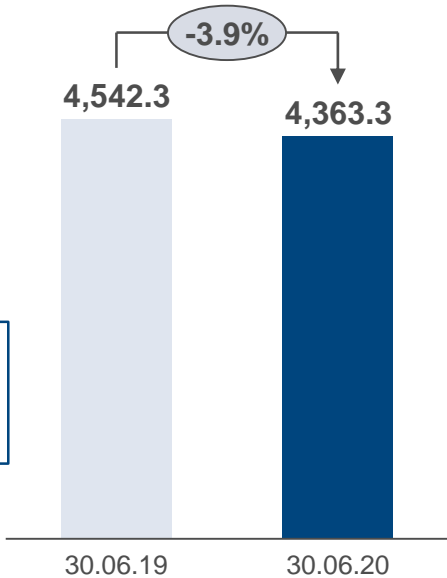


### M&A net disposals

- R.H. Sheppard € +7m (H1/20)
- Hitachi € +20 (H1/20)
- Powertech € -36m (H1/19)

## Order book

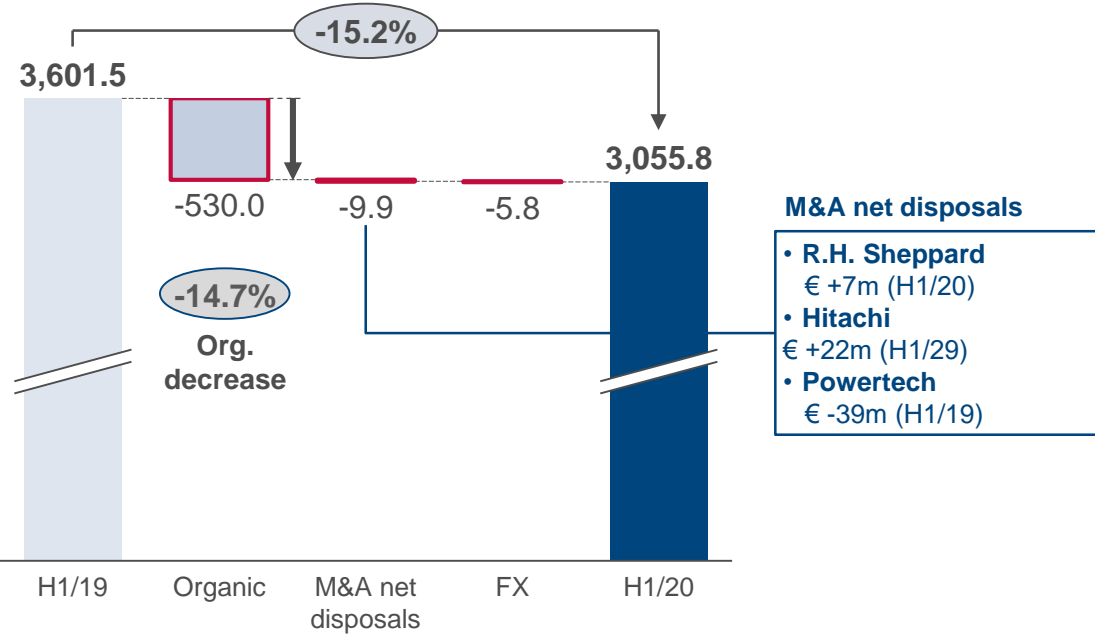
€m



# H1/20 - GROUP

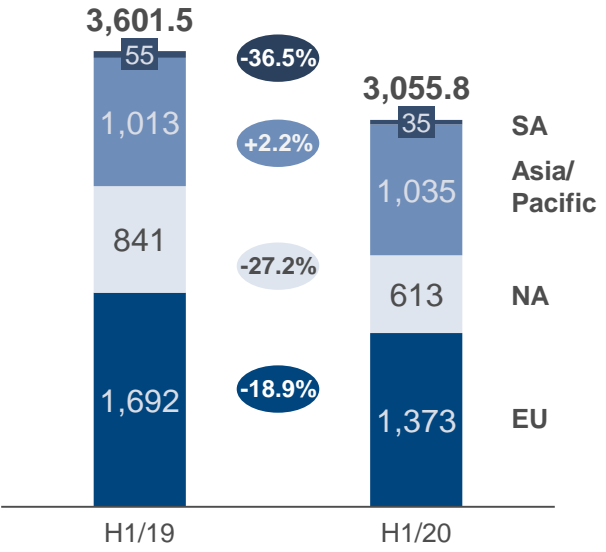
## Revenue

€m



- M&A net disposals**
- R.H. Sheppard  
€ +7m (H1/20)
  - Hitachi  
€ +22m (H1/29)
  - Powertech  
€ -39m (H1/19)

## By region



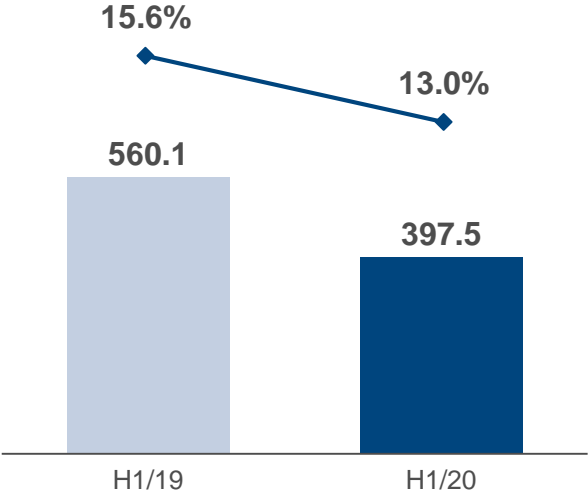
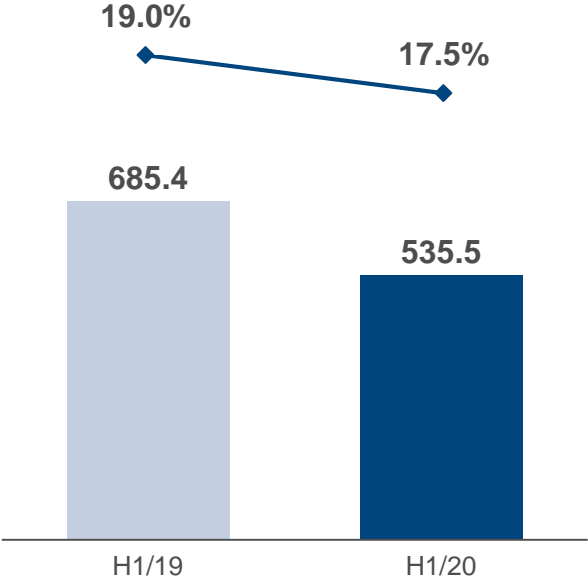
○ y-o-y growth

# H1/20 - GROUP

Op.<sup>1</sup> EBITDA/ EBITDA Margin

Op.<sup>1</sup> EBIT/ EBIT Margin

€m



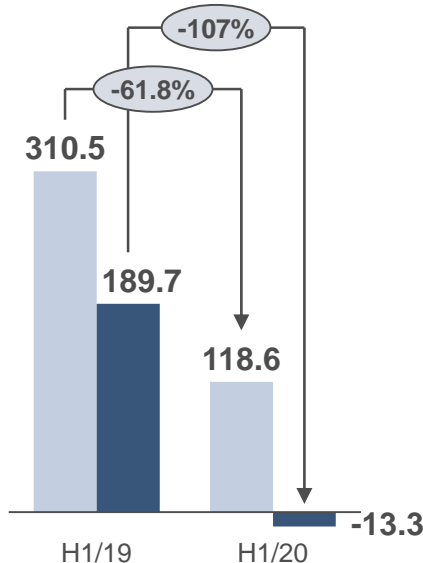
1) Operating level excludes restructuring costs



# H1/20 - GROUP

## OCF & FCF

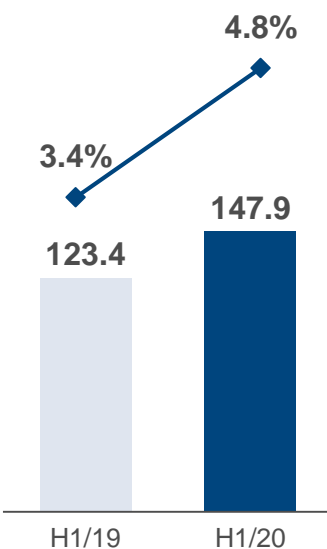
€m OCF FCF



1) H1/19 adjusted for Sale & Lease back

## CapEx<sup>1</sup>

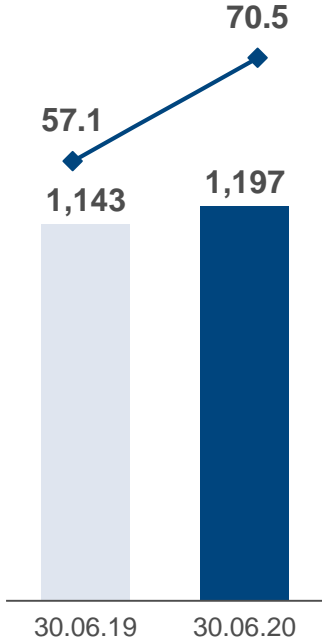
€m % of sales



2) H1/19 adjusted for Wülfrath

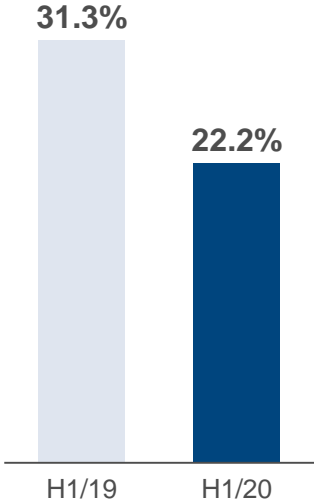
## NWC

€m Scope of days



## op. ROCE<sup>2</sup> (annualized)

%

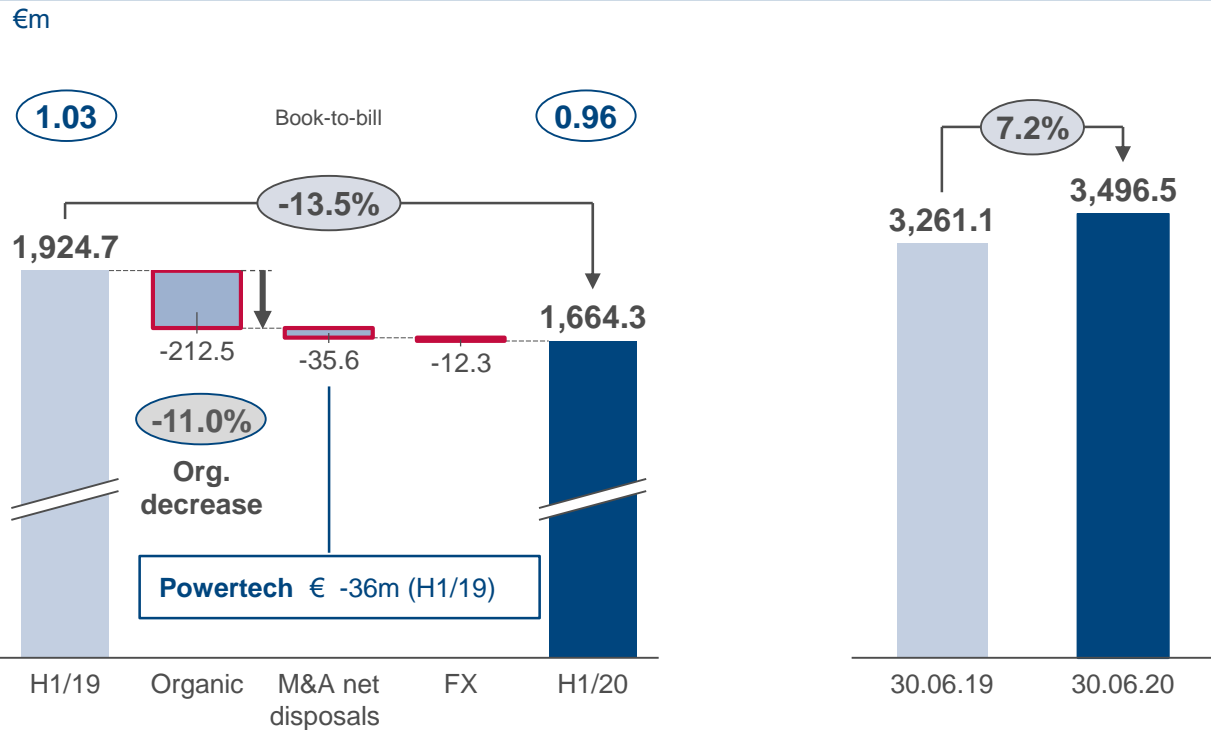


# H1/20 - RVS



## Order intake

## Order book



# H1/20 - RVS

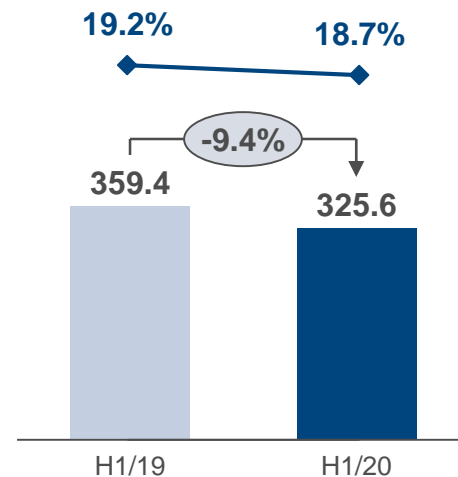
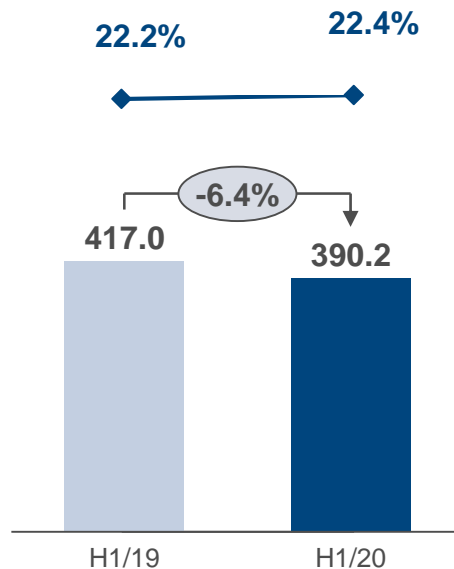
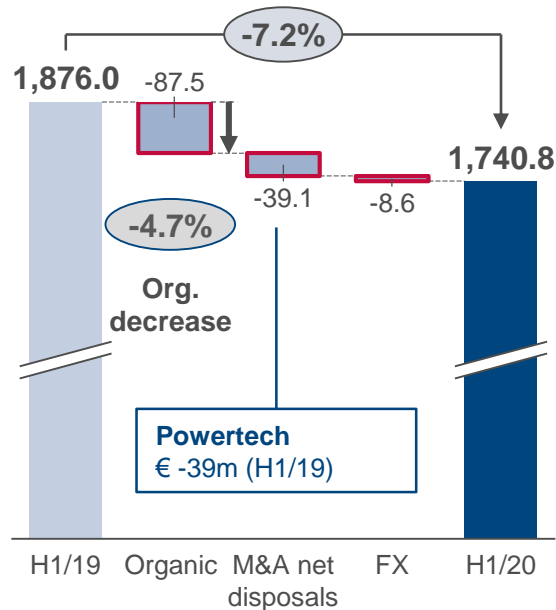


Revenue

Op.<sup>1</sup> EBITDA / EBITDA margin

Op.<sup>1</sup> EBIT / EBIT margin

€m



1) Operating level excludes restructuring costs

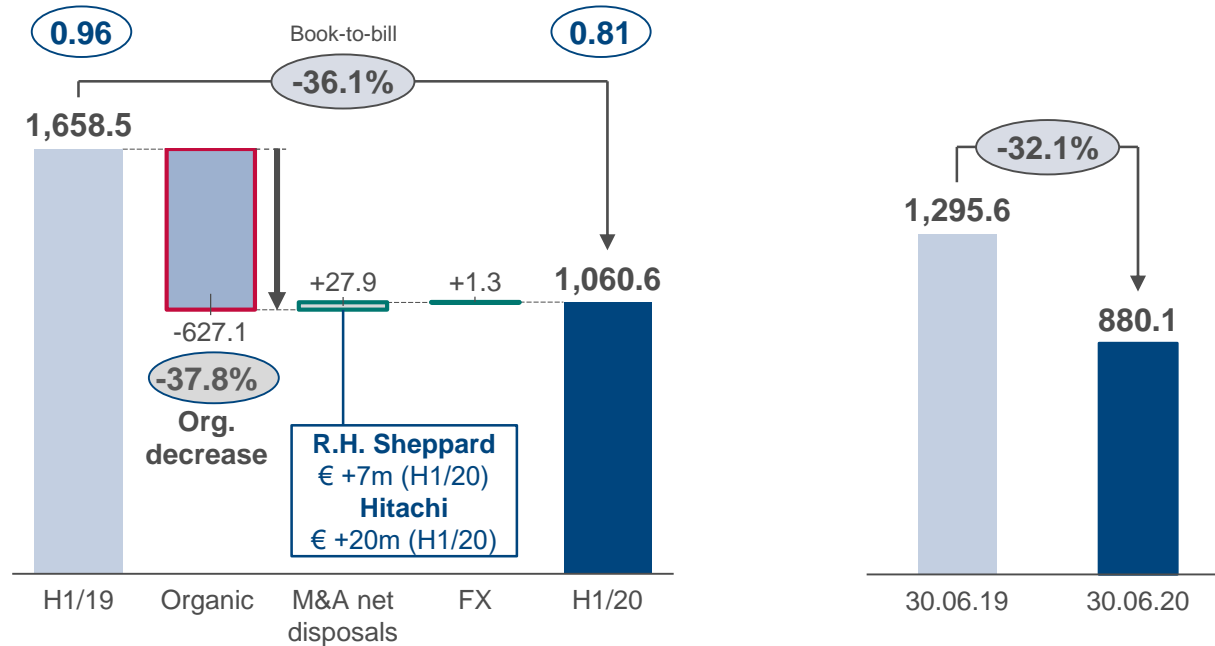
# H1/20 - CVS



Order intake

Order book

€m



# H1/20 - CVS

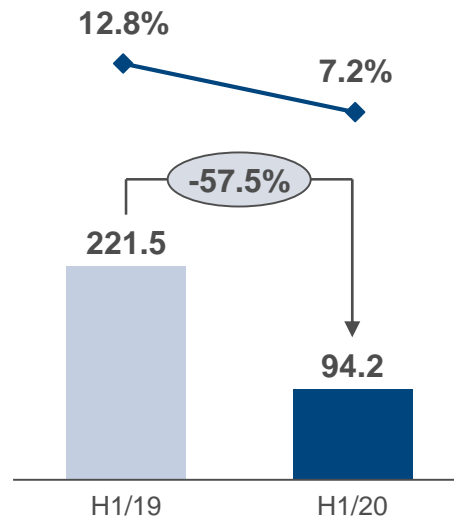
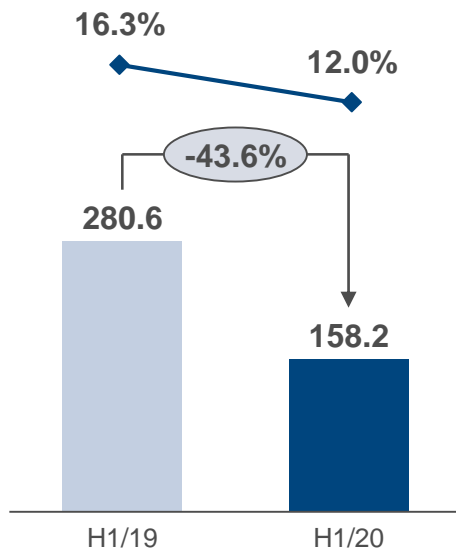
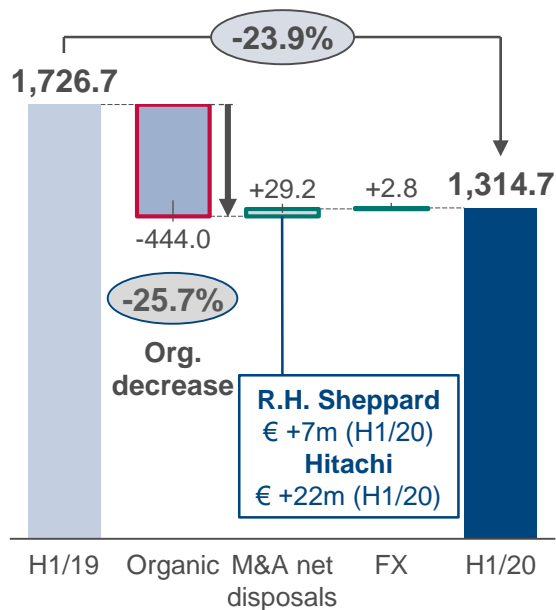


Revenue

Op.<sup>1</sup> EBITDA / EBITDA margin

Op.<sup>1</sup> EBIT / EBIT margin

€m



1) Operating level excludes restructuring costs.

## Q2/20 – INCOME STATEMENT

| EUR million  | 2019           |                |                |                | 2020           |                | 2019           | 2020           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Q2/19          | Q3/19          | Q4/19          | 2019           | Q1/20          | Q2/20          | H1/19          | H1/20          |
| Revenues   | 1,846.2        | 1,711.1        | 1,623.9        | 6,936.5        | 1,627.5        | 1,428.3        | 3,601.5        | 3,055.8        |
| Change in inventory of unfinished/finished products                          | -22.6          | 18.1           | -11.5          | 5.7            | -0.8           | 15.1           | -0.8           | 14.3           |
| Own work capitalized   | 15.7           | 22.3           | 19.9           | 73.3           | 18.8           | 18.5           | 31.0           | 37.3           |
| <b>Total operating performance</b>   | <b>1,839.3</b> | <b>1,751.6</b> | <b>1,632.3</b> | <b>7,015.6</b> | <b>1,645.4</b> | <b>1,462.0</b> | <b>3,631.7</b> | <b>3,107.4</b> |
| Other operating income   | 6.3            | 15.3           | 76.5           | 117.0          | 29.6           | 19.1           | 25.2           | 48.7           |
| Cost of materials  | -891.6         | -863.9         | -765.1         | -3,428.6       | -780.1         | -688.3         | -1,799.6       | -1,468.4       |
| Personnel expenses   | -414.3         | -403.7         | -384.8         | -8.0           | -400.9         | -368.3         | -805.3         | -769.2         |
| Other operating expenses   | -204.5         | -186.1         | -212.4         | -781.5         | -204.0         | -179.1         | -383.1         | -383.1         |
| <b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b> | <b>335.3</b>   | <b>313.3</b>   | <b>346.5</b>   | <b>1,328.7</b> | <b>290.2</b>   | <b>245.3</b>   | <b>669.0</b>   | <b>535.5</b>   |
| Depreciation and amortization  | -76.6          | -63.5          | -66.6          | -265.8         | -66.2          | -71.7          | -135.7         | -137.9         |
| <b>Earnings before interests and taxes (EBIT)</b>                            | <b>258.7</b>   | <b>249.8</b>   | <b>279.9</b>   | <b>1,062.9</b> | <b>224.0</b>   | <b>173.5</b>   | <b>533.3</b>   | <b>397.5</b>   |
| Interest income  | 3.6            | 6.7            | 9.4            | 27.6           | 10.0           | -0.8           | 11.5           | 9.2            |
| Interest expenses  | -11.5          | -12.8          | -12.4          | -51.1          | -15.3          | -8.2           | -25.9          | -23.5          |
| Other financial result   | -8.4           | -91.8          | -33.8          | -132.3         | -20.3          | -5.3           | -6.7           | -25.6          |
| <b>Income before taxes</b>   | <b>242.4</b>   | <b>151.9</b>   | <b>243.1</b>   | <b>907.1</b>   | <b>198.5</b>   | <b>159.1</b>   | <b>512.1</b>   | <b>357.6</b>   |
| Taxes on income  | -71.3          | -50.7          | -75.9          | -275.1         | -56.7          | -44.0          | -148.5         | -100.7         |
| <b>Net income</b>  | <b>171.1</b>   | <b>101.2</b>   | <b>167.1</b>   | <b>632.0</b>   | <b>141.9</b>   | <b>115.0</b>   | <b>363.7</b>   | <b>256.9</b>   |
| Profit (loss) attributable to non-controlling interests                      | 10.2           | 10.7           | 12.6           | 43.6           | 7.5            | 12.4           | 20.3           | 19.9           |
| Profit (loss) attributable to the shareholders of Knorr-Bremse AG            | 160.9          | 90.6           | 154.5          | 588.4          | 134.4          | 102.7          | 343.4          | 237.1          |
| Earnings per share in Euro   | 1.00           | 0.56           | 0.96           | 3.65           | 0.83           | 0.64           | 2.13           | 1.47           |

## Q2/20 – CASHFLOW

| EUR million   | 2019           |                |                |                | 2020           |                | 2019           | 2020           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | Q2/19          | Q3/19          | Q4/19          | 2019           | Q1/20          | Q2/20          | H1/19          | H1/20          |
| <b>Net cash flows from/used in operating activities</b>                                   | <b>221.4</b>   | <b>243.9</b>   | <b>431.4</b>   | <b>985.8</b>   | <b>3.5</b>     | <b>115.1</b>   | <b>310.5</b>   | <b>118.6</b>   |
| <b>Net cash flows from/used in investing activities</b>                                   | <b>-88.4</b>   | <b>-108.5</b>  | <b>76.9</b>    | <b>-353.8</b>  | <b>-57.8</b>   | <b>-195.5</b>  | <b>-322.2</b>  | <b>-253.3</b>  |
| <b>Net cash flows from/used in financing activities</b>                                   | <b>-276.8</b>  | <b>-74.2</b>   | <b>-127.0</b>  | <b>-505.2</b>  | <b>171.7</b>   | <b>400.3</b>   | <b>-304.0</b>  | <b>572.0</b>   |
| <b>Cash flow changes</b>  | <b>-143.7</b>  | <b>61.1</b>    | <b>381.3</b>   | <b>126.8</b>   | <b>117.4</b>   | <b>319.9</b>   | <b>-315.6</b>  | <b>437.3</b>   |
| thereof change in cash funds resulting from exchange rate and valuation-related movements | -12.6          | 22.5           | -20.7          | 8.6            | -11.9          | -12.3          | 6.8            | -24.2          |
| <b>Change of cash fund</b>  | <b>-156.3</b>  | <b>83.6</b>    | <b>360.2</b>   | <b>134.8</b>   | <b>105.5</b>   | <b>307.5</b>   | <b>-309.0</b>  | <b>413.0</b>   |
| Cash funds at the beginning of the period   | 1,566.0        | 1,409.7        | 1,493.3        | 1,718.7        | 1,853.5        | 1,959.0        | 1,718.7        | 1,853.5        |
| <b>Cash funds at the end of the period</b>  | <b>1,409.7</b> | <b>1,493.3</b> | <b>1,853.5</b> | <b>1,853.5</b> | <b>1,959.0</b> | <b>2,266.5</b> | <b>1,409.7</b> | <b>2,266.5</b> |

# H1/20 – BALANCE SHEET / ASSETS

| EUR million                                       | 2019           |                |                |                | 2020           |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 31.03.2019     | 30.06.2019     | 30.09.2019     | 31.12.2019     | 31.03.2020     | 30.06.2020     |
| <b>Assets</b>                                     |                |                |                |                |                |                |
| Intangible assets and goodwill                    | 840.0          | 813.9          | 838.4          | 842.2          | 858.8          | 896.2          |
| Property, plant and equipment                     | 1,430.5        | 1,454.0        | 1,470.2        | 1,469.2        | 1,437.2        | 1,490.0        |
| Investments accounted for using the equity method | 2.0            | 13.6           | 18.3           | 16.6           | 16.6           | 17.8           |
| Other financial assets                            | 85.6           | 63.4           | 64.5           | 63.5           | 52.5           | 57.8           |
| Other assets                                      | 16.1           | 44.0           | 48.7           | 73.9           | 70.5           | 52.3           |
| Income tax receivables                            | 0              | 0              | 4.9            | 0              | 1.9            | 0.0            |
| Assets from employee benefits                     | 30.6           | 30.3           | 31.7           | 31.6           | 30.5           | 29.8           |
| Deferred tax assets                               | 138.5          | 164.9          | 172.0          | 126.6          | 118.8          | 123.9          |
| <b>Non-current assets</b>                         | <b>2,543.4</b> | <b>2,584.1</b> | <b>2,648.7</b> | <b>2,623.6</b> | <b>2,586.7</b> | <b>2,667.8</b> |
|   |                |                |                |                |                |                |
| Inventories                                       | 910.5          | 877.2          | 865.7          | 815.0          | 865.4          | 933.2          |
| Trade accounts receivable                         | 1,511.7        | 1,512.5        | 1,452.8        | 1,149.0        | 1,353.6        | 1,411.6        |
| Other financial assets                            | 24.6           | 34.9           | 46.6           | 62.6           | 58.2           | 41.5           |
| Other assets                                      | 117.2          | 147.1          | 137.2          | 152.1          | 128.7          | 167.0          |
| Contract assets                                   | 125.8          | 99.3           | 81.3           | 89.9           | 91.7           | 91.4           |
| Income tax receivables                            | 103.4          | 112.2          | 127.5          | 73.9           | 68.9           | 61.3           |
| Cash and cash equivalents                         | 1,582.8        | 1,426.5        | 1,505.2        | 1,880.7        | 1,983.7        | 2,293.2        |
| <b>Current assets</b>                             | <b>4,376.1</b> | <b>4,209.6</b> | <b>4,216.3</b> | <b>4,223.2</b> | <b>4,550.2</b> | <b>4,999.2</b> |
| <b>Total assets</b>                               | <b>6,919.5</b> | <b>6,793.7</b> | <b>6,865.0</b> | <b>6,846.8</b> | <b>7,136.9</b> | <b>7,667.1</b> |



# H1/20 – BALANCE SHEET / LIABILITIES

| EUR million   | 2019           |                |                |                | 2020           |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | 31.03.2019     | 30.06.2019     | 30.09.2019     | 31.12.2019     | 31.03.2020     | 30.06.2020     |
| <b>Equity</b>   |                |                |                |                |                |                |
| Subscribed capital  | 161.2          | 161.2          | 161.2          | 161.2          | 161.2          | 161.2          |
| Capital reserves  | 13.9           | 13.9           | 13.9           | 13.9           | 13.9           | 13.9           |
| Retained earnings   | 35.1           | 34.3           | 31.9           | 34.2           | 34.2           | 34.2           |
| Other components of equity  | -134.8         | -188.3         | -208.6         | -179.3         | -233.5         | -272.2         |
| Profit carried forward  | 1,448.3        | 1,164.1        | 1,149.5        | 1,166.0        | 1,754.5        | 1,464.3        |
| Profit attributable to the shareholders of Knorr-Bremse AG        | 182.5          | 343.4          | 433.9          | 588.4          | 134.4          | 237.1          |
| <b>Equity attributable to the shareholders of Knorr-Bremse AG</b> | <b>1,706.2</b> | <b>1,528.6</b> | <b>1,581.8</b> | <b>1,784.4</b> | <b>1,864.6</b> | <b>1,638.5</b> |
| Equity attributable to non-controlling interests                  | 118.3          | 122.6          | 115.4          | 117.1          | 121.7          | 103.0          |
| thereof share of non-controlling interests in net income          | 10.1           | 20.3           | 31.0           | 43.6           | 7.5            | 19.9           |
| <b>Equity</b>   | <b>1,824.5</b> | <b>1,651.2</b> | <b>1,697.1</b> | <b>1,901.5</b> | <b>1,986.3</b> | <b>1,741.5</b> |
| <b>Liabilities</b>  |                |                |                |                |                |                |
| Provisions for pensions   | 314.1          | 360.2          | 397.0          | 343.3          | 301.3          | 347.8          |
| Provisions for other employee benefits                            | 24.5           | 25.1           | 23.8           | 19.6           | 22.2           | 19.8           |
| Other provisions  | 247.5          | 255.5          | 262.4          | 273.2          | 262.0          | 270.7          |
| Financial liabilities   | 1,746.2        | 1,618.6        | 1,635.8        | 1,658.2        | 1,663.1        | 1,657.8        |
| Other liabilities   | 8.7            | 6.3            | 5.4            | 5.6            | 5.1            | 3.4            |
| Income tax liabilities  | 99.5           | 97.9           | 101.3          | 51.9           | 51.6           | 52.6           |
| Deferred tax liabilities  | 91.1           | 104.6          | 76.9           | 80.8           | 85.9           | 94.7           |
| <b>Non-current liabilities</b>                                    | <b>2,531.6</b> | <b>2,468.2</b> | <b>2,502.7</b> | <b>2,432.5</b> | <b>2,391.3</b> | <b>2,446.8</b> |
| Provisions for other employee benefits                            | 17.1           | 26.1           | 31.2           | 29.1           | 22.4           | 21.7           |
| Other provisions  | 253.1          | 255.4          | 240.9          | 197.6          | 193.6          | 202.4          |
| Trade accounts payable  | 1,081.0        | 1,054.9        | 1,034.6        | 967.5          | 978.0          | 946.2          |
| Financial liabilities   | 779.7          | 860.1          | 888.4          | 875.6          | 1,170.9        | 1,859.8        |
| Other liabilities   | 82.5           | 139.1          | 127.1          | 131.0          | 91.2           | 109.3          |
| Contract liabilities  | 295.7          | 291.4          | 280.7          | 277.4          | 274.1          | 293.2          |
| Income tax liabilities  | 54.3           | 47.4           | 62.2           | 34.6           | 29.1           | 46.2           |
| <b>Current liabilities</b>  | <b>2,563.3</b> | <b>2,674.4</b> | <b>2,665.2</b> | <b>2,512.8</b> | <b>2,759.3</b> | <b>3,478.8</b> |
| <b>Liabilities</b>  | <b>5,095.0</b> | <b>5,142.6</b> | <b>5,167.8</b> | <b>4,945.2</b> | <b>5,150.6</b> | <b>5,925.6</b> |
| <b>Total assets</b>   | <b>6,919.5</b> | <b>6,793.7</b> | <b>6,865.0</b> | <b>6,846.8</b> | <b>7,136.9</b> | <b>7,667.1</b> |